

Investments 101



07/22/2026

Introductions

Jake Goedken (Speaker)

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Jim Palmer (Moderator)

- *Comptroller, Township High School District 214*



Objectives of Investing 101

To Determine...

- What can a district invest in?
- When should a district invest?
- Why should a district invest?
- How can a district invest?



What can a district invest in?



What can a district invest in?

Defined by Illinois Statute - (ILCS 235)

- Registered Money Market Fund Pools
- US Treasury and Agency Securities
- Certificates of Deposit
- Demand/Checking Accounts
- Corporate Obligations
- Municipal Securities
- Repurchase Agreements

**Further defined by district Investment Policy
(Section 4:30)**



Certificates of Deposit

- Federally insured institutions up to \$250k (FDIC)
- Deposits in excess of \$250k
 - Insured Certificates of Deposit
 - Collateralized – Must be segregated and in district's name and held by third party
 - Unsecured – most District Policies require secured deposits
- Fixed term investment with specified maturity date
Penalties for early withdrawal (typically 3 months of interest)



US Treasury Securities

Treasury Bills

- Issued by US. Treasury- maturities of 360 days or less
- Original bill is sold at auction. Secondary bill is sold at competitive market pricing.
- Issued at a discount of face value

Treasury Notes

- Shorter-term bonds with original maturities of 1 to 10 years
- Issued in denominations of \$1k, \$5k, \$10k, \$100k & \$1.0mm
- Securities are held on either registered or book-entry basis

Treasury Bonds

- Major Issuers: US Treasury, Agencies sponsored by US Government, State & Local Governments
- Fixed income investment-issuer pays fixed amount periodically
- Nearly all pay interest semiannually



US Agency and Instrumentalities

- Federal National Mortgage Association (FNMA)
- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC) (Freddie Mac)
- Federal Farm Credit System



Commercial Paper (CP) & Corporates

Commercial Paper

- Short-term unsecured promissory note
- Default risk present
- CP Requirements: The Public Funds Investment Act
 - Obligations rated at time of purchase at one of 3 highest classifications by at least 2 standard rating services and which mature not later than 270 days from the date of purchase
 - Purchases do not exceed 10% of the corporation's outstanding obligations
 - No more than 33% of the public agency's fund may be invested in short term obligations of corporations

Corporates

- Corporate Requirements: The Public Funds Investment Act
 - Obligations rated at time of purchase at one of 3 highest classifications by at least 2 standard rating services and which mature more than 270 days but less than 3 years from the date of purchase
 - Purchases do not exceed 10% of the corporation's outstanding obligations
 - No more than 33% of the public agency's fund may be invested in obligations of corporations

District Policy typically more conservative requiring the purchase of only top-tier paper (A1/P1)



Analyzing Investments

Three Major Factors

- ▶ **Safety** – “Will I get my principal back?”
 - ▶ Credit Risk
- ▶ **Liquidity** – “When can I get my principal back?”
 - ▶ Liquidity Risk
 - ▶ Market Risk
- ▶ **Yield** – “Am I receiving an appropriate return?”



Credit Risk Scale

- ▶ Treasury (Bills, Notes, Bonds)
- ▶ Government Agencies Securities
- ▶ Investment Pools (ISDLAF+ AAA rated pool)
- ▶ Insured Bank CDs
- ▶ Collateralized Bank CDs
- ▶ Commercial Paper (A1/P1)
- ▶ Bank CDs (Uninsured/Uncollateralized)

Risk Free



**Higher
Degree of Risk**



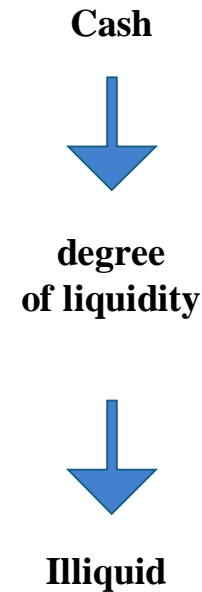
Credit Ratings

Moody's	S&P	Fitch	Credit Worthiness
Aaa	AAA	AAA	An obligor has EXTREMELY STRONG capacity to meet its financial commitments.
Aa1	AA+	AA+	An obligor has VERY STRONG capacity to meet its financial commitments. It differs from the highest rated obligors only in small degree
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	An obligor has STRONG capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	An obligor has ADEQUATE capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	



Liquidity Risk Scale

- ▶ Cash
- ▶ Investment Pools (ISDLAF+ AAA rated pool)
- ▶ Treasury (Bills, Notes, Bonds)
- ▶ Government Agency Securities
- ▶ Commercial Paper (A1/P1)
- ▶ Certificates of Deposit
- ▶ Mortgage-Backed Securities



When should a district invest?



