



Money Talks

WASBO Webinar Series

May 26, 2023

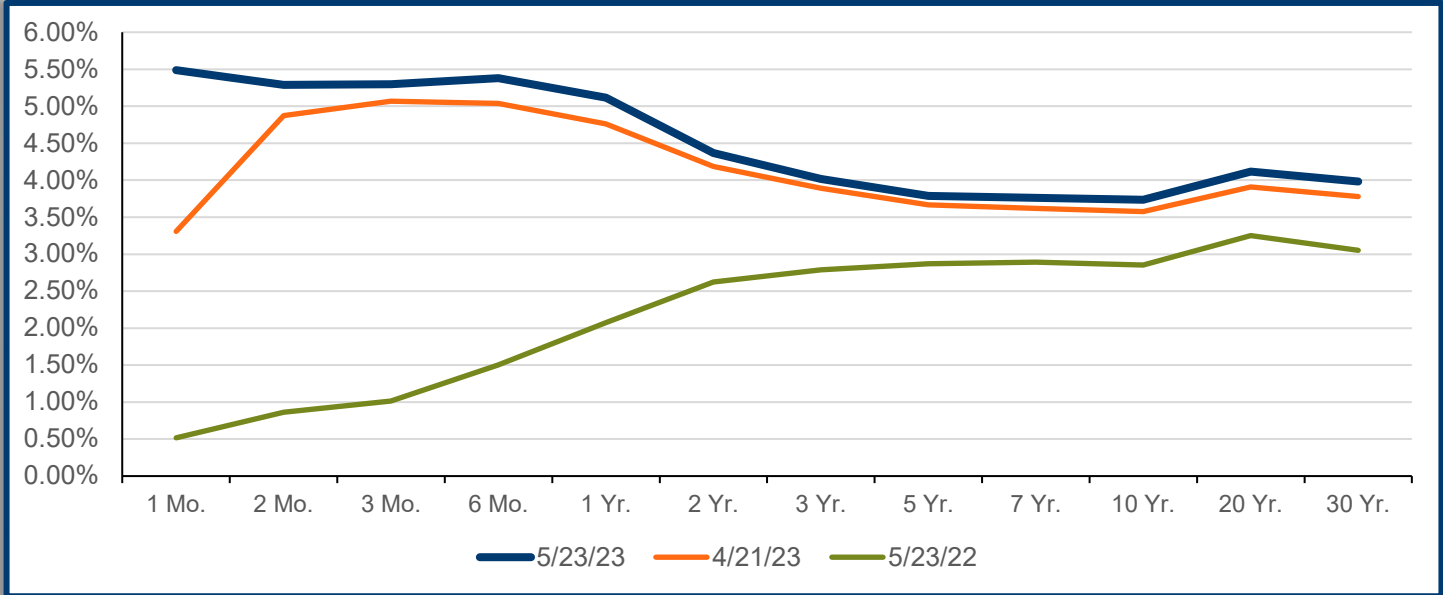
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Economic Update



