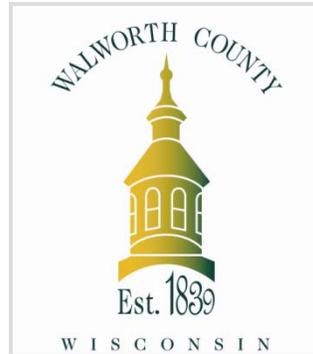

WALWORTH COUNTY, WISCONSIN

QUARTERLY INVESTMENT REPORT

March 31, 2016



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

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

TABLE OF CONTENTS

EXECUTIVE SUMMARY 1

INVESTMENT OVERVIEW AND OBJECTIVES 2

REQUIREMENTS & COMPLIANCE..... 3

BUDGET PERFORMANCE..... 4

RESTRICTED ACCOUNT BUDGET PERFORMANCE SUMMARY..... 5

INVESTMENT BENCHMARKS 5

BMO INVESTMENT BENCHMARKS & RESPONSE..... 6

TOTAL PORTFOLIO OVERVIEW 7

LOCAL GOVERNMENT INVESTMENT POOL OVERVIEW 8

MONEY MARKET OVERVIEW 9

CERTIFICATES OF DEPOSIT OVERVIEW 10

SECURITIES/DEBT PORTFOLIO OVERVIEW 11

APPENDIX

INVESTMENT PORTFOLIO VALUATION AT COST A

PERSHING HOLDINGS..... B

BMO PORTFOLIO HOLDINGS C

EXECUTIVE SUMMARY

The County's total investment portfolio shall be defined as all county cash and investments not reserved in a separately maintained account for a specific purpose. Funds are valued in this report at bank statement value as of the date specified. Accounts not included in the total investment portfolio are restricted by a third party.

The key objectives in managing the County's total investment portfolio are to provide safety of principal, to ensure liquidity to meet operating requirements, to generate a market rate of return ("Yield") on the investments, and to manage the portfolio within applicable laws. Cash flow projections match revenues with expenditures to ensure prudent investment principles to enable the County to soundly meet its financial obligations. The Investment Portfolio shall be structured in relation to prevailing budgetary and economic environments, taking into account the County's investment risk constraints and cash flow characteristics.

- Walworth County's investment portfolio is currently in compliance with Wisconsin statutes, the Walworth County Code of Ordinances and the County's Administrative Procedures Manual.
- Walworth County's investment portfolio has been maintained to provide safety of investments and cash flow needs. Investments are diversified into different investment vehicles to provide safety. In addition, all securities held are either backed by the U.S. Government or meet minimum ratings set by specified agencies.
- In anticipation of the first Federal funds rate increase in 7 years, November saw a significant increase in short term interest rates which continued through the beginning of 2016. Short term rates have leveled off as of late, but remain a better yield to term value over longer term investments that have remained relatively low. Long term interest rate and inflation expectations remain low.
- The Local Government Investment Pool (LGIP) yields took off in January and continue to rise; their March 2016 rate was 0.41%, where rates have been under 0.25% since November, 2009. The annualized LGIP rate has a current average of 0.20%. Funds are being shifted from money markets that cannot keep up with the LGIP's yield gains.
- Current collateralized money market yields are as follows: Mid-America 0.89%, Chase 0.27%, and Associated 0.31%. The money markets provide the County with liquidity and have typically offered a higher average yield than a six month treasury and the LGIP.
- The investment portfolio with BMO is at \$5.3 million, yielding 0.95% annually, net of fees, not including market adjustments. Portfolio duration is currently 1.78 years to maturity, and contains \$2.2 million in agency securities, \$2.9 million in treasury notes, and \$0.2 million in a money market.
- The brokered portfolio held at Pershing is at \$70.5 million, yielding 0.95% (not including market adjustments) annually which includes \$52.7 million in agency securities, \$15.0 million in treasuries, and \$2.8 million in municipal debt. Portfolio duration is currently 1.41 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.

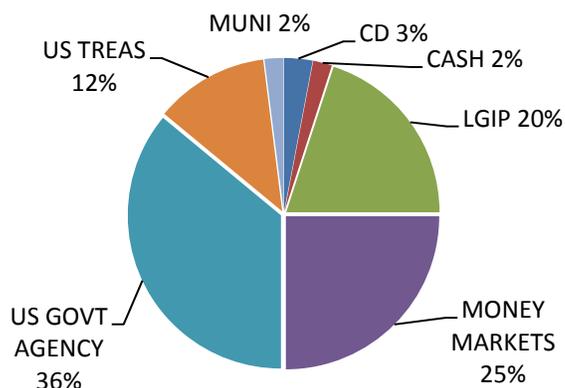
PUBLIC FUNDS MONEY MARKET ACCOUNT – The County has approved by resolution Public Funds money markets that are secured by collateral. These investments are used to provide short-term diversification and increase the current yields.

REQUIREMENTS AND COMPLIANCE

| ITEM | DESCRIPTION OF REQUIREMENT | ACTUAL PORTFOLIO |
|-------------------------------|---|---------------------------------------|
| 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 50% of the core portfolio, currently \$30,671,500. | Current investment holdings comply |
| Financial Institutions Limits | Investments held at any one institution shall be limited to 50% of the core portfolio, currently \$30,671,500. | 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. | \$ 65.5 million or 43% |
| Reinvestment Risk | Callable securities shall not exceed 50% of securities held. | \$ 27.0 million or 36% |
| Market Risk: | | |
| Maturity Restrictions | Investments greater than 3 months and less than 1 year shall not exceed 95% of the total portfolio. | \$ 22.0 million or 14% |
| | Investments greater than 1 year and less than 5 years shall not exceed 100% of the core portfolio, currently \$61,343,000. | \$ 46.6 million or 76% |

