

Wisconsin
CLASS[®]



Annual Report

December 31, 2010

(With report of independent auditors within)



Chairman's Letter

March 25, 2011

To the Participants of Wisconsin CLASS

On behalf of the Wisconsin CLASS Executive Committee, we are pleased to present our annual audited financial statements for 2010.

Although the economic slowdown that is now being called the Great Recession is over, and 2010 witnessed slow but steady economic growth, there still remains a great many challenges facing the United States economy. Perhaps nowhere is this truer than in the local government investment pool (LGIP) space. The Federal Reserve has kept rates at close to zero for just over two years now and it is unlikely that we will see rates rise until the end of 2011 at the earliest. The good news is that the economy is incrementally growing stronger and most analysts believe that there will be healthy growth this year and then really pick up steam in 2012. In the meantime, Wisconsin CLASS remains focused on our primary principles of safety and liquidity. Despite the economic turmoil of the last few years, Wisconsin CLASS has incurred no losses in its portfolio and Participants have had and continue to have ready access to their funds. Wisconsin CLASS has maintained both its value of \$1.00 per share and its AAAM rating from Standard & Poor's.

Wisconsin CLASS remains a premier local government investment pool in the State of Wisconsin. We place safety and liquidity above all other investment priorities. This year is the 15th anniversary of Wisconsin CLASS, and we are happy to say that since its inception, the program has preserved principle and interest of the public's funds without incident. LGIPs nationwide have faced significant challenges since 2007 and unlike some investment pools, Wisconsin CLASS has successfully navigated through them. These challenges include bank failures, collapses in the derivatives markets, and defaults in commercial paper issuances.

As a reminder, Participation in Wisconsin CLASS is open to all local governments in the State of Wisconsin, without favor to any one participant type. The pool is governed by a Participant-elected Executive Committee, which approves investment parameters and ensures they are in compliance with any and all Wisconsin State Laws.

The Wisconsin CLASS Executive Committee is grateful for the confidence that Wisconsin local governments have placed in CLASS. We look forward to a better year economically than the last and are committed to seeing the program grow. Regardless of rates, Wisconsin CLASS and Cutwater Investor Services Corp. (CISC), the program administrator, will continue to emphasize the safety and liquidity above all else. On behalf of the Executive Committee, we wish to thank you for your business and for your continued faith in Wisconsin CLASS.

Respectfully,

Paul M. Ziehler
Chairperson, Executive Committee
City of West Allis, Lead Participant



Report of Independent Auditors

To the Participants of
Cooperative Liquid Assets Securities System – Wisconsin

In our opinion, the accompanying statement of assets, liabilities and joint value, including the portfolio of investments, and the related statements of operations and of changes in joint value and the selected data per dollar of joint value and ratios present fairly, in all material respects, the financial position of Cooperative Liquid Assets Securities System - Wisconsin ("CLASS") at December 31, 2010, the results of its operations for the year then ended, the changes in its joint value for each of the two years in the period then ended and the selected data per dollar of joint value and ratios for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and the selected data per dollar of joint value and ratios (hereafter referred to as "financial statements") are the responsibility of CLASS's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

March 25, 2011



Statement of Assets, Liabilities and Joint Value

December 31, 2010

Assets

Investments at amortized cost (market value \$49,093,300)	\$ 49,093,213
Repurchase agreements at amortized cost (market value \$7,442,187)	<u>7,442,187</u>
Total investments at amortized cost (market value \$56,535,487)	56,535,400
Interest receivable	<u>30,984</u>
Total assets	<u>\$ 56,566,384</u>

Liabilities and Joint Value

Management fee payable	\$ 5,625
Distributions payable	<u>317</u>
Total liabilities	5,942
Joint Value	<u>56,560,442</u>
Total liabilities and joint value	<u>\$ 56,566,384</u>

The accompanying notes are an integral part of the financial statements.