U.S. Treasury Rates

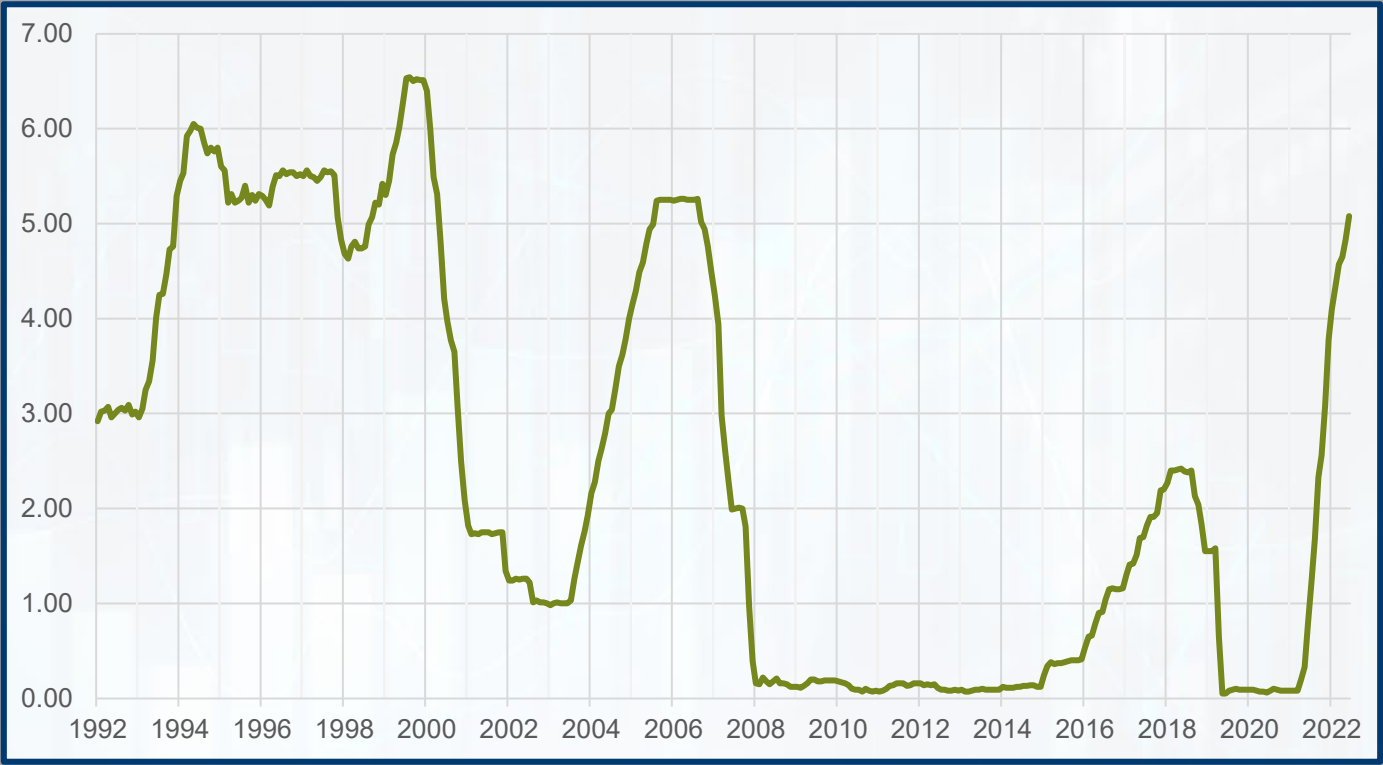


Treasury Rates					
	5/23/23	4/21/23	MoM Δ	5/23/22	YoY Δ
1 Mo.	5.49%	3.31%	2.18%	0.52%	4.97%
2 Mo.	5.29%	4.87%	0.42%	0.86%	4.42%
3 Mo.	5.30%	5.07%	0.23%	1.02%	4.29%
6 Mo.	5.38%	5.04%	0.34%	1.50%	3.88%
1 Yr.	5.12%	4.76%	0.36%	2.07%	3.04%
2 Yr.	4.37%	4.18%	0.18%	2.62%	1.74%
3 Yr.	4.02%	3.89%	0.13%	2.79%	1.23%
5 Yr.	3.79%	3.67%	0.12%	2.87%	0.92%
7 Yr.	3.76%	3.62%	0.14%	2.89%	0.87%
10 Yr.	3.74%	3.57%	0.16%	2.85%	0.88%
20 Yr.	4.12%	3.91%	0.21%	3.25%	0.86%
30 Yr.	3.98%	3.78%	0.21%	3.05%	0.93%

