

**VILLAGE OF DOWNERS GROVE**  
**REPORT FOR THE VILLAGE COUNCIL WORKSHOP**  
**JANUARY 9, 2007 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Cash Management and Investment Policy	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">✓</div> <div> Resolution  Ordinance  Motion  Discussion Only </div> </div>	Judy Buttny Acting Finance Director

**SYNOPSIS**

A resolution has been prepared to approve an amendment to the Council established *Cash Management and Investment Policy* to update investment parameters. A second resolution has been prepared to update designated signatories for investments.

**STRATEGIC PLAN ALIGNMENT**

The Five Year plan and Goals for 2006-2011 identified *Fiscally Responsible*. A supporting objective of this goal is *Planning for a Financially Sustainable Village Government*.

**FISCAL IMPACT**

N/A

**RECOMMENDATION**

Approve resolutions on the January 16, 2007 consent agenda.

**BACKGROUND**

The current Cash Management and Investment Policy approved by the Village Council became effective August 23, 1999, a copy, with proposed changes, is attached. An amendment is recommended to §5.1 that will correct an inconsistency in the text of the section. Another amended is recommended to §6.1 which pertains to diversification. The existing policy establishes that deposits in any one public investment pool shall not exceed 50% of the Village's investment portfolio. It is recommended that the policy be amended to allow for daily balances to exceed the 50% cap by no more than 3%. The purpose of this amendment is to accommodate the practice of having all non-locally administered taxes directly deposited into the Illinois Funds. The Illinois Funds is an investment pool which is open to government entities and has daily liquidity. Direct tax deposits on a given day can result in a large inflow into that account. Since the Village also uses this fund as its "first choice" to pull funds from for cash management, there are also significant outflows. This volatility results in large daily fluctuations in the account. The result can be a temporary balance in excess of the 50% of the Village's total investment portfolio. The proposed amended will allow staff a greater degree of flexibility to monitor the balance to ensure that no audit management letter comment would be generated as a result of this deviation.

The primary objectives of the Policy for Village investment activities, in order of priority, are:

1. Legality;
2. Safety;
3. Liquidity; and
4. Yield

The Policy authorizes the Village to invest in a restricted selection of the State authorized investments. Village funds on deposit in excess of FDIC limits must be secured by collateral or separate insurance,

witnessed by a written agreement and held by an independent third-party institution in the name of the Village of Downers Grove. The Policy designates diversification limits. Unless matched to a specific cash outflow, the Village will not directly invest in securities maturing more than three years from the date of purchase.

PMA Financial Network, Inc. (PMA) has been the Village's investment advisor since 1990. They charge the Village:

- 15 basis points<sup>1</sup> on government securities
- 25 basis points on the Village's FDIC insured Certificates of Deposit (CDs)
- 35 to 55 basis points (with an average of 40 basis points) on insured CDs.

For this fee they handle the wiring of funds, collateralization, monitoring credit quality of the banks, and all necessary paperwork. The average yield on this portfolio is 5.174% for the Village-wide investments and 5.261% for health fund investments in the current year.

The Village operating cash account is at US Bank. This interest earning account is used for such activities as payroll, payables, water receipts, fines, permits, and Village collected taxes. The current yield on these funds is 2.96%.

The Village additionally invests cash with the Illinois Funds Money Market Fund (Illinois Funds). This fund is a government investment pool, with current yields at 5.2% which has daily liquidity. The average yield for this calendar year was 4.8%. All of the non-locally administered tax revenues, such as property, sales and telecommunications taxes, are deposited directly into this account.

To cover our daily cash flow needs, staff continuously monitors the cash balances. Cash receipts are also reviewed, and when needed funds are transferred from Illinois Funds to cover payroll and accounts payable. When an investment matures, cash flow needs are evaluated to see if it is appropriate to reinvest the funds, keep the cash for our current cash flow needs, or a combination of both. PMA is used to execute the investment. In addition to complying with the objectives of the Policy, the portfolio is "laddered" to insure that we have monies available every month to meet our cash flow needs.

