



Money Talks

WASBO Webinar Series

September 29, 2023

Tami Olszewski

Senior Investment Adviser
Ehlers

Jeff Seeley

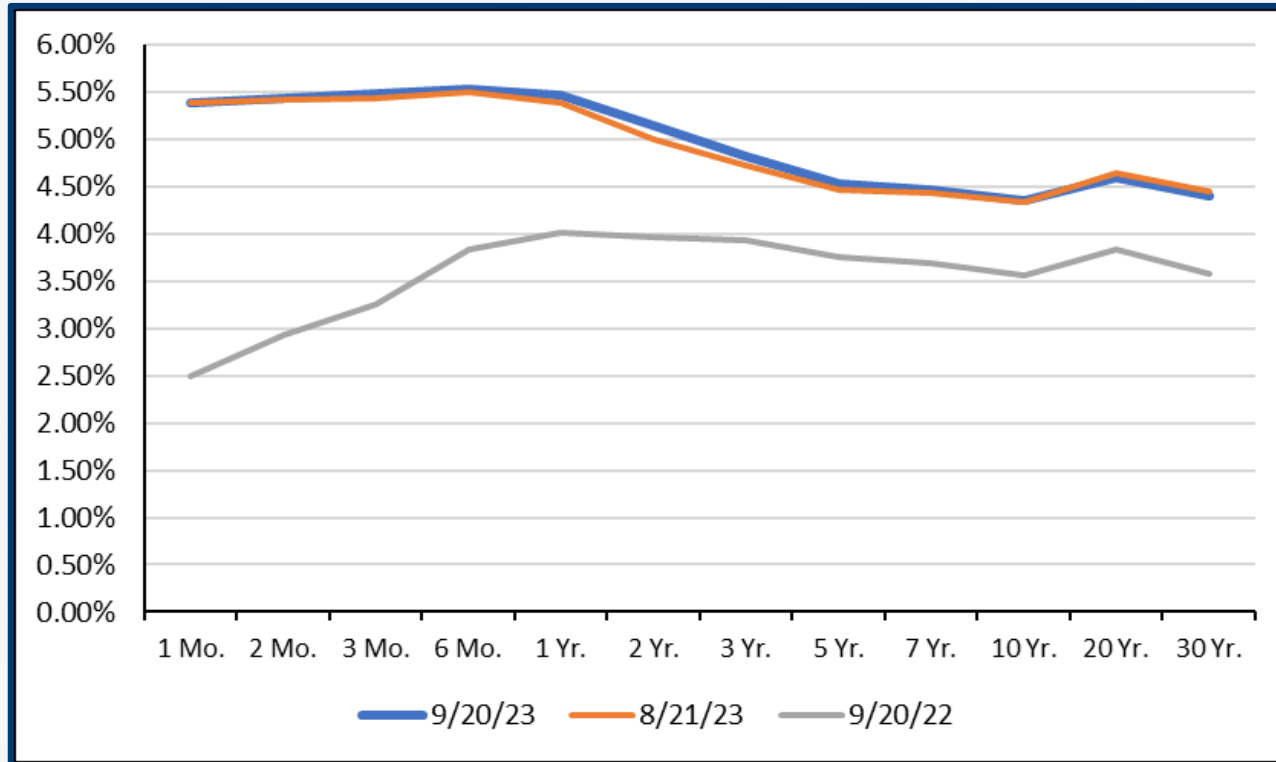
Senior Municipal Advisor
Ehlers



Economic Update



U.S. Treasury Rates

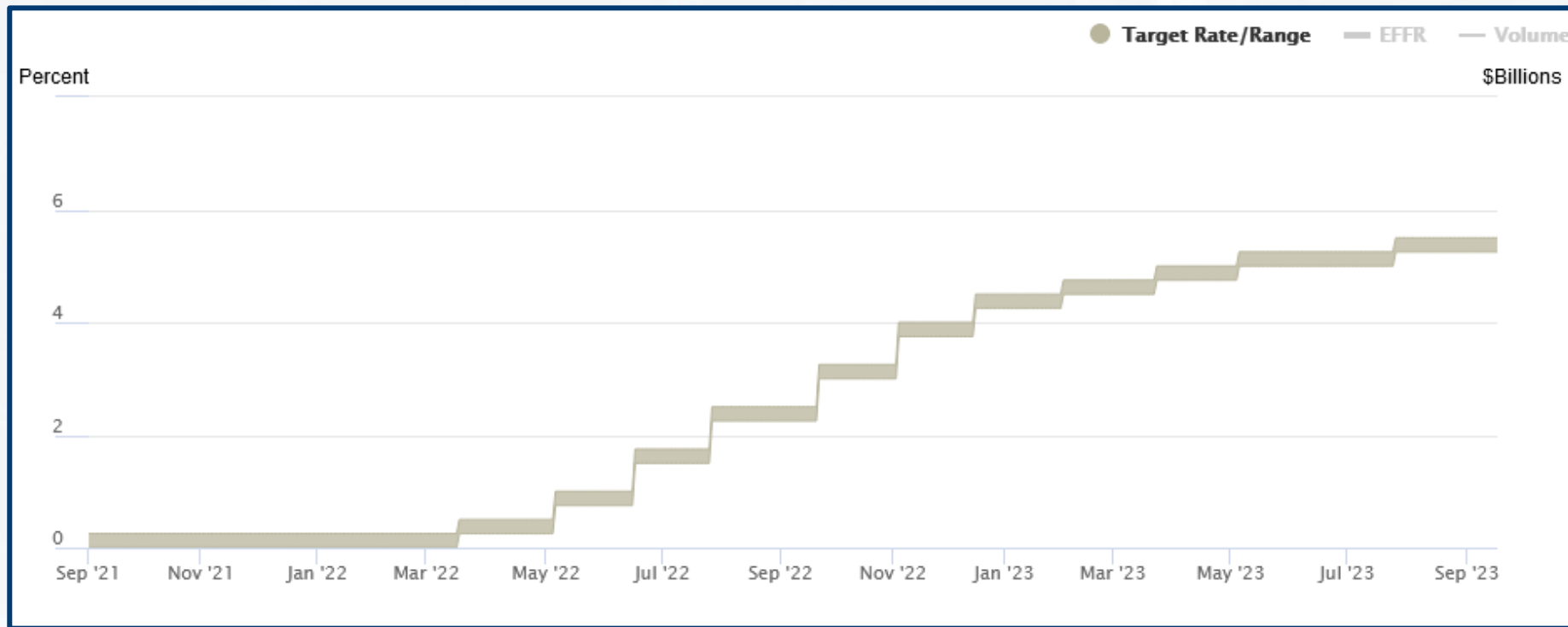


Treasury Rates					
	9/20/23	8/21/23	MoM Δ	9/20/22	YoY Δ
1 Mo.	5.39%	5.39%	0.00%	2.50%	2.89%
2 Mo.	5.43%	5.41%	0.01%	2.93%	2.50%
3 Mo.	5.48%	5.44%	0.04%	3.25%	2.23%
6 Mo.	5.52%	5.50%	0.02%	3.83%	1.69%
1 Yr.	5.47%	5.38%	0.09%	4.02%	1.45%
2 Yr.	5.15%	5.00%	0.14%	3.97%	1.18%
3 Yr.	4.82%	4.72%	0.10%	3.94%	0.88%
5 Yr.	4.53%	4.47%	0.06%	3.75%	0.78%
7 Yr.	4.46%	4.43%	0.03%	3.69%	0.77%
10 Yr.	4.35%	4.34%	0.01%	3.56%	0.78%
20 Yr.	4.59%	4.64%	-0.05%	3.83%	0.76%
30 Yr.	4.39%	4.45%	-0.06%	3.57%	0.82%

