
WALWORTH COUNTY, WISCONSIN

QUARTERLY INVESTMENT REPORT

March 31, 2011



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

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

TABLE OF CONTENTS

EXECUTIVE SUMMARY 1

INVESTMENT OVERVIEW AND OBJECTIVES 2

REQUIREMENTS & COMPLIANCE..... 3

BUDGET PERFORMANCE..... 4

INVESTMENT BENCHMARKS 5

TOTAL PORTFOLIO OVERVIEW 6

LOCAL GOVERNMENT INVESTMENT POOL OVERVIEW 7 - 8

MONEY MARKET OVERVIEW 8

CERTIFICATES OF DEPOSIT OVERVIEW 9

SECURITIES/DEBT PORTFOLIO OVERVIEW 10

RESTRICTED ACCOUNTS OVERVIEW 11-12

APPENDIX

M&I PORTFOLIO HOLDINGS A

PERSHING HOLDINGS..... B

VALUATION AT COST..... C

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 specified agencies.
- The Local Government Investment Pool (LGIP) yields continue to remain low. Rates have been under .25% since November, 2009. The annualized LGIP rate continues to average around .21%, the March 2011 rate is at its lowest point in the last year with a 0.17% return rate.
- Current collateralized money market annualized yields at Mid-America and Chase respectively remain at 0.70%, and .30%. The money markets offer a higher yield while providing the County a liquid investment.
- The unrelenting weakened economy continues to affect the County's interest income; the 2011 non-departmental annual budget is \$660,000 and is exceeding expectations by \$12,200 through the first quarter.
- The investment portfolio with M&I Trust remains at \$5 million, yielding 1.12% annually (not including market adjustments). The portfolio effective duration at quarter end remains at .99, indicating a shorter duration and less sensitivity to changes in interest rates.
- M&I Bank, M&I Trust, and M&I Capital Markets are scheduled to begin under new bank administration in June. We currently do not have any significant concerns, but all areas will continue to be carefully monitored.
- The brokered portfolio held at Pershing continues to grow. At month end, the portfolio reached \$29.6 million yielding 1.57% annually which includes nearly \$22 million in agency securities and \$7.6 million in municipal debt. The Pershing portfolio's effective duration at quarter end is 2.18 years, indicating a longer duration and greater sensitivity to changes in interest rates.
- The Finance department's financial analyst left the County's employment on March 10, 2011. During March and April, several called/matured securities resulted in just over \$6 million which have not been reinvested (currently sitting in LGIP) due to the position vacancy and inability to re-bid these amounts timely. The position is being advertised during the month of May. The slow turnaround in reinvestment will most likely affect the second quarter's ability to meet budget expectations.

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.

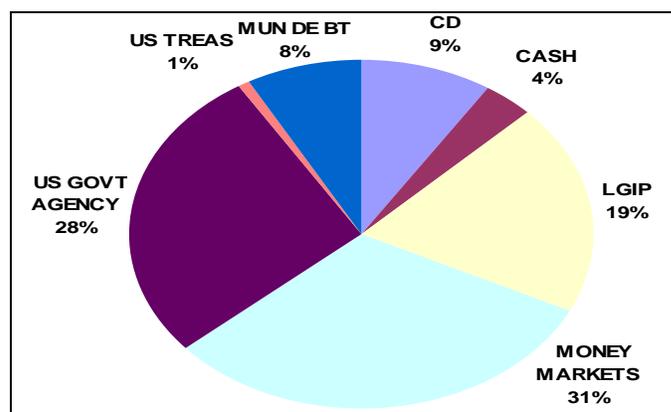
PUBLIC FUNDS MONEY MARKET ACCOUNT – The County has approved by resolution Public Funds money markets that are secured by collateral. These investments are used to provide short-term diversification and increase the current yields.