## **ATTACHMENTS**

Resolution Amending Village Cash Management and Investment Policy

Resolution Designating Signatories for Investment Purposes

PMA Statement of Current Investment Portfolio

Cash and Investment Balances

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<sup>1</sup> The term 15 Basis Points = .15% or .0015

For a one year \$1,000,000 investment = \$1,500

For a six month \$1,000,000 investment = \$750



## Village of Downers Grove

### Official Village Policy Approved by Village Council

Description:	<b>Cash Management and Investment Policy</b>	
Res. or Ord. #:	<b>Res. 99-62</b>	Effective Date: <b>8/23/99/0916/07</b>
Category:	<b>Financial Services</b>	
	<input type="checkbox"/> New Council Policy	
	<input checked="" type="checkbox"/> Amends Previous Policy Dated: <b>5/8/95, 8/23/99</b>	
	Description of Previous Policy (if different from above):  	

#### RESOLUTION NO. 99-62

#### **A RESOLUTION AMENDING VILLAGE COUNCIL CASH MANAGEMENT AND INVESTMENT POLICY**

WHEREAS, the Village Council has previously accrued a cash management and investment policy, most recently set forth in Resolution 99-62 adopted 8/23/99 and previously in Resolution 95-19 adopted May 8, 1995; and

WHEREAS, the Village Council has recently reviewed this policy and desires to make certain changes thereto.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Downers Grove as follows:

SECTION 1. That the Cash Management and Investment Policy adopted pursuant to Resolution 99-625-19 be and is hereby repealed and replaced as provided herein.

SECTION 2. That the Village Council hereby adopts the Village of Downers Grove Investment Policy dated January 169, 2007August 1, 1999, attached hereto as Exhibit 1.

SECTION 3. That all resolutions or parts of resolutions in conflict with the provision of this resolution are hereby repealed.

SECTION 4. That this resolution shall be in full force and effect from and after its passage as provided by law.

Brian J. Krajewski, Mayor

Passed: January 916, 2007August 23, 1999  
Published: January 916, 2007August 24, 1999  
Attest: April HoldenLinda Brown, Deputy Village Clerk

**Village of Downers Grove  
Investment Policy  
as of ~~08/01/99~~01/09~~16/07~~**

**1.0 POLICY AND SCOPE**

**1.1 Introduction.**

The intent of this Investment Policy is to outline a plan for ensuring prudent investments of the Village of Downers Grove (Village) funds and maximizing the efficiency of the Village's cash management procedures. The goal is to invest public funds in a manner that will provide the maximum security and the highest investment return while meeting both the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds.

All participants in the Village's investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall investment program shall be designed and managed with a degree of professionalism that is worthy of public trust.

The outline of this Policy is as follows:

- 1.0 Policy Introduction and Scope
- 2.0 General Objectives
- 3.0 Standards of Care
- 4.0 Safekeeping and Custody
- 5.0 Suitable and Authorized Investments
- 6.0 Investment Parameters
- 7.0 Reporting
- 8.0 Policy Considerations

**1.2 Scope.**

This Policy applies to all financial assets of The Village of Downers Grove under the direct management by the Village Senior Director of Finance and Administrative Services, including those of the Downers Grove Library, with the following exceptions:

- The policy for the Village of Downers Grove Police Pension Fund, and The Village of Downers Grove Fire Pension Fund will be determined by the appropriate Boards of Administration and not covered by this Policy.
- Funds set aside to decrease Village debt in conjunction with an advance refunding agreement will be invested in accordance with appropriate bond documents and not necessarily in compliance with this Policy.
- Should bond covenants be more restrictive than this Policy, funds will be invested in full compliance with those restrictions.
- The financial assets covered by this Policy are accounted for in the Village's annual Comprehensive Annual Financial Report and include:

**1.3 Funds**

- 1.3.1 General Fund**
- 1.3.2 Special Revenue Funds**
- 1.3.3 Capital Project Funds**
- 1.3.4 Enterprise Funds**
- 1.3.5 Trust and Agency Funds**
- 1.3.6 Any new fund created by the Village Board, unless specifically exempted above.)**

**2.0 GENERAL OBJECTIVES**

The primary objectives of Village investment activities, in order of priority, shall be legality, safety, liquidity and yield.

**2.1 Legality.**

The Village's investment activities will be in compliance with all statutes governing the investment of public funds and will conform to federal, state and other legal requirements.

## **2.2 Safety.**

Safety refers to the preservation of capital and protection of investment principal. The protection of investment principal is the foremost objective of the investment program. Village investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio by mitigating credit risk and interest rate risk.

### **2.2.1 Credit Risk.**

Credit risk is the risk of loss due to the failure of the security issuer or backer.

