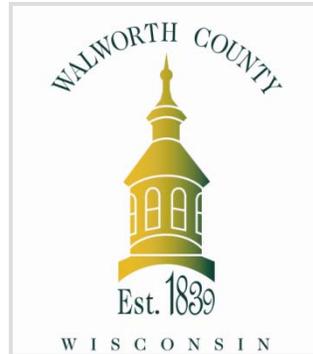


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# WALWORTH COUNTY, WISCONSIN

## QUARTERLY INVESTMENT REPORT

September 30, 2014



**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.
- Our investment portfolio is entirely comprised of investments made during the low interest environment. The Finance department continues to follow economic news and seek input from brokers and advisors on near and long-term investment yield potential.
- The Local Government Investment Pool (LGIP) yields continue to remain low. Rates have been under 0.25% since November, 2009. The annualized LGIP rate has a current average of 0.08%.
- Current collateralized money market yields are as follows Mid-America 0.58% and Associated 0.20%. The money markets provide the County with liquidity and offer a higher average yield than a one year treasury currently yielding 0.13%.
- We also maintain a collateralized money market with Chase, currently yielding 0.03% with a balance of \$2.1 million, as it allows for immediate access to funds.
- The investment portfolio with BMO is at \$5.2 million, yielding 0.87% annually, net of fees, not including market adjustments. Portfolio duration is currently 2.19 years to maturity, and contains \$3.3 million in agency securities, \$1.7 million in treasury notes, and \$0.2 million in a money market.
- The brokered portfolio held at Pershing is at \$45.8 million, yielding 0.91% (not including market adjustments) annually which includes \$39.1 million in agency securities and \$6.7 million in municipal debt. Portfolio duration is currently 2.23 years to maturity.
- The OPEB Trust will be reviewed separately from our operating investment portfolio, as this information is invested with a different investment philosophy due to its long term nature.

**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 is currently comprised of the following types of investments:

**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. LGIP does not insure its Commercial Paper.

**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.

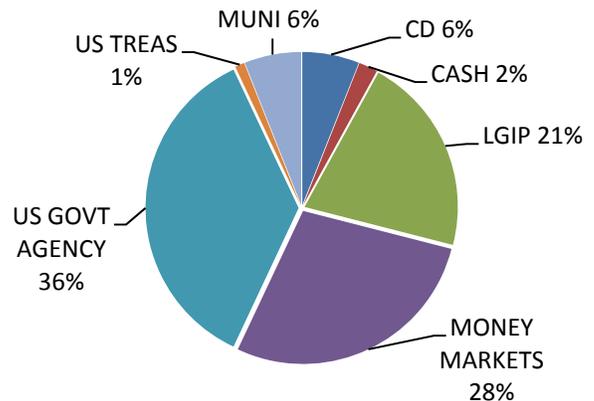
**PUBLIC FUNDS MONEY MARKET ACCOUNT** – The County has approved by resolution Public Funds money markets that are secured by collateral. These investments are used to provide short-term diversification and increase the current yields.

**REQUIREMENTS AND COMPLIANCE**

ITEM	DESCRIPTION OF REQUIREMENT	ACTUAL PORTFOLIO
<b>Credit Risk:</b>		
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 50% of the core portfolio, currently \$28,679,000.	Current investment holdings comply
Financial Institutions Limits	Investments held at any one institution shall be limited to 50% of the core portfolio, currently \$28,679,000.	All institutions comply
Debt Limits	Government debt held with any one entity shall be limited to \$3 million.	All institutions comply
<b>Liquidity Risk</b>	Liquid cash shall be maintained at \$10 million and available with 1 day notice.	\$ 52.5 million or 44%
<b>Reinvestment Risk</b>	Callable securities shall not exceed 50% of securities held.	\$ 14.9 million or 29%
<b>Market Risk:</b>		
Maturity Restrictions	Investments greater than 3 months and less than 1 year shall not exceed 95% of the total portfolio.	\$ 8.9 million or 7%
	Investments greater than 1 year and less than 5 years shall not exceed 100% of the core portfolio, currently \$57,358,000.	\$ 47.8 million or 83%

INVESTMENT CATEGORY	MAXIMUM MATURITY	AUTHORIZED LIMIT	ACTUAL PORTFOLIO
Certificates of Deposit	3 years	50%	6%
Operating Cash	N/A	N/A	2%
LGIP	N/A	75%	21%
Money Markets	N/A	95%	28%
U.S. Agency Securities	5 years	75%	36%
U.S. Treasury Securities	5 years	75%	1%
Municipal Debt	5 years	25%	6%

INVESTMENT TYPE	MARKET VALUE
Certificates of Deposit	\$ 7,552,000
Cash - Depository Bank	1,831,000
LGIP	25,540,000
Money Markets	33,242,000
Portfolio Money Markets	219,000
U.S. Gov. Agency Securities	42,451,000
U.S. Treasury Securities	1,690,000
Municipal Debt	6,733,000
<b>Total</b>	<b>\$ 119,258,000</b>



## BUDGET PERFORMANCE

The first table below shows the actual and budgeted interest earned for the quarter ended September 30, 2014 by investment type. The second table below shows the actual and budgeted interest earned for the quarter ended September 30, 2014 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.