Portfolio of Investments

December 31, 2010

<u>Principal Amount</u>	<u>Value</u>
Repurchase Agreements - 13.2%	
\$7,442,187 Agreement with Wells Fargo Bank, 0.25% dated 12/31/10, to be repurchased at \$7,442,340 on 1/3/11, collateralized by \$7,314,582 (original face) FNMA Notes, 4.00% - 6.00% due 02/01/25 - 11/01/37 (collateral value \$7,591,073)	\$ 7,442,187
Total Repurchase Agreements (market value \$7,442,187)	7,442,187
U.S. Government Agencies - 11.2%	
Federal Home Loan Bank	
500,000 0.35%, maturity date 11/23/11	500,000
500,000 0.40%, maturity date 11/28/11	500,000
Federal National Mortgage Association	
500,000 1.75%, maturity date 03/23/11	501,593
Federal National Mortgage Association Discount Notes (a)	
747,000 0.25%, maturity date 01/03/11	746,990
586,000 0.25%, maturity date 01/31/11	585,878
500,000 0.31%, maturity date 07/11/11	499,177
500,000 0.52%, maturity date 04/25/11	499,191
Federal Farm Credit Bank Discount Notes (a)	
750,000 0.31%, maturity date 09/13/11	748,405
500,000 0.34%, maturity date 12/16/11	498,400
Federal Home Loan Mortgage Corporation Discount Notes (a)	
500,000 0.25%, maturity date 01/14/11	499,955
750,000 0.25%, maturity date 02/15/11	749,765
Total U.S. Government Agencies (market value \$6,331,146)	6,329,354
U.S. Treasury Securities -1.3%	
U.S. Treasury Notes	
750,000 1.00%, maturity date 08/31/11	753,638
Total U.S. Treasury Securities (market value \$753,779)	753,638
Corporate Notes - 4.8%	
200,000 MassMutual Global Funding II, 0.29%, maturity date 04/21/11	200,000 (b)
750,000 MetLife Institutional Funding, 0.45%, maturity date 09/20/11	750,000 (c)
500,000 New York Life Global Funding, 0.26%, maturity date 04/01/11	500,000 (d)
750,000 TIAA Global Markets Inc, 4.88%, maturity date 01/12/11	751,025
500,000 Toyota Motor Credit Corp, 0.41%, maturity date 11/22/11	500,000 (e)
Total Corporate Notes (market value \$2,699,877)	2,701,025

The accompanying notes are an integral part of the financial statements.