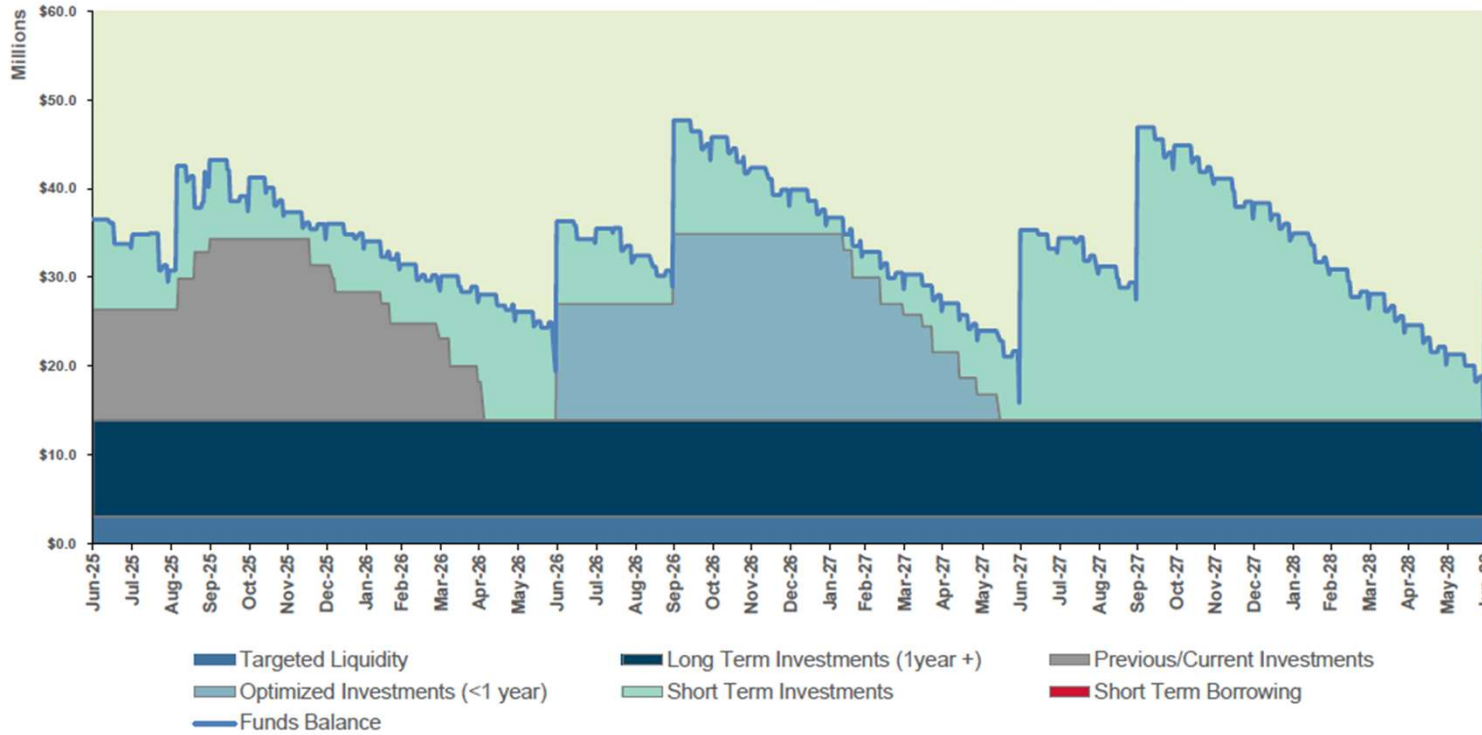
When should a district invest?