*The objective* will be to minimize credit risk by:

- Limiting investments to the safest type of securities,
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Village will do business, and
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized. Diversification reduces the risk that potential losses on individual securities might exceed the income generated from other investments.

### **2.2.2 Interest Rate Risk.**

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates.

*The objective* will be to minimize interest rate risk by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
- Investing operating funds primarily in shorter-term securities.

## **2.3 Liquidity.**

Liquidity is the availability of sufficient funds to meet operating requirements.

*The objective* will be for the investment portfolio to remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. The Village will maintain sufficient liquidity by:

- Structuring the portfolio so that securities mature concurrent with the cash needs to meet anticipated demands (static liquidity), and
- Since all possible cash demands cannot be anticipated, the Village portfolio will consist largely of securities with active secondary or resale markets (dynamic liquidity), and
- Utilizing qualifying money market mutual funds or local government investment pools which offer same-day liquidity for short-term investment.

## **2.4 Yield**

Yield is the return on investments. Return on investment is of secondary importance compared to the legality, safety and liquidity objectives described above.

*The objective* will be to attain a market rate of return over the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs of the Village. The Village will accomplish this objective by:

- Limiting the core of investments to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed,
- Holding securities to maturing with the following exceptions:
  - 1) a declining credit security could be sold early to minimize loss of principal; or
  - 2) a security swap would improve the quality yield, or target duration in the portfolio; or
  - 3) liquidity needs of the portfolio require that the security be sold.

## **3.0 STANDARDS OF CARE**

### **3.1 Prudence**

Village investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

### **3.1.1 Prudent person standard**

The standard of prudence to be used by investment officials for The Village of Downers Grove shall be the “**prudent person**” standard and shall be applied in the context of managing an overall portfolio. Senior Director of Finance and Administrative Services/Treasurers acting in accordance with written procedures, this investment policy, and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

## **3.2 Ethics and Conflicts of Interest**

The Village of Downers Grove shall avoid conflicts of interest by:

- Requiring that both officers and employees, who are involved with the Village investment process, disclose:
  - 1) any material interests in financial institutions with which The Village of Downers Grove conducts business, and
  - 2) Any personal financial/investment positions that could be related to the performance of the investment portfolio.
- Establishing that both officers and employees involved in the Village investment process shall refrain from personal business activity that could conflict with the proper execution and management of the Village’s investment program, or that could impair their ability to make impartial decisions, and

## **3.3 Delegation of Authority.**

The operation of the Village investment program is the responsibility of the Senior Director of Finance and Administrative Services/Treasurer who shall establish written procedures for the operation of the Village investment program consistent with this investment policy.

### **3.3.1 Written Investment Procedures.**

- The written procedures shall include references to:
  - Safekeeping,
  - Delivery vs. Payment
  - Investment accounting
  - Repurchase agreements
  - Wire transfer agreements
  - Collateral/depository agreements, and
  - Banking service contracts
- A definition of Credit Worthiness, (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operations) for qualified bidders for investment transactions with the Village.

The procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the established written investment procedures. The Senior Director of Finance and Administrative Services/Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. The written procedures may be amended from time to time in a manner not inconsistent with this Policy or with state statutes.

## **4.0 SAFEKEEPING AND CUSTODY**

### **4.1 Authorized Financial Dealers and Institutions**

#### **4.1.1 Qualifications of other Financial Institutions and security brokers/dealers.**

The Senior Director of Finance and Administrative Services/Treasurer will maintain a list of qualified and approved financial institutions authorized to provide investment services., who maintain an office in

the State of Illinois. No public deposit shall be made except to a qualified public depository as established by Illinois State Statutes.

The list of approved security brokers/dealers may include “primary” dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (Uniform Net Capital Rule). Furthermore, employees of any firm or financial institution offering securities or investments to the Village are expected to be trained in the precautions appropriate to public-sector investments and are expected to familiarize themselves with the Village's investment objectives, policies, and constraints. These firms and financial institutions are expected to make reasonable efforts to preclude imprudent transactions involving Village funds.

All financial institutions and broker/dealers who desire to perform investment services for the Village must supply the Senior Director of Finance and Administrative Services/Treasurer with the following:

- Most recent audited financial statements
- Proof of National Association of Security Dealers (NASD) certification
- Proof of state registration
- Certification of having read, understood and agreeing to comply with the Village’s investment policy
- Depository contracts, as appropriate.