Portfolio of Investments

December 31, 2010

Principal Amount		Value
Commercial Paper -50.8% (a)		
\$1,500,000	Amsterdam Funding Corp, 0.28%, maturity date 01/07/11	\$1,499,930
1,000,000	Amsterdam Funding Corp, 0.31%, maturity date 02/07/11	999,685
500,000	Atlantic Asset Securitization, 0.25%, maturity date 01/18/11	499,940
700,000	Atlantic Asset Securitization, 0.26%, maturity date 01/11/11	699,948
750,000	Atlantic Asset Securitization, 0.28%, maturity date 03/04/11	749,638
750,000	Chariot Funding LLC, 0.26%, maturity date 01/11/11	749,946
500,000	Ciesco-LP, 0.26%, maturity date 01/14/11	499,953
500,000	Ciesco-LP, 0.26%, maturity date 02/23/11	499,809
500,000	Credit Suisse/New York NY, 0.27%, maturity date 02/24/11	499,797
500,000	Deutsche Bank Financial Inc, 0.27%, maturity date 02/22/11	499,805
500,000	Fairway Finance Corp, 0.27%, maturity date 03/02/11	499,775
500,000	Fairway Finance Corp, 0.27%, maturity date 03/07/11	499,756
500,000	Fairway Finance Corp, 0.27%, maturity date 03/09/11	499,749
837,000	GOVCO, 0.26%, maturity date 01/25/11	836,855
500,000	GOVCO, 0.27%, maturity date 02/15/11	499,831
750,000	GOVCO, 0.27%, maturity date 02/25/11	749,691
750,000	ING Funding, 0.28%, maturity date 01/18/11	749,901
500,000	ING Funding, 0.34%, maturity date 04/05/11	499,569
500,000	Old Line, 0.27%, maturity date 03/02/11	499,775
1,000,000	Royal Bank of Scotland Group, 0.35%, maturity date 02/07/11	999,650
750,000	Scaldis Capital LLC, 0.30%, maturity date 01/18/11	749,894
1,000,000	Scaldis Capital LLC, 0.30%, maturity date 02/04/11	999,717
750,000	Scaldis Capital LLC, 0.33%, maturity date 02/08/11	749,747
750,000	Sheffield Receivables Co, 0.26%, maturity date 01/10/11	749,951
800,000	Sheffield Receivables Co, 0.26%, maturity date 02/18/11	799,723
750,000	Sheffield Receivables Co, 0.27%, maturity date 03/11/11	749,612
500,000	Societe Generale North America, 0.27%, maturity date 01/07/11	499,978
500,000	Societe Generale North America, 0.27%, maturity date 01/10/11	499,967
750,000	Societe Generale North America, 0.32%, maturity date 02/11/11	749,727
500,000	Societe Generale North America, 0.33%, maturity date 02/01/11	499,862
750,000	Starbird Funding Corp, 0.26%, maturity date 01/31/11	749,838
750,000	Starbird Funding Corp, 0.28%, maturity date 03/23/11	749,528
500,000	Starbird Funding Corp, 0.29%, maturity date 03/15/11	499,706
500,000	Surrey Funding Corp, 0.30%, maturity date 01/20/11	499,921
750,000	Surrey Funding Corp, 0.30%, maturity date 03/01/11	749,631
500,000	Surrey Funding Corp, 0.30%, maturity date 03/08/11	499,725
850,000	Surrey Funding Corp, 0.30%, maturity date 03/17/11	849,469
500,000	Thunder Bay Funding, 0.27%, maturity date 03/03/11	499,771
750,000	Thunder Bay Funding, 0.27%, maturity date 03/14/11	749,595
500,000	Windmill Funding I Corp, 0.26%, maturity date 02/03/11	499,881
570,000	Windmill Funding I Corp, 0.27%, maturity date 02/25/11	569,765
750,000	Windmill Funding I Corp, 0.27%, maturity date 03/10/11	749,617
500,000	Windmill Funding I Corp, 0.29%, maturity date 04/04/11	499,625
Total Commercial Paper (market value \$28,746,645)		28,747,253

The accompanying notes are an integral part of the financial statements.



Portfolio of Investments

December 31, 2010

<u>Principal Amount</u>	<u>Value</u>
Bank Deposits - 17.7%	
\$10,000,000 Wells Fargo Bank, 0.25%, due on demand	\$ 10,000,000
Total Bank Deposits (market value \$10,000,000)	<u>10,000,000</u>
Municipal Bonds - 1.0%	
550,000 State of Wisconsin, 3.00%, maturity date 11/01/11	561,943
Total Municipal Bonds (market value \$561,853)	<u>561,943</u>
Total Investments - 100.0% (market value \$56,535,487)	56,535,400
Other assets in excess of liabilities - 0.0%*	25,042
Joint Value - 100.0%	<u>\$ 56,560,442</u>

(a)-Rates represent effective yields at December 31, 2010.

(b)-Interest rate is reset quarterly based on 3-month LIBOR.

(c)-Interest rate is reset quarterly based on 3-month LIBOR plus 15 bps.

(d)-Interest rate is reset monthly based on 1-month LIBOR.

(e)-Interest rate is reset daily based on Fed Funds rates.

bps-Basis points (100 basis points equals one percentage point).

* Less than 0.1%.

The accompanying notes are an integral part of the financial statements.