INVESTMENT TYPE	INTEREST EARNED	3rd QUARTER 2014 BUDGET
Certificate of Deposit	\$ 37,985	\$27,750
U.S. Treasury/Govt. Agency	265,898	247,065
Local Gov Inv Pool (LGIP)	23,837	14,000
Depository Bank (Sweep)	3,069	2,250
Money Markets	69,900	69,250
Other Accounts Allocated Interest	(26,967)	(60,315)
<b>TOTAL NON-DEPT</b>	<b>\$ 373,722</b>	<b>\$300,000</b>
YTD Unrealized Gain/(Loss)*	\$ 30,398	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 \$968,766.

ACCOUNT NAME	INTEREST EARNED	3rd QUARTER 2014 BUDGET
Non-Department	\$ 373,722	\$ 300,000
Children with Disabilities Ed Bd	8,243	9,360
DPW Buildings Reserve	345	255
DPW Equipment Reserve	1,073	1,523
LHCC Building Reserve	475	-
LHCC Equipment Reserve	94	-
Health Insurance	11,920	13,500
Dental Insurance	450	473
Workers Compensation	1,808	2,077
Risk Management	2,559	1,515
<b>TOTAL PORTFOLIO</b>	<b>\$ 400,689</b>	<b>\$ 328,703</b>
<b>Budget to Actual Variance</b>		<b>\$ 71,986</b>

- Third quarter returns have exceeded budget by \$71,986.
- By diversifying into other investment vehicles, we have been able to increase the County's yields by more than four times the LGIP benchmark. If the entire portfolio was invested at the benchmark rate, the forecasted interest earned in 2014 would have approximated \$81,915.
- Certificates of deposit currently held on September 30, 2014 have an average return of 0.62%.
- Securities held on September 30, 2014 have a yield to maturity at cost of 0.91% for our brokered securities and 0.87% at the BMO managed portfolio, net of investment fees.

**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.

<b>ACCOUNT NAME</b>	<b>INTEREST EARNED</b>	<b>3rd QUARTER 2014 BUDGET</b>
Land Information Fees	\$ 314	\$ 403
Risk Management	4,139	1,515
Clerk of Courts	490	2,625
Waddell Donations	55	94
Harrison Trust	25	-
<b>Total</b>	<b>\$ 5,023</b>	<b>\$ 4,637</b>

**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, 2014. The interest income amount does not include unrealized gains or losses.

<b>Investment Portfolio</b>	<b>Benchmark (LGIP)</b>	<b>Actual</b>
Current Holdings – Yield to Maturity at Cost	0.08%	0.52%
Year to Date Interest Income Net of Fees	\$ 81,915	\$ 393,000
4th Quarter Average Return at Cost	0.02%	0.10%
Rolling 1 Year Average Return at Cost	0.08%	0.43%

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 an increased yield compared to the benchmark.

## BMO INVESTMENT BENCHMARKS &amp; RESPONSE

**BMO Benchmark**

To review the performance of the BMO 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 BMO Short-term Portfolio holdings allow by the County's investment policy. The following shows the comparison of the BMO Short-term Portfolio to the benchmark selected, net of investment fees.

Time Period	Benchmark*	Actual*
2013, 4th Quarter	0.07%	0.00%
2014, 1st Quarter	0.14%	0.19%
2014, 2nd Quarter	0.27%	0.36%
<b>2014, 3rd Quarter</b>	<b>0.03%</b>	<b>(0.02)%</b>

**\*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.

**Portfolio Advisor Response:** "During the quarter, the total portfolio returned -0.02% net of fees compared to a +0.03% return for the Barclay's 1-3 Year US Government Index. On a year-to-date basis, the portfolio has gained 0.53% versus 0.45% for the benchmark. It continues to be challenging to generate return with a high-quality, short-duration portfolio given near-zero short-term interest rates.

