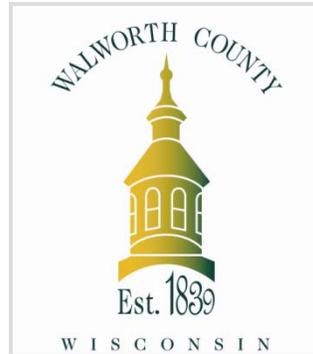


---

# WALWORTH COUNTY, WISCONSIN

## QUARTERLY INVESTMENT REPORT

September 30, 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 2015 saw a significant increase in short term interest rates which continued through the beginning of 2016. Short term rates have leveled off, 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 2016 and have since plateaued, returning 0.42%-0.43% for the last 6 months. Rates had been under 0.25% from November 2009 through the end of 2015. The annualized LGIP rate has a current average of 0.35%.
- Current collateralized money market yields are as follows: Advia CU 0.93%, Chase 0.27%, and Associated 0.42%. 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 \$5.35 million, yielding 0.89% annually, net of fees, not including market adjustments. Portfolio duration is currently 1.72 years to maturity, and contains \$1.70 million in agency securities, \$3.61 million in treasury notes, and \$0.04 million in a money market.
- The brokered portfolio held at Pershing is at \$46.2 million, yielding 1.14% (not including market adjustments) annually which includes \$41.2 million in agency securities, \$3.0 million in treasuries, and \$2.0 million in municipal debt. Portfolio duration is currently 1.80 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.

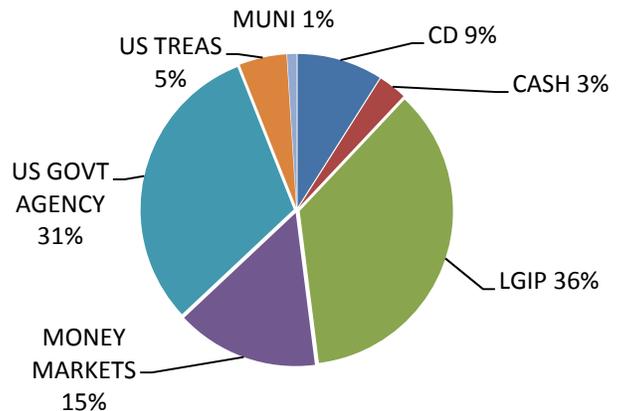
**PUBLIC FUNDS MONEY MARKET ACCOUNT** – The County has approved by resolution Public Funds money markets that are secured by collateral. These investments are used to provide short-term diversification and increase the current yields.

**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 \$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
<b>Liquidity Risk</b>	Liquid cash shall be maintained at \$10 million and available with 1 day notice.	\$ 66.9 million or 48%
<b>Reinvestment Risk</b>	Callable securities shall not exceed 50% of securities held.	\$ 23.1 million or 45%
<b>Market Risk:</b>		
Maturity Restrictions	Investments greater than 3 months and less than 1 year shall not exceed 95% of the total portfolio.	\$ 18.6 million or 13%
	Investments greater than 1 year and less than 5 years shall not exceed 100% of the core portfolio, currently \$61,343,000.	\$ 38.1 million or 62%

INVESTMENT CATEGORY	MAXIMUM MATURITY	AUTHORIZED LIMIT	ACTUAL PORTFOLIO
Certificates of Deposit	3 years	50%	9%
Operating Cash	N/A	N/A	3%
LGIP	N/A	75%	36%
Money Markets	N/A	95%	15%
U.S. Agency Securities	5 years	75%	31%
U.S. Treasury Securities	5 years	75%	5%
Municipal Debt	5 years	25%	1%

INVESTMENT TYPE	MARKET VALUE
Certificates of Deposit	\$ 12,403,000
Cash - Depository Bank	4,403,000
LGIP	50,404,000
Money Markets	20,488,000
Portfolio Money Markets	36,000
U.S. Gov. Agency Securities	42,889,000
U.S. Treasury Securities	6,628,000
Municipal Debt	1,967,000
<b>Total</b>	<b>\$ 139,218,000</b>