Source: U.S. Department of the Treasury



Federal Funds Effective Rate: 2 Year



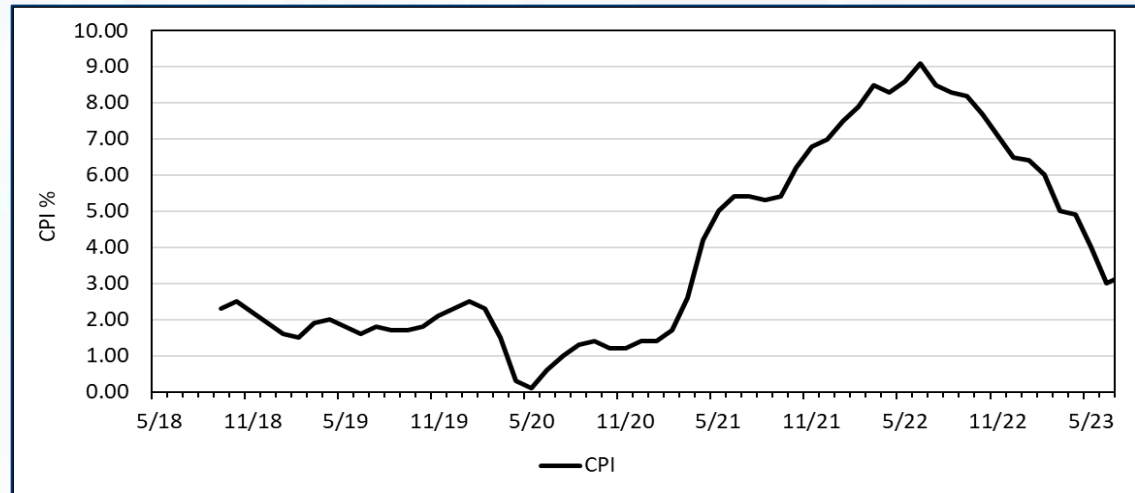
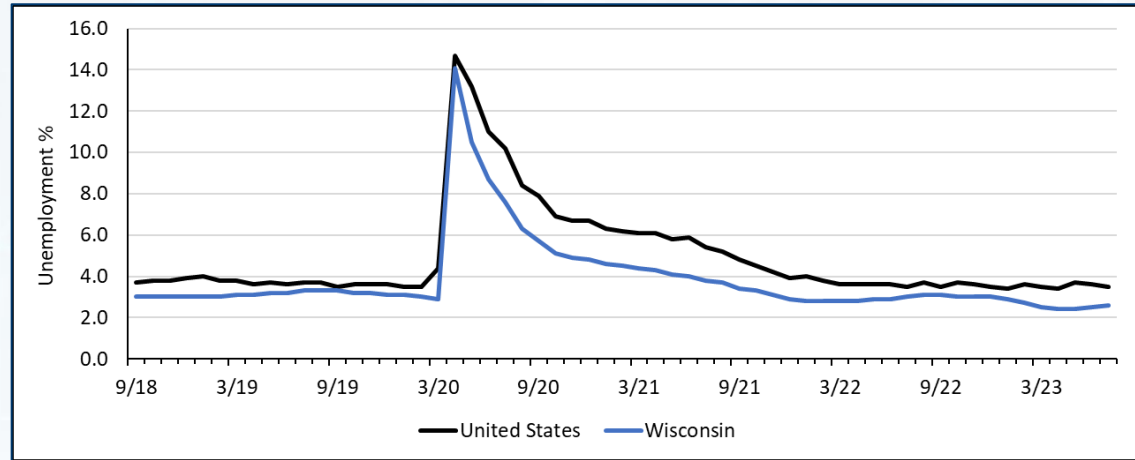
Source: Federal Reserve Bank of New York