Source: U.S. Department of the Treasury



Federal Funds Effective Rate: 20-Year

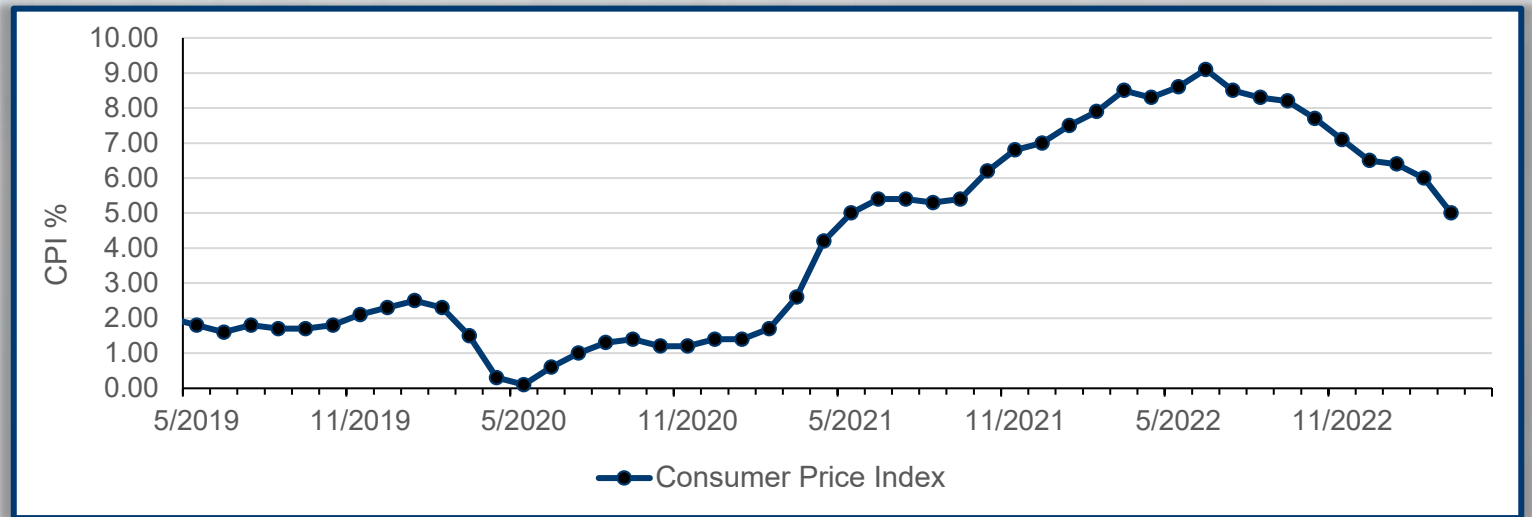
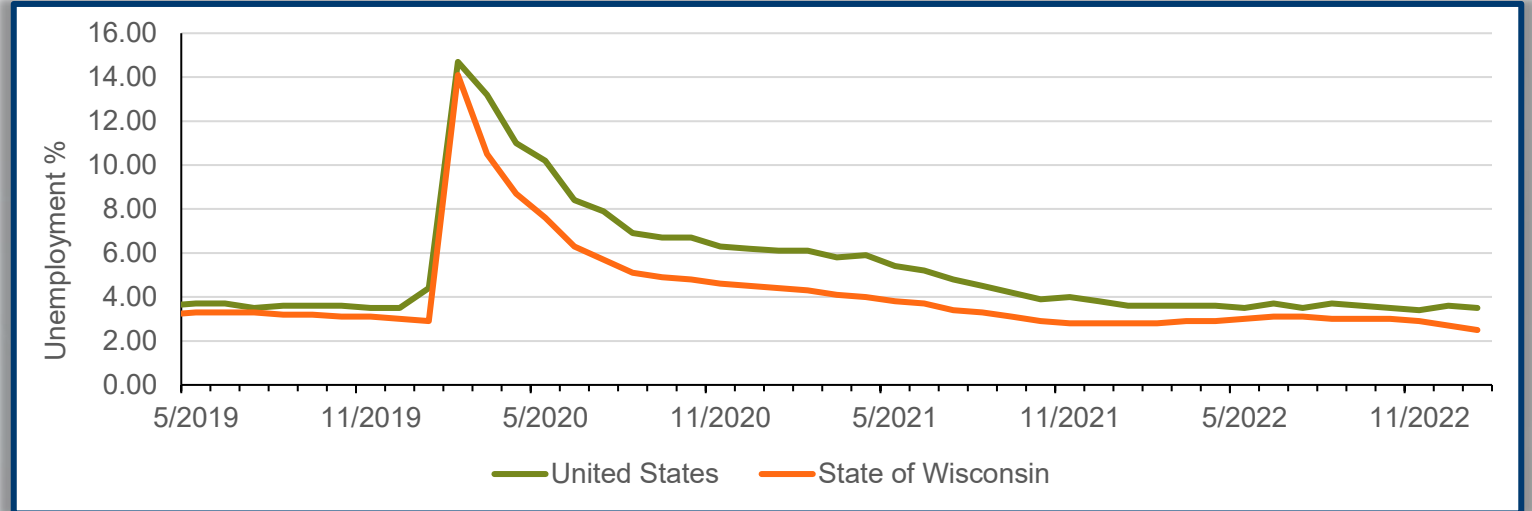