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.	\$51.4 million or 55%
Reinvestment Risk	Callable securities shall not exceed 50% of agency securities held.	\$13.7 million or 41%
Market Risk:		
Maturity Restrictions	Investments greater than 3 months and less than 1 year shall not exceed 95% of portfolio.	\$6.6 million or 7%
	Investments greater than 1 year and less than 5 years shall not exceed 50% of portfolio.	\$33.7 million or 36%

INVESTMENT CATEGORY	MAXIMUM MATURITY	AUTHORIZED LIMIT	ACTUAL PORTFOLIO
Money Markets	N/A	95%	31%
LGIP	N/A	\$5 million min/75% max	19%
US Treasuries	5 years	75%	1%
Agency Securities	5 years	50%	28%
Municipal Debt	5 years	25%	8%
Certificates of Deposit	3 years	50%	9%
Operating Cash	N/A	N/A	4%

INVESTMENT TYPE	MARKET VALUE
Certificates of Deposit	\$8,531,000
Depository Bank	\$3,440,000
LGIP	\$18,068,000
Money Markets	\$28,145,000
Portfolio Money Markets	\$948,000
U.S. Gov. Agency Securities	\$25,615,000
U.S. Treasury Securities	\$624,000
Municipal Debt	\$7,557,000
Total	\$92,928,000



BUDGET PERFORMANCE

The first table below shows the actual and budgeted interest earned through the first quarter for 2011 by investment type. The second table below shows the actual and budgeted interest earned for year 2011 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	FIRST QTR 2011 BUDGET
Certificate of Deposit	\$ 33,624	\$ 30,250
U.S. Treasury/Govt. Agency	119,811	108,728
Local Gov Inv Pool (LGIP)	4,954	10,000
Depository Bank (Sweep)	986	900
Money Markets	29,615	30,000
Other Accounts Allocated Interest	(11,757)	(14,878)
SUBTOTAL NON-DEPT	177,233	165,000
Unrealized Gain/(Loss)	(67,655)	-
TOTAL NON-DEPT	\$ 109,578	\$ 165,000

ACCOUNT NAME	INTEREST EARNED	FIRST QTR 2011 BUDGET
Non-Department	\$ 177,233	\$ 165,000
DPW Equipment Reserve	-	123
DPW Buildings Reserve	-	665
Children with Disabilities Ed Bd	4,749	3,600
School Donation Reserve	60	60
Health Insurance	5,516	6,500
Dental Insurance	191	231
Workers Compensation	1,029	1,200
Risk Management	3,837	2,500
SUBTOTAL PORTFOLIO	192,615	179,878
Unrealized Gain/(Loss)	(67,655)	-
TOTAL PORTFOLIO	\$ 124,960	\$ 179,878
Budget to Actual Variance		\$ (54,918)

- The original annual budget is \$660,000. The budget is currently under by 54,918 for the first quarter 2011 due to the unrealized loss created by the adjustment to market.
- By diversifying into other investment vehicles, we have been able to increase the County's yields by over four times as much as the LGIP benchmark. If the entire portfolio was invested at the benchmark rate, the forecasted interest for the 2011 first quarter would have approximated \$39,368 or only 22% of the actual interest earned.
- Certificates of Deposits currently held at the end of the first quarter have an average rate of return of 1.59%.
- Securities held at the end of the first quarter yield to maturity at cost is 1.57% for our brokered securities and 1.12% 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 yield to maturity at cost is for the current holdings as of March 31, 2011. The interest income amount does not include unrealized gains or losses.

Investment Portfolio	Benchmark (LGIP)	Actual
Yield to Maturity at Cost	0.17%	0.88%
Year to Date Interest Income	\$39,368	\$179,878

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 has proven to show an increased yield compared to the benchmark.