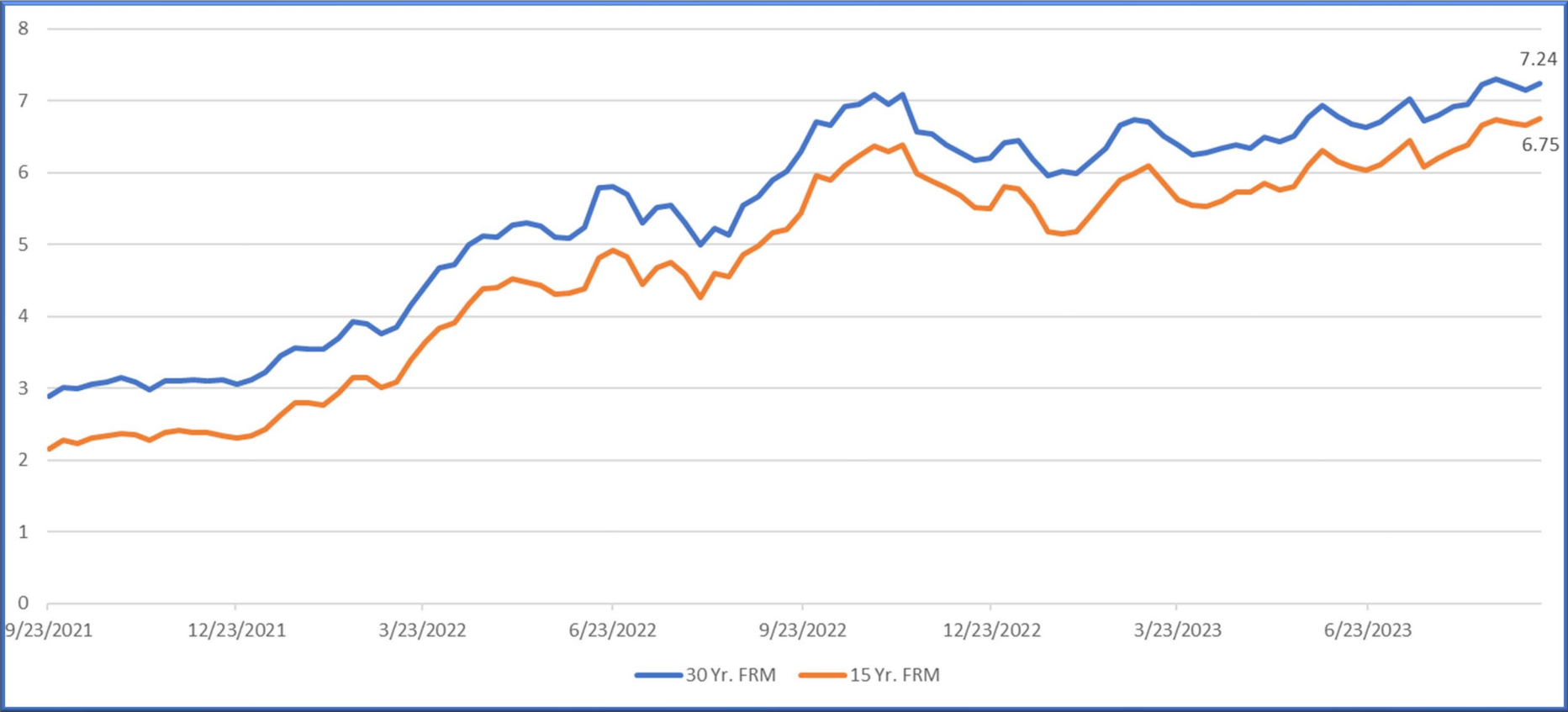
Unemployment & Inflation

	Unemployment		CPI
	State of Wisconsin	United States	United States
2023 July	2.6	3.5	3.2
2023 June	2.4	3.6	3.0
2023 May	2.4	3.7	4.0
2023 April	2.4	3.4	4.9
2023 March	2.5	3.5	5
2023 February	2.7	3.6	6
2023 January	2.9	3.4	6.4
2022 December	3	3.5	6.5
2022 November	3	3.6	7.1
2022 October	3	3.7	7.7
2022 September	3.1	3.5	8.2
2022 August	3.1	3.7	8.3
2022 July	3	3.5	8.5
2022 June	2.9	3.6	9.1
2022 May	2.9	3.6	8.6
2022 April	2.8	3.6	8.3
2022 March	2.8	3.6	8.5
2022 February	2.8	3.8	7.9
2022 January	2.8	4	7.5

Unemployment Data Source: Wisconsin Department of Workforce Development.
 CPI Data Source: U.S. Bureau of Labor Statistics. All Data is seasonally adjusted.



Mortgage Rates



Investment Rates

Fixed Rates						
	Treasury Rates			CDs		
	9/20/2023	8/21/2023	MoM Δ	9/20/2023	8/21/2023	MoM Δ
1 Mo.	5.39%	5.39%	0.00%	5.40%	5.35%	0.05%
2 Mo.	5.43%	5.41%	0.01%	5.40%	5.35%	0.05%
3 Mo.	5.48%	5.44%	0.04%	5.35%	5.15%	0.20%
6 Mo.	5.52%	5.50%	0.02%	5.50%	5.25%	0.25%
1 Yr.	5.47%	5.38%	0.09%	5.50%	5.30%	0.20%
2 Yr.	5.15%	5.00%	0.14%	5.50%	5.30%	0.20%
3 Yr.	4.82%	4.72%	0.10%	5.40%	5.30%	0.10%

Liquid Rates			
	August	July	MoM Δ
LGIP Pool	5.25%	5.16%	0.09%
WISC IS	5.30%	5.27%	0.03%
AMMA	5.15%	5.09%	0.06%



Back to School Timelines & Key Components



Wisconsin School Tax Levy Adoption

Key Dates:
TODAY!