Source: FRED Economic Data



Unemployment & Inflation

	Unemployment		CPI
	United States	State of Wisconsin	United States
2023 April	3.4	2.4	4.9
2023 March	3.5	2.5	5.0
2023 February	3.6	2.7	6.0
2023 January	3.4	2.9	6.4
2022 December	3.5	3.0	6.5
2022 November	3.6	3.0	7.1
2022 October	3.7	3.0	7.7
2022 September	3.5	3.1	8.2
2022 August	3.7	3.1	8.3
2022 July	3.5	3.0	8.5
2022 June	3.6	2.9	9.1
2022 May	3.6	2.9	8.6
2022 April	3.6	2.8	8.3



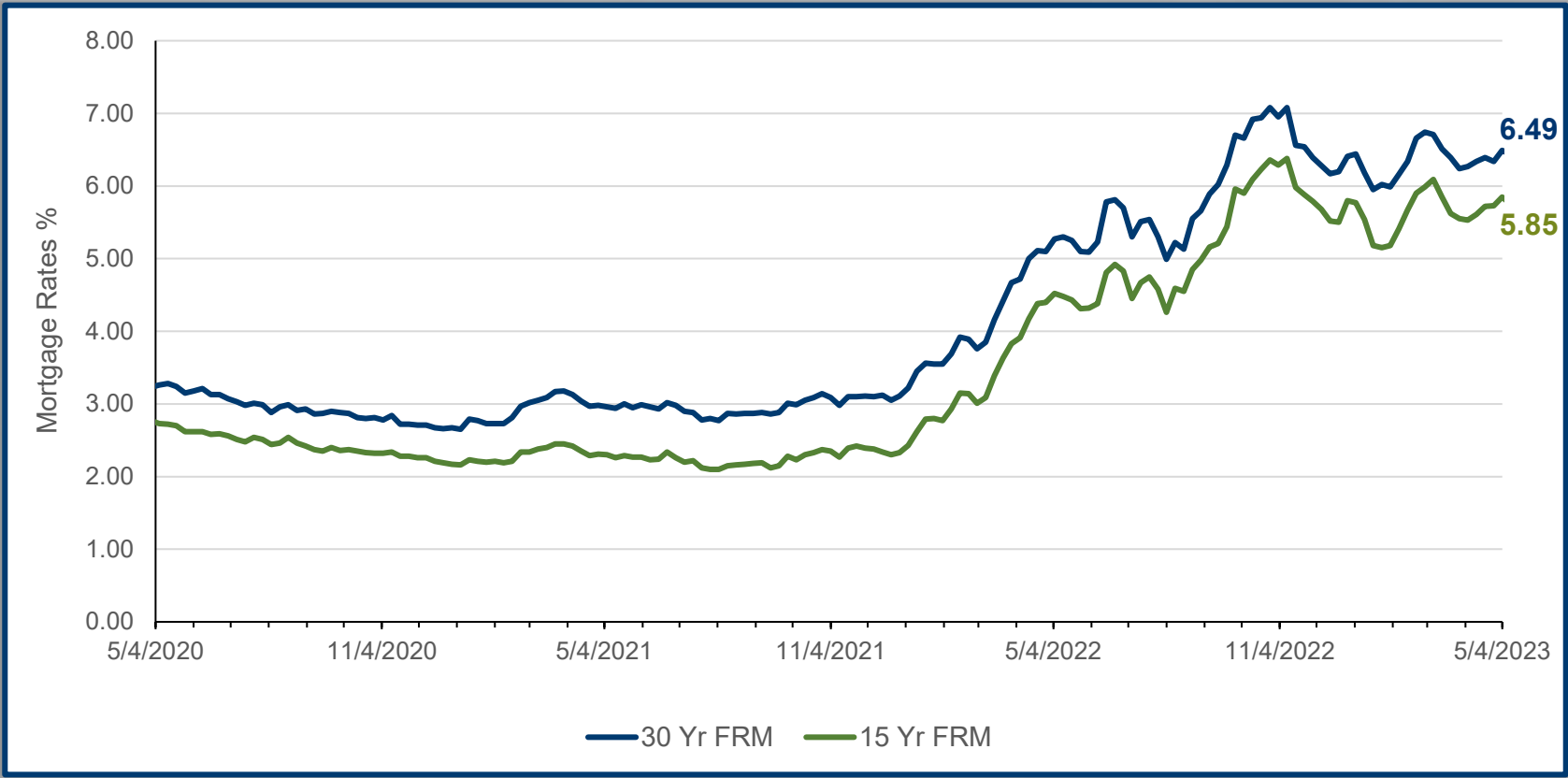
Unemployment Source:
Wisconsin Department of
Workforce Development