M&I Benchmark

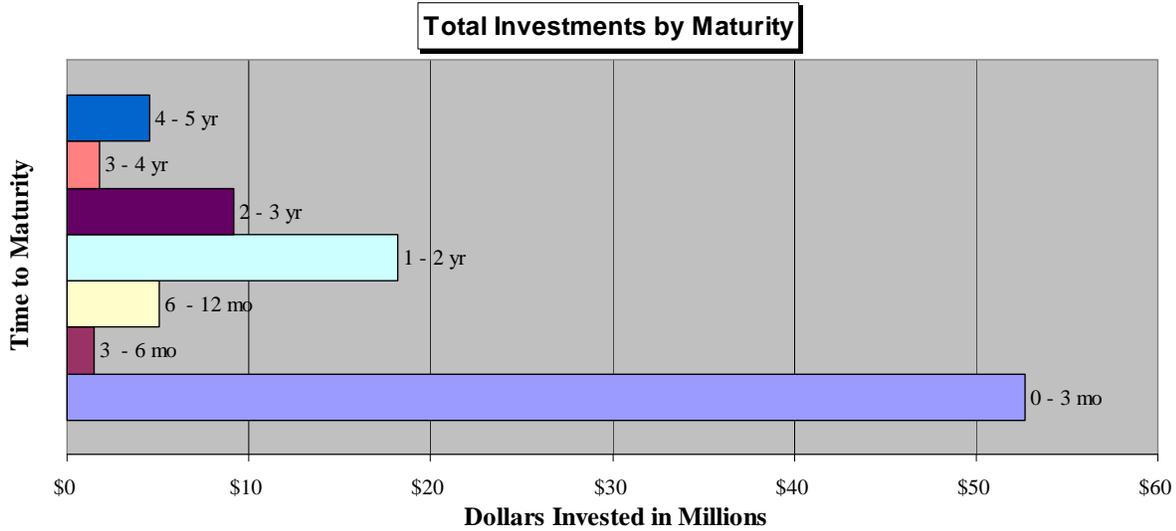
To review the performance of the M&I Short-term Portfolio, the Barclay Government 1-3 year index has been chosen. The investments within the index included US Treasury and Agency securities, which the M&I Short-term Portfolio holdings allow by the County’s investment policy. The following shows the comparison of the M&I Short-term Portfolio to the benchmark selected, net of investments.

Time Period	Benchmark*	Actual
2010		
2 nd Quarter	0.45%	0.18%
3 rd Quarter	0.62%	0.25%
4 th Quarter	0.20%	0.26%
2011		
1 st Quarter	0.06%	0.08%

Portfolio advisor response in relation to benchmark: “There’s not a lot to talk about for first quarter. Portfolio total return net of fees was 0.08% versus 0.06% for the Barclays 1-3 Yr. Govt index. Both were essentially flat as income production was offset by slight principal decline resulting from some upward movement in interest rates during the period, most notably in the maturities beyond one year. At this time the portfolio held 19% of its assets in Money Market as a volatility hedge, 12% in U.S. Treasury securities, and 69% in Federal agency notes. Treasuries have periodically enjoyed strength as a quality holding resulting from investor concerns about, among other things, the political situation in the Middle East (i.e. Egypt and Libya) and the Japanese earthquake. The current yield on the portfolio is 1.70% and the trailing total return of 1.18%, net of fees still compares favorably with the 0.17% return reported by the LGIP at 3/31. Most of the bonds in the portfolio mature between now and the end of 2012. While interest rates are expected to increase, we anticipate that this will be a gradual process and may not begin prior to the end of 2011.” (per John Benjamin, M&I Trust, May 10, 2011)