| INVESTMENT CATEGORY | MAXIMUM MATURITY | AUTHORIZED LIMIT | ACTUAL PORTFOLIO |
|--------------------------|------------------|------------------|------------------|
| Certificates of Deposit | 3 years | 50% | 3% |
| Operating Cash | N/A | N/A | 2% |
| LGIP | N/A | 75% | 20% |
| Money Markets | N/A | 95% | 25% |
| U.S. Agency Securities | 5 years | 75% | 36% |
| U.S. Treasury Securities | 5 years | 75% | 12% |
| Municipal Debt | 5 years | 25% | 2% |

| INVESTMENT TYPE | MARKET VALUE |
|-----------------------------|-----------------------|
| Certificates of Deposit | \$ 3,879,000 |
| Cash - Depository Bank | 3,635,000 |
| LGIP | 31,754,000 |
| Money Markets | 38,332,000 |
| Portfolio Money Markets | 188,000 |
| U.S. Gov. Agency Securities | 54,917,000 |
| U.S. Treasury Securities | 17,929,000 |
| Municipal Debt | 2,840,000 |
| Total | \$ 153,474,000 |



BUDGET PERFORMANCE

The first table below shows the actual and budgeted interest earned for the quarter ended March 31, 2016 by investment type. The second table below shows the actual and budgeted interest earned for the quarter ended March 31, 2016 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 | 1st QTR 2016 BUDGET |
|-----------------------------------|-------------------|---------------------|
| Certificate of Deposit | \$ 5,762 | \$ 2,500 |
| U.S. Treasury/Govt. Agency | 145,367 | 110,834 |
| Local Gov Inv Pool (LGIP) | 20,774 | 13,000 |
| Depository Bank (Sweep) | 70 | 50 |
| Money Markets | 36,403 | 30,250 |
| Other Accounts Allocated Interest | (46,484) | (25,384) |
| TOTAL NON-DEPT | \$ 161,892 | \$ 131,250 |
| YTD Unrealized Gain/(Loss)* | 211,959 | 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 \$971,245.

| ACCOUNT NAME | INTEREST EARNED | 1st QTR 2016 BUDGET |
|----------------------------------|-------------------|---------------------|
| Non-Department | \$ 161,892 | \$ 131,250 |
| Children with Disabilities Ed Bd | 17,129 | 5,276 |
| DPW Buildings Reserve | 455 | 109 |
| DPW Equipment Reserve | 2,890 | 147 |
| LHCC Building Reserve | 2,436 | 383 |
| LHCC Equipment Reserve | 1,081 | 117 |
| Health Insurance | 15,802 | 6,250 |
| Dental Insurance | 790 | 307 |
| Workers Compensation | 2,280 | 500 |
| Risk Management | 3,621 | 625 |
| TOTAL PORTFOLIO | \$ 208,376 | \$ 144,964 |
| Budget to Actual Variance | | 63,412 |

- 2016 investment portfolio returns have exceeded budget by \$63,412.
- By diversifying into other investment vehicles, we have been able to increase the County's yields by 1.54 times the LGIP benchmark. If the entire portfolio was invested at the benchmark rate, the forecasted interest earned year to date would have approximated \$133,667.
- Certificates of deposit currently held on March 31, 2016 have an average return of 0.58%.
- Securities held on March 31, 2016 have a yield to maturity at cost of 0.95% for our brokered securities and 0.95% 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.

| ACCOUNT NAME | INTEREST EARNED | 1st QTR 2016 BUDGET |
|-----------------------|------------------------|----------------------------|
| Land Information Fees | \$ 418 | \$ 162 |
| Risk Management | 2,144 | 625 |
| Clerk of Courts | 131 | 625 |
| Waddell Donations | 80 | 25 |
| Harrison Trust | 34 | - |
| Total | \$ 2,807 | \$ 1,437 |

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 March 31, 2016. The interest income amount does not include unrealized gains or losses.

| Investment Portfolio | Benchmark (LGIP) | Actual |
|--|-------------------------|---------------|
| Current Holdings – Yield to Maturity at Cost | 0.41% | 0.68% |
| Year to Date Interest Income Net of Fees | \$ 133,667 | \$ 205,786 |
| 1st Quarter Average Return at Cost | 0.10% | 0.15% |
| Rolling 1 Year Average Return at Cost | 0.20% | 0.48% |

The results show that the County is currently exceeding expectations in comparison to the benchmark. The County expects long term interest rates to continue to remain low during 2016. 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 & 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* |
|--------------------------|--------------|--------------|
| 2015, 2nd Quarter | 0.15% | 0.08% |
| 2015, 3rd Quarter | 0.32% | 0.30% |
| 2015, 4th Quarter | (0.43)% | (0.46)% |
| 2016, 1st Quarter | 0.89% | 1.02% |

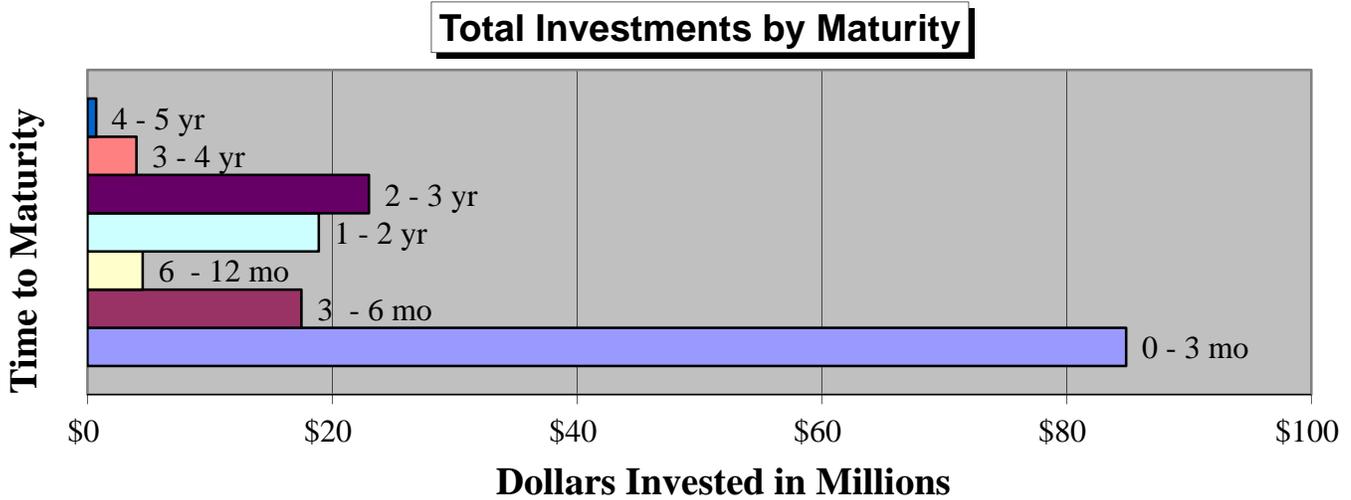
***Note:** Yields shown include unrealized gains or losses on securities which are usually not sold prior to maturity or estimated life of the security. See the BMO Portfolio column in Appendix A for actual return on investment.