## BUDGET PERFORMANCE

The first table below shows the actual and budgeted interest earned for the quarter ended September 30, 2016 by investment type. The second table below shows the actual and budgeted interest earned for the quarter ended September 30, 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	3rd QTR 2016 BUDGET
Certificate of Deposit	\$ 32,612	\$ 7,500
U.S. Treasury/Govt. Agency	441,586	332,501
Local Gov Inv Pool (LGIP)	131,340	39,000
Depository Bank (Sweep)	180	150
Money Markets	99,896	90,750
Other Accounts Allocated Interest	(145,919)	(76,151)
<b>TOTAL NON-DEPT</b>	<b>\$ 559,695</b>	<b>\$ 393,750</b>
YTD Unrealized Gain/(Loss)*	\$ 156,968	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	3rd QTR 2016 BUDGET
Non-Department	\$ 559,695	\$ 393,750
Children with Disabilities Ed Bd	50,115	15,829
DPW Buildings Reserve	1,128	325
DPW Equipment Reserve	9,825	443
LHCC Building Reserve	8,900	1,148
LHCC Equipment Reserve	3,452	353
Health Insurance	50,517	18,750
Dental Insurance	2,618	920
Workers Compensation	7,417	1,500
Risk Management	11,947	1,875
<b>TOTAL PORTFOLIO</b>	<b>\$ 705,614</b>	<b>\$ 434,893</b>
<b>Budget to Actual Variance</b>		<b>\$ 270,721</b>

- 2016 investment portfolio returns have exceeded budget by \$270,721.
- By diversifying into other investment vehicles, we have been able to increase the County's yields by greater than one and a half times the LGIP benchmark. If the entire portfolio was invested at the benchmark rate, the forecasted interest earned year to date would have approximated \$440,316.
- Certificates of deposit currently held on September 30, 2016 have an average return of 0.57%.
- Securities held on September 30, 2016 have a yield to maturity at cost of 1.14% for our brokered securities and 0.89% 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 QTR 2016 BUDGET</b>
Land Information Fees	\$ 1,414	\$ 485
Risk Management	5,499	1,875
Clerk of Courts	638	1,875
Waddell Donations	260	75
Harrison Trust	109	-
85.21 Trust	38	-
<b>Total</b>	<b>\$ 7,958</b>	<b>\$ 4,310</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, 2016. 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	0.43%	0.71%
Year to Date Interest Income Net of Fees	\$ 440,316	\$ 697,911
3rd Quarter Average Return at Cost	0.11%	0.16%
Rolling 1 Year Average Return at Cost	0.35%	0.60%

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.

<b>Time Period</b>	<b>Benchmark*</b>	<b>Actual*</b>
2015, 4th Quarter	(0.43)%	(0.46)%
2016, 1st Quarter	0.89%	1.02%
2016, 2nd Quarter	0.52%	0.44%
<b>2016, 3rd Quarter</b>	<b>(0.10)%</b>	<b>(0.08)%</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 BMO Portfolio column in Appendix A for actual return on investment.

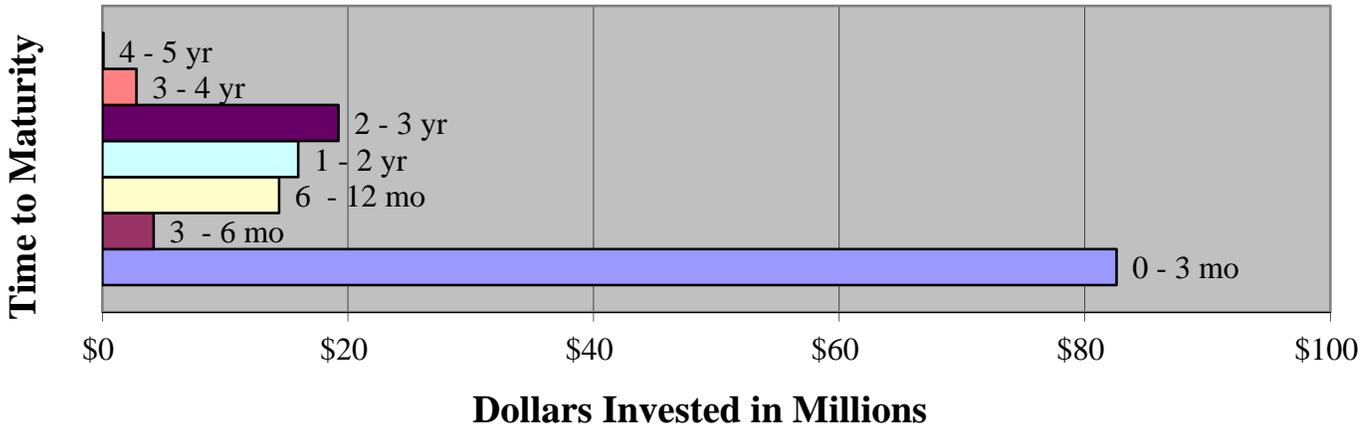
**Portfolio Advisor Response:** "During the quarter, the total portfolio returned -0.08% net of fees compared to a -0.10% return for the Barclay's 1-3 Year US Government Index. On a one year basis, the portfolio has gained +0.92% net of fees versus +0.89% for the benchmark. It continues to be challenging to generate return with a high-quality, short-duration portfolio given near-zero short-term interest rates.

