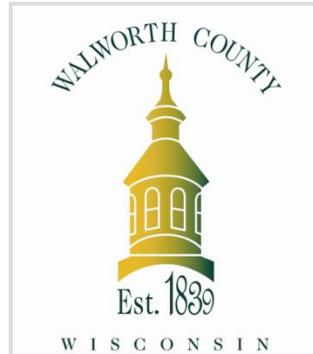

WALWORTH COUNTY, WISCONSIN

QUARTERLY INVESTMENT REPORT

SEPTEMBER 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 0.25% since November, 2009. The annualized LGIP rate continues to fall with a current average around 0.15%. Since June 2011 the current rate of return has been 0.11%.
- The County has continued its investing relationship with Associated Bank that began in June, which includes a collateralized money market account. Current collateralized money market annualized yields are as follows Mid-America, 0.61%, Associated 0.30%, and Chase falling to 0.18%. The money markets offer a higher yield than a one year treasury currently yielding 0.13% 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 \$23,000 through the third quarter.
- The investment portfolio with M&I Trust remains at \$5 million, yielding 1.17% annually (not including market adjustments). Portfolio duration is currently 2.06 years to maturity, and contains \$3.3 million in agency securities and \$1.7 million in treasury notes. 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 is now at \$22.6 million, yielding 1.31% (not including market adjustments) annually which includes \$16.1 million in agency securities and \$6.4 million in municipal debt. Portfolio duration is currently 1.88 years to maturity.
- The Finance department's financial analyst position was vacant for seven months, and has now been refilled with a start date of October 17, 2011. Securities and CDs were not reinvested as quickly due to the vacancy. The slow turnaround in reinvestment has affected the County'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.

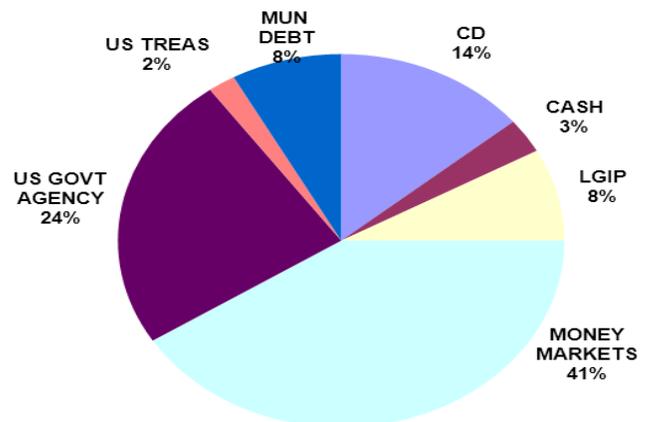
PUBLIC FUNDS MONEY MARKET ACCOUNT – The County has approved by resolution Public Funds money markets that are secured by collateral. These investments are used to provide short-term diversification and increase the current yields.

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.	\$35.9 million or 44%
Reinvestment Risk	Callable securities shall not exceed 50% of agency securities held.	\$6.7 million or 24%
Market Risk:		
Maturity Restrictions	Investments greater than 3 months and less than 1 year shall not exceed 95% of portfolio.	\$13.8 million or 17%
	Investments greater than 1 year and less than 5 years shall not exceed 50% of portfolio.	\$23.7 million or 29%

INVESTMENT CATEGORY	MAXIMUM MATURITY	AUTHORIZED LIMIT	ACTUAL PORTFOLIO
Money Markets	N/A	95%	41%
LGIP	N/A	\$5 million min/75% max	8%
US Treasuries	5 years	75%	2%
Agency Securities	5 years	50%	24%
Municipal Debt	5 years	25%	8%
Certificates of Deposit	3 years	50%	14%
Operating Cash	N/A	N/A	3%

INVESTMENT TYPE	MARKET VALUE
Certificates of Deposit	\$11,808,000
Depository Bank	\$2,124,000
LGIP	\$6,153,000
Money Markets	\$34,211,000
Portfolio Money Markets	\$58,000
U.S. Gov. Agency Securities	\$19,466,000
U.S. Treasury Securities	\$1,763,000
Municipal Debt	\$6,425,000
Total	\$82,008,000