***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 10 for actual return on investment.

TOTAL PORTFOLIO OVERVIEW



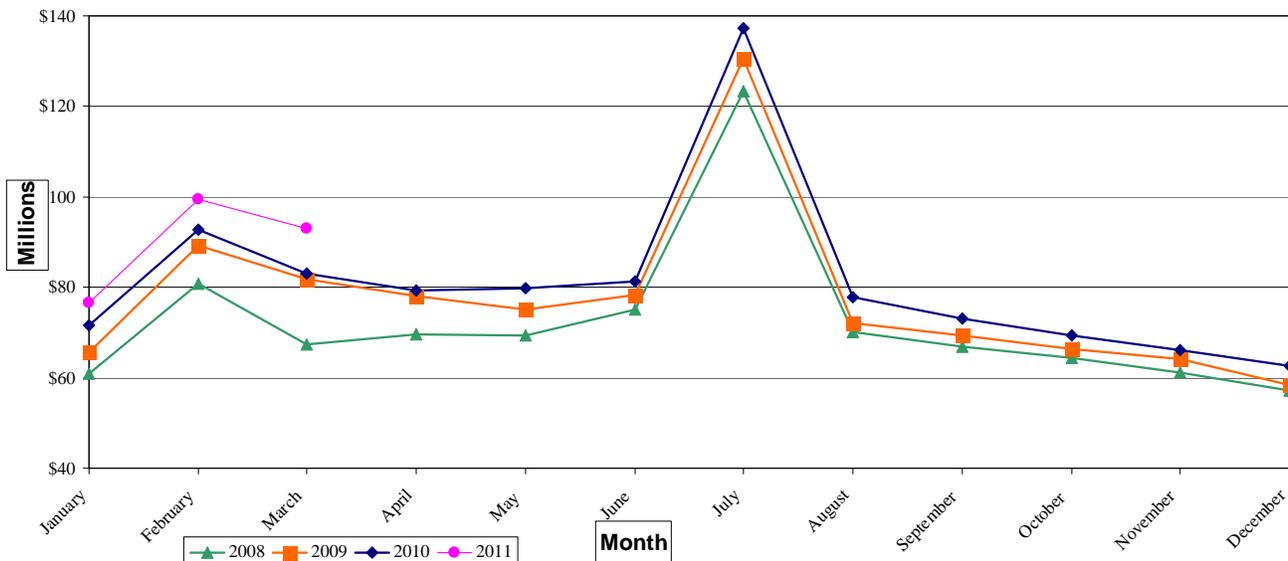
TOTAL PORTFOLIO OVERVIEW – HISTORICAL BALANCES

The following chart shows the historic cash balances of the County portfolio (excluding restricted accounts) with the rolling one year average and 3 year average cumulative cash balance based on monthly balances.

Average Balance	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Cash (1 year)	\$72,171,000	\$77,439,000	\$81,165,000	82,980,000
Cumulative Cash (3 year)		\$73,212,000	\$75,333,000	77,902,000

CASH FLOW HISTORY

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.

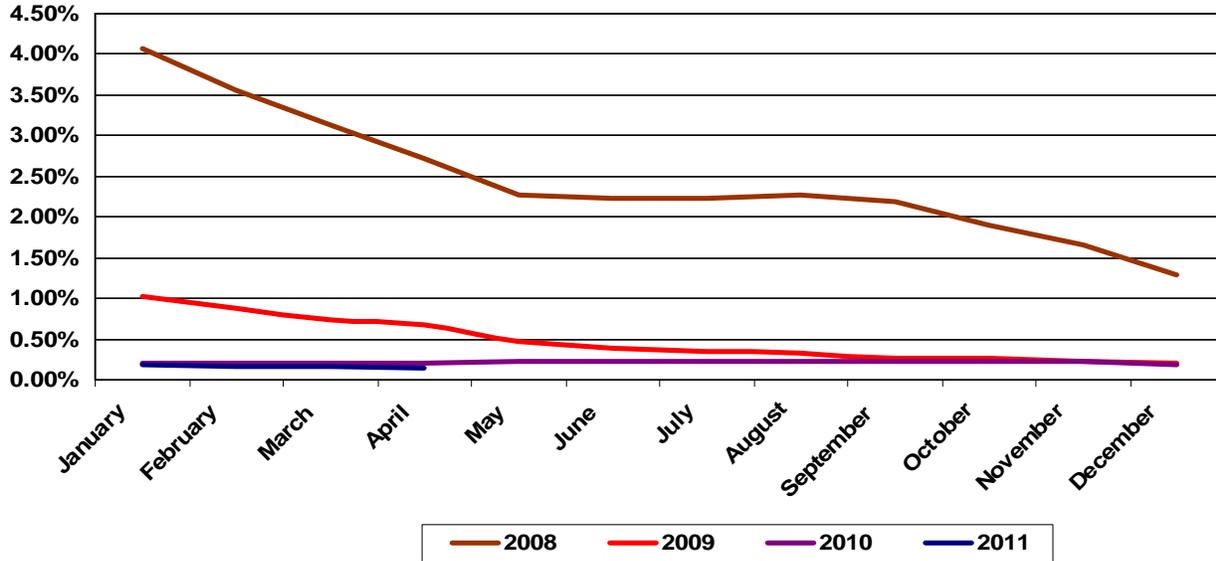
Walworth County expends approximately \$10 million per month. In order to keep cash in our checking account low and still pay bills on time, the County has invested largely with the LGIP as it offers same day liquidity. Over the past twelve months, the LGIP balance has averaged \$14.5 million. The spikes 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

