
WALWORTH COUNTY, WISCONSIN

QUARTERLY INVESTMENT REPORT

JUNE 30, 2011



**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 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 fall with a current average around .19%, the June 2011 rate is at its lowest point in the last year with a 0.11% return rate.
- The County has recently began a new investing relationship with Associated Bank in June which includes a new collateralized money market account. Current collateralized money market annualized yields are as follows Mid-America, 0.67%, Associated 0.30%, and Chase falling to .22%. The money markets offer a higher yield than a one year treasury currently yielding 0.19% 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 behind expectations by \$5,345 through the second quarter.
- The investment portfolio with M&I Trust remains at \$5 million, yielding 1.22% annually (not including market adjustments). The portfolio effective duration at quarter end is currently at 1.50, a slightly higher duration from the 1 year duration seen here the past several quarters. We have had some recent concerns in the investment advisor at M&I Trust related to investment choices with long investment maturities. A meeting has been scheduled with M&I Trust in August to discuss strategy and current policies. M&I Bank, M&I Trust, and M&I Capital Markets are now under the new bank administration of BMO Financial Group.
- The brokered portfolio held at Pershing has had several call features exercised recently. At month end, the portfolio has fallen to \$20.9 million yielding 1.31% (not including market adjustments) annually which includes \$14.1 million in agency securities and \$6.8 million in municipal debt. Portfolio duration is currently 1.93 years to maturity.
- The Finance department's financial analyst left the County's employment on March 10, 2011. Over \$10 million in called/matured securities have occurred since this position vacancy occurred. Staff is working to reinvest these amounts as timely as possible, however the position has not yet been filled. The slow turnaround in reinvestment has affected 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.

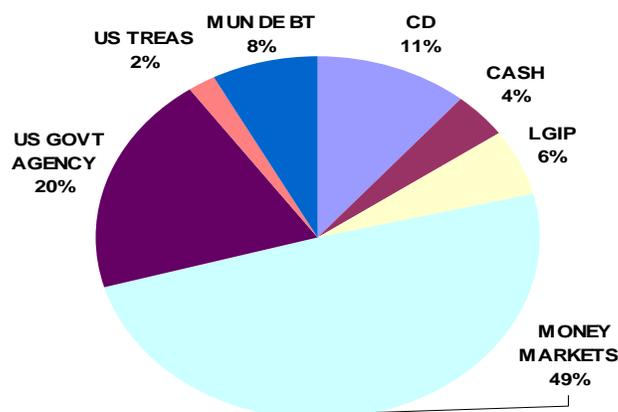
PUBLIC FUNDS MONEY MARKET ACCOUNT – The County has approved by resolution Public Funds money markets that are secured by collateral. These investments are used to provide short-term diversification and increase the current yields.

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 \$23,077,500.	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.	\$52.5 million or 60%
Reinvestment Risk	Callable securities shall not exceed 50% of agency securities held.	\$4.7 million or 18%
Market Risk:		
Maturity Restrictions	Investments greater than 3 months and less than 1 year shall not exceed 95% of portfolio.	\$9.9 million or 11%
	Investments greater than 1 year and less than 5 years shall not exceed 50% of portfolio.	\$24.2 million or 28%

INVESTMENT CATEGORY	MAXIMUM MATURITY	AUTHORIZED LIMIT	ACTUAL PORTFOLIO
Money Markets	N/A	95%	49%
LGIP	N/A	\$5 million min/75% max	6%
US Treasuries	5 years	75%	2%
Agency Securities	5 years	50%	20%
Municipal Debt	5 years	25%	8%
Certificates of Deposit	3 years	50%	11%
Operating Cash	N/A	N/A	4%

INVESTMENT TYPE	MARKET VALUE
Certificates of Deposit	\$9,807,000
Depository Bank	\$3,640,000
LGIP	\$5,130,000
Money Markets	\$43,174,000
Portfolio Money Markets	\$313,000
U.S. Gov. Agency Securities	\$17,207,000
U.S. Treasury Securities	\$1,743,000
Municipal Debt	\$6,781,000
Total	\$87,795,000