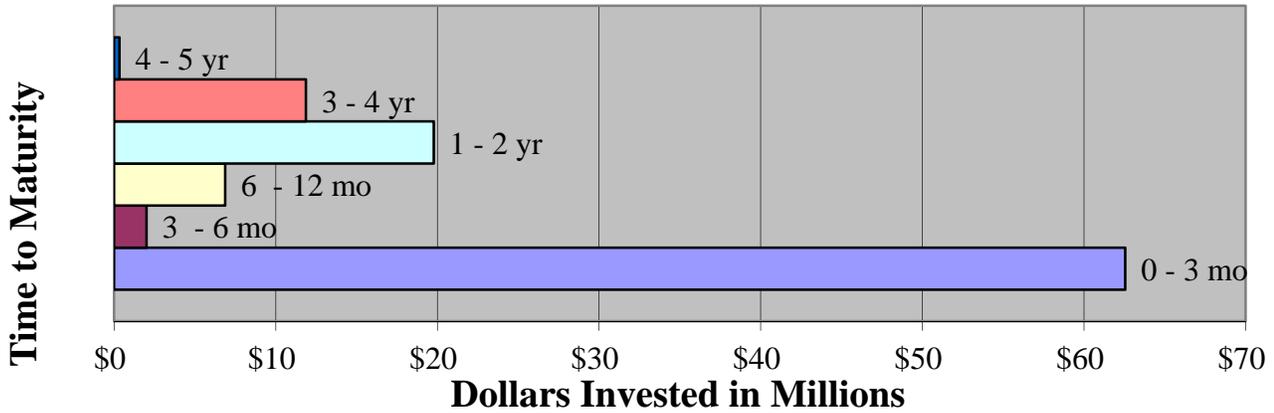
The Federal Open Market Committee (FOMC) meeting on September 17th left the market somewhat confused. The Fed continued to taper bond purchases as expected, reducing the purchases of Treasuries and MBS by \$5 billion each per month to \$10 billion and \$5 billion respectively. Further, they retained the language that they will keep rates low for "a considerable time" after the tapering of quantitative easing. However, they also released a new "dot plot" (summary below) which suggested that the Fed Funds rate may be hiked more quickly than the previous projections. While the "dots" are not official policy and include the opinions of non-voting members of the FOMC, they nonetheless suggest a more hawkish stance from the Fed and a different outlook than the official statement from the FOMC."

Fed Funds Rate Projections	2014	2015	2016	2017	Long Run
Jun 2014 Meeting	0.25	1.125	2.5	N/A	3.75
Sep 2014 Meeting	0.25	1.375	2.875	3.75	3.75

- Joseph A. Olson, BMO Wealth Management, October 22, 2014

**TOTAL PORTFOLIO OVERVIEW**

**Total Investments by Maturity**



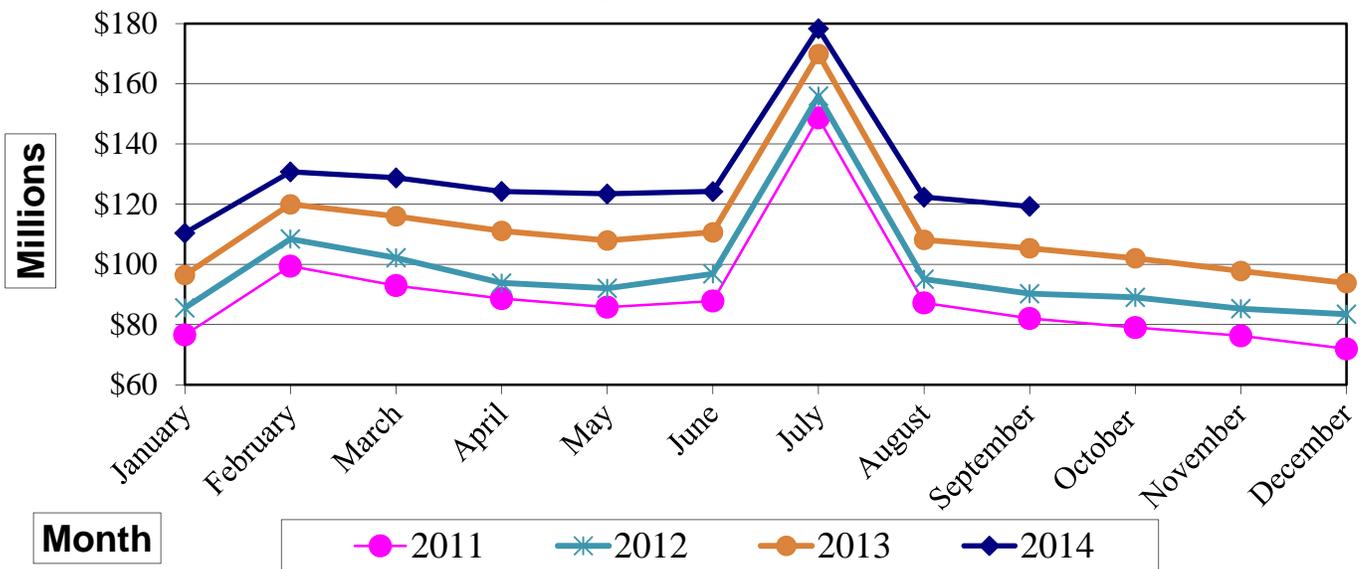
**TOTAL PORTFOLIO OVERVIEW – HISTORICAL BALANCES**

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>2012</u>	<u>2013</u>	<u>2014</u>
Cash (1 year)	\$ 98,145,000	\$ 111,598,000	\$ 121,271,000
Cumulative Cash (3 year)	\$ 89,660,000	\$ 99,804,000	\$ 108,492,000