In 2008, the investment yield of the LGIP 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 Monthly Interest Rates



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 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	\$10,103,601
Chase Bank	Collateralized Money Market	18,041,406
M&I Portfolio Money Market	Government Money Market	947,558
Total Money Market		\$29,092,565

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 .70%. 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.

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 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>
Associated Bank	1/10/2012	\$ 500,000	0.38%
Citizens Bank	6/23/2012	1,500,000	1.25%
Citizens Bank	12/7/2011	225,000	2.00%
Citizens Bank of Mukwonago	8/5/2011	225,086	0.50%
Citizens Bank of Mukwonago	1/8/2012	229,575	1.14%
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	226,805	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%
<i>Yield to Maturity, at March 31, 2011</i>	<i>1.59%</i>	\$ 8,531,466	

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.

During the first quarter, \$950,000 of certificates of deposits were purchased and \$450,000 of certificates of deposit matured.

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. 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 nationally recognized rating agency.

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

PORTFOLIO SUMMARY

Institution	Book Value	Market Value	Total Unrealized Gain/(Loss)	YTD Unrealized Gain/(Loss)	Yield to Maturity at Cost	Average Duration
M&I Portfolio	\$ 5,067,400	\$ 5,086,727	\$ 20,462	\$ (8,991)	1.12%	0.99
Pershing Portfolio	\$29,614,316	\$29,656,981	\$ 42,665	\$ (58,664)	1.57%	2.18
Total Securities	\$34,681,716	\$34,743,708	\$ 63,127	\$ (67,655)		

General Investment Portfolio Information

The yield to maturity at cost and average duration are per the calculations computed in Tracker, our investment software.

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. During the first quarter, \$200,000 of treasury notes were purchased, \$45,000 of agency securities were purchased, \$850,000 of agency securities matured, and \$45,000 of municipal debt matured.

Pershing Portfolio

The County works with five brokers to obtain quotes and bids on investments. The securities are held at Pershing, a subsidiary of Bank of New York Mellon for safekeeping. During the first quarter, \$5,000,000 of agency securities were purchased, \$1,500,000 of agency securities were called, and \$1,325,000 of municipal debt was called.

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
Equity	17%-37%	27%	27%
REITs	0%-5%	1.5%	1.5%
Inflation Hedge	0%-5%	1.5%	1.5%
Fixed Income	50%-70%	70%	69%
Other	0%-20%	5%	0%
Cash Equivalent	0%-20%	0%	1%

OPEB PORTFOLIO SUMMARY AND PERFORMANCE

Institution	Cost	Market Value	Unrealized Gain/(Loss)
Equity	\$ 3,338,769	\$ 3,815,422	\$ 476,653
Fixed Income	8,592,302	8,508,889	(83,413)
Cash	405,871	405,871	-
Total Securities	\$ 12,336,942	\$ 12,730,182	\$ 393,240

Portfolio advisor quarterly update: "The Walworth County OPEB Trust was initially funded from May to September 2010. Since inception, the funds have performed well for a portfolio with a 30% stock weighting and 70% bond weighting and the portfolio has earned a total return of about 9%. For the first quarter of 2011, the OPEB funds had a periodic return of 2.3% (9.2% annualized). The 2.3% compares favorably to benchmark return of 2.0%. The benchmark used as a comparison for the County's OPEB portfolios is 30% - S&P 500 Index and 70% - Barclay's Aggregate Bond Index. Funds containing domestic equities, international equities, real estate and commodities added significantly to performance during the quarter. Fixed-income mutual funds were only slightly positive in the last three months due to a rise in market yields throughout the quarter that slightly depressed bond prices.

RESTRICTED ACCOUNTS OVERVIEW (Continued)

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 recent large price fluctuations in the markets highlight that short term performance can and will be volatile.