BUDGET PERFORMANCE

The first table below shows the actual and budgeted interest earned through the second 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	SECOND QTR 2011 BUDGET
Certificate of Deposit	\$ 60,917	\$ 60,500
U.S. Treasury/Govt. Agency	215,920	217,456
Local Gov Inv Pool (LGIP)	10,231	20,000
Depository Bank (Sweep)	1,785	1,800
Money Markets	59,036	60,000
Other Accounts Allocated Interest	(23,373)	(29,756)
TOTAL NON-DEPT	324,516	330,000
Unrealized Gain/(Loss)*	23,374	N/A

*Per County ordinance, this market adjustment will add/subtract from the County's committed fund balance amount available for these temporary gains/losses and will not directly offset the investment income budget. Current available funds in the committed fund balance account are \$1,131,114.

ACCOUNT NAME	INTEREST EARNED	SECOND QTR 2011 BUDGET
Non-Department	\$ 324,516	\$ 330,000
DPW Equipment Reserve	962	1,330
DPW Buildings Reserve	77	245
Children with Disabilities Ed Bd	7,100	5,000
School Donation Reserve	84	88
Health Insurance	9,966	13,000
Dental Insurance	330	462
Workers Compensation	1,766	1,450
Risk Management	6,429	5,000
TOTAL PORTFOLIO	351,230	356,575
Budget to Actual Variance		\$ (5,345)

- The original annual non-departmental budget is \$660,000. The actual return is currently under budget by \$5,484. Rates have continued to fall so the budget will continue to be closely monitored. The current LGIP rate is currently less than half of what was originally budgeted.
- By diversifying into other investment vehicles, we have been able to increase the County's yields by almost five times as much as the LGIP benchmark. If the entire portfolio was invested at the benchmark rate, the forecasted interest through the 2011 second quarter would have approximated \$67,777.
- Certificates of deposit currently held at the end of the second quarter have an average return of 1.44%.
- Securities held at the end of the second quarter yield to maturity at cost is 1.31% for our brokered securities and 1.22% 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 yields are as of June 30, 2011. The interest income amount does not include unrealized gains or losses.

Investment Portfolio	Benchmark (LGIP)	Actual
Current Holdings – Yield to Maturity at Cost	0.11%	0.73%
Year to Date Interest Income	\$67,777	\$179,878
2 nd Quarter Average Return at Cost	0.03%	0.18%
Rolling 1 Year Average Return at Cost	0.19%	0.84%

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

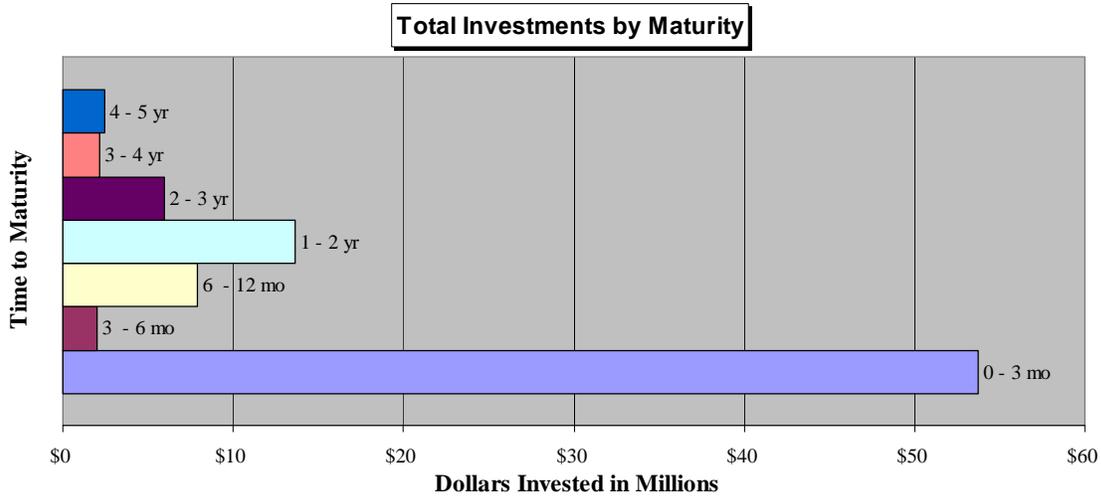
To review the performance of the M&I Short-term Portfolio, the Barclay Government 1-3 year index has been chosen. The investments within the index included US Treasury and Agency securities, which the M&I Short-term Portfolio holdings allow by the County's investment policy. The following shows the comparison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