Portfolio Advisor Response: "During the quarter, the total portfolio returned +1.02% net of fees compared to a +0.89% return for the Barclay's 1-3 Year US Government Index. On a one year basis, the portfolio has gained +0.94% net of fees versus +0.93% 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.

After raising rates late in 2015, and in recognition of significant global weakness to start the year, the FOMC declined to increase the overnight lending rate at meetings in January and March. The committee felt that global financial and economic developments posed a risk to domestic growth potential and cited these external forces as a large factor in its decision. FOMC Chair Janet Yellen made clear in a speech at the end of the first quarter that a policy of "greater gradualism" will define the committee's forward interest rate policy. The implication is that future interest rate moves are likely to be very measured and gradual, depending on both economic data and global developments. Thanks to the FOMC's inactivity and the belief in a weakening global economy, interest rates staged a reversal from the fourth quarter and declined significantly. U.S. Treasuries maturing in less than six months saw their rates increase, while those maturities greater than 18 months had dramatic yield declines. In maturities longer than two years, the yield curve experienced a bull-flattening as longer-term rates declined at a faster pace than their short-term counterparts."

- Joseph A. Olson, BMO Global Asset Management, April 18, 2016

TOTAL PORTFOLIO OVERVIEW



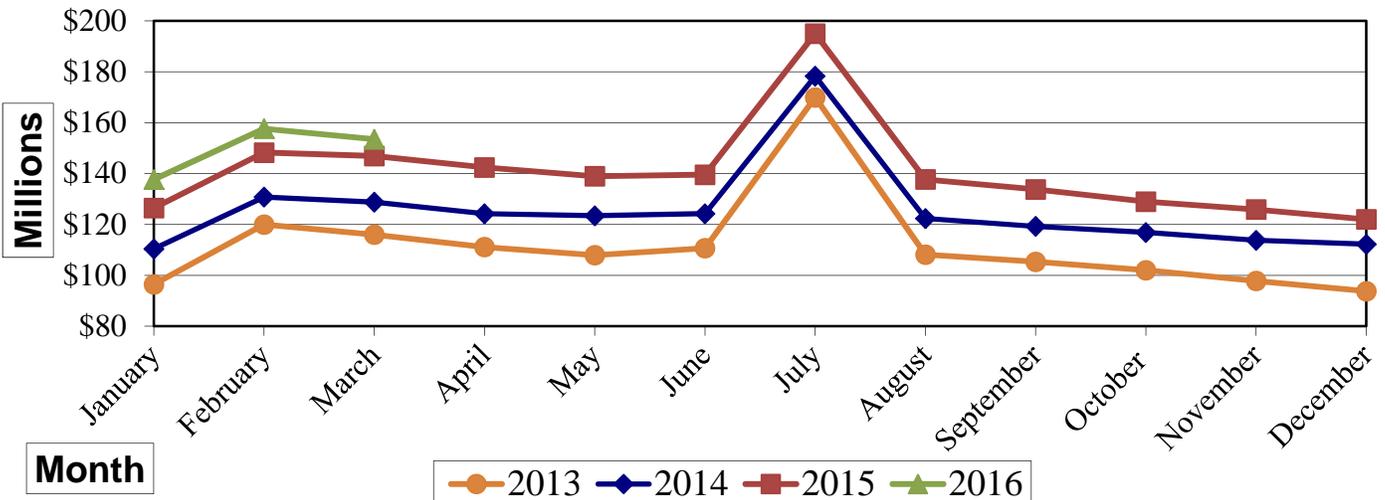
TOTAL PORTFOLIO OVERVIEW – HISTORICAL BALANCES

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>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--------------------------|---------------|---------------|---------------|---------------|
| Cash (1 year) | \$111,598,000 | \$125,375,000 | \$140,481,000 | \$142,748,000 |
| Cumulative Cash (3 year) | \$99,804,000 | \$111,706,000 | \$125,818,000 | \$129,050,000 |