As a point of comparison, a 60/40 (stock/bond) portfolio would have earned about 3.4% (13.2% annualized) for the first quarter 2011 vs. Walworth’s quarterly return of 2.3% (9.2% annualized) for the 30/70 portfolio. That said, the stock market’s strong performance over the last 2+ years has made a possible shift in asset allocation toward more stock funds less attractive.” (per Jeff Schroeder, PFM Asset Management, May 10, 2011)

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	INTEREST EARNED 2011	FIRST QTR BUDGET 2011
Land Information Fees	\$ 252	\$ 262
Risk Management	2,079	1,250
Capital Project Bond Proceeds	779	-
Clerk of Courts	270	875
Waddell Donations	37	50
Harrison Trust	15	-
Total	\$ 3,432	\$ 2,437

Walworth County Investment Portfolio
Portfolio Holdings as of 3/31/2011
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	947,558	947,558	947,558	-
Subtotal Cash & Cash Equivalent		947,560	947,560	947,560	\$ -

FFCB 3.5 10/3/2011	10/3/2011	300,000	\$ 313,494	\$ 305,022	\$ 1,869
FFCB 3.875 8/25/2011	8/25/2011	300,000	315,397	304,559	1,569
FHLB 0.55 10/25/2012-11	10/25/2012	125,000	124,938	124,618	(333)
FHLB 0.55 12/3/2012-11	12/3/2012	45,000	44,782	44,893	86
FHLB 1.375 5/16/2011	5/16/2011	300,000	301,134	300,488	408
FHLB 1.625 7/27/2011	7/27/2011	300,000	301,981	301,497	1,176
FHLB 1.875 6/20/2012	6/20/2012	300,000	300,222	305,133	5,039
FHLB 2.25 4/13/2012	4/13/2012	300,000	304,326	305,826	4,168
FHLB 3.625 9/16/2011	9/16/2011	300,000	314,427	304,943	1,813
FHLMC 0.625 11/9/2012-11	11/9/2012	70,000	70,000	69,808	(192)
FHLMC 2.125 3/23/2012	3/23/2012	300,000	303,491	305,163	3,872
FHLMC 2.875 2/9/2015	2/9/2015	125,000	129,478	129,563	363
FNMA 0.375 12/28/2012	12/28/2012	110,000	109,574	109,111	(541)
FNMA 1.375 4/28/2011	4/28/2011	300,000	301,309	300,297	240
FNMA 2 1/9/2012	1/9/2012	300,000	303,649	303,950	2,790
Subtotal Government Agency Coupon Securities		3,475,000	\$ 3,538,200	\$ 3,514,869	\$ 22,326

T-Note 0.75 9/15/2013	9/15/2013	25,000	\$ 24,923	\$ 24,846	\$ (86)
T-Note 0.75 9/15/2013	9/15/2013	100,000	100,024	99,383	(638)
T-Note 1.25 10/31/2015	10/31/2015	50,000	48,381	48,254	(224)
T-Note 1.25 10/31/2015	10/31/2015	75,000	72,487	72,381	(187)
T-Note 1.75 1/31/2014	1/31/2014	75,000	75,932	76,190	300
T-Note 1.75 7/31/2015	7/31/2015	60,000	61,538	59,559	(1,857)
T-Note 1.75 7/31/2015	7/31/2015	40,000	39,995	39,706	(290)
T-Note 1.75 7/31/2015	7/31/2015	50,000	49,522	49,633	85
T-Note 2.375 9/30/2014	9/30/2014	50,000	51,692	51,449	(171)
T-Note 2.375 9/30/2014	9/30/2014	100,000	103,035	102,899	69
Subtotal US Treasury Notes		625,000	\$ 627,528	\$ 624,298	\$ (1,865)

TOTAL M&I WEALTH MANAGEMENT PORTFOLIO		5,047,560	\$ 5,113,288	\$ 5,086,727	\$ 20,462
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Diversification:					
Cash & Cash Equivalents	19%	947,560	\$ 947,560	\$ 947,560	\$ -
Government Agency Securities	69%	3,475,000	3,538,200	3,514,869	22,326
US Treasury Notes	12%	625,000	627,528	624,298	(1,865)
Municipal Debt	0%	-	-	-	-
Total M&I PORTFOLIO	100%	5,047,560	\$ 5,113,288	\$ 5,086,727	\$ 20,462