Statement of Operations

For the Fiscal Year Ended December 31, 2010

Investment income:	
Interest income	<u>\$ 202,396</u>
Expenses:	
Management fee (net of fees waived of \$231,679)	<u>68,971</u>
Net investment income	133,425
Net realized gain on investments	<u>767</u>
Net increase in joint value from operations	<u>\$ 134,192</u>

The accompanying notes are an integral part of the financial statements.



Statement of Changes in Joint Value

For the Fiscal Year Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Increase/(decrease) in joint value		
Operations:		
Net investment income	\$ 133,425	\$ 292,508
Net realized gain on investments	767	-
Net increase in joint value from operations	<u>134,192</u>	<u>292,508</u>
Distributions to participants	(134,192)	(292,508)
Participants' transactions:		
Contributions	172,002,250	139,493,077
Reinvestment of distributions	134,153	294,367
Withdrawals	<u>(166,248,441)</u>	<u>(174,568,198)</u>
Net increase/(decrease) in joint value from participants' transactions	5,887,962	(34,780,754)
Total increase/(decrease) in joint value	<u>5,887,962</u>	<u>(34,780,754)</u>
Joint value		
Beginning of year	<u>50,672,480</u>	<u>85,453,234</u>
End of year	<u>\$ 56,560,442</u>	<u>\$ 50,672,480</u>

The accompanying notes are an integral part of the financial statements.



Notes to Financial Statements

December 31, 2010

1. Description of CLASS

The Cooperative Liquid Assets Securities System - Wisconsin ("CLASS") is a Participant controlled trust created in accordance with Wisconsin Statute 66.30 and was established by and for participating Wisconsin governmental entities pursuant to an Intergovernmental Agreement dated as of March 1, 1996 (the "Intergovernmental Agreement") as amended. The Intergovernmental Agreement authorized the City of West Allis, Wisconsin as lead participant (the "Lead Participant") to contract with a custodian and program administrator for CLASS. Accordingly, the Lead Participant entered into a Custodial Agreement (the "Custodial Agreement") with Wells Fargo Bank, NA (the "Custodian") and a Program Administration Agreement (the "Program Administration Agreement") with Cutwater Investor Services Corp. ("CISC"). CLASS commenced operations on July 22, 1996. Participation is available currently to any Wisconsin political subdivision as authorized under state and local law to participate in the Intergovernmental Agreement. The purpose of CLASS is to enable such entities to cooperate in the investment of their available funds.

At December 31, 2010, certain participants held a significant participation interest in CLASS. Investment activities of these participants could have a material impact on CLASS.

2. Significant Accounting Policies

The following significant accounting policies are consistently followed by CLASS in the preparation of the financial statements. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Valuation of investments

CLASS has elected to use the amortized cost method of valuation consistent with the provisions of a 2a-7 like pool as defined by Statement No. 31 of the Governmental Accounting Standards Board provided that amortized cost approximates the fair value of a security as defined by ASC 820. This involves valuing a security at its cost initially and thereafter assuming a constant amortization to maturity of any discounts or premium, regardless of the impact of fluctuating interest rates on the market value of the security. This method may result in periods during which value, as determined by amortized cost, is higher or lower than the price CLASS would receive if it sold the security. The fair value of securities in CLASS can be expected to vary inversely with changes in prevailing interest rates. Investments in money market funds are valued at the current day's closing net asset value per share.

In accordance with ASC 820-10, Fair Market Measurements and Disclosures, the various inputs that are used in determining the fair value of CLASS's investments are summarized into the three broad levels listed below.

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including CLASS's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For example, money market securities are valued using amortized cost, in accordance with the provisions of Statement No. 31 of the Governmental Accounting Standards Board. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities are reflected as Level 2.