BUDGET PERFORMANCE

The first table below shows the actual and budgeted interest earned through the third 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	THIRD QTR 2011 BUDGET
Certificate of Deposit	\$ 97,992	\$ 112,500
U.S. Treasury/Govt. Agency	288,918	322,500
Local Gov Inv Pool (LGIP)	17,162	11,250
Depository Bank (Sweep)	2,865	3,000
Money Markets	96,145	75,000
Other Accounts Allocated Interest	(31,144)	(29,250)
TOTAL NON-DEPT	471,938	495,000
Unrealized Gain/(Loss)*	(32,835)	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	THIRD QTR 2011 BUDGET
Non-Department	\$ 471,938	\$ 495,000
Children with Disabilities Ed Bd	9,175	7,598
DPW Buildings Reserve	77	368
DPW Equipment Reserve	962	1,995
Health Insurance	13,863	19,500
Dental Insurance	457	694
Workers Compensation	2,413	2,175
Risk Management	4,198	3,000
TOTAL PORTFOLIO	503,083	530,330
Budget to Actual Variance		(27,247)

- The original annual non-departmental budget is \$660,000. The actual return is currently under budget by \$23,062. Rates have continued to fall, and a budget amendment has been created for November to coincide with fourth quarter expectations. 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 more than five times the LGIP benchmark. If the entire portfolio was invested at the benchmark rate, the forecasted interest through the 2011 third quarter would have approximated \$93,665.
- Certificates of deposit currently held at the end of the third quarter have an average return of 1.30%.
- Securities held at the end of the third quarter yield to maturity at cost is 1.31% for our brokered securities and 1.17% 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 September 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%	0.79%
Year to Date Interest Income	\$93,665	\$503,083
3 rd Quarter Average Return at Cost	0.03%	0.14%
Rolling 1 Year Average Return at Cost	0.15%	0.78%

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

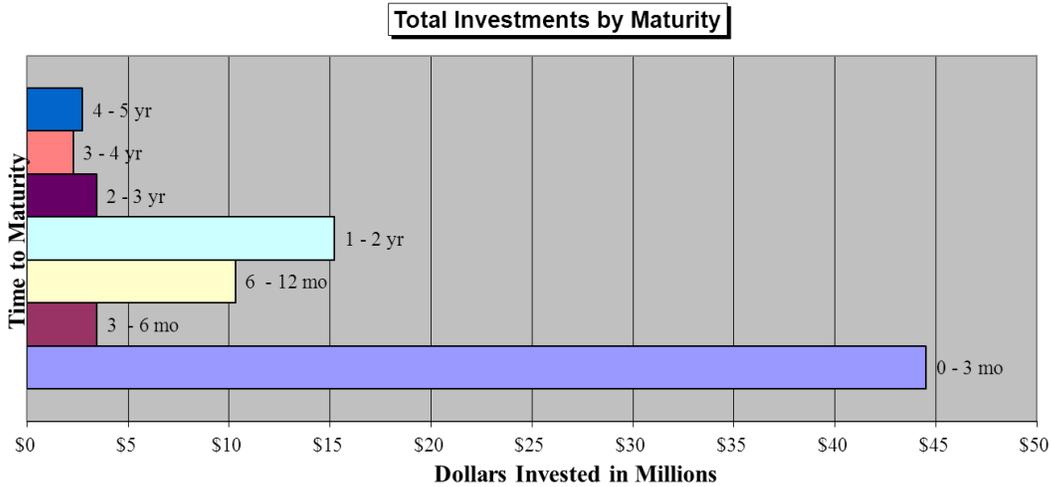
To review the performance of the M&I Short-term Portfolio, the Barclay Government 1-3 year index has been chosen. The investments within the index included US Treasury and Agency securities, which the M&I Short-term Portfolio holdings allow by the County's investment policy. The following shows the comparison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

Time Period	Benchmark*	Actual
2010		
4 th Quarter	0.20%	0.26%
2011		
1 st Quarter	0.06%	0.08%
2 nd Quarter	0.81%	0.61%
3 rd Quarter	0.47%	0.58%