#### **4.1.2 Maintenance of Authorized Status**

The Senior Director of Finance and Administrative Services/Treasurer will conduct an annual review of financial condition and registration of qualified financial institutions and broker/dealers.

### **4.2 Internal Controls**

The Senior Director of Finance and Administrative Services/Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of The Village of Downers Grove are protected from loss, theft or misuse.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits require estimates and judgements by management.

The internal controls shall address the following points:

- Clear delegation of authority to subordinate staff members
- Custodial safekeeping
- Written confirmation of transactions for investments and wire transfers
- Development of a procedure for making wire transfers

### **4.3 Delivery vs. Payment (DVP)**

Delivery vs. Payment is the delivery of securities with an exchange of money, not just a sign receipt, for the securities. All security transactions, including collateral for repurchase agreements, entered into by The Village of Downers Grove shall be conducted on a delivery vs. payment basis to ensure that securities are deposited in an eligible financial institution prior to the release of funds. The securities will be held by a third-party custodian and will be evidenced by safekeeping receipts.

## **5.0 SUITABLE AND AUTHORIZED INVESTMENTS**

### **5.1 Investment types**

The Village of Downers Grove is empowered to invest in certain types of securities as detailed in State Statute 30 ILCS 235/2. This Policy authorizes the Village to invest in the following investment types; a restricted selection of the State authorized investments.

- **Obligations ~~guaranteed by the full faith and credit~~ of the United States of America, as indicated below:-**

Bonds, notes, certificates of indebtedness, treasury bills, treasury strips or other securities, including obligations of the Governmental National Mortgage Association, which are guaranteed by the full faith and credit of the Government of the United State of America as to principal and interest, or other similar obligations of the United States of America or its agencies and which have a liquid market with a readily determinable market value;

- **Direct obligations of institutions defined in Illinois Banking Act and insured by the Federal Deposit Insurance Corporation (FDIC).**

Interest bearing savings accounts, interest bearing certificates of deposit or interest bearing time deposits or any other investment constituting direct obligations of any institution as defined by the Illinois Banking Act and is insured by the FDIC.

- **Commercial Paper.**

Short-term obligations of corporations (commercial paper) organized in the United States with assets exceeding \$500 million and rated at the time of purchase at the highest classification established by at least two standard rating services. These must mature within 180 days from the date of purchase. Such purchases may not exceed 10% of the corporation's outstanding obligations and no more than 25% of the Village's funds may be invested in commercial paper.

- **Savings and Loan Institution obligations**

Short-term discount obligations of the Federal National Mortgage Association or in shares or other forms of securities legally offered by saving and loan associations incorporated under the laws of this state or any other state or under the laws of the United States. Investments may be made only in those savings and loan associations of which the shared, or investment certificates are insured by the FDIC.

- **Local government investment pools**

Local government investment pools, either administered by the State of Illinois or through joint powers statutes and other intergovernmental agreement legislation.

## **5.2 Collateralization**

It is the policy of The Village of Downers Grove, and in accordance with State Statute and GFOA

Recommended Practices on the Collateralization of Public Deposits, that Village funds on deposit in excess of FDIC limits be secured by some form of collateral or separate insurance, witnessed by a written agreement and held by an independent third-party institution in the name of the Village of Downers Grove. The Village can accept any of the following assets as collateral:

- Government Securities
- Obligations of Federal Agencies
- Obligations of Federal Instrumentalities
- Obligations of the State of Illinois
- Separate Insurance through a Triple A rated provider.

The Village reserves the right to accept or reject any form of the above named securities.

The Village also requires that all depositories that hold Village deposits in excess of the FDIC limits must agree to utilize the Village's Collateralization Agreement.

The amount of collateral provided will not be less than 110% of the fair market value of the net amount of public funds secured. The ratio of the fair market value of collateral to the amount of funds secured will be reviewed monthly, and additional collateral will be required when the ratio declines below the level required and collateral will be released if the fair market value exceeds the required level.

Pledged collateral will be held in safekeeping, by an independent third-party depositor, or the Federal Reserve Bank of Chicago, designated by the Village and evidence by a safekeeping agreement. The bank will provide the Village a copy of the Board minutes that approved the collateralization. Each time collateral is changed, it must be approved by the Village. The change must be recorded in the Bank Board Minutes and a copy of the Minutes must be furnished to the Village.

Collateral agreements will preclude the release of the pledged assets without an authorized signature from the Village of Downers Grove.