Breakout by Agency Type:

FHLB	\$ 1,687,397
FFCB	609,581
FHLMC	504,534
FNMA	713,357
Treasury Note	624,298
	\$ 4,139,167

Maturity Schedule (assumes no-call)

0-3 month	\$ 1,548,344
3 - 6 month	910,998
6 - 12 month	914,135
1 - 2 year	959,389
2 - 3 year	200,418
3 - 4 year	283,911
4 - 5 year	269,533
	\$ 5,086,727

Portion Callable or Mature within 2 years

Callable	\$ 239,319
Maturity	4,093,545
	\$ 4,332,864

Walworth County Investment Report
Portfolio Holdings as of 3/31/2011
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 0.6 8/22/2012	8/22/2012	500,000	\$ 500,555	\$ 500,110	\$ (408)
FFCB 1.875 12/7/2012	12/7/2012	1,000,000	1,016,800	1,019,230	8,120
FFCB 1.95 5/6/2013-11	5/6/2013	2,000,000	2,013,760	2,002,980	(6,765)
FHLB 1 9/13/2013	9/13/2013	1,000,000	998,440	995,900	(2,823)
FHLB 1.7 6/3/2013-11	6/3/2013	1,000,000	1,000,000	1,002,100	2,100
FHLB 1.75 12/14/2012	12/14/2012	1,000,000	1,006,810	1,016,340	12,522
FHLB 1.75 8/22/2012	8/22/2012	2,000,000	2,028,600	2,032,260	16,196
FHLB Step 11/18/2014-11	11/18/2014	500,000	500,000	505,360	5,360
FHLMC 1.75 12/24/2013-11	12/24/2013	1,000,000	1,000,000	1,002,160	2,160
FHLMC 2.6 6/30/2015-11	6/30/2015	1,000,000	1,000,000	1,005,050	5,050
FHLMC Step 1/28/2016-11	1/28/2016	1,000,000	999,500	992,780	(6,737)
FHLMC Step 6/30/2015-11	6/30/2015	1,000,000	1,000,000	1,005,040	5,040
FNMA 1 9/23/2013	9/23/2013	1,000,000	998,514	995,630	(3,152)
FNMA 1.715 10/29/2012-11	10/29/2012	2,000,000	2,000,000	2,002,000	2,000
FNMA 1.75 2/22/2013	2/22/2013	2,000,000	2,014,540	2,033,480	24,239
FNMA 2 4/15/2013-11	4/15/2013	2,000,000	2,000,000	2,001,220	1,220
FNMA Step 2/9/2016-12	2/9/2016	1,000,000	1,000,300	993,670	(6,622)
FNMA Step 7/27/2014-12	7/27/2014	1,000,000	1,000,000	994,790	(5,210)
Subtotal Government Agency Coupon Securities		22,000,000	22,077,819	22,100,100	52,291

Dane County 0.6 6/1/2011	6/1/2011	305,000	\$ 305,000	\$ 304,793	\$ (207)
Dane County 0.9 12/1/2012	12/1/2012	1,070,000	1,070,000	1,062,660	(7,340)
Madison Wisconsin Taxable Prom Nts 1 10/1/2012	10/1/2012	500,000	500,000	497,355	(2,645)
Oshkosh Wisconsin Refunding 1 12/1/2012	12/1/2012	380,000	380,000	378,260	(1,740)
Outagamie County 0.75 9/1/2011	9/1/2011	365,000	365,000	365,398	398
Outagamie County 1 9/1/2012	9/1/2012	125,000	125,000	125,104	104
Outagamie County 1.3 9/1/2013	9/1/2013	825,000	825,000	820,727	(4,274)
Pewaukee Wisconsin 1.25 3/1/2012	3/1/2012	105,000	105,000	105,293	293
Pewaukee Wisconsin 1.65 3/1/2013	3/1/2013	105,000	105,000	105,255	255
Pewaukee Wisconsin 2 3/1/2014	3/1/2014	110,000	110,000	109,629	(371)
Racine County 1.05 6/1/2012	6/1/2012	200,000	200,000	200,252	252
Racine County School District 2.55 6/1/2015	6/1/2015	285,000	285,000	283,789	(1,211)
Waukesha County 2 4/1/2013	4/1/2013	1,025,000	1,055,145	1,052,296	4,617
Waukesha County Wisconsin 2 4/1/2012	4/1/2012	990,000	1,012,909	1,006,008	2,180
Winnebago 0.7 4/1/2011	4/1/2011	500,000	500,000	500,000	-
Winnebago 0.85 4/1/2012	4/1/2012	640,000	640,000	640,064	64
Subtotal Municipal Debt		7,530,000	\$ 7,583,054	\$ 7,556,881	\$ (9,625)