Notes to Financial Statements

December 31, 2010

2. Significant Accounting Policies continued

The following table summarizes the valuation of the CLASS's investments by the fair value hierarchy levels described above as of December 31, 2010, in valuing CLASS's assets carried at amortized cost which approximates fair value:

Description	Total	Level 1	Level 2	Level 3
U.S. Government Agencies	\$ 6,329,354	\$ -	\$ 6,329,354	\$ -
U.S. Treasury Securities	\$ 753,638	\$ -	\$ 753,638	\$ -
Corporate Notes	\$ 2,701,025	\$ -	\$ 2,701,025	\$ -
Commercial Paper	\$ 28,747,253	\$ -	\$ 28,747,253	\$ -
Repurchase Agreements	\$ 7,442,187	\$ -	\$ 7,442,187	\$ -
Bank Deposits	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -
Municipal Bonds	\$ 561,943	\$ -	\$ 561,943	\$ -
Total Investments	<u>\$56,535,400</u>	<u>\$10,000,000</u>	<u>\$46,535,400</u>	<u>\$ -</u>

CLASS did not invest in any level 3 securities during the year ended December 31, 2010.

Accounting for investments

Security transactions are accounted for on a trade basis. Realized gains and losses on sales of investments are calculated on an identified cost basis. Interest income, including any amortization of discount or premium, is recorded on an accrual basis. Dividend income for money market funds is recorded on ex-date.

Credit, market and interest rate risks

CLASS is exposed to various types of risks, including market risk, interest rate risk, and credit risk. Market risk is the risk in decline in value of the investments held by CLASS because of a number of reasons, including changes in prevailing market and interest rates, increases in defaults, increases in voluntary prepayments for investments subject to prepayment risk, and widening credit spreads. Interest rate risk is the risk associated with the effects of the fluctuations in the prevailing level of market interest rates. Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques.

CLASS limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

Concentration risk

CLASS's policy is to limit its exposure to any non-government issuer to 5% of joint value.

Income taxes

CLASS is not subject to federal, state or local income taxes, and accordingly no tax provision has been made. CLASS files tax returns annually. CLASS is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. CLASS's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

Distributions to participants

Net investment income, adjusted for net realized gains or losses, is declared and distributed to participants daily. Such amounts are automatically reinvested the following business day.

Joint value

The joint value of CLASS is its assets less its liabilities. The joint value represents the value of the beneficial interests of the participants in CLASS.

Repurchase agreements

CLASS enters into repurchase agreements whereby the seller of the security agrees to repurchase that security at a later date at a fixed price. Generally, the effect of such a transaction is that CLASS can invest its excess cash balances at competitive interest rates. CLASS places no limit on the amount that it may invest in any one repurchase agreement.



Notes to Financial Statements

December 31, 2010

The custodian of CLASS, for the benefit of the participants, takes possession of the purchased securities in repurchase agreements as collateral. It is the policy of CLASS to value the underlying collateral daily on a mark-to-market basis to determine that the value, including accrued interest, is at least equal to 102% of the repurchase price as required by the Participation Agreement. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by CLASS may be delayed or limited. There are repurchase agreements outstanding as presented on the Portfolio of Investments at December 31, 2010.

3. Management and related party transactions

The Lead Participant has contracted with the Custodian to provide custodial services to CLASS and to establish investment strategies, and with CISC to provide investment adviser services to the Custodian and the participants and program administration services. The Custodian determines on a daily basis the investment strategy regarding the mix of investments in CLASS based upon proposals provided by CISC. Once the Custodian sets the investment strategy, CISC effectuates such strategy, subject to the Custodian's overall responsibility for selecting investments. CISC also advises on permitted investments, provides advice to the participants on matters related to investments as may be requested by participants and prepares such information as may be required in the implementation of the valuation procedures and the computation of the joint value and the participants' balances in CLASS and prepares any and all records and reports required by the Program Administration Agreement or applicable laws. As administrator, subject to the supervision of the participants, CISC provides administrative services including, but not limited to, accounting and related services, joint value calculation and participant account reporting.