- ▶ Determined by a district's cash flow
- ▶ A good Cash Flow plan will...
 - ▶ Ensure all liabilities are properly funded
 - ▶ Project/identify cash flow timing & amount
 - ▶ Avoid over-funding of liabilities
 - ▶ Use just-in-time funding
 - ▶ Establish/maintain adequate liquidity level
 - ▶ Allow immediate investment execution - maximize interest



Cash Flow Plan

Total Funds Balance (excluding Capital Projects)



Cash Flow Plan

Cash Flow Schedule - August 2026											
Date	Day	Revenues			Expenditures			Maturities	Investments	Money Mkt Funds	
		Taxes	EBF	Other	Payables	Payroll	Other				
										<i>Opening Balance</i>	\$4,002,966
3	Mon										\$4,002,966
4	Tue										\$4,002,966
5	Wed										\$4,002,966
6	Thu										\$4,002,966
7	Fri										\$4,002,966
10	Mon										\$4,002,966
11	Tue										\$4,002,966
12	Wed										\$4,002,966
13	Thu					\$487,151		\$2,500,000			\$6,015,815
14	Fri		\$590,909								\$6,606,724
17	Mon										\$6,606,724
18	Tue										\$6,606,724
19	Wed										\$6,606,724
20	Thu				\$2,591,060						\$4,015,664



Why should a district invest?

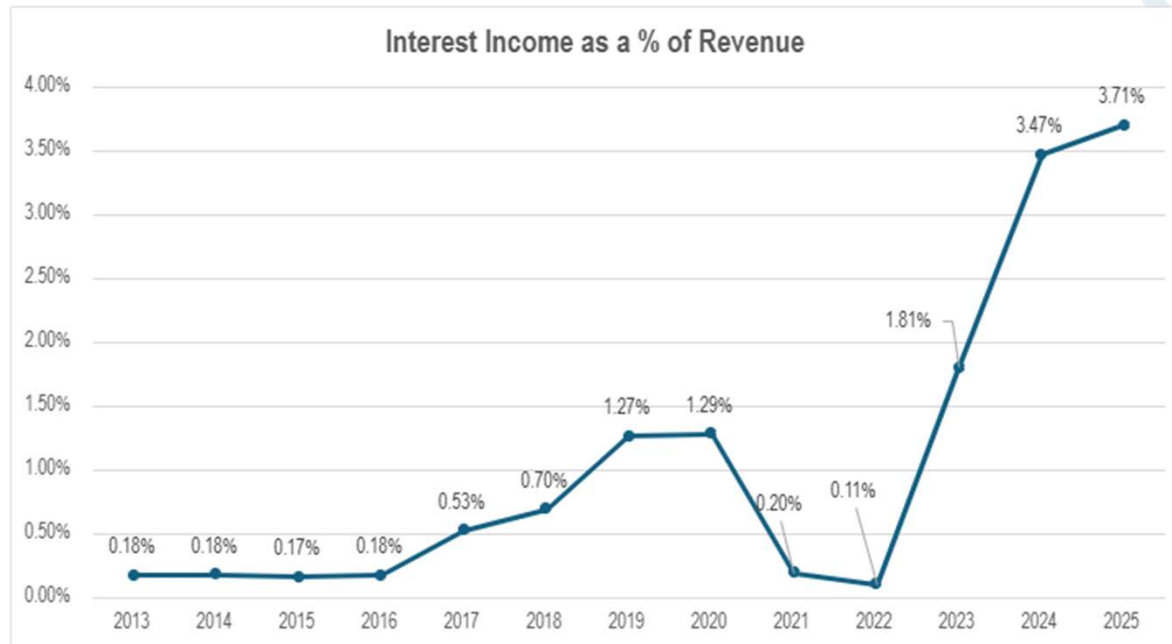


Why should a district invest?