Portfolio advisor response in relation to benchmark: “Total return, net of fees, for the third quarter was 0.58% (not annualized) vs. 0.46% for the Merrill Lynch index. Year-to-date the portfolio has a return of 1.17% vs. 1.35%. We currently hold 0.71% in cash, 34.24% in Treasuries and 65.04% in Agency securities. We do not anticipate purchasing additional Treasuries at this time given the level to which prices have risen as a result of fear-induced buying during the quarter. We are much more comfortable with the slight yield advantage afforded us by the Agencies. The portfolio currently carries a 2.70 year average maturity (with no securities held beyond five years, as per the policy) and a yield of 1.51%. Recent purchases have been in 2014-16 as interest rate levels preclude purchases nearer term (the 2 year Treasury yield is currently 0.235% and we need to exceed the fee of 0.20%). Interest rates are expected to remain reasonably stable for the foreseeable future as the Federal Reserve has recently indicated that it intends to maintain policy until at least mid-2013. This said, we may see some upward pressure on rates as investors become less risk-averse should the European debt situation continue to improve.” - John Benjamin, M&I Wealth Management, *November 4, 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



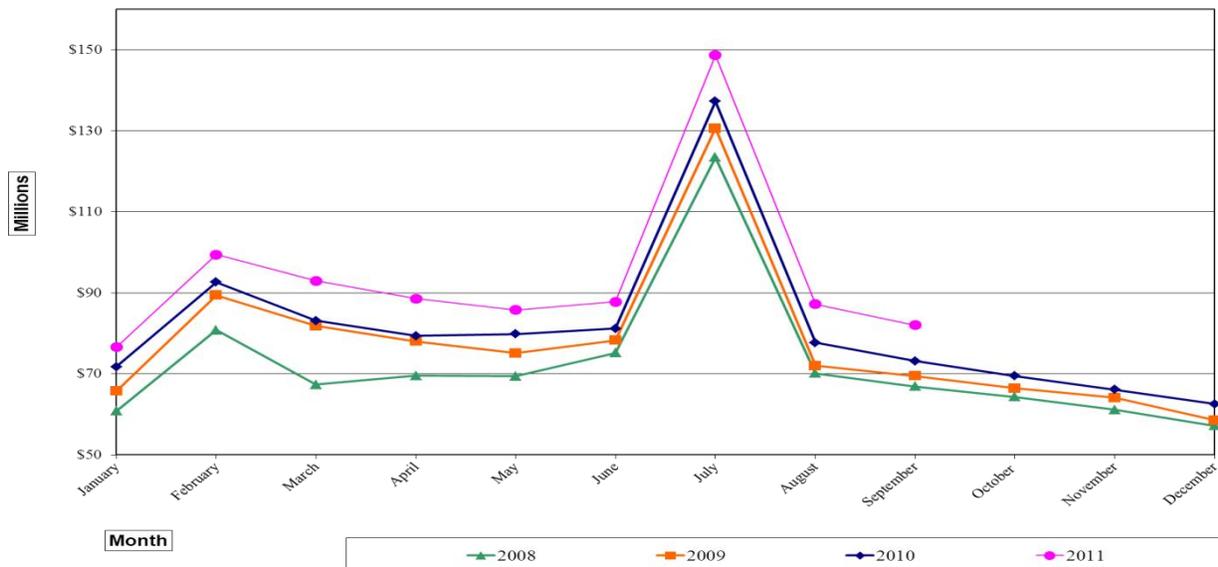
TOTAL PORTFOLIO OVERVIEW – HISTORICAL BALANCES

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	87,243,000
Cumulative Cash (3 year)	\$73,212,000	\$76,925,000	81,519,000