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

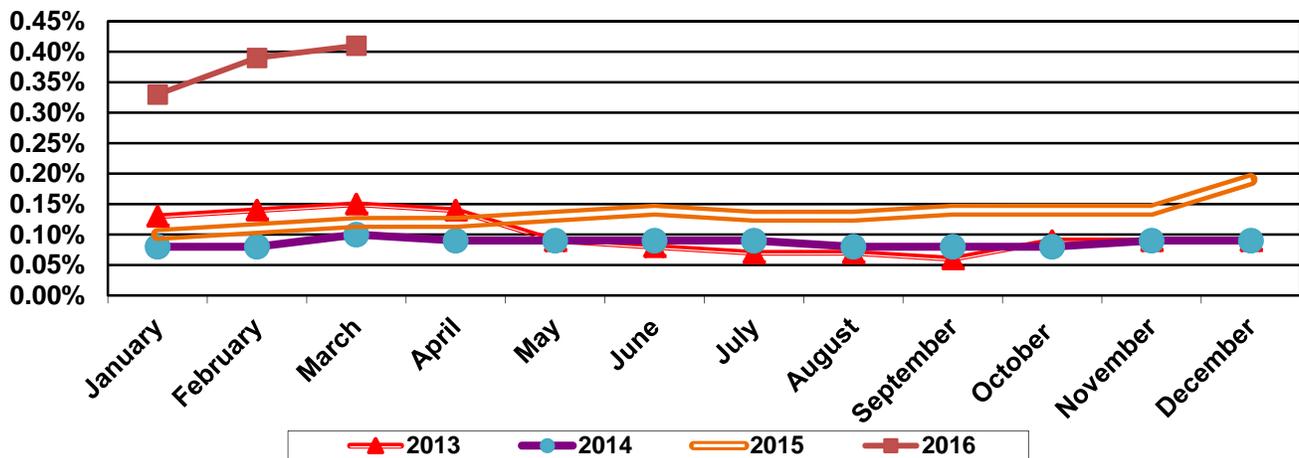
The primary objective of the LGIP is to provide for the prudent management of public funds on behalf of the local government investor. The strategy for meeting this objective is to apply the prudent investor standard and insure that the investment of pool assets is prioritized as follows: safety of principal, 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 \$37.7 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.

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 |
|--------------------------------------|-----------------------------|---------------------|----------------------|
| Associated Bank | Collateralized Money Market | 0.31% | \$ 25,931,133 |
| JPMorgan Chase Bank | Collateralized Money Market | 0.27% | 4,000,950 |
| Mid America | Collateralized Money Market | 0.89% | 8,399,615 |
| BMO Portfolio Money Market | Government Money Market | 0.01% | 187,882 |
| Pershing Money Market | Portfolio Money Market | 0.01% | - |
| Total Money Market | | 0.30% | \$ 38,519,580 |

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 Money Market

Rates are established by JP Morgan Chase Bank and are reviewed and adjusted based on the market, with the intent to exceed the sweep rate. Investment is collateralized at a cost included in the earned interest rate. This account can be withdrawn same day, up to 6 times per month.

Associated Bank Money Market

Rates are established by Associated 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. This account can be withdrawn with one day's notice, up to 6 times per month. During April 2016 Associated Bank raised the interest rate offered to 0.37%, since that yield still lags the LGIP; funds invested in the Associated Bank money market account were reduced to \$10 million.

CERTIFICATES OF DEPOSIT OVERVIEW

CERTIFICATES OF DEPOSIT are short or medium-term, interest-bearing, FDIC-insured debt instruments 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 % |
|---|----------------------|----------------------|---------------------|---------------|
| Southern Lakes Credit Union | 7/11/2015 | 7/15/2016 | \$ 250,541 | 0.30% |
| Associated Bank | 8/7/2013 | 8/3/2016 | 1,000,000 | 0.71% |
| Associated Bank | 8/14/2015 | 8/12/2016 | 1,000,000 | 0.40% |
| First Citizens State Bank | 8/16/2014 | 8/19/2016 | 226,125 | 0.50% |
| Associated Bank | 10/9/2015 | 10/14/2016 | 500,000 | 0.32% |
| Citizens Bank | 8/6/2015 | 11/11/2016 | 225,000 | 1.19% |
| Commercial Bank | 12/7/2014 | 12/8/2016 | 226,141 | 0.50% |
| First Citizens State Bank | 2/23/2015 | 2/17/2017 | 226,350 | 0.60% |
| Citizens Bank | 1/8/2016 | 1/11/2018 | 225,000 | 1.30% |
| <i>Yield to Maturity at March 31, 2016</i> | | | \$ 3,879,157 | 0.58% |

During the first quarter, \$226,537 of certificates of deposit were purchased, and \$450,000 of certificates of deposit matured. The average duration of the certificates of deposit at March 31, 2016 is 0.57 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

| Institution | Original Cost Value | Current Market Value | Total Unrealized Gain/(Loss) | YTD Unrealized Gain/(Loss) | Yield to Maturity at Cost | Average Duration |
|-------------------------|---------------------|----------------------|------------------------------|----------------------------|---------------------------|------------------|
| BMO Portfolio | \$ 5,311,787 | \$ 5,327,146 | \$ 15,359 | \$ 41,722 | 0.95% | 1.78 |
| Pershing Portfolio | \$70,704,719 | \$70,546,836 | \$(157,883) | \$170,237 | 0.95% | 1.41 |
| Total Securities | \$76,016,506 | \$75,873,982 | \$(142,524) | \$211,959 | | |

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 for the first/minimum balance of \$5 million, and 15 basis points for the next \$10 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 first quarter, \$13,500,000 of agency securities were purchased, \$4,500,000 were called, and \$2,000,000 matured. \$8,000,000 of treasuries were also purchased, while \$200,000 of municipal bonds matured.