Frustrating some investors, as well as a few "hawkish" Federal Reserve (Fed) governors, the Federal Open Market Committee (FOMC) left rates unchanged at its two meetings in the third quarter. In September, the committee lauded the ongoing strength in the labor market, a pickup in economic activity and balanced near-term risks to the economy. While inflation data has remained stubbornly low, the FOMC stated that the case for raising the federal funds rate has grown, but they want further evidence of progress toward their economic and inflation objectives. As more FOMC members begin to vocally support a rate increase, it is a widely held belief that the Fed may end up raising rates this year, not solely due to U.S. economic improvement, but because it has backed itself into a corner and feels its credibility is at stake. Taking all these concerns into account, the implication is that any future interest rate moves are likely to be very measured and gradual."

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

TOTAL PORTFOLIO OVERVIEW

**Total Investments by Maturity**



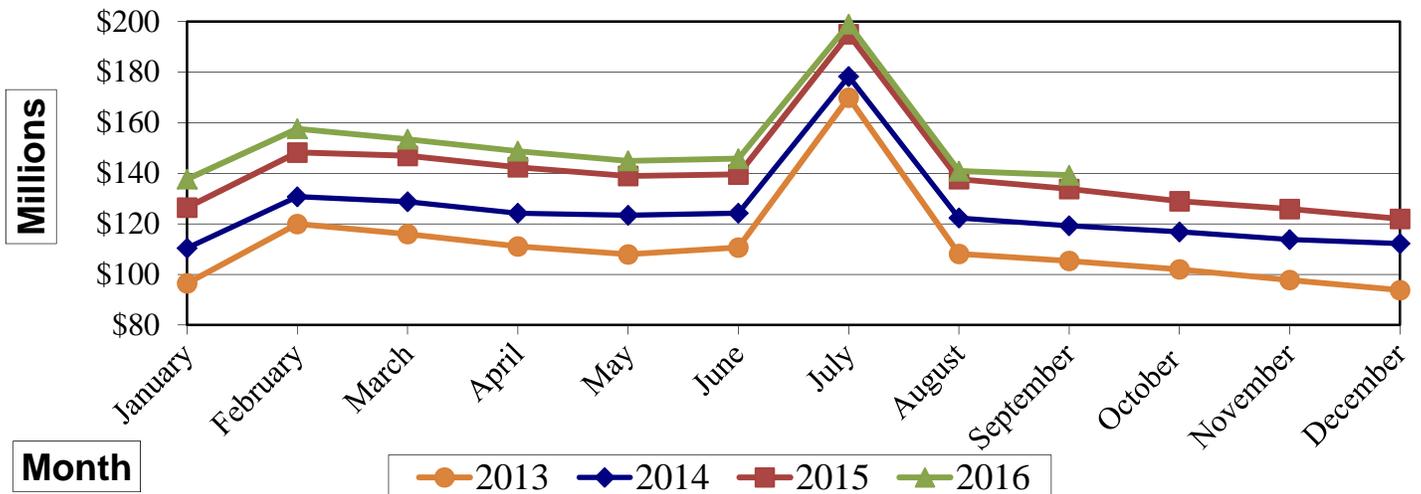
TOTAL PORTFOLIO OVERVIEW – HISTORICAL BALANCES

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Cash (1 year)	\$111,598,000	\$125,375,000	\$140,481,000	\$145,344,000
Cumulative Cash (3 year)	\$99,804,000	\$111,706,000	\$125,818,000	\$134,755,000

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**

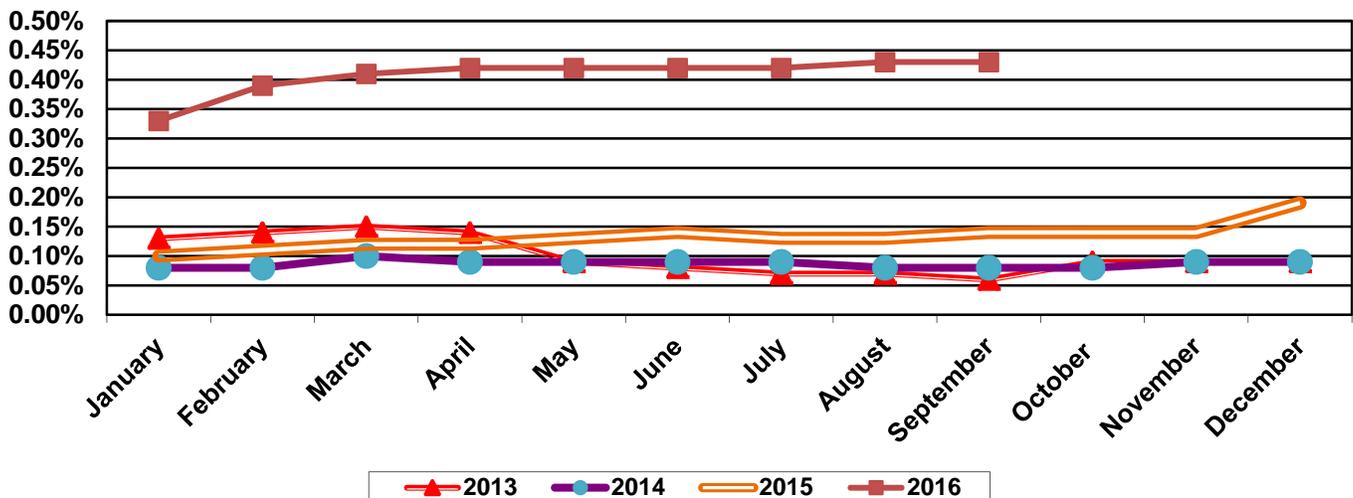
The primary objective of the LGIP is to provide for the prudent management of public funds on behalf of the local government investor. The strategy for meeting this objective is to apply the prudent investor standard and insure that the investment of pool assets is prioritized as follows: safety of principal, 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 \$38.3 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.