**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.

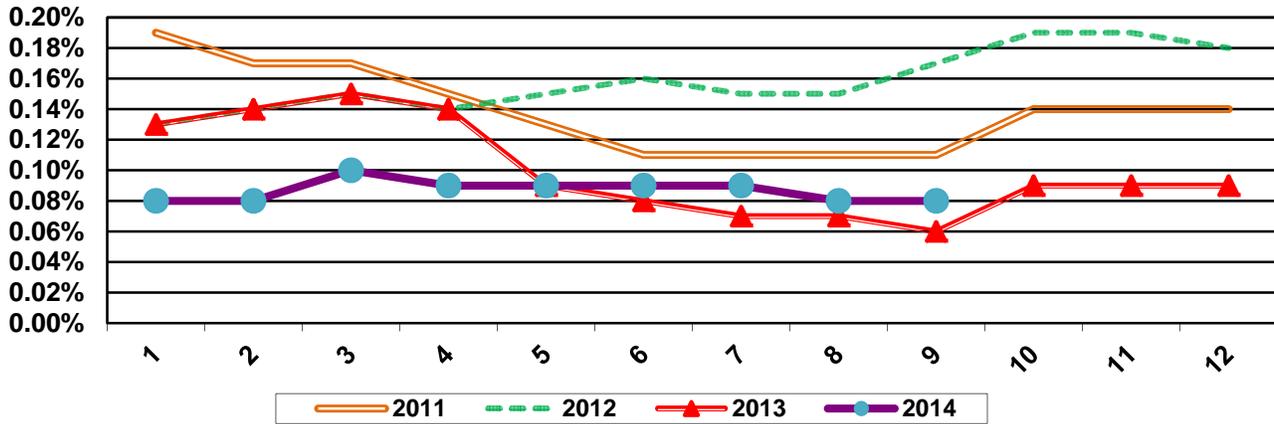
**Liquidity Considerations**

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 maintains a cash balance with the LGIP as it offers same day liquidity. Over the past twelve months, the LGIP balance has averaged \$28.6 million. The County's cash flow spikes in February and July occur as a result of temporary investment of property tax receipts. These receipts may be reinvested into securities when interest rates allow for a better return than LGIP.

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	Current Rate	Amount
Mid America	Collateralized Money Market	0.58%	\$ 8,318,431
JPMorgan Chase Bank	Collateralized Money Market	0.03%	2,104,595
Associated Bank	Collateralized Money Market	0.20%	22,818,193
BMO Portfolio Money Market	Government Money Market	0.01%	204,703
Pershing Money Market	Portfolio Money Market	0.00%	15,250
<b>Total Money Market</b>		<b>0.28%</b>	<b>\$ 33,461,172</b>

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 0.50% higher than the prior month LGIP rate. These funds are collateralized and available with one week notice. We are currently investing the maximum balance that Mid America Bank will allow.

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.

Financial Institution	Purchase Date	Maturity Date	Amount	Rate %
Associated Bank	11/17/2011	11/13/2014	\$ 1,500,000	1.21
Commercial Bank	12/7/2012	12/7/2014	225,684	0.30
Associated Bank	2/22/2013	2/23/2015	1,000,000	0.36
First Citizens State Bank	2/23/2013	2/23/2015	226,350	0.60
Town Bank	4/25/2014	4/29/2015	225,000	0.30
Associated Bank	6/27/2014	6/26/2015	1,000,000	0.24
Southern Lakes Credit Union	1/15/2013	7/11/2015	250,000	0.80
Citizens Bank of Mukwonago	8/7/2013	8/5/2015	225,000	0.75
Associated Bank	11/14/2013	11/14/2015	1,000,000	0.40
FirstMerit Bank	12/13/2013	12/18/2015	225,000	0.60
Citizens Bank of Mukwonago	1/8/2014	1/8/2016	225,000	0.80
FirstMerit Bank	2/11/2014	2/11/2016	225,000	0.50
Associated Bank	8/7/2013	8/3/2016	1,000,000	0.71
First Citizens State Bank	8/16/2014	8/19/2016	225,000	0.50
<b><i>Yield to Maturity at September 30, 2014</i></b>			<b>\$ 7,552,034</b>	<b>0.62%</b>

During the third quarter, \$225,000 of certificates of deposit were purchased, and \$451,913 of certificates of deposit matured. The average duration of the certificates of deposit at September 30, 2014 is 0.82 years.

Although we continue to solicit CD bids, financial institutions have been unresponsive or offering lower than Agency Security interest rates. Financial institutions have shared that they do not need additional cash flow due to excess liquidity.

**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 BMO and agency, treasury, and debt instruments with Pershing. Please see Appendix B and C for individual holding details.