CPI Source: U.S. Bureau of
Labor Statistics

All data is seasonally adjusted.



Mortgage Rates



Source: Freddie Mac US Mortgage Market Survey 30-Year Homeowner Commitment National



BVAL Rates: 20-Year



Source: Bloomberg



Investment Rates



Fixed & Liquid Rates

Fixed

	Treasuries			CDs		
	5/23/23	4/21/23	MoM Δ	5/23/23	4/21/23	MoM Δ
1 Mo.	5.49%	3.31%	2.18%	4.75%	4.70%	0.05%
2 Mo.	5.29%	4.87%	0.42%	4.80%	4.75%	0.05%
3 Mo.	5.30%	5.07%	0.23%	5.20%	4.90%	0.30%
6 Mo.	5.39%	5.04%	0.35%	5.25%	5.00%	0.25%
1 Yr.	5.12%	4.76%	0.36%	5.25%	4.90%	0.35%
2 Yr.	4.37%	4.18%	0.18%	5.20%	4.85%	0.35%
3 Yr.	4.02%	3.89%	0.13%	4.90%	4.55%	0.35%

Treasuries Source: Bloomberg
 CD Source: Ehlers' Broker Partner Offerings

Liquid

	April	March	MoM Δ
LGIP Pool	4.80%	4.62%	0.18%
WISC IS	4.84%	4.68%	0.16%
AMMA	4.80%	4.62%	0.18%



Spring Cleaning Policy Review & Updates



Financial Policies Best Practices

- [GFOA Best Practices](#)
 - ✓ Financial Policies Guidebook
- Benefits of Financial Policies
- Develop or Review Your Policies
- Implement Policies
- Monitor & Update (Best Practices)
- Other Resources



Benefits of Financial Policies



Creates road map for management of financial resources



Increases accountability by identifying responsible party



Provides protection for staff & management
(assuming policy was followed)