<b>Financial Institution/Manager</b>	<b>Type of Account</b>	<b>Current Rate</b>	<b>Amount</b>
Advia Credit Union	Collateralized Money Market	0.93%	\$ 8,438,364
Associated Bank	Collateralized Money Market	0.42%	8,045,461
JPMorgan Chase Bank	Collateralized Money Market	0.27%	4,004,062
BMO Portfolio Money Market	Government Money Market	0.01%	36,010
Pershing Money Market	Portfolio Money Market	0.01%	-
<b>Total Money Market</b>		<b>0.60%</b>	<b>\$ 20,523,897</b>

**Advia Credit Union Money Market** *(was MidAmerica Bank)*

Rates are established by Advia Credit Union at the end of each month based on the LGIP rate. Advia Credit Union 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, up to 6 times per month.

MidAmerica Bank had a money market balance cap of \$8 million, while Advia Credit Union expressed a willingness to accept a higher balance. A new collateral agreement has been executed with Advia Credit Union, and additional funds have been deposited into the money market. The mid-October balance is now \$23.4 million.

**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. This money market account has been lagging behind the significant yield increases of the LGIP this year. Once the balance cap was lifted on the Advia Credit Union money market, the Associated Bank money market balance was reduced to \$3 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.

<b>Financial Institution</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Amount</b>	<b>Rate %</b>
Associated Bank	10/9/2015	10/14/2016	\$ 500,000	0.32
Associated Bank	5/12/2016	11/11/2016	1,000,000	0.48
Citizens Bank	8/6/2015	11/11/2016	225,000	1.19
Commercial Bank	12/7/2014	12/8/2016	226,141	0.50
Associated Bank	6/10/2016	12/9/2016	5,000,000	0.56
Associated Bank	7/8/2016	1/6/2017	1,000,000	0.48
Associated Bank	8/12/2016	2/10/2017	1,000,000	0.50
First Citizens State Bank	2/23/2015	2/17/2017	226,350	0.60
Associated Bank	5/12/2016	5/12/2017	1,000,000	0.60
Associated Bank	7/8/2016	7/7/2017	1,000,000	0.60
Associated Bank	8/3/2016	8/11/2017	1,000,000	0.62
Citizens Bank	1/8/2016	1/11/2018	225,000	1.30
<b><i>Yield to Maturity at September 30, 2016</i></b>			<b>\$ 12,402,491</b>	<b>0.57%</b>

During the third quarter, \$4,000,000 of certificates of deposit were purchased, while \$2,476,854 matured. The average duration of the certificates of deposit at September 30, 2016 is 0.36 years.

We have seen a recent increase in CD bid participation, and will continue to make certificate of deposit purchases when rates offered are advantageous versus other investment options. Our average certificates of deposit balance has doubled this quarter, to \$12 million invested, versus an average of \$6 million invested since the first quarter of 2015.

### 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	\$ 5,324,146	\$ 5,345,174	\$ 21,028	\$ 37,276	0.89%	1.72
Pershing Portfolio	\$46,227,954	\$46,174,554	\$(53,400)	\$119,692	1.14%	1.80
<b>Total Securities</b>	<b>\$51,552,100</b>	<b>\$51,519,728</b>	<b>\$(32,372)</b>	<b>\$156,968</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 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 third quarter, \$8,000,000 of agency securities were purchased, \$11,500,000 were called, and \$5,500,000 matured. \$8,000,000 of treasuries also matured.