**PORTFOLIO SUMMARY**

<b>Institution</b>	<b>Original Cost Value</b>	<b>Current Market Value</b>	<b>Total Unrealized Gain/(Loss)</b>	<b>YTD Unrealized Gain/(Loss)</b>	<b>Yield to Maturity at Cost</b>	<b>Average Duration</b>
BMO Portfolio	\$ 5,252,418	\$ 5,238,336	\$ (14,082)	\$ (4,559)	0.87%	2.19
Pershing Portfolio	46,103,436	45,854,900	(248,536)	34,957	0.91%	2.23
<b>Total Securities</b>	<b>\$51,355,854</b>	<b>\$ 51,093,236</b>	<b>\$ (262,618)</b>	<b>\$ 30,398</b>		

**General Investment Portfolio Information**

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

**BMO Short Term Investment Portfolio**

This portfolio was established on July 29, 2009, within the current ordinance guidelines for the purchase of agency and treasury securities at an average of 1 to 3 years maturity. BMO does not charge commission fees per trade transaction. The cost is 20 basis points annually with a minimum balance of \$5 million.

**Pershing Portfolio**

The County works with four 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, \$5,000,000 of agency securities were purchased and \$2,000,000 were called; \$1,645,000 of municipal bonds were purchased.

**WALWORTH COUNTY INVESTMENT REPORT**  
**VALUATION AT COST**  
**As of 09/30/2014**

**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	Local Gov Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	BMO Portfolio	JP Morgan Chase Banking	Total Investments
2013 4th Quarter	0.02%	0.15%	0.15%	0.03%	0.05%	0.19%	0.19%	0.04%	0.12%
2014 1st Quarter	0.02%	0.14%	0.15%	0.02%	0.05%	0.18%	0.20%	0.04%	0.11%
2nd Quarter	0.02%	0.15%	0.17%	0.01%	0.05%	0.19%	0.20%	0.04%	0.10%
3rd Quarter	<b>0.02%</b>	<b>0.15%</b>	<b>0.16%</b>	<b>0.01%</b>	<b>0.05%</b>	<b>0.20%</b>	<b>0.20%</b>	<b>0.04%</b>	<b>0.10%</b>

**One Year Ending**

2013 4th Quarter	0.10%	0.62%	0.58%	0.15%	0.19%	0.78%	0.72%	0.18%	0.43%
2014 1st Quarter	0.09%	0.60%	0.57%	0.13%	0.20%	0.75%	0.78%	0.18%	0.43%
2nd Quarter	0.08%	0.59%	0.61%	0.10%	0.20%	0.76%	0.79%	0.18%	0.43%
3rd Quarter	<b>0.08%</b>	<b>0.59%</b>	<b>0.63%</b>	<b>0.07%</b>	<b>0.20%</b>	<b>0.76%</b>	<b>0.79%</b>	<b>0.16%</b>	<b>0.43%</b>

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

Time Period	Local Gov Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	BMO Portfolio	JP Morgan Chase Banking	Total Investments
2013 4th Quarter	1,309	12,094	13,781	3,421	10,394	67,722	9,833	920	119,473
2014 1st Quarter	6,076	11,921	13,217	929	9,014	71,165	10,260	908	123,490
2nd Quarter	8,054	12,274	12,869	532	11,364	72,458	10,447	982	128,980
3rd Quarter	<b>9,707</b>	<b>12,100</b>	<b>11,898</b>	<b>261</b>	<b>11,499</b>	<b>83,426</b>	<b>10,459</b>	<b>1,179</b>	<b>140,530</b>

**One Year Ending**

2013 4th Quarter	16,591	50,140	59,541	23,178	37,033	241,414	38,009	4,300	470,207
2014 1st Quarter	15,933	49,136	55,772	20,103	39,001	254,944	40,759	4,303	479,951
2nd Quarter	20,118	48,496	53,147	13,012	41,500	275,081	41,117	4,486	496,957
3rd Quarter	<b>25,146</b>	<b>48,388</b>	<b>51,766</b>	<b>5,144</b>	<b>42,270</b>	<b>294,770</b>	<b>40,999</b>	<b>3,989</b>	<b>512,473</b>

**Average Daily Balance**

Time Period	Local Gov Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	BMO Portfolio	JP Morgan Chase Banking	Total Investments
2013 4th Quarter	5,905,901	8,274,089	9,284,164	12,101,173	20,619,654	35,628,470	5,221,931	2,400,109	99,435,490
2014 1st Quarter	27,476,593	8,286,260	9,037,334	5,442,045	18,389,563	38,721,028	5,221,441	2,420,518	114,994,781
2nd Quarter	34,357,134	8,298,350	7,778,947	4,125,996	22,790,304	38,920,004	5,231,566	2,589,543	124,091,844
3rd Quarter	<b>46,629,705</b>	<b>8,180,143</b>	<b>7,641,034</b>	<b>2,550,100</b>	<b>22,810,651</b>	<b>42,668,010</b>	<b>5,206,135</b>	<b>3,075,821</b>	<b>138,761,599</b>

**One Year Ending**

2013 4th Quarter	16,620,105	8,255,781	10,309,120	16,252,295	19,855,751	31,067,454	5,215,587	2,413,847	109,989,941
2014 1st Quarter	18,622,226	8,267,996	9,859,454	14,816,773	19,896,965	33,803,493	5,216,039	2,415,823	112,898,770
2nd Quarter	23,694,506	8,280,128	8,850,206	10,737,594	20,777,968	36,281,042	5,217,528	2,536,005	116,374,978
3rd Quarter	<b>28,582,653</b>	<b>8,259,459</b>	<b>8,433,870</b>	<b>6,063,471</b>	<b>21,163,196</b>	<b>38,985,997</b>	<b>5,220,231</b>	<b>2,622,687</b>	<b>119,331,563</b>