The Village realizes that there is a cost factor involved with collateralization and the Village will pay reasonable and customary fees related to the collateralization, per the collateralization agreement.



## 6.0 INVESTMENT PARAMETERS

### 6.1 Diversification

Diversification related to types of investments, number of institutions invested in, and the length of maturity for investments. It is the policy of The Village of Downers Grove to diversify its investments to the best of its ability based on the types of funds invested and the cash flow needs of those funds.

The investment portfolio for the Village of Downers Grove shall not exceed the following diversification limits unless specifically authorized by the Village Council:

- No financial institution shall hold more than 40% of the Village's investment portfolio, exclusive of U.S. Treasury securities in safekeeping.
- Monies deposited at a financial institution shall not exceed 75% of the capital stock and surplus of that institution.
- Commercial paper shall not exceed 10% of the Village's investment portfolio, excepting bond issue proceeds investments.
- Deposits in any one public investment pool shall generally not exceed 50% of the Village's investment portfolio, provided, however, that a 3% in excess of 50% deviation may result due to daily volatility, on any given day. In this event, - staff shall continue to monitor the balance to ensure that no audit management letter comment should be generated as a result of this allowable deviation.

### 6.2 Maximum Maturities

To the extent possible, the Village will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than three years from the date of purchase.

Reserved funds may be invested in securities exceeding three years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

## 7.0 REPORTING

### 7.1 Methods

The Senior Director of Finance and Administrative Services/Treasurer shall provide an investment report to the Village Manager on a monthly basis. It will include a succinct management summary.

The management summary will provide a clear picture of the status of the current investment portfolio and the investment transactions made over the month. It will summarize recent market conditions, economic developments, anticipated investment conditions and will describe the investment strategies employed in the most recent period. It will be prepared in a manner that will allow the Village management to ascertain whether investment activities during the reporting period have conformed to this investment policy.

The investment report will include the following:

- A listing of individual securities held at the end of the reporting period, by maturity date.
- The percentage of the total portfolio which each type of investment represents,

## 8.0 POLICY CONSIDERATIONS

### 8.1 Exemption

Any investment currently held that does not meet the guidelines of this Policy shall be exempted from the requirements of this investment policy. At maturity or liquidation, such monies shall be reinvested only as provided by this investment policy.

### 8.2 Adoption & Amendments

The Village of Downers Grove's investment policy shall be adopted by resolution of the Village Council and will replace previous investment policies adopted by the Village Council.

In the event that any state or federal legislation or regulation should further restrict instruments, institutions or procedures authorized by this Policy, such restrictions shall be deemed to be immediately

incorporated in this Policy. If new legislation or regulation should liberalize the permitted instruments, institutions or procedures, such changes shall be available and included in this Policy only after written notification to the Village Council and their subsequent approval of said changes.

The Senior Director of Finance and Administrative Services/Treasurer shall review this Policy on as needed basis and the Village Council must approve any modifications made thereto.

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION DESIGNATING SIGNATORIES  
FOR INVESTMENT PURPOSES**

WHEREAS, the Village Council (“Council”) of the Village of Downers Grove deems it to be in the best interest in the Village for its Treasurer to make use, from time to time, of investments which are legal under the applicable State statutes; and

WHEREAS, the Council deems it to be in the best economic interest and administrative interest of the Village for its Treasurer to make use of, from time to time, PMA Financial Network, Inc. and PMA Securities, Inc. in securing such investments; and

WHEREAS, the Village has previously engaged the services of PMA Financial Network, Inc. and PMA Securities, Inc.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Downers Grove as follows:

1. That the Treasurer shall make use of investments legal under Illinois statutes; and
2. That monies of the Village may be invested at the discretion of its Treasurer or those acting on behalf of the Treasurer through the intermediary (PMA Securities, Inc. and PMA Financial Network, Inc.); and
3. That the Treasurer may acquire guarantees for prompt return of invested and deposited monies; and
4. That the Treasurer or those acting on behalf of the Treasurer may execute documents necessary to assist in the investment of Village monies with PMA Financial Network, Inc., PMA Securities, Inc. The following individuals, or their successors, currently holding the office or position are designated as “Authorized Officials” with full power and authority to effectuate the investment and withdrawal of monies, contracts and agreements on behalf of the Village:

Name Cara Pavlicek Signature \_\_\_\_\_

Name Judy Buttny Signature \_\_\_\_\_

Name Rita Kruse Signature \_\_\_\_\_

SECTION 2. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

SECTION 3. That this Resolution shall be in full force and effect from and after its passage as provided by law.