Time Period	Benchmark*	Actual
2010		
3 rd Quarter	0.62%	0.25%
4 th Quarter	0.20%	0.26%
2011		
1 st Quarter	0.06%	0.08%
2 nd Quarter	0.81%	0.61%

Portfolio advisor response in relation to benchmark: "Performance year-to-date has lagged the benchmark by a bit primarily as a result of two factors. First, we are underweight Treasuries due to their low risk/reward relationship. With uncertainty and panic levels rising investors have once again begun to flock to Treasuries as a safe haven, causing them to outperform Agencies in the short run. Second, we have been maintaining a duration shorter than that of the benchmark in anticipation of the yield curve flattening due to a rise in short-term interest rates (as investors would begin to anticipate a change in Fed policy). In fact, the opposite has occurred and longer term rates have instead declined. With the Fed's announcement yesterday, we are likely to begin increasing duration as rates are expected to remain at current levels for another two years at a minimum." (per John Benjamin, M&I Wealth Management, August 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



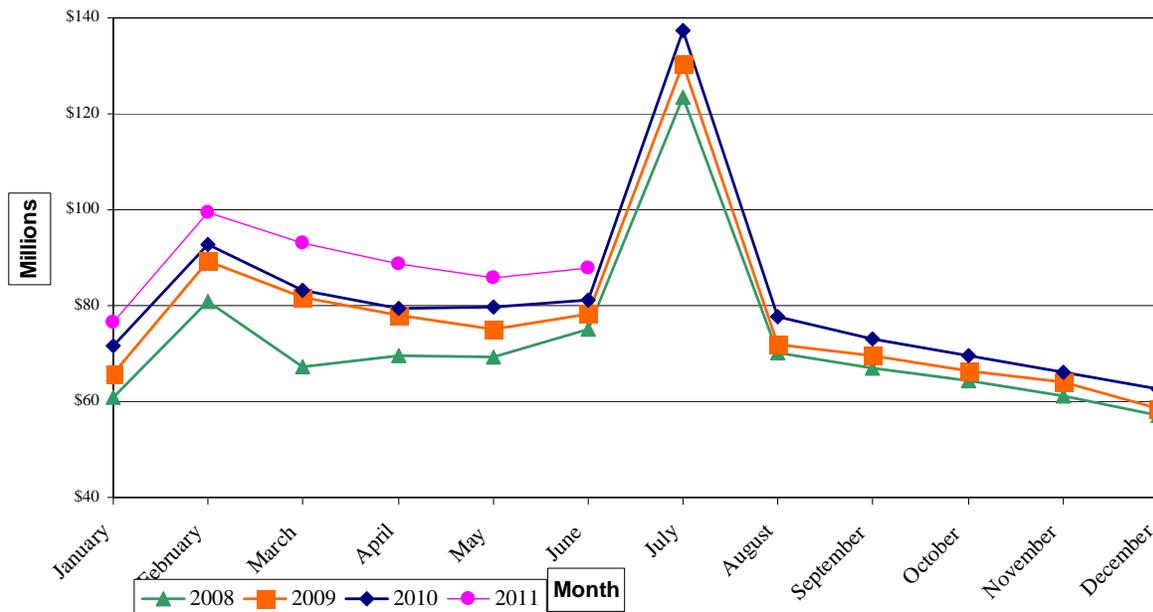
TOTAL PORTFOLIO OVERVIEW – HISTORICAL BALANCES

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

Average Balance	<u>2009</u>	<u>2010</u>	<u>2011</u>
Cash (1 year)	\$77,439,000	\$81,165,000	88,500,000
Cumulative Cash (3 year)	\$73,212,000	\$76,925,000	81,142,000