- ▶ Maximize investment earnings
 - ▶ Optimal investment schedule to extend duration
 - ▶ Identify reserve balances to capture yield curve benefits of longer-term investing
- ▶ Diversify holdings from just one type of investment



Interest Income Data



Source: PTMA Financial Solutions - sample of 20 Illinois school districts



Interest Income Data

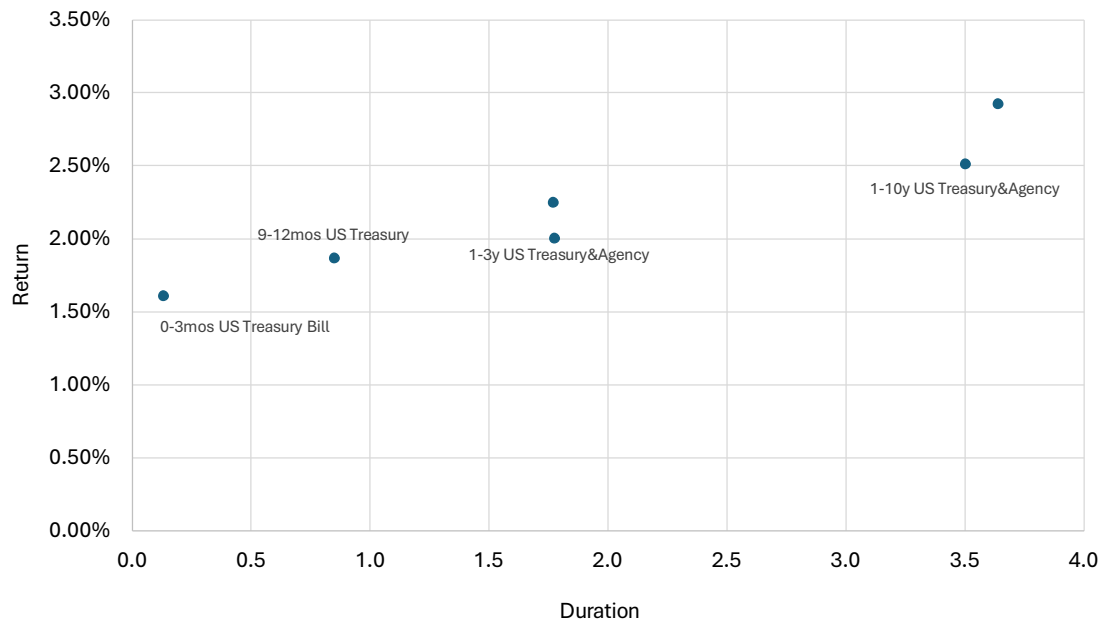
Example - \$30,000,000 Budget

AFR Year	% of Revenue	Interest Income	Fed Funds Rate (June)
2013	0.18%	\$54,170.27	0.09%
2014	0.18%	\$55,019.99	0.10%
2015	0.17%	\$50,142.96	0.13%
2016	0.18%	\$54,545.19	0.38%
2017	0.53%	\$159,888.26	1.04%
2018	0.70%	\$209,942.64	1.82%
2019	1.27%	\$380,681.35	2.38%
2020	1.29%	\$385,715.68	0.08%
2021	0.20%	\$59,233.74	0.08%
2022	0.11%	\$31,877.65	1.21%
2023	1.81%	\$542,673.26	5.08%
2024	3.47%	\$1,042,430.86	5.33%
2025	3.71%	\$1,113,000.00	4.33%



Extending and Diversifying

20-Year Returns vs. Duration



- Extending from 1-3 year Treasury & Agency to 1-10 year Treasury & Agency added 51 basis points of annualized returns over the past 20 years

Source: PTMA Financial Solutions, Bloomberg; As of 12/31/24

Return and duration are calculated based on historical Bloomberg market index data. Past performance is no guaranty of future results.

Yield Curve



Source: Bloomberg 7/20/2026

Reporting on Investments

- It's important to know what information your Board wants to know about the district's investment.
- Building an easy to understand and easy to generate report will keep both the Board and business office in the know, and will ensure that the district is adhering to Board policy (section 4:30 generally states a quarterly investment report is required).
- You can find examples by asking your Peer districts what they create or work with your investment provider to work through the different options.