WALWORTH COUNTY INVESTMENT REPORT
VALUATION AT COST
As of 03/31/2016

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 |
|-------------------------|---------------------------|-----------------------|--------------|--------------------|------------------------------|--------------------|---------------|-------------------------|-------------------|
| 2015 2nd Quarter | 0.03% | 0.16% | 0.12% | 0.00% | 0.05% | 0.20% | 0.19% | 0.00% | 0.10% |
| 3rd Quarter | 0.03% | 0.16% | 0.12% | 0.00% | 0.05% | 0.21% | 0.20% | 0.00% | 0.10% |
| 4th Quarter | 0.04% | 0.16% | 0.13% | 0.01% | 0.05% | 0.22% | 0.21% | 0.00% | 0.13% |
| 2016 1st Quarter | 0.10% | 0.20% | 0.14% | 0.07% | 0.06% | 0.20% | 0.22% | 0.00% | 0.15% |

One Year Ending

| | | | | | | | | | |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 2015 2nd Quarter | 0.10% | 0.61% | 0.52% | 0.03% | 0.20% | 0.80% | 0.78% | 0.09% | 0.43% |
| 3rd Quarter | 0.11% | 0.62% | 0.48% | 0.02% | 0.20% | 0.81% | 0.78% | 0.05% | 0.43% |
| 4th Quarter | 0.13% | 0.63% | 0.48% | 0.02% | 0.20% | 0.83% | 0.79% | 0.01% | 0.44% |
| 2016 1st Quarter | 0.20% | 0.68% | 0.51% | 0.08% | 0.21% | 0.83% | 0.82% | 0.01% | 0.48% |

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 |
|-------------------------|---------------------------|-----------------------|--------------|--------------------|------------------------------|--------------------|---------------|-------------------------|-------------------|
| 2015 2nd Quarter | 15,503 | 12,972 | 7,589 | 141 | 11,928 | 88,805 | 10,121 | 57 | 147,116 |
| 3rd Quarter | 18,186 | 13,347 | 7,215 | 181 | 12,280 | 99,078 | 10,326 | 197 | 160,808 |
| 4th Quarter | 10,321 | 13,508 | 7,042 | 355 | 12,575 | 112,529 | 11,070 | 58 | 167,459 |
| 2016 1st Quarter | 20,774 | 16,788 | 5,762 | 4,387 | 15,227 | 131,243 | 11,536 | 70 | 205,786 |

One Year Ending

| | | | | | | | | | |
|-------------------------|---------------|---------------|---------------|--------------|---------------|----------------|---------------|------------|----------------|
| 2015 2nd Quarter | 39,331 | 49,640 | 37,830 | 737 | 46,312 | 356,839 | 41,454 | 2,304 | 574,447 |
| 3rd Quarter | 47,809 | 50,887 | 33,146 | 657 | 47,093 | 372,491 | 41,320 | 1,322 | 594,725 |
| 4th Quarter | 53,680 | 52,158 | 29,940 | 872 | 48,255 | 392,532 | 41,723 | 591 | 619,752 |
| 2016 1st Quarter | 64,784 | 56,615 | 27,607 | 5,064 | 52,010 | 431,654 | 43,053 | 383 | 681,169 |

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 |
|-------------------------|---------------------------|-----------------------|------------------|--------------------|------------------------------|--------------------|------------------|-------------------------|--------------------|
| 2015 2nd Quarter | 47,919,473 | 8,347,438 | 6,339,392 | 2,878,665 | 23,923,241 | 43,943,581 | 5,281,962 | 2,251,082 | 140,884,834 |
| 3rd Quarter | 54,416,848 | 8,360,586 | 5,844,868 | 3,641,396 | 24,360,963 | 47,131,861 | 5,284,236 | 7,711,966 | 156,752,724 |
| 4th Quarter | 26,790,919 | 8,373,965 | 5,226,970 | 2,897,013 | 24,945,448 | 51,211,037 | 5,289,952 | 2,282,528 | 127,017,832 |
| 2016 1st Quarter | 21,488,907 | 8,388,134 | 3,979,574 | 6,523,082 | 25,920,368 | 66,672,653 | 5,302,710 | 2,785,393 | 141,060,822 |

One Year Ending

| | | | | | | | | | |
|-------------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|--------------------|
| 2015 2nd Quarter | 37,725,534 | 8,295,911 | 7,218,467 | 2,815,417 | 23,156,687 | 44,345,396 | 5,251,638 | 2,354,610 | 131,163,660 |
| 3rd Quarter | 39,688,321 | 8,341,393 | 6,765,735 | 3,090,483 | 23,547,451 | 45,470,531 | 5,271,324 | 3,523,172 | 135,698,410 |
| 4th Quarter | 41,129,535 | 8,354,338 | 6,131,760 | 3,355,956 | 24,128,494 | 46,944,624 | 5,280,798 | 3,579,653 | 138,905,158 |
| 2016 1st Quarter | 37,670,156 | 8,367,530 | 5,348,730 | 3,981,127 | 24,786,771 | 52,223,016 | 5,289,701 | 3,764,516 | 141,431,546 |

Comparison to Benchmark:

| Description | LGIP | Portfolio |
|-----------------------------|-------|-----------|
| Rate of Return - Quarterly | 0.10% | 0.15% |
| Rate of Return - Annualized | 0.20% | 0.48% |

Walworth County Investment Report
Portfolio Holdings as of 03/31/2016
Pershing (Custodian for Broker/Dealer Transactions)