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

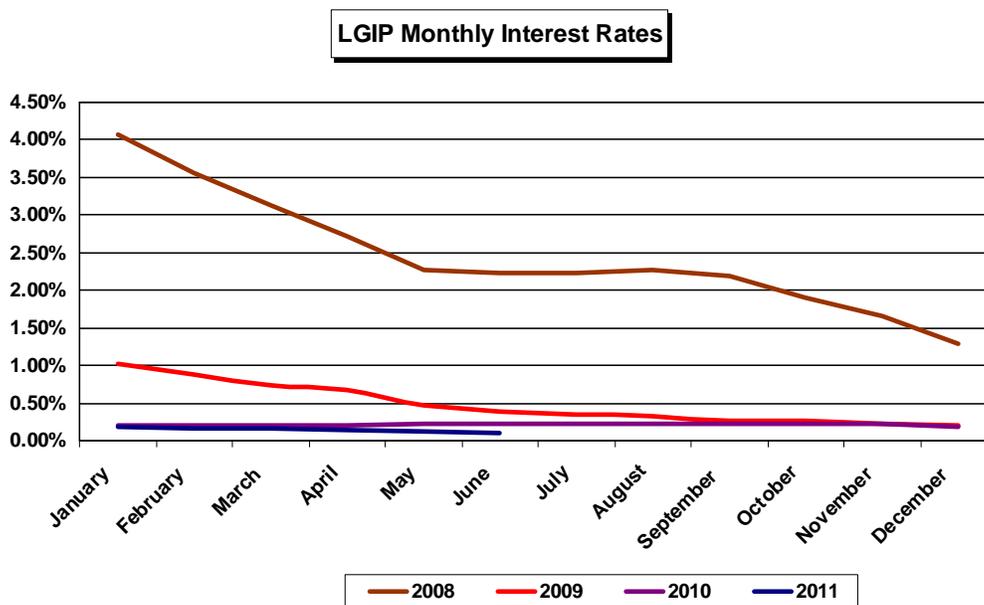
The investment portfolio needs to remain liquid to meet the daily operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

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 \$15.7 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 2009, 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)



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	Current Rate	Amount
Mid America	Collateralized Money Market	0.67%	\$10,103,601
JPMorgan Chase Bank	Collateralized Money Market	0.22%	15,052,101
Associated Bank	Collateralized Money Market	0.30%	18,001,795
M&I Portfolio Money Market	Government Money Market	0.00%	312,900
Total Money Market		0.36%	\$43,487,284

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.

JP Morgan and Associated Bank Money Markets

Rates are established by each bank and are reviewed and adjusted based on the market, with the intent to exceed the LGIP rate. Investment is collateralized at a cost included in the earned interest rate. These accounts 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.

<u>Financial Institution</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Rate %</u>
Associated Bank	1/10/2011	1/10/2012	\$ 500,000	0.38%
Associated Bank	6/3/2011	6/3/2012	500,000	0.49%
Associated Bank	6/3/2011	7/3/2013	1,000,000	0.60%
Citizens Bank	6/30/2010	6/23/2012	1,500,000	1.25%
Citizens Bank	12/7/2009	12/7/2011	225,000	2.00%
Citizens Bank of Mukwonago	2/5/2011	8/5/2011	225,373	0.50%
Citizens Bank of Mukwonago	1/8/2011	1/8/2012	230,235	1.14%
Commercial Bank WW	11/12/2010	11/12/2011	225,000	0.79%
Community Bank of Delavan	8/10/2010	8/10/2012	500,000	1.55%
First Citizens State Bank	5/11/2011	5/10/2011	225,000	1.30%
First Citizens State Bank	12/22/2010	10/23/2011	226,805	1.60%
M&I Bank	6/8/2009	6/8/2012	1,000,000	2.66%
Mid America Bank	5/13/2010	5/12/2012	1,000,000	1.45%
Mid America Bank	11/12/2009	11/12/2011	1,000,000	1.87%
Mid America Bank	2/18/2010	2/14/2013	1,000,000	2.17%
Southern Lakes Credit Union	6/3/2010	12/3/2012	225,000	2.15%
Walworth State Bank	6/2/2011	6/2/2013	225,000	0.70%
<i>Yield to Maturity, at June 30, 2011</i>		<i>1.44%</i>	<i>\$ 9,807,413</i>	