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

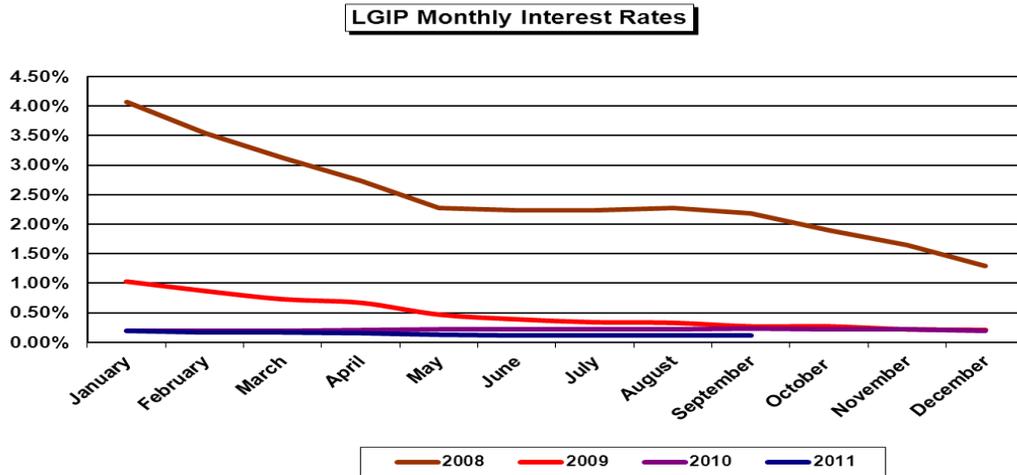
The investment portfolio needs to remain liquid to meet the daily operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

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 \$14.6 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	0.61%	\$10,136,572
JPMorgan Chase Bank	Collateralized Money Market	0.18%	6,059,491
Associated Bank	Collateralized Money Market	0.30%	18,015,410
M&I Portfolio Money Market	Government Money Market	0.01%	57,548
Total Money Market		0.37%	\$34,269,021

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%
Associated Bank	8/5/2011	2/6/2012	2,000,000	0.50%
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	8/5/2011	8/5/2013	225,000	1.30%
Citizens Bank of Mukwonago	1/8/2011	1/8/2012	230,897	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	8/11/2012	225,000	1.20%
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	225,397	0.70%
<i>Yield to Maturity, at September 30, 2011</i>		<i>1.30%</i>	<i>\$11,808,099</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 third quarter, \$2,225,000 of certificates of deposits were purchased and \$225,000 of certificates of deposit matured. The average duration of the certificates of deposit at September 30th is 0.73 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	\$ 5,090,707	\$ 5,139,496	\$ 48,789	\$ (21,817)	1.17%	2.06
Pershing Portfolio	\$22,398,760	\$22,572,111	\$ 173,352	\$ (39,782)	1.31%	1.88
Total Securities	\$27,489,467	\$27,711,607	\$ 222,141	\$ (61,599)		

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 third quarter, \$1,155,000 of agency securities were purchased and \$900,000 of agency securities 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 third quarter, \$3,000,000 of agency securities were purchased, \$1,000,000 of agency securities were called, and \$365,000 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%	47%
Fixed Income	70%	52%
Cash Equivalent	0%	1%

OPEB PORTFOLIO SUMMARY AND PERFORMANCE

Institution	Market Value	Cost	Unrealized Gain/(Loss)
Equity	\$ 6,489,113	\$ 6,759,986	\$ (270,873)
Fixed Income	7,157,474	7,249,652	(92,178)
Cash	139,198	139,198	-
Total Securities	\$ 13,785,784	\$ 14,148,835	\$ (363,051)

Portfolio advisor quarterly update: "The Walworth County OPEB Trusts (WCOPEBTs) were funded from May to September 2010. WCOPEBTs have performed well, for a portfolio with a 30% stock weighting and 70% bond weighting, as evidenced by the portfolio earning a total return of about 7.5%, since inception. For the first three quarters of 2011, the OPEB funds had a periodic return of about -1.6%. The negative 1.6% was below benchmark returns. WCOPEBTs benefitted from the Vanguard Index Equity Funds that closely tracks the market. Most active equity managers significantly underperformed the benchmarks but WCOPEBT's do not have exposure to active equity managers. WCOPEBT's active fixed-income (bond) manager's underperformed the bond benchmark due to the flight to quality into US Treasury bonds that pushed up the benchmark's value. Virtually all active fixed-income managers in the world underperformed the benchmarks during the period. The Q3 2011 quarter was a particularly challenging quarter with all the uncertainty coming from Euro Zone worries as well as concerns about our US domestic economy. During the 3 months of the third quarter 2011, the WCOPEBT yielded a -5% return, approximately.