**Comparison to Benchmark:**

Description	LGIP	Portfolio
Rate of Return - Quarterly	0.02%	0.10%
Rate of Return - Annualized	0.08%	0.43%

**Walworth County Investment Report**  
**Portfolio Holdings as of 09/30/2014**  
Pershing (Custodian for Broker/Dealer Transactions)

Description	Maturity	Quantity	Cost	Market	Total Unrealized Gain/Loss
Pershings MM	N/A	15,250	\$ 15,250	\$ 15,250	\$ -
<b>Subtotal Cash &amp; Cash Equivalent</b>		<b>15,250</b>	<b>\$ 15,250</b>	<b>\$ 15,250</b>	<b>\$ -</b>

FAMC 1 9/26/2016	9/26/2016	2,000,000	\$ 2,015,140	\$ 2,013,720	\$ (1,420)
FAMC 2 7/27/2016	7/27/2016	500,000	525,100	512,490	(12,610)
FAMC 2.41 4/29/2016	4/29/2016	1,000,000	1,045,293	1,026,970	(18,323)
FAMC 2.41 4/29/2016	4/29/2016	1,000,000	1,046,104	1,026,970	(19,134)
FFCB 0.36 8/14/2015	8/14/2015	500,000	500,341	501,005	664
FFCB 0.4 1/14/2016	1/14/2016	1,000,000	999,373	998,310	(1,063)
FFCB 0.6 4/25/2017	4/25/2017	1,000,000	999,020	989,270	(9,750)
FFCB 0.65 5/9/2016	5/9/2016	1,000,000	1,000,760	1,001,930	1,170
FFCB 1.05 3/28/2016	3/28/2016	1,000,000	999,900	1,008,580	8,680
FFCB 1.07 9/12/2016	9/12/2016	1,000,000	1,000,000	1,008,380	8,380
FFCB 1.32 5/21/2018	5/21/2018	1,000,000	1,001,160	1,001,290	130
FHLB 0.875 3/10/2017	3/10/2017	1,000,000	1,002,600	999,230	(3,370)
FHLB 1.275 12/29/2017-15	12/29/2017	1,000,000	999,500	998,700	(800)
FHLB 1.375 12/11/2015	12/11/2015	500,000	514,195	506,385	(7,810)
FHLB 2 4/16/2018-15	4/16/2018	1,000,000	1,011,340	1,001,540	(9,800)
FHLB 2.125 6/10/2016	6/10/2016	1,000,000	1,046,700	1,026,540	(20,160)
FHLB 4.75 6/8/2018	6/8/2018	1,000,000	1,126,490	1,113,180	(13,310)
FHLB Step 6/26/2018-14	6/26/2018	1,000,000	998,900	999,900	1,000
FHLB Step 7/30/2018-15	7/30/2018	1,000,000	1,001,250	999,380	(1,870)
FHLB Step 8/27/2018-15	8/27/2018	1,000,000	1,000,000	998,180	(1,820)
FHLMC 0.45 11/24/2015	11/24/2015	1,000,000	1,001,282	1,002,420	1,138
FHLMC 0.7 5/8/2017-15	5/8/2017	1,000,000	978,250	990,700	12,450
FHLMC 0.7 5/8/2017-15	5/8/2017	1,500,000	1,501,125	1,486,050	(15,075)
FHLMC 1 6/27/2017-15	6/27/2017	1,400,000	1,400,000	1,396,696	(3,304)
FHLMC 1 6/29/2017	6/29/2017	500,000	494,450	499,240	4,790
FHLMC 1 9/27/2017	9/27/2017	1,000,000	1,002,500	994,310	(8,190)
FHLMC 1 9/29/2017	9/29/2017	500,000	490,230	497,745	7,515
FHLMC 1.15 12/26/2017-14	12/26/2017	1,000,000	999,100	996,750	(2,350)
FHLMC 1.2 8/25/2017-14	8/25/2017	1,000,000	1,000,750	1,000,570	(180)
FNMA 0.375 12/21/2015	12/21/2015	1,000,000	999,250	1,001,570	2,320
FNMA 0.5 9/28/2015	9/28/2015	1,000,000	1,000,120	1,002,980	2,860
FNMA 0.625 8/26/2016	8/26/2016	1,000,000	1,002,204	1,000,540	(1,664)
FNMA 1 10/17/2016-14	10/17/2016	1,000,000	1,000,000	999,510	(490)
FNMA 1 2/27/2017-15	2/27/2017	1,000,000	1,007,300	998,960	(8,340)
FNMA 1 4/25/2017	4/25/2017	1,000,000	1,000,000	997,830	(2,170)
FNMA 1.125 4/27/2017	4/27/2017	1,000,000	1,013,950	1,005,020	(8,930)
FNMA 1.25 1/30/2017	1/30/2017	500,000	511,750	504,625	(7,125)
FNMA 1.625 10/26/2015	10/26/2015	1,000,000	1,033,877	1,015,050	(18,827)
FNMA Step 5/15/2018-13	5/15/2018	2,000,000	1,999,100	1,984,640	(14,460)
<b>Subtotal Government Agency Coupon Securities</b>		<b>38,900,000</b>	<b>\$ 39,268,404</b>	<b>\$ 39,107,156</b>	<b>\$ (161,248)</b>