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 second quarter, \$1,725,000 of certificates of deposits were purchased and \$225,000 of certificates of deposit matured. The average duration of the certificates of deposit at June 30th is 1.02 years.

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 B and C 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	\$ 4,812,674	\$ 4,794,112	\$ 32,247	\$ 4,745	1.22%	1.50
Pershing Portfolio	\$20,856,813	\$20,936,630	\$ 135,202	\$ 24,862	1.31%	1.93
Total Securities	\$25,669,487	\$25,730,742	\$ 167,449	\$ 29,607		

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, \$1,100,000 of treasury notes were purchased, \$438,852 of agency securities were purchased, \$600,000 of agency securities matured, \$240,000 of agency securities were called, and \$57,717 in securities were sold.

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 second quarter, \$2,000,000 of agency securities were purchased, \$10,000,000 of agency securities were called, and \$805,000 of municipal debt matured.

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	Target	Actual
Equity	30%	30%
Fixed Income	70%	67%
Cash Equivalent	0%	3%

OPEB PORTFOLIO SUMMARY AND PERFORMANCE

Institution	Cost	Market Value	Unrealized Gain/(Loss)
Equity	\$ 3,598,734	\$ 4,067,379	\$ 468,645
Fixed Income	9,188,261	9,137,318	(50,942)
Cash	472,744	472,744	-
Total Securities	\$ 13,259,739	\$ 13,677,442	\$ 417,703

Portfolio advisor quarterly update "The Walworth County OPEB Trusts were 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 over 9%. For the two quarters of 2011, the OPEB funds had a periodic return of about 3.5% (7.0% annualized). The 3.5% is in line with benchmark returns. All funds including domestic equities, international equities, real estate, commodities and fixed income added to performance during the first two quarters of 2011.

OPEB funds are invested for the long term and the appropriate focus for performance comparison should be the long-term over business cycles. The expectations 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 4.2% (8.4% annualized) for the first two quarters of 2011 vs. Walworth's quarterly return of 3.5% (7.0% annualized) for the 30/70 portfolio."

-Jeff Schroeder, PFM Asset Management, August 11, 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	2ND QTR BUDGET 2011
Land Information Fees	\$ 454	\$ 525
Risk Management	3,065	2,500
Capital Project Bond Proceeds	1,257	-
Clerk of Courts	1,211	1,750
Waddell Donations	63	100
Harrison Trust	30	-
Total	\$ 6,080	\$ 4,875

WALWORTH COUNTY INVESTMENT REPORT
VALUATION AT COST
As of 6/30/2011

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	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2010									
3rd Quarter	0.06%	0.18%	0.36%	0.08%	N/A	0.42%	0.25%	0.04%	0.20%
4th Quarter	0.05%	0.18%	0.36%	0.08%	N/A	0.37%	0.26%	0.04%	0.26%
2011									
1st Quarter	0.04%	0.18%	0.40%	0.07%	N/A	0.36%	0.25%	0.04%	0.23%
2nd Quarter	0.03%	0.17%	0.31%	0.06%	0.07%	0.34%	0.21%	0.04%	0.18%
One Year Ending									
2010									
3rd Quarter	0.22%	0.71%	1.67%	0.30%	N/A	1.60%	1.40%	0.15%	0.82%
4th Quarter	0.21%	0.73%	1.57%	0.26%	N/A	1.55%	1.18%	0.15%	0.84%
2011									
1st Quarter	0.21%	0.72%	1.52%	0.30%	N/A	1.54%	1.03%	0.15%	0.87%
2nd Quarter	0.19%	0.71%	1.42%	0.28%	0.30%	1.49%	0.98%	0.15%	0.84%