OPEB funds are invested for the long term and the appropriate focus for performance comparison should be the long-term over business cycles. The recent large price fluctuations in the markets highlight that short term performance can and will be volatile. The expectation for the County's 30/70 portfolio are returns of approximately 6% annually over the long term. Again, the WCOPEBT has exceeded that 6% expectation with a since inception total return of 7.5%." - Jeff Schroeder, PFM Asset Management, *November 8, 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	3RD QTR BUDGET 2011
Land Information Fees	\$ 630	\$ 788
Risk Management	6,414	4,500
Capital Project Bond Proceeds	3,061	-
Clerk of Courts	1,211	2,625
Waddell Donations	87	133
Harrison Trust	41	-
Total	\$ 11,444	\$ 8,046

WALWORTH COUNTY INVESTMENT REPORT
VALUATION AT COST
As of 9/30/2011

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 ¹	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2010									
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%
3rd Quarter	0.03%	0.16%	0.34%	0.05%	0.08%	0.29%	0.16%	0.04%	0.14%
One Year Ending									
2010									
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%
3rd Quarter	0.15%	0.69%	1.40%	0.26%	0.30%	1.37%	0.88%	0.15%	0.78%

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 ¹	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2010									
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
3rd Quarter	6,670	16,085	37,075	7,390	13,615	62,756	8,084	1,080	152,755
One Year Ending									
2010									
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
3rd Quarter	19,989	69,423	133,105	36,897	15,410	350,509	44,656	3,698	673,687

Average Daily Balance

Time Period	State Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market ¹	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2010									
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
3rd Quarter	24,084,574	10,126,183	10,918,714	14,065,918	18,006,480	21,990,764	5,040,504	2,856,427	107,089,565
One Year Ending									
2010									
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	82,505,829
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
3rd Quarter	14,596,022	10,100,246	9,532,760	14,124,661	5,146,843	25,568,140	5,057,578	2,426,828	86,553,077

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

Comparison to Benchmark:			
Description	LGIP		Portfolio
Rate of Return - Quarterly	0.03%		0.14%
Rate of Return - Annualized	0.15%		0.78%

Walworth County Investment Report
Portfolio Holdings as of 9/30/2011
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	1,000,200	200
FFCB 0.6 8/22/2012	8/22/2012	500,000	500,332	501,415	1,083
FFCB 1.875 12/7/2012	12/7/2012	1,000,000	1,007,815	1,018,080	10,265
FHLB 1 9/13/2013	9/13/2013	1,000,000	998,984	1,011,150	12,166
FHLB 1.75 12/14/2012	12/14/2012	1,000,000	1,002,698	1,016,480	13,782
FHLB 1.75 8/22/2012	8/22/2012	2,000,000	2,010,300	2,026,000	15,700
FHLB Step 11/18/2014-11	11/18/2014	500,000	500,000	501,015	1,015
FHLB Step 8/10/2016-11	8/10/2016	1,000,000	1,000,000	1,001,080	1,080
FNMA 1 9/23/2013	9/23/2013	1,000,000	999,027	1,010,060	11,033
FNMA 1.125 7/25/2014-12	7/25/2014	1,000,000	1,000,000	1,001,400	1,400
FNMA 1.25 8/20/2013	8/20/2013	1,000,000	1,012,538	1,014,400	1,862
FNMA 1.55 7/27/2015-12	7/27/2015	1,000,000	1,000,000	1,004,020	4,020
FNMA 1.75 2/22/2013	2/22/2013	2,000,000	2,006,804	2,037,220	30,416
FNMA Step 2/9/2016-12	2/9/2016	1,000,000	1,000,262	1,003,360	3,098
FNMA Step 7/27/2014-12	7/27/2014	1,000,000	1,000,000	1,001,330	1,330
Subtotal Government Agency Coupon Securities		16,000,000	\$ 16,038,760	\$ 16,147,210	\$ 108,450