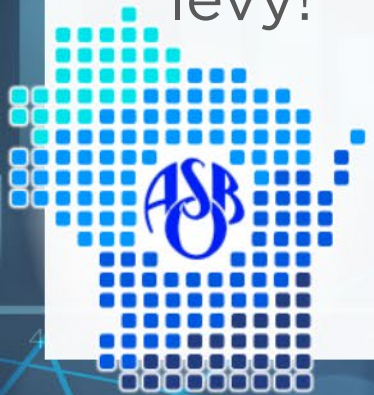


SEPTEMBER 2023						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	X 29	30

Source: <https://dpi.wi.gov/sfs/finances/overview>

Wisconsin School Tax Levy Adoption:

- October 1: Equalized Value
- October 13 (15): Equalized Value Certification
- October 31: Adopt your levy!



OCTOBER 2023						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
X 1	2	3	4	5	6	7
8	9	10	11	12	X 13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	X 31	1	2	3	4

Source: <https://dpi.wi.gov/sfs/finances/overview>

Wisconsin School Tax Levy Adoption:

- November 1: DPI Notice
- November 10: Municipal Clerk Notice

NOVEMBER 2023						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
29	30	31	X 1	2	3	4
5	6	7	8	9	X 10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

Source: <https://docs.legis.wisconsin.gov/statutes/statutes/120/i/12/3/a>



Communication Strategy

- Tips for levy adoption
- Press release **before** board meeting



Tax Impacts

- Mill Rate: Take caution with “no impact”
- Assessed values
- Local collaboration: Sensitivity to tax impact with Equalized Tax Rates of School Districts



Tax Impacts

Base Year

Tax Base	School Levy	Mill Rate	Taxpayers	Property Value	School Tax
\$1,000,000	\$8,000	\$8.00	1	\$200,000	\$1,600
			2	\$200,000	\$1,600
			3	\$200,000	\$1,600
			4	\$200,000	\$1,600
			5	\$200,000	\$1,600

Example 1: Same Levy Amount, 20% Property Value Appreciation

Tax Base	School Levy	Mill Rate	Taxpayers	Property Value	School Tax	Increase
\$1,200,000	\$8,000	\$6.67	1	\$240,000	\$1,600	\$0
			2	\$240,000	\$1,600	\$0
			3	\$240,000	\$1,600	\$0
			4	\$240,000	\$1,600	\$0
			5	\$240,000	\$1,600	\$0

Example 2: Same Mill Rate, 20% Property Value Appreciation

Tax Base	School Levy	Mill Rate	Taxpayers	Property Value	School Tax	Increase
\$1,200,000	\$9,600	\$8.00	1	\$240,000	\$1,920	\$320
			2	\$240,000	\$1,920	\$320
			3	\$240,000	\$1,920	\$320
			4	\$240,000	\$1,920	\$320
			5	\$240,000	\$1,920	\$320



School Levy Tax Credit: The Missing Puzzle Piece

3-Year Average
School Levies
3 Year Average
State SD Levies



SLTC
Funding in
State Budget



Municipality's
Credit

FY 2023 Total Statewide Funding Available = \$940 million

FY 2024 Increased by \$255 million

FY 2025 Increased by \$335 million



Short Term (Cash Flow) Borrowing

Tax and Revenue Anticipation Notes (TRANS)

- Must mature by November 1 annually
- Must close after annual meeting
- Can be tax-exempt
- Accrue interest from issuance to maturity on full amount
- Generates greater amount of investment earnings since it is outstanding for full term
- Must pay off prior year's TRANS before issuing new ones
- Federal limit of largest monthly deficit PLUS 5% of prior year operating expenditures (Funds 10, 27, 50, 80)

Line of Credit (LOC)

- Must mature by November 1 annually
- Must close after annual meeting
- Taxable
- Accrues interest on outstanding balance only, not on full LOC authority
- Generates lesser amount of investment earnings because full amount is not available to invest for entire term
- State limit of 50% of budgeted receipts
- Cannot draw on LOC after June 30, but can carry an outstanding balance until November 1



Beyond October

- Re-examining the big picture of school funding in WI
- Low revenue ceiling penalty
- *Total* debt service vs. face value



Today's Speakers



Tami Olszewski
Senior Investment Adviser
262-796-6189
tolszewski@ehlers-inc.com



Jeff Seeley
Senior Municipal Advisor
651-697-8585
jseeley@ehlers-inc.com