CISC is entitled to a fee payable monthly at an annual rate of 0.50% of the average daily joint value. Fees may be waived at any time at the sole discretion of the program administrator. For the year ended December 31, 2010, CISC was entitled to fees equal to \$300,650 and waived fees totaling \$231,679. All other expenses related to the operations of CLASS are paid by CISC.

CISC employs Cutwater Asset Management Corp. ("CAMC") formerly MBIA Capital Management Corporation, an affiliate of CISC to provide investment advice to CISC relating to CLASS. CISC pays the fees of CAMC.

4. Letters of credit

MBIA Inc., the parent company of CISC and CAMC, has an established letter of credit for the benefit of CLASS with Deutsche Bank. The letter of credit is fully collateralized with U.S. Government agency securities from MBIA Inc.'s account. The letter of credit, which is in effect so long as CISC is a party to the Participation Agreement, amounted to \$1,000,000 at December 31, 2010. Fees associated with the letter of credit are borne by CISC. Any change in the amount of the letter of credit is subject to review by the Custodian. For the year ended December 31, 2010 and during the period, no amounts were drawn on the letter of credit.

5. Contingencies and commitments

In the course of business, CLASS enters into contracts that contain representations and warranties which provide general indemnifications. CLASS's exposure, if any, under these arrangements is unknown, as this would involve future claims that may be made against CLASS that have not yet occurred. To date, no claims have been brought against CLASS for any of these provisions. Based on experience, CLASS expects the risk of liability to be remote.

6. Subsequent Events

Management has evaluated all subsequent transactions and events after the balance sheet date through March 25, 2011, the date on which these financial statements were available to be issued, and has determined that no additional items require disclosure.



Selected Data per Dollar of Joint Value and Ratios

Selected data per dollar of joint value and ratios for the years presented are as follows:

Data per dollar of joint value (1):

	For the Fiscal Year Ended December 31,				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net investment income and net realized gain/(loss) on investments (2)	<u>\$0.002</u>	<u>\$0.004</u>	<u>\$0.026</u>	<u>\$0.051</u>	<u>\$0.048</u>
Distributions to participants	<u>\$(0.002)</u>	<u>\$(0.004)</u>	<u>\$(0.026)</u>	<u>\$(0.051)</u>	<u>\$(0.048)</u>
Total Return:	0.22%	0.40%	2.63%	5.12%	4.81%
Ratios/Supplemental data:					
Joint value, end of year (000's)	\$56,560	\$50,672	\$85,453	\$92,330	\$83,249
Ratios to average joint value:					
Net investment income	0.22%	0.44%	2.69%	5.13%	4.76%
Management fee expense (3)	0.11%	0.17%	0.20%	0.20%	0.20%

(1) Calculated based upon average joint value during the year.

(2) Includes realized gains/(loss) per share amounting to less than \$0.001, if applicable.

(3) If not for the voluntary waiver of management fees, the Management fee expense ratio would have been 0.50% for each period presented.



Executive Committee

Ms. Cindy Hegglund
City Clerk Treasurer, City of Edgerton

Ms. Julia Rusch
Treasurer, City of Tomah

Ms. Cary Tessmann
Chief Financial Officer,
Waukesha County Technical College

Mr. Paul Ziehler
City Administrative Officer, City of West Allis

Ms. Erin Green
Director of Business Services, Greendale School District

Mr. Dale Haug
Finance Director, Village of Little Chute

Mr. Jon Pfeilsticker
Finance Director, City of Altoona

Mr. Doug Saubert
Finance Director, City of Whitewater

Ms. Judy Weter
Clerk/Treasurer, Village of East Troy

Management

Administrator
Cutwater Investor Services Corp.

Investment Advisor
Cutwater Investor Services Corp.

Custodian
Wells Fargo Bank

Professional Services

Independent Auditors:
PricewaterhouseCoopers, LLP

Legal Counsel:
Michael Best & Friedrich LLP

Rating



Managed by:  **CUTWATER** ASSET MANAGEMENT



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