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

| | | | | | |
|---|------------|-------------------|----------------------|----------------------|---------------------|
| FAMC 0.93 1/24/2018 | 1/24/2018 | 1,000,000.00 | \$ 998,900 | \$ 999,580 | \$ 680 |
| FAMC 1 9/26/2016 | 9/26/2016 | 2,000,000.00 | 2,015,140 | 2,004,140 | (11,000) |
| FAMC 2 7/27/2016 | 7/27/2016 | 500,000.00 | 525,100 | 502,810 | (22,290) |
| FAMC 2.41 4/29/2016 | 4/29/2016 | 1,000,000.00 | 1,046,104 | 1,001,090 | (45,014) |
| FAMC 2.41 4/29/2016 | 4/29/2016 | 1,000,000.00 | 1,045,293 | 1,001,090 | (44,203) |
| FFCB 0.6 4/25/2017 | 4/25/2017 | 1,000,000.00 | 999,020 | 999,870 | 850 |
| FFCB 0.65 5/9/2016 | 5/9/2016 | 1,000,000.00 | 1,000,760 | 1,000,530 | (230) |
| FFCB 1.07 9/12/2016 | 9/12/2016 | 1,000,000.00 | 1,000,000 | 1,002,430 | 2,430 |
| FFCB 1.32 5/21/2018 | 5/21/2018 | 1,000,000.00 | 1,001,160 | 1,009,320 | 8,160 |
| FHLB 0.45 8/9/2016 | 8/9/2016 | 1,000,000.00 | 1,000,000 | 1,000,340 | 340 |
| FHLB 0.5 6/30/2016 | 6/30/2016 | 1,000,000.00 | 1,000,000 | 1,000,510 | 510 |
| FHLB 0.875 3/10/2017 | 3/10/2017 | 1,000,000.00 | 1,002,600 | 1,002,070 | (530) |
| FHLB 1.05 8/27/2018-17 | 8/27/2018 | 1,000,000.00 | 1,000,000 | 998,460 | (1,540) |
| FHLB 1.1 4/20/2018-16 | 4/20/2018 | 1,000,000.00 | 1,000,800 | 1,000,340 | (460) |
| FHLB 1.27 8/10/2018-16 | 8/10/2018 | 1,000,000.00 | 1,000,000 | 1,002,280 | 2,280 |
| FHLB 1.35 6/29/2018-16 | 6/29/2018 | 1,000,000.00 | 1,000,000 | 1,001,750 | 1,750 |
| FHLB 1.375 10/26/2018-16 | 10/26/2018 | 1,000,000.00 | 1,000,860 | 1,003,790 | 2,930 |
| FHLB 1.45 12/22/2017-16 | 12/22/2017 | 1,000,000.00 | 1,004,500 | 1,002,030 | (2,470) |
| FHLB 1.5 6/28/2019-16 | 6/28/2019 | 1,000,000.00 | 999,650 | 1,003,670 | 4,020 |
| FHLB 2.125 6/10/2016 | 6/10/2016 | 1,000,000.00 | 1,046,700 | 1,003,210 | (43,490) |
| FHLB 4.75 6/8/2018 | 6/8/2018 | 1,000,000.00 | 1,126,490 | 1,083,080 | (43,410) |
| FHLB Step 10/24/2018-16 | 10/24/2018 | 1,000,000.00 | 1,002,500 | 1,001,840 | (660) |
| FHLB Step 10/29/2019-16 | 10/29/2019 | 1,000,000.00 | 1,000,000 | 1,000,050 | 50 |
| FHLB Step 6/30/2017-16 | 6/30/2017 | 1,000,000.00 | 1,000,000 | 1,000,510 | 510 |
| FHLB Step 8/24/2018-16 | 8/24/2018 | 1,000,000.00 | 1,000,000 | 1,000,980 | 980 |
| FHLMC 0.7 5/8/2017 | 5/8/2017 | 1,000,000.00 | 978,250 | 1,000,160 | 21,910 |
| FHLMC 0.7 5/8/2017 | 5/8/2017 | 1,500,000.00 | 1,501,125 | 1,500,240 | (885) |
| FHLMC 1 6/29/2017 | 6/29/2017 | 500,000.00 | 494,450 | 501,490 | 7,040 |
| FHLMC 1 9/22/2017 | 9/22/2017 | 1,000,000.00 | 1,000,000 | 1,009,910 | 9,910 |
| FHLMC 1 9/27/2017 | 9/27/2017 | 1,000,000.00 | 1,002,500 | 1,004,290 | 1,790 |
| FHLMC 1 9/29/2017 | 9/29/2017 | 500,000.00 | 490,230 | 501,820 | 11,590 |
| FHLMC 1.05 3/30/2018-16 | 3/30/2018 | 2,500,000.00 | 2,499,625 | 2,502,675 | 3,050 |
| FHLMC 1.125 10/26/2018-16 | 10/26/2018 | 1,500,000.00 | 1,500,900 | 1,501,395 | 495 |
| FHLMC 1.15 12/26/2017 | 12/26/2017 | 1,000,000.00 | 999,100 | 1,006,450 | 7,350 |
| FHLMC 1.2 7/27/2018-16 | 7/27/2018 | 1,000,000.00 | 1,000,000 | 1,000,760 | 760 |
| FHLMC 1.5 6/28/2019-16 | 6/28/2019 | 1,000,000.00 | 995,500 | 1,000,510 | 5,010 |
| FNMA 0.625 8/26/2016 | 8/26/2016 | 1,000,000.00 | 1,002,204 | 1,000,650 | (1,554) |
| FNMA 1 4/25/2017 | 4/25/2017 | 1,000,000.00 | 1,000,000 | 1,003,130 | 3,130 |
| FNMA 1.07 10/29/2018-16 | 10/29/2018 | 1,000,000.00 | 1,000,000 | 1,000,310 | 310 |
| FNMA 1.125 4/27/2017 | 4/27/2017 | 1,000,000.00 | 1,013,950 | 1,004,690 | (9,260) |
| FNMA 1.25 1/30/2017 | 1/30/2017 | 500,000.00 | 511,750 | 502,345 | (9,405) |
| FNMA 1.25 5/20/2019-16 | 5/20/2019 | 1,000,000.00 | 996,500 | 1,000,420 | 3,920 |
| FNMA 1.625 11/27/2018 | 11/27/2018 | 1,000,000.00 | 1,012,804 | 1,019,830 | 7,026 |
| FNMA 1.625 2/22/2019-17 | 2/22/2019 | 1,000,000.00 | 1,008,700 | 1,007,140 | (1,560) |
| FNMA 1.625 2/26/2019-16 | 2/26/2019 | 1,000,000.00 | 1,004,500 | 1,003,490 | (1,010) |
| FNMA 1.75 9/14/2018-16 | 9/14/2018 | 1,000,000.00 | 1,011,100 | 1,004,320 | (6,780) |
| FNMA 2 8/24/2018-16 | 8/24/2018 | 1,000,000.00 | 1,013,810 | 1,005,690 | (8,120) |
| FNMA Step 1/29/2019-16 | 1/29/2019 | 1,000,000.00 | 1,000,000 | 1,000,730 | 730 |
| FNMA Step 11/23/2018-16 | 11/23/2018 | 1,000,000.00 | 1,000,000 | 1,001,610 | 1,610 |
| FNMA Step 5/15/2018-13 | 5/15/2018 | 2,000,000.00 | 1,999,100 | 2,001,780 | 2,680 |
| Subtotal Government Agency Coupon Securities | | 52,500,000 | \$ 52,851,675 | \$ 52,711,605 | \$ (140,070) |

