

3rd QUARTER 2022 FINANCIAL HIGHLIGHTS

Total Investment Portfolio as of September 30, 2022	Actual	Benchmark ¹	Budget ²
Realized Year to Date Interest Income Net of Fees	\$ 1,219,096	\$ 1,323,595	\$ 421,256
Current Holdings - Yield to Maturity at Cost	1.94%	2.42%	n/a
3rd Quarter Average Return at Cost Annualized	1.52%	2.03%	0.29%
Year to Date Rate of Return at Cost Annualized	0.89%	0.97%	0.31%
Rolling 1 Year Average Return at Cost	0.77%	0.70%	0.32%
Average Weighted Duration in Years	.89	n/a	n/a
2022 Fixed Income Purchases To Date:			
Average Weighted Duration: 1.34 Years	Weighted Yield to Maturity: 2.54%		

¹ The County has selected the Local Government Investment Pool (LGIP) rate as the achievement benchmark.

² The budget rates of return are calculated based on budgeted amounts and the actual average daily balance.

- *Budget Compliance:* Walworth County's total investment portfolio has exceeded year to date budget expectations by \$797,840 net of fees. The non-departmental portion of the portfolio, which excludes interest allocated to reserves and donations based on the LGIP rate, has exceeded year to date budget expectations by \$451,542.
- *Unrealized Gains/Losses:* The County's unrealized loss as of September 30, 2022 is \$3,748,335. In October the County increased its reserves to \$3.4 million in its investment market adjustment fund balance account in the event a yearend loss is incurred.
- *Budget Action Required:* Finance will be monitoring the unrealized losses that could happen if interest rates continue to rise as expected throughout 2022. Increases in realized interest, \$0.3 million, help offset unrealized losses, \$3.7 million, for a net unbudgeted loss of \$3.4 million as of September 30th. No action is required at this time. An administrative entry will be completed at year end.
- *Restricted ARPA (American Rescue Plan Act) investments not included in investment portfolio above:* \$8 million of 6 month US Treasury Bills, average yield to maturity of 1.95%.

MARKET PERSPECTIVE

- The U.S. Federal Reserve (FED) increased rates by 0.75% on July 28, 2022 and 0.75% on September 22, 2022, increasing the target interest rate range to 3.00% - 3.25%. The Federal Reserve Board anticipates ongoing increases to the target interest rate range at future meetings.
- Since peaking at 2.49% on 04/30/2019, LGIP declined to a low of 0.04% on 6/30/2021 during the pandemic, and has risen with interest rates to 2.42% as of 9/30/2022.
- U.S. Treasury interest rate for the five year term, the longest we may invest, is 4.06% as of 9/30/2022, after hitting a low during the pandemic of 0.19%. Over the last five years, between 9/30/2017 and 9/30/2022, the five year U.S. Treasury yield has averaged 1.73%, with a low of 0.19% and a high of 4.21%.

TOTAL INVESTMENT PORTFOLIO EXECUTIVE SUMMARY

- *Definition:* 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 OPEB Trust is reviewed separately from our operating investment portfolio, as this portfolio is invested with a different investment philosophy due to its long term nature.
- *Philosophy:* Walworth County's investment portfolio is maintained with prudent investment principles to enable the County to soundly meet its financial obligations. The key objectives are to provide safety of principal, to ensure liquidity to meet operating requirements, to generate a market rate of return ("yield"), and to manage the portfolio within applicable laws. 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.

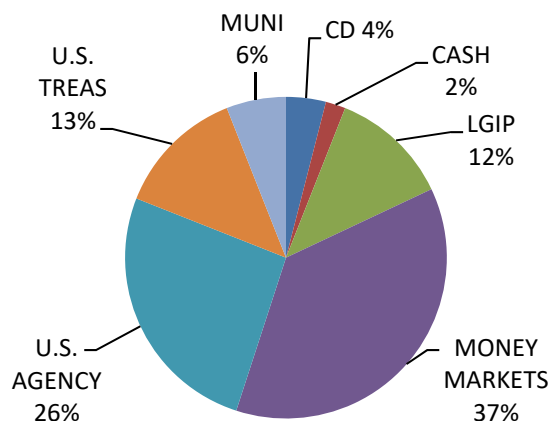
REQUIREMENTS AND COMPLIANCE

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.