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

Time Period	State Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2010									
3rd Quarter	16,909	23,295	40,458	11,095	N/A	87,218	12,794	1,678	193,447
4th Quarter	2,827	18,535	35,113	7,121	N/A	99,706	13,314	833	177,449
2011									
1st Quarter	4,954	17,916	33,624	11,691	N/A	104,770	12,743	986	186,684
2nd Quarter	5,538	16,887	27,293	10,695	1,795	83,277	10,515	799	156,799
One Year Ending									
2010									
3rd Quarter	41,599	97,472	58,984	22,095	N/A	160,696	70,273	4,428	664,478
4th Quarter	35,140	90,632	159,108	29,216	N/A	247,217	59,395	4,370	686,274
2011									
1st Quarter	28,555	83,670	147,826	40,772	N/A	337,365	51,783	4,320	720,759
2nd Quarter	30,228	76,633	136,488	40,602	1,795	374,971	49,366	4,296	714,379

Average Daily Balance

Time Period	State Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2010									
3rd Quarter	30,147,887	13,014,172	11,236,111	14,692,156	N/A	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	N/A	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	N/A	29,067,058	5,058,416	2,546,542	82,873,374
2nd Quarter	17,115,179	10,109,349	8,877,122	17,243,284	2,439,576	24,805,929	5,079,267	2,105,042	87,774,748
One Year Ending									
2010									
3rd Quarter	19,181,788	13,085,357	10,323,217	8,684,969	N/A	10,063,252	5,007,079	3,016,055	81,229,461
4th Quarter	16,646,900	12,335,201	10,141,414	11,042,990	N/A	15,921,877	5,031,790	2,984,778	82,139,496
2011									
1st Quarter	13,769,915	11,587,077	9,698,093	13,608,427	N/A	21,905,734	5,038,210	2,907,088	82,505,828
2nd Quarter	16,187,967	10,828,911	9,614,307	14,281,613	608,223	25,243,637	5,054,220	2,800,067	84,618,945

¹ Associated Bank Money Market was open as of 6/17/2011.

Walworth County Investment Report
Portfolio Holdings as of 6/30/2011
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 6/13/2013-12	6/13/2013	1,000,000	1,000,000	998,470	(1,530)
FFCB 0.6 8/22/2012	8/22/2012	500,000	500,426	501,400	974
FFCB 1.875 12/7/2012	12/7/2012	1,000,000	1,009,471	1,021,050	11,579
FHLB 1 9/13/2013	9/13/2013	1,000,000	998,853	1,008,580	9,727
FHLB 1.75 12/14/2012	12/14/2012	1,000,000	1,003,261	1,018,750	15,489
FHLB 1.75 8/22/2012	8/22/2012	2,000,000	2,013,198	2,031,780	18,582
FHLB Step 11/18/2014-11	11/18/2014	500,000	500,000	503,300	3,300
FHLMC Step 1/28/2016-11	1/28/2016	1,000,000	999,542	1,001,560	2,018
FNMA 1 9/23/2013	9/23/2013	1,000,000	998,904	1,008,000	9,096
FNMA 1.25 8/20/2013	8/20/2013	1,000,000	1,014,209	1,013,670	(539)
FNMA 1.75 2/22/2013	2/22/2013	2,000,000	2,008,029	2,041,700	33,671
FNMA Step 2/9/2016-12	2/9/2016	1,000,000	1,000,277	1,005,180	4,903
FNMA Step 7/27/2014-12	7/27/2014	1,000,000	1,000,000	1,002,200	2,200
Subtotal Government Agency Coupon Securities		14,000,000	\$ 14,046,170	\$ 14,155,640	\$ 109,470