\_\_\_\_\_

Mayor

Passed:

Attest: \_\_\_\_\_  
Village Clerk

I:\wp8\res.07\PMA-Invest-Signatory



**10211-101**  
**VILLAGE OF DOWNERS GROVE / GENERAL**  
**RITA TRAINOR**  
**801 BURLINGTON - CIVIC CENTER**

## Activity Statement

**PMA Financial Network, Inc.**

27545 Diehl Road  
Suite 100  
Warrenville, Illinois 60555  
Telephone . 630-393-9494  
Facsimile . 630-393-9595

<http://gps.pmanetwork.com/>

SJW211

**DOWNERS GROVE, IL 60515-**

**11/01/06 to 11/30/06**

## Investment Portfolio

*As of* 11/30/06

### Current Portfolio

Desk	Trans	Trade	Settlement	Maturity	Provider/Instrument Name	Face Amount	Cost	Rate	Market Value
SEC	17835	12/01/05	12/01/05	12/15/06	2.875% - Federal Home Loan Mortgage Corporation Note	\$980,000.00	\$963,320.62	4.570	\$979,078.80
CD	70743	01/09/06	01/09/06	01/09/07	LEADERS BANK	\$1,654,718.10	\$1,582,257.76	4.584	\$1,582,257.76
CD	71806	02/16/06	02/16/06	02/16/07	CASS COMMERCIAL BANK	\$1,258,073.02	\$1,199,650.06	4.870	\$1,199,650.06
CD	72366	03/15/06	03/15/06	03/15/07	INDEPENDENCE BANK - MT	\$1,105,999.91	\$1,054,136.39	4.920	\$1,054,136.39
CD	72748	04/03/06	04/03/06	04/03/07	HERITAGE BANK OF CENTRAL ILLINOIS	\$1,098,666.19	\$1,046,250.09	5.016	\$1,046,250.09
CD	72880	04/13/06	04/13/06	04/13/07	CITIZENS STATE BANK	\$1,333,592.10	\$1,269,000.00	5.090	\$1,269,000.00
CD	73468	05/12/06	05/12/06	05/11/07	INDEPENDENCE BANK - MT	\$1,159,764.29	\$1,103,109.78	5.150	\$1,103,109.78
SEC	20019	10/23/06	10/23/06	05/11/07	Federal National Mortgage Association Discount Note	\$1,544,000.00	\$1,501,801.55	5.117	\$1,509,105.60
CD	75973	07/17/06	07/17/06	07/17/07	BANK OF ELK RIVER	\$1,142,825.20	\$1,084,169.70	5.410	\$1,084,169.70
CD	76536	08/02/06	08/02/06	08/02/07	NORTHWEST BANK OF ROCKFORD	\$1,146,586.72	\$1,089,395.51	5.250	\$1,089,395.51
CD	80648	10/23/06	10/23/06	10/23/07	OMNI NATIONAL BANK	\$105,317.84	\$100,000.00	5.318	\$100,000.00
CD	80649	10/23/06	10/23/06	10/23/07	KING SOUTHERN BANK	\$105,284.41	\$100,000.00	5.295	\$100,000.00
CD	80650	10/23/06	10/23/06	10/23/07	OCEANSIDE BANK	\$105,284.41	\$100,000.00	5.295	\$100,000.00
CD	80651	10/23/06	10/23/06	10/23/07	PREMIER BANK	\$104,309.10	\$99,000.00	5.374	\$99,000.00
CD	80652	10/23/06	10/23/06	10/23/07	BENCHMARK BANK - OH	\$105,242.49	\$100,000.00	5.253	\$100,000.00
CD	80653	10/23/06	10/23/06	10/23/07	BRAND BANKING CO	\$104,197.50	\$99,000.00	5.250	\$99,000.00
CD	80654	10/23/06	10/23/06	10/23/07	INTER SAVINGS BANK, FSB	\$105,150.00	\$100,000.00	5.150	\$100,000.00
CD	80655	10/23/06	10/23/06	10/23/07	SECURITY BANK OF NORTH METRO	\$105,150.00	\$100,000.00	5.150	\$100,000.00
CD	80656	10/23/06	10/23/06	10/23/07	ADVANTA BANK CORP	\$105,200.00	\$100,000.00	5.200	\$100,000.00
CD	80657	10/23/06	10/23/06	10/23/07	ATLANTA BUSINESS BANK	\$105,150.00	\$100,000.00	5.150	\$100,000.00
CD	81296	11/15/06	11/15/06	11/15/07	REPUBLIC BANK MI	\$618,371.01	\$588,812.61	5.020	\$588,812.61
CD	81297	11/15/06	11/15/06	11/15/07	FIRST NATIONAL BANK SAVANNAH	\$105,156.01	\$100,000.00	5.156	\$100,000.00
CD	81298	11/15/06	11/15/06	11/15/07	THE FIRST, NA / FIRST NB OF DAMARISCOTTA	\$105,175.20	\$100,000.00	5.186	\$100,000.00
CD	81299	11/15/06	11/15/06	11/15/07	FIRST REGIONAL BANK	\$105,150.00	\$100,000.00	5.150	\$100,000.00
CD	81300	11/15/06	11/15/06	11/15/07	FINANCIAL FEDERAL SAVINGS BANK	\$105,050.00	\$100,000.00	5.050	\$100,000.00
CD	81301	11/15/06	11/15/06	11/15/07	MERCANTILE BANK OF MICHIGAN	\$105,050.00	\$100,000.00	5.050	\$100,000.00
CD	75972	07/17/06	07/17/06	12/17/07	BANK OF ELK RIVER	\$1,150,034.03	\$1,068,030.59	5.410	\$1,068,030.59