City of Monona 2 10/1/2017	10/1/2017	300,000	\$ 312,927	\$ 309,798	\$ (3,129)
East Troy WI School District 4.25 3/1/2015	3/1/2015	400,000	423,620	406,572	(17,048)
Elkhorn WI Area Sch Dist 3 4/1/2015	4/1/2015	650,000	668,531	659,158	(9,373)
Milwaukee Area Tech College 2 6/1/2015	6/1/2015	250,000	256,303	252,995	(3,308)
Milwaukee Area Tech College 2 6/1/2015	6/1/2015	500,000	516,175	505,920	(10,255)
Milwaukee Area Tech College 2 6/1/2016	6/1/2016	500,000	513,835	513,070	(765)
Milwaukee Area Tech College 2 6/1/2016	6/1/2016	355,000	369,658	364,099	(5,559)
Ozaukee County 2 3/1/2015	3/1/2015	245,000	250,660	246,828	(3,832)
Ozaukee County 2 3/1/2016	3/1/2016	200,000	205,906	204,746	(1,160)
Racine County School District 2.55 6/1/2015	6/1/2015	285,000	285,000	289,420	4,420
Verona Area Sch. Dist. 2 4/1/2017	4/1/2017	665,000	683,494	682,237	(1,257)
Verona Area Sch. Dist. 2 4/1/2018	4/1/2018	980,000	1,002,079	1,001,060	(1,019)
Winnebago County 2 4/1/2015	4/1/2015	1,285,000	1,331,594	1,296,591	(35,003)
<b>Subtotal Municipal Debt</b>		<b>6,615,000</b>	<b>\$ 6,819,782</b>	<b>\$ 6,732,494</b>	<b>\$ (87,288)</b>

<b>TOTAL PERSHING PORTFOLIO</b>		<b>45,530,250</b>	<b>\$ 46,103,436</b>	<b>\$ 45,854,900</b>	<b>\$ (248,536)</b>
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Diversification:					
Cash & Cash Equivalents	1%	15,250	\$ 15,250	\$ 15,250	\$ -
Government Agency Securities	84%	38,900,000	39,268,404	39,107,156	(161,248)
US Treasury Notes	0%	-	-	-	-
Municipal Debt	15%	6,615,000	6,819,782	6,732,494	(87,288)
<b>Total PERSHING PORTFOLIO</b>	<b>100%</b>	<b>45,530,250</b>	<b>\$ 46,103,436</b>	<b>\$ 45,854,900</b>	<b>\$ (248,536)</b>

**Breakout by Security Type:**

FAMC	\$ 4,580,150
FFCB	6,508,765
FHLB	8,643,035
FHLMC	8,864,481
FNMA	10,510,725
Municipal Debt	6,732,494
<b>\$ 45,839,650</b>	

**Maturity Schedule (assumes no-call)**

0 - 3 month	\$ 15,250
3 - 6 month	653,400
6 - 12 month	4,508,069
1 - 2 year	15,231,770
2 - 3 year	14,351,791
3 - 4 year	11,094,620
4 - 5 year	-
<b>\$ 45,854,900</b>	

**Portion Callable or Mature within 2 years**

Callable	\$ 14,851,576
Maturity	20,408,489
<b>\$ 35,260,065</b>	

**Walworth County Investment Portfolio**  
**Portfolio Holdings as of 09/30/2014**  
**BMO Portfolio**

Description	Maturity Date	Quantity	Cost	Market	Total Unrealized Gain/Loss
BMO Government MM	N/A	204,703	\$ 204,703	\$ 204,703	-
<b>Subtotal Cash &amp; Cash Equivalent</b>		<b>204,703</b>	<b>\$ 204,703</b>	<b>\$ 204,703</b>	<b>\$ -</b>