| | | | | | |
|--|------------|-------------------|----------------------|----------------------|------------------|
| T-Bill 0 5/12/2016 | 5/12/2016 | 3,000,000 | \$ 2,995,450 | \$ 2,999,670 | \$ 4,220 |
| T-Bill 0 6/9/2016 | 6/9/2016 | 3,000,000 | 2,992,295 | 2,998,950 | 6,655 |
| T-Bill 0 7/14/2016 | 7/14/2016 | 5,000,000 | 4,990,196 | 4,997,150 | 6,954 |
| T-Bill 0 8/4/2016 | 8/4/2016 | 3,000,000 | 2,993,891 | 2,996,880 | 2,989 |
| T-Note 0.875 11/30/2017 | 11/30/2017 | 1,000,000 | 999,219 | 1,002,460 | 3,241 |
| Subtotal US Treasury Securities | | 15,000,000 | \$ 14,971,051 | \$ 14,995,110 | \$ 24,059 |

| | | | | | |
|--|-----------|------------------|---------------------|---------------------|--------------------|
| City of Monona 2 10/1/2017 | 10/1/2017 | 300,000 | \$ 312,927 | \$ 304,950 | \$ (7,977) |
| Milwaukee Area Tech College 2 6/1/2016 | 6/1/2016 | 500,000 | 513,835 | 501,350 | (12,485) |
| Milwaukee Area Tech College 2 6/1/2016 | 6/1/2016 | 355,000 | 369,658 | 355,959 | (13,699) |
| Verona Area Sch. Dist. 2 4/1/2017 | 4/1/2017 | 665,000 | 683,494 | 674,470 | (9,024) |
| Verona Area Sch. Dist. 2 4/1/2018 | 4/1/2018 | 980,000 | 1,002,079 | 1,003,392 | 1,313 |
| Subtotal Municipal Debt | | 2,800,000 | \$ 2,881,993 | \$ 2,840,121 | \$ (41,872) |

| | | | | |
|---------------------------------|-------------------|----------------------|----------------------|---------------------|
| TOTAL PERSHING PORTFOLIO | 70,300,000 | \$ 70,704,719 | \$ 70,546,836 | \$ (157,883) |
|---------------------------------|-------------------|----------------------|----------------------|---------------------|

Diversification:

| | | | | | |
|---------------------------------|-------------|-------------------|----------------------|----------------------|---------------------|
| Cash & Cash Equivalents | 0% | - | \$ - | \$ - | \$ - |
| Government Agency Securities | 75% | 52,500,000 | 52,851,675 | 52,711,605 | (140,070) |
| US Treasury Securities | 21% | 15,000,000 | 14,971,051 | 14,995,110 | 24,059 |
| Municipal Debt | 4% | 2,800,000 | 2,881,993 | 2,840,121 | (41,872) |
| Total PERSHING PORTFOLIO | 100% | 70,300,000 | \$ 70,704,719 | \$ 70,546,836 | \$ (157,883) |

Breakout by Security Type:

| | |
|----------------------|--------------|
| FAMC | \$ 5,508,710 |
| FFCB | 4,012,150 |
| FHLB | 16,104,910 |
| FHLMC | 12,529,700 |
| FNMA | 14,556,135 |
| US Treasury Bills | 13,992,650 |
| US Treasury Notes | 1,002,460 |
| Municipal Debt | 2,840,121 |
| \$ 70,546,836 | |

Maturity Schedule (assumes no-call)

| | |
|----------------------|---------------|
| 0 - 3 month | \$ 10,861,849 |
| 3 - 6 month | 14,504,910 |
| 6 - 12 month | 2,178,885 |
| 1 - 2 year | 17,347,647 |
| 2 - 3 year | 21,648,895 |
| 3 - 4 year | 4,004,650 |
| 4 - 5 year | - |
| \$ 70,546,836 | |

Portion Callable or Mature within 2 years

| | |
|----------------------|---------------|
| Callable | \$ 27,046,530 |
| Maturity | 44,893,291 |
| \$ 67,434,606 | |

* Grand total eliminates the duplication of bonds that are in both the callable and maturing within 2 years categories.

Walworth County Investment Portfolio
Portfolio Holdings as of 03/31/2016
BMO Portfolio

| Description | Maturity Date | Quantity | Cost | Market | Total Unrealized Gain/(Loss) |
|--|---------------|----------------|-------------------|-------------------|------------------------------|
| BMO Government MM | N/A | 187,882 | \$ 187,882 | \$ 187,882 | - |
| Subtotal Cash & Cash Equivalent | | 187,882 | \$ 187,882 | \$ 187,882 | \$ - |