Run Date: 12/01/06

VILLAGE OF DOWNERS GROVE / GENERAL - NOVEMBER 2006

Page 2

SEC Transactions -> PMA Securities, Inc. is affiliated with Prudent Man Advisors, Inc. Member: NASD, SIPC, MSRB. Note: (CD - Certificates of Deposit) (CP - Commercial Paper) (SEC - Government Securities) (MMA - Money Market Account)



**10211-101**  
**VILLAGE OF DOWNERS GROVE / GENERAL**  
**RITA TRAINOR**  
**801 BURLINGTON - CIVIC CENTER**

## Activity Statement

**PMA Financial Network, Inc.**

27545 Diehl Road  
 Suite 100  
 Warrenville, Illinois 60555  
 Telephone . 630-393-9494  
 Facsimile . 630-393-9595

<http://gps.pmanetwork.com/>

SJW211

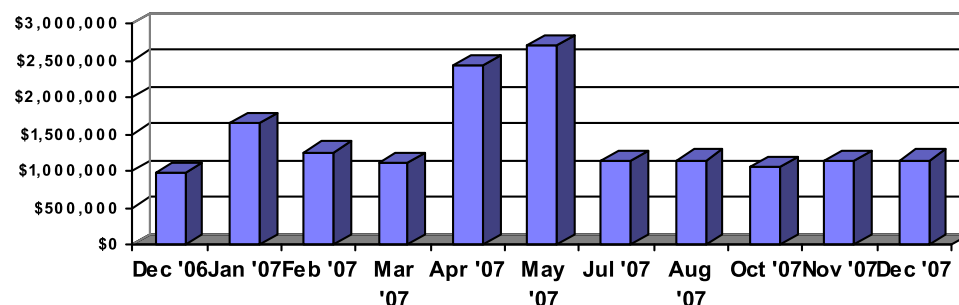
**DOWNERS GROVE, IL 60515-**

**11/01/06 to 11/30/06**

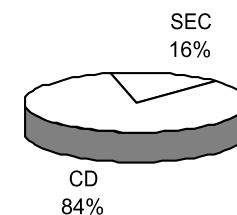
**Totals for Period:** \$15,768,497.53 \$15,047,934.66 \$15,070,996.89

**Time and Dollar Weighted Portfolio Yield:** 5.174% **Weighted Average Portfolio Maturity:** 175.07 Days

**CD:** 83.62% **CP:** 0.00% **SEC:** 16.38%



**Portfolio Maturity Summary - Maturing \$/Month**



**Portfolio Allocation by Transaction Type**



**10211-102**  
**VILLAGE OF DOWNERS GROVE / HEALTH FUND**  
**RITA TRAINOR**  
**801 BURLINGTON - CIVIC CENTER**

## Activity Statement

**PMA Financial Network, Inc.**  
 27545 Diehl Road  
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 Warrenville, Illinois 60555  
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<http://gps.pmanetwork.com/>