FHLB 0.5 11/20/2015	11/20/2015	100,000	\$ 100,010	\$ 100,295	\$ 285
FHLB 1 6/21/2017	6/21/2017	175,000	176,935	175,119	(1,816)
FHLB 1.375 12/11/2015	12/11/2015	150,000	153,774	151,915	(1,859)
FHLB 1.625 9/28/2015	9/28/2015	150,000	153,951	152,098	(1,853)
FHLB 1.63 8/20/2015	8/20/2015	200,000	205,892	202,758	(3,134)
FHLB 2.125 6/10/2016	6/10/2016	100,000	104,263	102,654	(1,609)
FHLMC 0.875 3/7/2018	3/7/2018	100,000	100,317	98,330	(1,987)
FHLMC 1 3/8/2017	3/8/2017	150,000	149,599	150,424	825
FHLMC 1 9/29/2017	9/29/2017	200,000	199,007	199,098	91
FHLMC 1.75 9/10/2015	9/10/2015	150,000	155,229	152,210	(3,019)
FHLMC 2 8/25/2016	8/25/2016	150,000	155,282	153,978	(1,304)
FHLMC 2.875 2/9/2015	2/9/2015	125,000	129,477	126,231	(3,246)
FNMA 0.5 3/30/2016	3/30/2016	150,000	150,169	150,136	(33)
FNMA 0.875 10/26/2017	10/26/2017	200,000	200,322	198,162	(2,160)
FNMA 0.875 12/20/2017	12/20/2017	120,000	119,959	118,536	(1,423)
FNMA 1.25 1/30/2017	1/30/2017	300,000	299,881	302,775	2,894
FNMA 1.25 9/28/2016	9/28/2016	100,000	100,064	101,213	1,149
FNMA 1.25 9/28/2016	9/28/2016	150,000	152,718	151,820	(898)
FNMA 1.375 11/15/2016	11/15/2016	150,000	152,818	152,273	(545)
FNMA 1.375 11/15/2016	11/15/2016	150,000	152,354	152,273	(81)
FNMA 1.5 10/28/2015	10/28/2015	100,000	102,133	101,340	(793)
FNMA 1.625 11/27/2018	11/27/2018	75,000	75,170	74,875	(295)
FNMA 1.625 11/27/2018	11/27/2018	75,000	74,975	74,875	(100)
<b>Subtotal Government Agency Coupon Securities</b>		<b>3,320,000</b>	<b>\$ 3,364,299</b>	<b>\$ 3,343,388</b>	<b>\$ (20,911)</b>

T-Note 0.5 8/31/2016	8/31/2016	100,000	\$ 99,957	\$ 99,904	\$ (53)
T-Note 0.875 7/15/2017	7/15/2017	175,000	174,426	174,412	(14)
T-Note 0.875 8/15/2017	8/15/2017	200,000	199,461	199,054	(407)
T-Note 1 5/31/2018	5/31/2018	200,000	197,915	197,040	(875)
T-Note 1 9/30/2016	9/30/2016	150,000	151,277	151,143	(134)
T-Note 1.25 10/31/2015	10/31/2015	75,000	72,487	75,880	3,393
T-Note 1.25 10/31/2015	10/31/2015	50,000	48,381	50,587	2,206
T-Note 1.5 12/31/2018	12/31/2018	180,000	179,621	179,114	(507)
T-Note 1.5 6/30/2016	6/30/2016	100,000	101,980	101,781	(199)
T-Note 1.5 6/30/2016	6/30/2016	150,000	148,313	152,671	4,358
T-Note 1.75 7/31/2015	7/31/2015	40,000	39,995	40,549	554
T-Note 1.75 7/31/2015	7/31/2015	60,000	61,538	60,824	(714)
T-Note 1.75 7/31/2015	7/31/2015	50,000	49,522	50,687	1,165
T-Note 2.625 4/30/2018	4/30/2018	150,000	158,543	156,599	(1,944)
<b>Subtotal US Treasury Notes</b>		<b>1,680,000</b>	<b>\$ 1,683,416</b>	<b>\$ 1,690,245</b>	<b>\$ 6,829</b>

<b>TOTAL BMO WEALTH MANAGEMENT PORTFOLIO</b>		<b>5,204,703</b>	<b>\$ 5,252,418</b>	<b>\$ 5,238,336</b>	<b>\$ (14,082)</b>
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**Diversification:**

Cash & Cash Equivalents	4%	204,703	\$ 204,703	\$ 204,703	\$ -
Government Agency Securities	64%	3,320,000	3,364,299	3,343,388	(20,911)
US Treasury Notes	32%	1,680,000	1,683,416	1,690,245	6,829
Municipal Debt	0%	-	-	-	-
<b>Total BMO PORTFOLIO</b>	<b>100%</b>	<b>5,204,703</b>	<b>\$ 5,252,418</b>	<b>\$ 5,238,336</b>	<b>\$ (14,082)</b>

**Breakout by Security Type:**

FHLB	\$ 884,840
FHLMC	880,271
FNMA	1,578,277
US Treasury Notes	1,690,245
	<b>\$ 5,033,633</b>

**Maturity Schedule (assumes no-call)**

0-3 month	\$ 204,702
3 - 6 month	126,231
6 - 12 month	659,125
1 - 2 year	1,645,319
2 - 3 year	1,505,428
3 - 4 year	768,667
4 - 5 year	328,864
	<b>\$ 5,238,336</b>

**Portion Callable or Mature within 2 years**

Callable	\$ -
Maturity	2,635,377
	<b>\$ 2,635,377</b>