| | | | | | |
|---|------------|------------------|---------------------|---------------------|-------------------|
| FHLB 1 6/21/2017 | 6/21/2017 | 175,000 | \$ 176,935 | \$ 175,693 | \$ (1,242) |
| FHLB 2.125 6/10/2016 | 6/10/2016 | 100,000 | 104,263 | 100,321 | (3,942) |
| FHLMC 0.875 3/7/2018 | 3/7/2018 | 100,000 | 100,317 | 100,178 | (139) |
| FHLMC 1 3/8/2017 | 3/8/2017 | 150,000 | 149,599 | 150,459 | 860 |
| FHLMC 1 9/29/2017 | 9/29/2017 | 200,000 | 199,007 | 200,728 | 1,721 |
| FHLMC 2 8/25/2016 | 8/25/2016 | 150,000 | 155,282 | 150,890 | (4,392) |
| FNMA 0.875 10/26/2017 | 10/26/2017 | 200,000 | 200,322 | 200,424 | 102 |
| FNMA 0.875 12/20/2017 | 12/20/2017 | 120,000 | 119,959 | 120,221 | 262 |
| FNMA 1.25 1/30/2017 | 1/30/2017 | 300,000 | 299,881 | 301,407 | 1,526 |
| FNMA 1.25 9/28/2016 | 9/28/2016 | 100,000 | 100,064 | 100,364 | 300 |
| FNMA 1.25 9/28/2016 | 9/28/2016 | 150,000 | 152,718 | 150,546 | (2,172) |
| FNMA 1.375 11/15/2016 | 11/15/2016 | 150,000 | 152,354 | 150,807 | (1,547) |
| FNMA 1.375 11/15/2016 | 11/15/2016 | 150,000 | 152,818 | 150,807 | (2,011) |
| FNMA 1.625 11/27/2018 | 11/27/2018 | 75,000 | 75,170 | 76,487 | 1,317 |
| FNMA 1.625 11/27/2018 | 11/27/2018 | 75,000 | 74,974 | 76,487 | 1,513 |
| Subtotal Government Agency Coupon Securities | | 2,195,000 | \$ 2,213,663 | \$ 2,205,819 | \$ (7,844) |

| | | | | | |
|-----------------------------------|------------|------------------|---------------------|---------------------|------------------|
| T-Note 0.5 8/31/2016 | 8/31/2016 | 100,000 | \$ 99,957 | \$ 100,055 | \$ 98 |
| T-Note 0.875 7/15/2017 | 7/15/2017 | 175,000 | 174,426 | 175,452 | 1,026 |
| T-Note 0.875 8/15/2017 | 8/15/2017 | 150,000 | 149,344 | 150,381 | 1,037 |
| T-Note 0.875 8/15/2017 | 8/15/2017 | 200,000 | 199,461 | 200,508 | 1,047 |
| T-Note 1 5/15/2018 | 5/15/2018 | 200,000 | 200,227 | 200,978 | 751 |
| T-Note 1 5/31/2018 | 5/31/2018 | 200,000 | 197,915 | 200,982 | 3,067 |
| T-Note 1 9/15/2018 | 9/15/2018 | 150,000 | 149,783 | 150,736 | 953 |
| T-Note 1 9/30/2016 | 9/30/2016 | 150,000 | 151,277 | 150,436 | (841) |
| T-Note 1.25 12/15/2018 | 12/15/2018 | 150,000 | 149,672 | 151,715 | 2,043 |
| T-Note 1.375 10/31/2020 | 10/31/2020 | 100,000 | 98,660 | 100,815 | 2,155 |
| T-Note 1.375 2/28/2019 | 2/28/2019 | 150,000 | 149,965 | 152,210 | 2,245 |
| T-Note 1.375 5/31/2020 | 5/31/2020 | 100,000 | 98,504 | 101,020 | 2,516 |
| T-Note 1.375 9/30/2020 | 9/30/2020 | 150,000 | 149,918 | 151,275 | 1,357 |
| T-Note 1.5 12/31/2018 | 12/31/2018 | 180,000 | 179,621 | 183,274 | 3,653 |
| T-Note 1.5 6/30/2016 | 6/30/2016 | 150,000 | 148,313 | 150,449 | 2,136 |
| T-Note 1.5 6/30/2016 | 6/30/2016 | 100,000 | 101,980 | 100,299 | (1,681) |
| T-Note 1.625 6/30/2020 | 6/30/2020 | 150,000 | 151,160 | 153,006 | 1,846 |
| T-Note 1.625 7/31/2020 | 7/31/2020 | 200,000 | 201,516 | 203,994 | 2,478 |
| T-Note 2.625 4/30/2018 | 4/30/2018 | 150,000 | 158,543 | 155,860 | (2,683) |
| Subtotal US Treasury Notes | | 2,905,000 | \$ 2,910,242 | \$ 2,933,445 | \$ 23,203 |

| | | | | |
|--|------------------|---------------------|---------------------|------------------|
| TOTAL BMO WEALTH MANAGEMENT PORTFOLIO | 5,287,882 | \$ 5,311,787 | \$ 5,327,146 | \$ 15,359 |
|--|------------------|---------------------|---------------------|------------------|

| Diversification: | | | | | |
|------------------------------|-------------|------------------|---------------------|---------------------|------------------|
| Cash & Cash Equivalents | 4% | 187,882 | \$ 187,882 | \$ 187,882 | \$ - |
| Government Agency Securities | 42% | 2,195,000 | 2,213,663 | 2,205,819 | (7,844) |
| US Treasury Notes | 54% | 2,905,000 | 2,910,242 | 2,933,445 | 23,203 |
| Municipal Debt | 0% | - | - | - | - |
| Total BMO PORTFOLIO | 100% | 5,287,882 | \$ 5,311,787 | \$ 5,327,146 | \$ 15,359 |

Breakout by Security Type:

| | |
|-------------------|---------------------|
| FHLB | \$ 276,014 |
| FHLMC | 602,254 |
| FNMA | 1,327,551 |
| US Treasury Notes | 2,933,445 |
| | \$ 5,139,264 |

Maturity Schedule

| | |
|--------------|---------------------|
| 0 - 3 month | \$ 288,203 |
| 3 - 6 month | 501,692 |
| 6 - 12 month | 1,154,827 |
| 1 - 2 year | 1,323,584 |
| 2 - 3 year | 1,348,730 |
| 3 - 4 year | - |
| 4 - 5 year | 710,110 |
| | \$ 5,327,146 |

Portion Callable or Mature within 2 years

| | |
|----------|---------------------|
| Callable | \$ - |
| Maturity | 3,268,306 |
| | \$ 3,268,306 |