**WALWORTH COUNTY INVESTMENT REPORT**  
**VALUATION AT COST**  
**As of 09/30/2016**

**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	Advia CU Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	BMO Portfolio	JP Morgan Chase Banking	Total Investments
4th Quarter	0.04%	0.16%	0.13%	0.01%	0.05%	0.22%	0.21%	0.00%	0.13%
<b>2016 1st Quarter</b>	<b>0.10%</b>	<b>0.20%</b>	<b>0.14%</b>	<b>0.07%</b>	<b>0.06%</b>	<b>0.20%</b>	<b>0.22%</b>	<b>0.00%</b>	<b>0.15%</b>
2nd Quarter	0.10%	0.23%	0.14%	0.07%	0.09%	0.20%	0.22%	0.00%	0.16%
<b>3rd Quarter</b>	<b>0.11%</b>	<b>0.23%</b>	<b>0.15%</b>	<b>0.07%</b>	<b>0.11%</b>	<b>0.24%</b>	<b>0.21%</b>	<b>0.00%</b>	<b>0.16%</b>

**One Year Ending**

4th Quarter	0.13%	0.63%	0.48%	0.02%	0.20%	0.83%	0.79%	0.01%	0.44%
<b>2016 1st Quarter</b>	<b>0.20%</b>	<b>0.68%</b>	<b>0.51%</b>	<b>0.08%</b>	<b>0.21%</b>	<b>0.83%</b>	<b>0.82%</b>	<b>0.01%</b>	<b>0.48%</b>
2nd Quarter	0.27%	0.75%	0.53%	0.15%	0.25%	0.83%	0.85%	0.01%	0.54%
<b>3rd Quarter</b>	<b>0.35%</b>	<b>0.82%</b>	<b>0.56%</b>	<b>0.22%</b>	<b>0.31%</b>	<b>0.86%</b>	<b>0.86%</b>	<b>0.01%</b>	<b>0.60%</b>

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

Time Period	Local Gov Investment Pool	Advia CU Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	BMO Portfolio	JP Morgan Chase Banking	Total Investments
4th Quarter	10,321	13,508	7,042	355	12,575	112,529	11,070	58	167,459
<b>2016 1st Quarter</b>	<b>20,774</b>	<b>16,788</b>	<b>5,762</b>	<b>4,387</b>	<b>15,227</b>	<b>131,243</b>	<b>11,536</b>	<b>70</b>	<b>205,786</b>
2nd Quarter	43,065	19,212	8,636	2,203	11,247	136,298	11,592	63	232,315
<b>3rd Quarter</b>	<b>67,501</b>	<b>19,607</b>	<b>18,214</b>	<b>2,721</b>	<b>8,478</b>	<b>131,947</b>	<b>11,271</b>	<b>70</b>	<b>259,809</b>

**One Year Ending**

4th Quarter	53,680	52,158	29,940	872	48,255	392,532	41,723	591	619,752
<b>2016 1st Quarter</b>	<b>64,784</b>	<b>56,615</b>	<b>27,607</b>	<b>5,064</b>	<b>52,010</b>	<b>431,654</b>	<b>43,053</b>	<b>383</b>	<b>681,169</b>
2nd Quarter	92,346	62,855	28,654	7,125	51,328	479,148	44,524	388	766,369
<b>3rd Quarter</b>	<b>141,662</b>	<b>69,115</b>	<b>39,654</b>	<b>9,665</b>	<b>47,526</b>	<b>512,017</b>	<b>45,469</b>	<b>262</b>	<b>865,369</b>

**Average Daily Balance**

Time Period	Local Gov Investment Pool	Advia CU Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	BMO Portfolio	JP Morgan Chase Banking	Total Investments
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
<b>2016 1st Quarter</b>	<b>21,488,907</b>	<b>8,388,134</b>	<b>3,979,574</b>	<b>6,523,082</b>	<b>25,920,368</b>	<b>66,672,653</b>	<b>5,302,710</b>	<b>2,785,393</b>	<b>141,060,822</b>
2nd Quarter	41,242,213	8,406,198	6,131,906	3,275,223	12,232,374	67,952,699	5,325,736	2,476,243	147,042,592
<b>3rd Quarter</b>	<b>63,329,734</b>	<b>8,425,538</b>	<b>12,408,907</b>	<b>4,002,298</b>	<b>8,030,270</b>	<b>54,261,069</b>	<b>5,347,209</b>	<b>2,754,183</b>	<b>158,559,208</b>

**One Year Ending**

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
<b>2016 1st Quarter</b>	<b>37,670,156</b>	<b>8,367,530</b>	<b>5,348,730</b>	<b>3,981,127</b>	<b>24,786,771</b>	<b>52,223,016</b>	<b>5,289,701</b>	<b>3,764,516</b>	<b>141,431,546</b>
2nd Quarter	36,009,963	8,382,139	5,297,141	4,079,725	21,880,025	58,192,496	5,300,584	3,820,498	142,962,573
<b>3rd Quarter</b>	<b>38,250,361</b>	<b>8,398,466</b>	<b>6,947,119</b>	<b>4,170,444</b>	<b>17,775,042</b>	<b>59,984,538</b>	<b>5,316,414</b>	<b>2,574,280</b>	<b>143,416,662</b>