Dane County 0.9 12/1/2012	12/1/2012	1,070,000	1,070,000	1,068,663	(1,338)
Madison Wisconsin Taxable Prom Nts 1 10/1/2012	10/1/2012	500,000	500,000	499,815	(185)
Oshkosh Wisconsin Refunding 1 12/1/2012	12/1/2012	380,000	380,000	380,262	262
Outagamie County 0.75 9/1/2011	9/1/2011	365,000	365,000	365,201	201
Outagamie County 1 9/1/2012	9/1/2012	125,000	125,000	125,559	559
Outagamie County 1.3 9/1/2013	9/1/2013	825,000	825,000	830,610	5,610
Pewaukee Wisconsin 1.25 3/1/2012	3/1/2012	105,000	105,000	105,437	437
Pewaukee Wisconsin 1.65 3/1/2013	3/1/2013	105,000	105,000	106,150	1,150
Pewaukee Wisconsin 2 3/1/2014	3/1/2014	110,000	110,000	111,568	1,568
Racine County 1.05 6/1/2012	6/1/2012	200,000	200,000	200,790	790
Racine County School District 2.55 6/1/2015	6/1/2015	285,000	285,000	291,413	6,413
Waukesha County 2 4/1/2013	4/1/2013	1,025,000	1,044,859	1,052,081	7,222
Waukesha County Wisconsin 2 4/1/2012	4/1/2012	990,000	1,000,399	1,001,850	1,451
Winnebago 0.85 4/1/2012	4/1/2012	640,000	640,000	641,594	1,594
Subtotal Municipal Debt		6,725,000	\$ 6,755,258	\$ 6,780,990	\$ 25,732

TOTAL PERSHING PORTFOLIO		20,725,000	\$ 20,801,428	\$ 20,936,630	\$ 135,202
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Diversification:

Cash & Cash Equivalents	0%	-	\$ -	\$ -	\$ -
Government Agency Coupon Securities	68%	14,000,000	14,046,170	14,155,640	109,470
US Treasury Notes	0%	-	-	-	-
Municipal Debt	32%	6,725,000	6,755,258	6,780,990	25,732
Total PERSHING PORTFOLIO	100%	20,725,000	\$ 20,801,428	\$ 20,936,630	\$ 135,202

Breakout by Agency Type:

FHLB	\$ 4,562,410
FFCB	2,520,920
FHLMC	1,001,560
FNMA	6,070,750
Municipal Debt	6,780,990
Treasury Note	-
	\$ 20,936,630

Maturity Schedule (assumes no-call)

0-3 month	\$ 365,201
3 - 6 month	-
6 - 12 month	1,949,671
1 - 2 year	10,845,679
2 - 3 year	3,972,428
3 - 4 year	1,796,913
4 - 5 year	2,006,740
	\$ 20,936,630

Portion Callable or Mature within 2 years

Callable	\$ 4,510,710
Maturity	6,614,680
	\$ 11,125,390

Walworth County Investment Portfolio
Portfolio Holdings as of 6/30/2011
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	312,900	312,900	312,900	-
Subtotal Cash & Cash Equivalent		312,902	312,902	312,902	\$ -