TOTAL PERSHING PORTFOLIO	29,530,000	\$ 29,660,873	\$ 29,656,981	\$ 42,665
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Diversification:					
Cash & Cash Equivalents	0%	-	\$ -	\$ -	\$ -
Government Agency Coupon Securities	75%	22,000,000	22,077,819	22,100,100	52,291
US Treasury Notes	0%	-	-	-	-
Municipal Debt	25%	7,530,000	7,583,054	7,556,881	(9,625)
Total PERSHING PORTFOLIO	100%	29,530,000	\$ 29,660,873	\$ 29,656,981	\$ 42,665

Breakout by Agency Type:

FHLB	\$ 5,551,960
FFCB	3,522,320
FHLMC	4,005,030
FNMA	9,020,790
Municipal Debt	7,556,881
Treasury Note	-
\$ 29,656,981	

Maturity Schedule (assumes no-call)

0-3 month	\$ 804,793
3 - 6 month	365,398
6 - 12 month	1,751,365
1 - 2 year	12,024,601
2 - 3 year	8,930,346
3 - 4 year	1,500,150
4 - 5 year	4,280,329
\$ 29,656,981	

Portion Callable or Mature within 2 years

Callable	\$ 13,507,150
Maturity	12,944,157
\$ 26,451,307	

WALWORTH COUNTY INVESTMENT REPORT
VALUATION AT COST
As of 3/31/2011

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 Fees)

Time Period	State Investment Pool	M&I Money Market 1	Mid Amer Money Market	CD	Chase Money Market	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2010									
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%	0.08%	0.42%	0.25%	0.04%	0.20%
4th Quarter	0.05%	-	0.18%	0.36%	0.08%	0.37%	0.26%	0.04%	0.26%
2011									
1st Quarter	0.04%	-	0.18%	0.40%	0.07%	0.36%	0.25%	0.04%	0.23%
One Year Ending									
2010									
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%	0.30%	1.60%	1.40%	0.15%	0.82%
4th Quarter	0.21%	-	0.73%	1.57%	0.26%	1.55%	1.18%	0.15%	0.84%
2011									
1st Quarter	0.21%	-	0.72%	1.52%	0.30%	1.54%	1.03%	0.15%	0.87%

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	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2010									
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
2011									
1st Quarter	4,954	-	17,916	33,624	11,691	104,770	12,743	986	186,684
One Year Ending									
2010									
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
2011									
1st Quarter	28,555	26,468	83,670	147,826	40,772	337,365	51,783	4,320	720,759

Average Daily Balance

Time Period	State Investment Pool	M&I Money Market 1	Mid Amer Money Market	CD	Chase Money Market	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2010									
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
2011									
1st Quarter	11,795,046	-	10,091,847	8,481,431	15,833,034	29,067,058	5,058,416	2,546,542	82,873,374
One Year Ending									
2010									
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
2011									
1st Quarter	13,769,915	3,991,285	11,587,077	9,698,093	13,608,427	21,905,734	5,038,210	2,907,088	82,505,828

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

Comparison to Benchmark:		
Description	LGIP	Portfolio
Rate of Return - Quarterly	0.04%	0.23%
Rate of Return - Annualized	0.21%	0.87%