**Comparison to Benchmark:**

Description	LGIP	Portfolio
Rate of Return - Quarterly	0.11%	0.16%
Rate of Return - Annualized	0.35%	0.60%

**Walworth County Investment Report**  
**Portfolio Holdings as of 09/30/2016**  
Pershing (Custodian for Broker/Dealer Transactions)

Description	Maturity	Quantity	Cost	Market	Total Unrealized Gain/(Loss)
Pershing MM	N/A	-	\$ -	\$ -	\$ -
<b>Subtotal Cash &amp; Cash Equivalent</b>		-	\$ -	\$ -	\$ -

FAMC 0.93 1/24/2018	1/24/2018	1,000,000.00	\$ 998,900	\$ 1,000,560	\$ 1,660
FAMC 1.11 6/7/2019	6/7/2019	1,000,000.00	1,002,600	1,002,390	(210)
FFCB 0.6 4/25/2017	4/25/2017	1,000,000.00	999,020	1,000,190	1,170
FFCB 1.06 6/3/2019	6/3/2019	1,000,000.00	997,840	999,100	1,260
FFCB 1.32 5/21/2018	5/21/2018	1,000,000.00	1,001,160	1,008,640	7,480
FHLB 0.875 3/10/2017	3/10/2017	1,000,000.00	1,002,600	1,001,840	(760)
FHLB 1.5/18/2018-17	5/18/2018	1,000,000.00	1,000,000	1,001,110	1,110
FHLB 1.6/9/2017	6/9/2017	1,000,000.00	1,002,445	1,002,640	195
FHLB 1.05 8/27/2018-17	8/27/2018	1,000,000.00	1,000,000	999,840	(160)
FHLB 1.05 9/28/2018-17	9/28/2018	1,000,000.00	1,000,000	999,090	(910)
FHLB 1.1 9/28/2018-16	9/28/2018	1,500,000.00	1,500,375	1,500,255	(120)
FHLB 1.25 8/26/2019-17	8/26/2019	1,075,000.00	1,074,893	1,075,226	333
FHLB 1.375 10/26/2018-16	10/26/2018	1,000,000.00	1,000,860	1,000,340	(520)
FHLB 1.5 6/28/2019-16	6/28/2019	1,000,000.00	999,650	1,001,410	1,760
FHLB 4.75 6/8/2018	6/8/2018	1,000,000.00	1,126,490	1,064,640	(61,850)
FHLB Step 10/24/2018-16	10/24/2018	1,000,000.00	1,002,500	1,000,000	(2,500)
FHLMC 0.7 5/8/2017	5/8/2017	1,000,000.00	978,250	1,000,670	22,420
FHLMC 0.7 5/8/2017	5/8/2017	1,500,000.00	1,501,125	1,501,005	(120)
FHLMC 1.6/29/2017	6/29/2017	500,000.00	494,450	501,410	6,960
FHLMC 1.9/22/2017	9/22/2017	1,000,000.00	1,000,000	1,003,370	3,370
FHLMC 1.9/27/2017	9/27/2017	1,000,000.00	1,002,500	1,002,770	270
FHLMC 1.9/29/2017	9/29/2017	500,000.00	490,230	501,560	11,330
FHLMC 1.03 8/28/2018-17	8/28/2018	1,000,000.00	1,000,000	999,720	(280)
FHLMC 1.05 6/29/2018-17	6/29/2018	1,000,000.00	1,000,000	1,000,610	610
FHLMC 1.125 10/26/2018-16	10/26/2018	1,500,000.00	1,500,900	1,500,435	(465)
FHLMC 1.15 12/26/2017	12/26/2017	1,000,000.00	999,100	1,005,210	6,110
FHLMC Step 4/26/2019-16	4/26/2019	1,000,000.00	1,000,220	999,890	(330)
FHLMC Step 6/7/2019-17	6/7/2019	1,000,000.00	1,000,000	1,000,320	320
FNMA 0.75 7/27/2018-17	7/27/2018	1,000,000.00	998,750	997,550	(1,200)
FNMA 1.4/25/2017	4/25/2017	1,000,000.00	1,000,000	1,002,550	2,550
FNMA 1.7/26/2019-17	7/26/2019	1,000,000.00	999,500	996,040	(3,460)
FNMA 1.8/28/2019-18	8/28/2019	1,000,000.00	999,750	994,300	(5,450)
FNMA 1.1 8/23/2019-17	8/23/2019	1,000,000.00	999,900	998,890	(1,010)
FNMA 1.125 4/27/2017	4/27/2017	1,000,000.00	1,013,950	1,003,120	(10,830)
FNMA 1.2 2/24/2020-17	2/24/2020	1,000,000.00	999,800	1,000,010	210
FNMA 1.25 1/30/2017	1/30/2017	500,000.00	511,750	501,300	(10,450)
FNMA 1.625 11/27/2018	11/27/2018	1,000,000.00	1,012,804	1,016,150	3,346
FNMA 1.625 2/22/2019-17	2/22/2019	1,000,000.00	1,008,700	1,003,040	(5,660)
FNMA 1.75 5/10/2019-16	5/10/2019	1,000,000.00	1,004,380	1,001,120	(3,260)
FNMA Step 11/23/2018-16	11/23/2018	1,000,000.00	1,000,000	1,000,460	460
FNMA Step 4/26/2019-17	4/26/2019	1,000,000.00	1,000,000	999,630	(370)
<b>Subtotal Government Agency Coupon Securities</b>		<b>41,075,000</b>	<b>\$ 41,225,392</b>	<b>\$ 41,188,401</b>	<b>\$ (36,991)</b>