SJW 2776

**DOWNERS GROVE, IL 60515-**

**11/01/06 to 11/30/06**

## Investment Portfolio

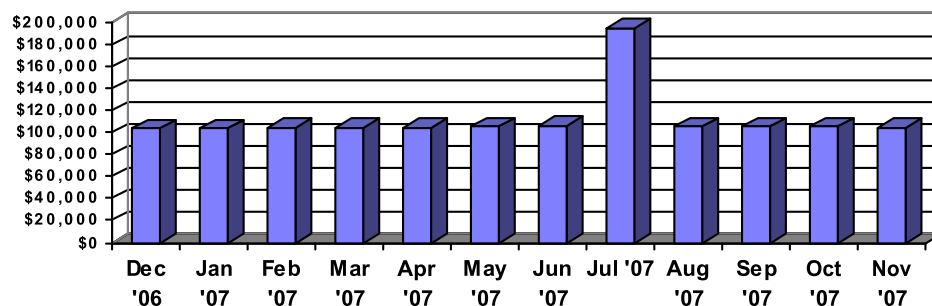
**As of 11/30/06**

### Current Portfolio

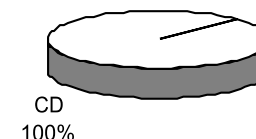
Desk	Trans	Trade	Settlement	Maturity	Provider/Instrument Name	Face Amount	Cost	Rate	Market Value
CD	72817	04/10/06	04/10/06	12/15/06	PARK NATIONAL BANK / PARK NB&T	\$103,404.14	\$100,000.00	4.990	\$100,000.00
CD	72816	04/10/06	04/10/06	01/12/07	BANK OF SANTA CLARITA	\$103,786.93	\$100,000.00	4.990	\$100,000.00
CD	72815	04/10/06	04/10/06	02/15/07	AMERIMARK BANK	\$104,268.80	\$100,000.00	5.010	\$100,000.00
CD	72814	04/10/06	04/10/06	03/15/07	AMERICAN ENTERPRISE BANK	\$104,690.28	\$100,000.00	5.050	\$100,000.00
CD	72813	04/10/06	04/10/06	04/13/07	MACHIAS SAVINGS BANK	\$105,081.43	\$100,000.00	5.040	\$100,000.00
CD	72812	04/10/06	04/10/06	05/15/07	FLAGSTAR BANK	\$105,681.10	\$100,000.00	5.184	\$100,000.00
CD	72811	04/10/06	04/10/06	06/15/07	LISLE SAVINGS BANK	\$105,939.54	\$100,000.00	5.030	\$100,000.00
CD	76636	08/08/06	08/08/06	07/06/07	COLE TAYLOR BANK (N)	\$104,866.31	\$100,000.00	5.350	\$100,000.00
CD	76635	08/08/06	08/08/06	07/16/07	IMPERIAL CAPITAL BANK	\$90,354.29	\$86,002.78	5.400	\$86,002.78
CD	76634	08/08/06	08/08/06	08/08/07	HORIZON BANK, NA - CO	\$105,546.76	\$100,000.00	5.558	\$100,000.00
CD	78415	09/08/06	09/08/06	09/10/07	ADVANTAGE BANK	\$105,329.05	\$100,000.00	5.300	\$100,000.00
CD	80116	10/06/06	10/06/06	10/09/07	MORTON COMMUNITY BANK	\$105,505.33	\$100,000.00	5.471	\$100,000.00
CD	81295	11/15/06	11/15/06	11/02/07	REPUBLIC BANK OF CHICAGO	\$104,921.26	\$100,000.00	5.103	\$100,000.00

**Totals for Period:** **\$1,349,375.22** **\$1,286,002.78** **\$1,286,002.78**

**Time and Dollar Weighted Portfolio Yield:** **5.261 %** **Weighted Average Portfolio Maturity:** **181.65 Days** **CD: 100.00 CP: 0.00% SEC: 0.00%**



**Portfolio Maturity Summary - Maturing \$/Month**



**Portfolio Allocation by Transaction Type**

Village of Downers Grove  
Cash and Investment Balances  
30-Nov-06

	Total \$	%
Cash US Bank	4,224,215	12.70%
Illinois Funds	12,715,814	38.22%
PMA Investments	<u>16,333,937</u>	49.09%
	<u><u>33,273,966</u></u>	100.00%