Dane County 0.9 12/1/2012	12/1/2012	1,070,000	1,070,000	1,071,231	1,231
Madison Wisconsin Taxable Prom Nts 1 10/1/2012	10/1/2012	500,000	500,000	500,785	785
Oshkosh Wisconsin Refunding 1 12/1/2012	12/1/2012	380,000	380,000	381,045	1,045
Outagamie County 1 9/1/2012	9/1/2012	125,000	125,000	125,655	655
Outagamie County 1.3 9/1/2013	9/1/2013	825,000	825,000	834,669	9,669
Pewaukee Wisconsin 1.25 3/1/2012	3/1/2012	105,000	105,000	105,353	353
Pewaukee Wisconsin 1.65 3/1/2013	3/1/2013	105,000	105,000	106,422	1,422
Pewaukee Wisconsin 2 3/1/2014	3/1/2014	110,000	110,000	112,449	2,449
Racine County 1.05 6/1/2012	6/1/2012	200,000	200,000	200,824	824
Racine County School District 2.55 6/1/2015	6/1/2015	285,000	285,000	295,827	10,827
Waukesha County 2 4/1/2013	4/1/2013	1,025,000	1,025,000	1,050,461	25,461
Waukesha County Wisconsin 2 4/1/2012	4/1/2012	990,000	990,000	998,524	8,524
Winnebago 0.85 4/1/2012	4/1/2012	640,000	640,000	641,658	1,658
Subtotal Municipal Debt		6,360,000	\$ 6,360,000	\$ 6,424,901	\$ 64,901

TOTAL PERSHING PORTFOLIO	\$ 22,360,000	\$ 22,398,760	\$ 22,572,111	\$ 173,352
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Diversification:					
Cash & Cash Equivalents	0%	-	\$ -	\$ -	\$ -
Government Agency Coupon Securities	72%	16,000,000	16,038,760	16,147,210	108,450
US Treasury Notes	0%	-	-	-	-
Municipal Debt	28%	6,360,000	6,360,000	6,424,901	64,901
Total PERSHING PORTFOLIO	100%	\$ 22,360,000	\$ 22,398,760	\$ 22,572,111	\$ 173,352

Breakout by Agency Type:

FHLB	\$ 5,555,725
FFCB	2,519,695
FNMA	8,071,790
Municipal Debt	6,424,901
Treasury Note	-
	\$ 22,572,111

Maturity Schedule (assumes no-call)

0-3 month	\$ -
3 - 6 month	105,353
6 - 12 month	4,994,860
1 - 2 year	11,551,417
2 - 3 year	2,115,179
3 - 4 year	1,800,862
4 - 5 year	2,004,440
	\$ 22,572,111

Portion Callable or Mature within 2 years

Callable	\$ 6,512,405
Maturity	15,651,430
	\$ 22,163,835

Walworth County Investment Portfolio
Portfolio Holdings as of 9/30/2011
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	57,548	57,548	57,548	-
Subtotal Cash & Cash Equivalent		57,550	57,550	57,550	\$ -

FFCB 3.5 10/3/2011	10/3/2011	300,000	300,051	300,000	(51)
FHLB 1.375 5/28/2014	5/28/2014	100,000	102,413	102,117	(296)
FHLB 1.875 6/20/2012	6/20/2012	300,000	300,056	303,486	3,430
FHLB 2.125 6/10/2016	6/10/2016	100,000	104,168	103,422	(746)
FHLB 2.25 4/13/2012	4/13/2012	300,000	300,857	303,231	2,374
FHLB 2.5 6/13/2014	6/13/2014	80,000	83,363	84,102	739
FHLMC 0.6 8/22/2013-12	8/22/2013	85,000	85,000	84,939	(61)
FHLMC 0.65 7/18/2013-12	7/18/2013	70,000	70,000	70,061	61
FHLMC 1 8/27/2014	8/27/2014	150,000	152,148	151,637	(511)
FHLMC 1.5 12/16/2014-11	12/16/2014	50,000	50,000	50,109	109
FHLMC 1.75 9/10/2015	9/10/2015	150,000	155,115	154,811	(305)
FHLMC 2 8/25/2016	8/25/2016	150,000	155,155	155,294	138
FHLMC 2.125 3/23/2012	3/23/2012	300,000	300,631	302,754	2,123
FHLMC 2.875 2/9/2015	2/9/2015	125,000	128,656	133,744	5,088
FNMA 0.375 12/28/2012	12/28/2012	110,000	109,751	110,144	393
FNMA 1 9/23/2013	9/23/2013	100,000	100,663	101,006	343
FNMA 1.125 10/8/2013	10/8/2013	150,000	152,019	152,028	9
FNMA 1.125 6/27/2014	6/27/2014	85,000	85,259	86,306	1,047
FNMA 1.25 9/28/2016	9/28/2016	100,000	100,064	99,934	(130)
FNMA 1.35 2/24/2014-11	2/24/2014	65,000	65,310	66,259	949
FNMA 1.5 10/28/2015-11	10/28/2015	100,000	102,117	101,827	(290)
FNMA 2 1/9/2012	1/9/2012	300,000	300,412	301,533	1,121
Subtotal Government Agency Coupon Securities		3,270,000	\$ 3,303,208	\$ 3,318,741	\$ 15,533