T-Note 0.875 11/30/2017	11/30/2017	1,000,000	\$ 999,219	\$ 1,001,950	\$ 2,731
T-Note 0.875 5/15/2019	5/15/2019	1,000,000	995,156	1,000,510	5,354
T-Note 1.5 5/31/2020	5/31/2020	1,000,000	1,009,687	1,017,150	7,463
<b>Subtotal US Treasury Securities</b>		<b>3,000,000</b>	<b>\$ 3,004,062</b>	<b>\$ 3,019,610</b>	<b>\$ 15,548</b>

City of Monona 2 10/1/2017	10/1/2017	300,000	\$ 312,927	\$ 302,775	\$ (10,152)
Verona Area Sch. Dist. 2 4/1/2017	4/1/2017	665,000	683,494	668,225	(15,269)
Verona Area Sch. Dist. 2 4/1/2018	4/1/2018	980,000	1,002,079	995,543	(6,536)
<b>Subtotal Municipal Debt</b>		<b>1,945,000</b>	<b>\$ 1,998,500</b>	<b>\$ 1,966,543</b>	<b>\$ (31,957)</b>

<b>TOTAL PERSHING PORTFOLIO</b>		<b>46,020,000</b>	<b>\$ 46,227,954</b>	<b>\$ 46,174,554</b>	<b>\$ (53,400)</b>
---------------------------------	--	-------------------	----------------------	----------------------	--------------------

**Diversification:**

Cash & Cash Equivalents	0%	-	\$ -	\$ -	\$ -
Government Agency Securities	89%	41,075,000	41,225,392	41,188,401	(36,991)
US Treasury Securities	7%	3,000,000	3,004,062	3,019,610	15,548
Municipal Debt	4%	1,945,000	1,998,500	1,966,543	(31,957)
<b>Total PERSHING PORTFOLIO</b>	<b>100%</b>	<b>46,020,000</b>	<b>\$ 46,227,954</b>	<b>\$ 46,174,554</b>	<b>\$ (53,400)</b>

**Breakout by Security Type:**

FAMC	\$ 2,002,950
FFCB	3,007,930
FHLB	11,646,391
FHLMC	12,016,970
FNMA	12,514,160
US Treasury Bills	-
US Treasury Notes	3,019,610
Municipal Debt	1,966,543
<b>\$ 46,174,554</b>	

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

0 - 3 month	\$ -
3 - 6 month	1,503,140
6 - 12 month	10,490,285
1 - 2 year	13,574,718
2 - 3 year	18,589,251
3 - 4 year	2,017,160
4 - 5 year	-
<b>\$ 46,174,554</b>	

**Portion Callable or Mature within 2 years**

Callable	\$ 23,069,286
Maturity	25,568,143
<b>\$ 41,139,254 *</b>	

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

**Walworth County Investment Report**  
**Portfolio Holdings as of 09/30/2016**  
**BMO Portfolio**

Description	Maturity Date	Quantity	Cost	Market	Total Unrealized Gain/(Loss)
BMO Government MM	N/A	36,010	\$ 36,010	\$ 36,010	-
<b>Subtotal Cash &amp; Cash Equivalent</b>		<b>36,010</b>	<b>\$ 36,010</b>	<b>\$ 36,010</b>	<b>\$ -</b>