FFCB 3.5 10/3/2011	10/3/2011	300,000	301,610	302,608	998
FFCB 3.875 8/25/2011	8/25/2011	300,000	301,139	301,710	571
FHLB 1.625 7/27/2011	7/27/2011	300,000	300,073	300,336	263
FHLB 1.875 6/20/2012	6/20/2012	300,000	300,075	304,565	4,490
FHLB 2.25 4/13/2012	4/13/2012	300,000	301,259	304,622	3,363
FHLB 2.5 6/13/2014	6/13/2014	80,000	83,676	83,706	30
FHLB 3.625 9/16/2011	9/16/2011	300,000	301,445	302,276	831
FHLMC 1.5 12/16/2014-11	12/16/2014	50,000	50,000	50,095	95
FHLMC 2.125 3/23/2012	3/23/2012	300,000	300,963	303,993	3,030
FHLMC 2.875 2/9/2015	2/9/2015	125,000	128,930	131,740	2,810
FNMA 0.375 12/28/2012	12/28/2012	110,000	109,701	110,066	365
FNMA 1 9/23/2013	9/23/2013	100,000	100,747	100,800	53
FNMA 1.125 6/27/2014	6/27/2014	85,000	85,283	85,535	252
FNMA 1.35 2/24/2014-11	2/24/2014	65,000	65,343	65,946	603
FNMA 2 1/9/2012	1/9/2012	300,000	300,788	302,844	2,056
Subtotal Government Agency Coupon Securities		3,015,000	\$ 3,031,032	\$ 3,050,841	\$ 19,809

T-Note 0.625 4/30/2013	4/30/2013	100,000	100,360	100,375	15
T-Note 0.75 12/15/2013	12/15/2013	150,000	148,544	150,515	1,971
T-Note 0.75 6/15/2014	6/15/2014	150,000	150,006	149,848	(159)
T-Note 0.75 9/15/2013	9/15/2013	25,000	24,939	25,123	184
T-Note 0.75 9/15/2013	9/15/2013	100,000	100,019	100,493	474
T-Note 1.125 12/15/2012	12/15/2012	150,000	151,011	151,717	706
T-Note 1.25 10/31/2015	10/31/2015	75,000	72,700	74,379	1,679
T-Note 1.25 10/31/2015	10/31/2015	50,000	48,560	49,586	1,026
T-Note 1.25 4/15/2014	4/15/2014	150,000	152,295	152,133	(162)
T-Note 1.375 3/15/2013	3/15/2013	150,000	151,481	152,485	1,004
T-Note 1.375 5/15/2013	5/15/2013	100,000	101,754	101,758	3
T-Note 1.5 6/30/2016	6/30/2016	150,000	148,313	148,195	(118)
T-Note 1.75 1/31/2014	1/31/2014	75,000	75,812	77,092	1,280
T-Note 1.75 7/31/2015	7/31/2015	60,000	61,335	61,026	(309)
T-Note 1.75 7/31/2015	7/31/2015	40,000	39,996	40,684	688
T-Note 1.75 7/31/2015	7/31/2015	50,000	49,574	50,855	1,281
T-Note 2.375 9/30/2014	9/30/2014	100,000	102,628	104,672	2,044
T-Note 2.375 9/30/2014	9/30/2014	50,000	51,505	52,336	831
Subtotal US Treasury Notes		1,725,000	\$ 1,730,832	\$ 1,743,270	\$ 12,438

TOTAL M&I WEALTH MANAGEMENT PORTFOLIO		5,052,902	\$ 5,074,766	\$ 5,107,013	\$ 32,247
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Diversification:					
Cash & Cash Equivalents	6%	312,902	\$ 312,902	\$ 312,902	\$ -
Government Agency Securities	60%	3,015,000	3,031,032	3,050,841	19,809
US Treasury Notes	34%	1,725,000	1,730,832	1,743,270	12,438
Municipal Debt	0%	-	-	-	-
Total M&I PORTFOLIO	100%	5,052,902	\$ 5,074,766	\$ 5,107,013	\$ 32,247

Breakout by Agency Type:

FHLB	\$ 1,295,504
FFCB	604,318
FHLMC	485,828
FNMA	665,191
Treasury Note	1,743,270
	\$ 4,794,111

Maturity Schedule (assumes no-call)

0-3 month	\$ 1,217,224
3 - 6 month	302,608
6 - 12 month	1,216,023
1 - 2 year	616,400
2 - 3 year	991,191
3 - 4 year	338,843
4 - 5 year	424,726
	\$ 5,107,013

Portion Callable or Mature within 2 years

Callable	\$ 116,041
Maturity	3,352,254
	\$ 3,468,295