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 \$34,035,500.	Current investment holdings comply
Financial Institutions Limits	Investments held at any one institution shall be limited to 50% of the core portfolio, currently \$34,035,500.	All institutions comply
Municipal Debt Limits	Debt investments held for any one governing district/municipality 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.	\$ 59.7 million or 34%
Reinvestment Risk	Callable securities shall not exceed 50% of securities held.	\$ 20.5 million or 26%
Market Risk:		
Maturity Restrictions	Investments greater than 3 months and less than 1 year shall not exceed 95% of the total portfolio.	\$ 22.3 million or 13%
	Investments greater than 1 year and less than 5 years shall not exceed 100% of the core portfolio, currently \$68,071,000.	\$ 54.9 million or 81%

INVESTMENT CATEGORY	MAXIMUM MATURITY	AUTHORIZED LIMIT	ACTUAL PORTFOLIO
Certificates of Deposit	3 years	50%	4%
Operating Cash	N/A	N/A	2%
LGIP	N/A	75%	12%
Money Markets	N/A	95%	37%
U.S. Agency Securities	5 years	75%	26%
U.S. Treasury Securities	5 years	75%	13%
Municipal Debt	5 years	25%	6%

INVESTMENT TYPE	MARKET VALUE (in thousands)
Certificates of Deposit	\$ 6,793
Cash - Depository Bank	3,608
LGIP	21,147
Money Markets	63,551
Portfolio Money Market	18
U.S. Agency Securities	45,310
U.S. Treasury Securities	23,546
Municipal Debt	9,781
Total	\$ 173,754



WALWORTH COUNTY INVESTMENT PORTFOLIO
VALUATION AT COST
As of 09/30/2022

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	Operating Bank Money Market	Associated Bank Money Market	Huntington Portfolio	Operating Bank Checking/ Sweep	Total Investments
2021 4th Quarter	0.02%	0.07%	0.48%	0.00%	0.03%	0.21%	-0.04%	0.12%
2022 1st Quarter	0.03%	0.07%	0.45%	0.01%	0.02%	0.20%	-0.03%	0.11%
2nd Quarter	0.15%	0.12%	0.46%	0.13%	0.10%	0.21%	-0.06%	0.16%
3rd Quarter	0.50%	0.51%	0.47%	0.47%	0.52%	0.22%	-0.02%	0.38%

One Year Ending

2021 4th Quarter	0.06%	0.29%	2.03%	0.00%	0.11%	0.97%	-0.12%	0.49%
2022 1st Quarter	0.07%	0.28%	1.93%	0.01%	0.10%	0.88%	-0.14%	0.45%
2nd Quarter	0.21%	0.33%	1.90%	0.14%	0.18%	0.85%	-0.18%	0.49%
3rd Quarter	0.70%	0.77%	1.86%	0.61%	0.67%	0.84%	-0.15%	0.77%

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

Time Period	Local Gov Investment Pool	Advia CU Money Market	CD	Operating Bank Money Market	Associated Bank Money Market	Huntington Portfolio	Operating Bank Checking/ Sweep	Total Investments
2021 4th Quarter	5,150	17,419	43,697	35	8,489	107,370	(1,440)	180,720
2022 1st Quarter	10,361	18,694	30,561	67	8,306	119,768	(932)	186,826
2nd Quarter	63,712	33,522	29,655	1,315	33,330	137,739	(2,110)	297,162
3rd Quarter	210,714	144,190	31,794	4,739	175,043	169,796	(1,168)	735,108

One Year Ending

2021 4th Quarter	32,426	66,402	263,552	110	24,814	416,728	(5,365)	798,668
2022 1st Quarter	31,733	67,220	209,533	153	30,913	419,973	(5,569)	753,955
2nd Quarter	87,694	85,211	170,624	1,442	58,612	458,001	(6,727)	854,858
3rd Quarter	289,937	213,825	135,706	6,156	225,168	534,673	(5,649)	1,399,816

Average Daily Balance

Time Period	Local Gov Investment Pool	Advia CU Money Market	CD	Operating Bank Money Market	Associated Bank Money Market	Huntington Portfolio	Operating Bank Checking/ Sweep	Total Investments
2021 4th Quarter	32,480,331	24,798,300	9,059,190	1,000,000	33,680,454	52,002,436	3,299,843	156,320,554
2022 1st Quarter	35,775,205	27,825,551	6,729,438	1,000,000	33,688,879	60,418,141	4,639,464	170,076,678
2nd Quarter	42,414,065	28,480,269	6,447,328	1,000,000	33,697,494	65,672,946	3,327,704	181,039,806
3rd Quarter	42,033,328	28,545,319	6,775,872	1,000,000	33,773,394	77,422,344	6,171,730	195,721,987

One Year Ending

2021 4th Quarter	57,802,240	22,660,583	12,864,653	1,000,000	24,295,235	43,454,294	4,683,018	166,760,023
2022 1st Quarter	51,207,298	23,802,103	10,706,369	1,000,000	30,749,609	48,464,066	4,511,560	170,441,005
2nd Quarter	45,187,563	25,639,848	8,853,652	1,000,000	33,684,640	54,675,917	4,031,464	173,073,084
3rd Quarter	38,177,274	27,407,170	7,258,033	1,000,000	33,710,156	63,893,015	4,356,915	175,802,563

Comparison to Benchmark:

Description	LGIP	Portfolio
Rate of Return - Quarterly	0.50%	0.38%
Rate of Return - Annualized	0.70%	0.77%