FHLB 1 6/21/2017	6/21/2017	175,000	\$ 176,935	\$ 175,515	\$ (1,420)
FHLMC 0.875 3/7/2018	3/7/2018	100,000	100,317	100,093	(224)
FHLMC 1 3/8/2017	3/8/2017	150,000	149,599	150,345	746
FHLMC 1 9/29/2017	9/29/2017	200,000	199,007	200,624	1,617
FNMA 0.875 10/26/2017	10/26/2017	200,000	200,322	200,350	28
FNMA 0.875 12/20/2017	12/20/2017	120,000	119,959	120,193	234
FNMA 1.25 1/30/2017	1/30/2017	300,000	299,881	300,780	899
FNMA 1.375 11/15/2016	11/15/2016	150,000	152,818	150,174	(2,644)
FNMA 1.375 11/15/2016	11/15/2016	150,000	152,354	150,174	(2,180)
FNMA 1.625 11/27/2018	11/27/2018	75,000	74,975	76,211	1,236
FNMA 1.625 11/27/2018	11/27/2018	75,000	75,170	76,211	1,041
<b>Subtotal Government Agency Coupon Securities</b>		<b>1,695,000</b>	<b>\$ 1,701,337</b>	<b>\$ 1,700,670</b>	<b>\$ (667)</b>

T-Note 0.625 6/30/2018	6/30/2018	250,000	\$ 250,039	\$ 249,462	\$ (577)
T-Note 0.625 6/30/2018	6/30/2018	125,000	125,141	124,731	(410)
T-Note 0.75 8/31/2018	8/31/2018	250,000	249,824	249,962	138
T-Note 0.75 9/30/2018	9/30/2018	150,000	150,059	149,960	(99)
T-Note 0.875 7/15/2017	7/15/2017	175,000	174,426	175,362	936
T-Note 0.875 8/15/2017	8/15/2017	200,000	199,461	200,414	953
T-Note 0.875 8/15/2017	8/15/2017	150,000	149,344	150,311	967
T-Note 1 5/15/2018	5/15/2018	200,000	200,227	200,824	597
T-Note 1 5/31/2018	5/31/2018	200,000	197,915	200,822	2,907
T-Note 1 9/15/2018	9/15/2018	150,000	149,783	150,621	838
T-Note 1.125 6/15/2018	6/15/2018	250,000	251,621	251,582	(39)
T-Note 1.25 12/15/2018	12/15/2018	150,000	149,672	151,428	1,756
T-Note 1.375 10/31/2020	10/31/2020	100,000	98,660	101,182	2,522
T-Note 1.375 2/28/2019	2/28/2019	150,000	149,965	151,928	1,963
T-Note 1.375 4/30/2020	4/30/2020	150,000	151,400	151,975	575
T-Note 1.375 5/31/2020	5/31/2020	100,000	98,504	101,272	2,768
T-Note 1.375 9/30/2020	9/30/2020	150,000	149,918	151,811	1,893
T-Note 1.5 12/31/2018	12/31/2018	180,000	179,621	182,725	3,104
T-Note 1.625 6/30/2020	6/30/2020	150,000	151,160	153,297	2,137
T-Note 1.625 7/31/2020	7/31/2020	200,000	201,516	204,380	2,864
T-Note 2.625 4/30/2018	4/30/2018	150,000	158,543	154,445	(4,098)
<b>Subtotal US Treasury Notes</b>		<b>3,580,000</b>	<b>\$ 3,586,799</b>	<b>\$ 3,608,494</b>	<b>\$ 21,695</b>

<b>TOTAL BMO WEALTH MANAGEMENT PORTFOLIO</b>		<b>5,311,010</b>	<b>\$ 5,324,146</b>	<b>\$ 5,345,174</b>	<b>\$ 21,028</b>
--	--	------------------	---------------------	---------------------	------------------

<b>Diversification:</b>					
Cash & Cash Equivalents	1%	36,010	\$ 36,010	\$ 36,010	\$ -
Government Agency Securities	32%	1,695,000	1,701,337	1,700,670	(667)
US Treasury Notes	67%	3,580,000	3,586,799	3,608,494	21,695
Municipal Debt	0%	-	-	-	-
<b>Total BMO PORTFOLIO</b>	<b>100%</b>	<b>5,311,010</b>	<b>\$ 5,324,146</b>	<b>\$ 5,345,174</b>	<b>\$ 21,028</b>

**Breakout by Security Type:**

FHLB	\$ 175,515
FHLMC	451,062
FNMA	1,074,094
US Treasury Notes	3,608,494
	<b>\$ 5,309,164</b>

**Portion Callable or Mature within 2 years**

Callable	\$ -
Maturity	3,842,754
	<b>\$ 3,842,754</b>

**Maturity Schedule**

0 - 3 month	\$ 336,358
3 - 6 month	451,125
6 - 12 month	902,225
1 - 2 year	2,153,046
2 - 3 year	638,503
3 - 4 year	762,735
4 - 5 year	101,182
	<b>\$ 5,345,174</b>