Focuses on long-term & strategic planning



Mitigates risks to your jurisdiction's fiscal health



Policies vs. Procedures

Policies guide decisions

Statement of principal or goal

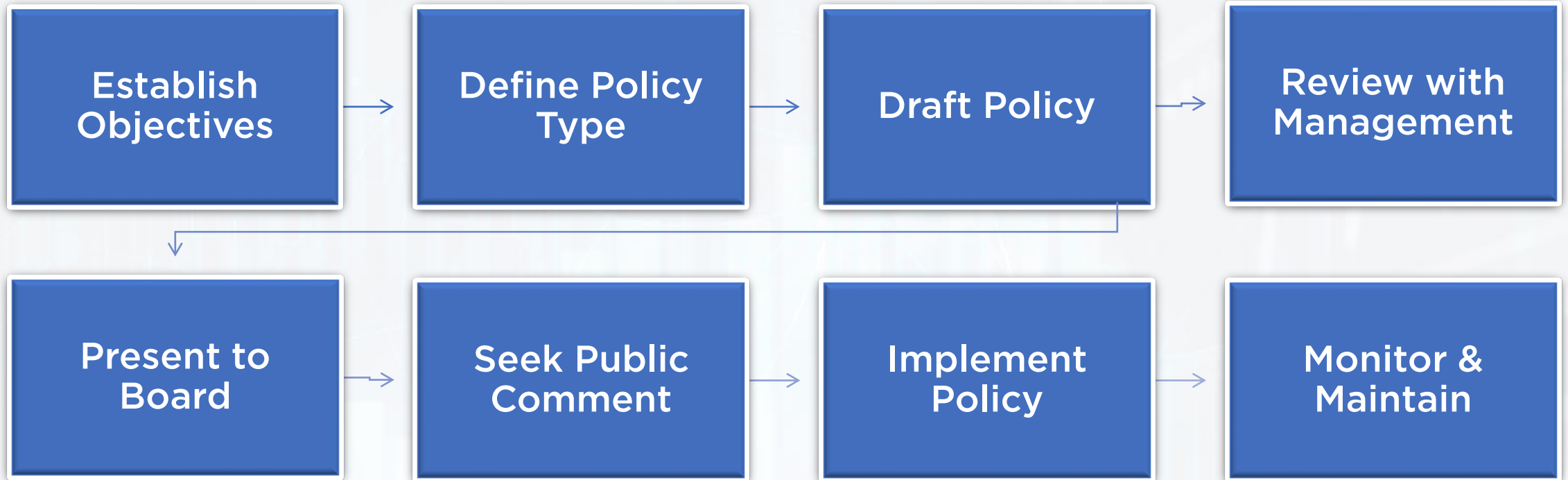
Broad audience: elected officials, staff, public, etc.

Procedures establish process for daily activity

Staff-level directives on how to implement & adhere to policy



Develop Your Policies



Implement Your Policies



**STAFF
AWARENESS AND
UNDERSTANDING**



**RESPONSIBLE
PARTIES
(PROCEDURES)**



TRAINING



**INTERNAL
CONTROLS**



Monitor & Review Policies Regularly

DEFINE RESPONSIBLE PARTY FOR EACH POLICY

IDENTIFY PROCEDURES & TRACKING METRICS

ESTABLISH REVIEW SCHEDULE: *WHOSE DUTY?*



Frequently-Used Policies

Investment & Cash Management

- State statute vs. District limitations

Fund Balance

- General Fund minimum or maximum?

Procurement/Purchasing/Grants

- How frequently are you reviewing auditors or other service providers?

Debt Management & Compliance

- Post Issuance Policies & Procedures, Arbitrage, Disclosures

Board Reporting or Frequency of Review

- Transparency, & shared responsibility



Example: Investment & Cash Management Policy

- When was the last time you reviewed your policy?
 - ✓ State statute (minimum requirement - what could you be missing?)
 - ✓ District specifics
- Are you following policies?
 - ✓ Who is responsible?
 - ✓ How do you track for compliance?
- Depository: what is it?
 - ✓ Annual review for designating depositories (even if not required)
 - ✓ Collateral

Key objectives: Safety, liquidity & yield...in that order



Collateral: *Did you know?*

- Municipal entities *may* be covered at each “in-state” depository institution up to \$500,000
 - ✓ CDs should be kept under \$249,000
 - ✓ Time/Savings accounts are distinct from Demand Deposit accounts
- State Guarantee Fund may cover up to \$400,000
 - ✓ Auditors may note that a municipal entity should not rely upon this fund in the event of bank failure



Collateral: *Did you know?*

- Collateral is not required in Wisconsin, but best practices recommend at least 100% of uninsured balances
 - ✓ Pledged securities as collateral should be liquid or nearly liquid & comply with your investment policy
 - ✓ Letter of Credit from Federal Home Loan Bank is an efficient option to allow for set dates & easy administration



Today's Speaker



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