T-Note 0.625 4/30/2013	4/30/2013	100,000	100,310	100,621	311
T-Note 0.75 12/15/2013	12/15/2013	150,000	148,693	151,442	2,748
T-Note 0.75 6/15/2014	6/15/2014	150,000	150,006	151,478	1,472
T-Note 0.75 9/15/2013	9/15/2013	100,000	100,017	100,910	893
T-Note 0.75 9/15/2013	9/15/2013	25,000	24,945	25,228	282
T-Note 1.125 12/15/2012	12/15/2012	150,000	150,837	151,677	840
T-Note 1.25 10/31/2015	10/31/2015	75,000	72,834	76,600	3,766
T-Note 1.25 10/31/2015	10/31/2015	50,000	48,644	51,067	2,423
T-Note 1.25 4/15/2014	4/15/2014	150,000	152,088	153,294	1,206
T-Note 1.375 3/15/2013	3/15/2013	150,000	151,262	152,486	1,223
T-Note 1.375 5/15/2013	5/15/2013	100,000	101,519	101,793	274
T-Note 1.5 6/30/2016	6/30/2016	150,000	148,398	154,161	5,763
T-Note 1.75 1/31/2014	1/31/2014	75,000	75,733	77,450	1,717
T-Note 1.75 7/31/2015	7/31/2015	60,000	61,252	62,536	1,284
T-Note 1.75 7/31/2015	7/31/2015	40,000	39,996	41,691	1,695
T-Note 1.75 7/31/2015	7/31/2015	50,000	49,600	52,114	2,513
T-Note 2.375 9/30/2014	9/30/2014	100,000	102,425	105,774	3,349
T-Note 2.375 9/30/2014	9/30/2014	50,000	51,389	52,887	1,498
Subtotal US Treasury Notes		1,725,000	\$ 1,729,948	\$ 1,763,205	\$ 33,257

TOTAL M&I WEALTH MANAGEMENT PORTFOLIO	5,052,550	\$ 5,090,707	\$ 5,139,496	\$ 48,789
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Diversification:					
Cash & Cash Equivalents	1%	57,550	57,550	57,550	-
Government Agency Securities	65%	3,270,000	3,303,208	3,318,741	15,533
US Treasury Notes	34%	1,725,000	1,729,948	1,763,205	33,257
Municipal Debt	0%	-	-	-	-
Total M&I PORTFOLIO	100%	5,052,550	\$ 5,090,707	\$ 5,139,496	\$ 48,789

Breakout by Agency Type:

FHLB	\$ 896,358
FFCB	300,000
FHLMC	1,103,346
FNMA	1,019,037
Treasury Note	1,763,205
\$ 5,081,946	

Maturity Schedule (assumes no-call)

0-3 month	\$ 357,550
3 - 6 month	604,287
6 - 12 month	606,717
1 - 2 year	998,864
2 - 3 year	1,334,771
3 - 4 year	495,003
4 - 5 year	742,304
\$ 5,139,496	

Portion Callable or Mature within 2 years

Callable	\$ 373,194
Maturity	2,412,418
\$ 2,785,612	