Reporting on Investments (example)



Portfolio Metrics

TIME AND DOLLAR WEIGHTED AVERAGE PORTFOLIO YIELD **3.669%**

WEIGHTED AVERAGE PORTFOLIO MATURITY **132.55 Days**

Interest Earned

07/01/2025 – 05/31/2026

\$1,007,288.99

Discount	\$547,763.92
LGIP Interest	\$248,306.54
Fixed Term Maturity	\$204,903.19
Premium	\$6,315.34

Maturity Distribution

Basis: Term Days | Range: Standard

BUCKET	BALANCE	%
91-180 days	\$4,649,500.00	61.68%
271-365 days	\$1,204,957.73	15.98%
366-540 days	\$1,684,000.00	22.34%

Fixed Rate Portfolio Allocation

CD	\$7.30M	(56.34%)
SDA	\$5.42M	(41.81%)
DTC CD	\$240.46K	(1.86%)

TOTAL PORTFOLIO VALUE
\$12.95M

Investor Balance History

Time Frame: 13 Months

CD	\$7.30M	DTC CD	\$240.46K
IntraFi	\$0.00	SDA	\$5.42M
Term Series	\$0.00	LIQ	\$181.39K
LTD	\$11.00M	MAX	\$4.33M

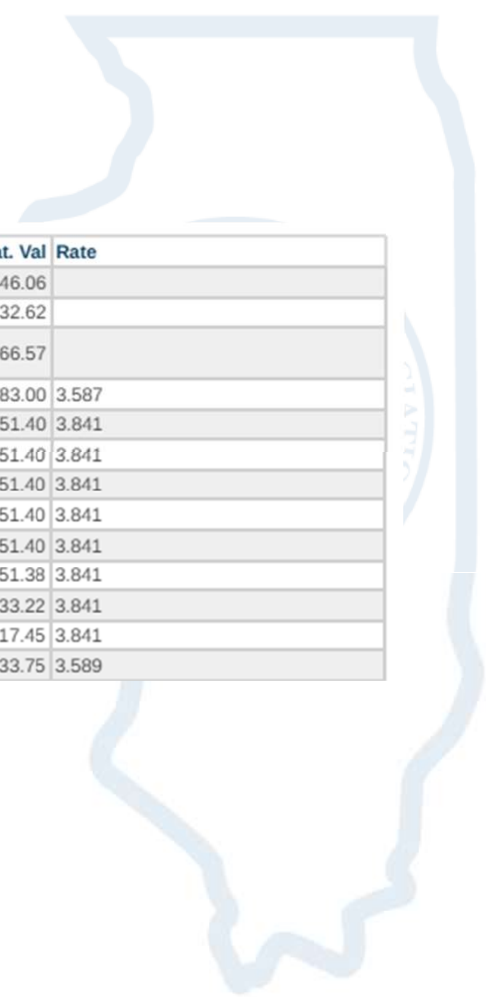
Fund Yield History

Time Frame: 13 Months

LIQ	3.5568%	LTD	3.7900%
MAX	3.5696%		

Reporting on Investments (example)

Type	Holding ID	Settle Date	Maturity	FDIC #	Instrument	Cost	Par-Val/Mat. Val	Rate
LIQ		06/03/2026			LIQ Balance	\$2,041,446.06	\$2,041,446.06	
MAX		06/03/2026			MAX Balance	\$7,543,432.62	\$7,543,432.62	
SDA	SDA-1354584-1	05/31/2026		24540	Savings Deposit Account - Bank of New England	\$4,221,966.57	\$4,221,966.57	
CD	CD-1390579-1	10/28/2025	06/04/2026	57512	Western Alliance Bank	\$1,500,000.00	\$1,532,283.00	3.587
IntraFi	CDR-1392095-1	12/04/2025	06/04/2026	18561	Sunrise Banks	\$244,174.87	\$248,851.40	3.841
IntraFi	CDR-1392095-2	12/04/2025	06/04/2026	4193	THE SEILING STATE BANK	\$244,174.87	\$248,851.40	3.841
IntraFi	CDR-1392095-3	12/04/2025	06/04/2026	19559	TexasBank	\$244,174.87	\$248,851.40	3.841
IntraFi	CDR-1392095-4	12/04/2025	06/04/2026	28088	Washington Federal Bank	\$244,174.87	\$248,851.40	3.841
IntraFi	CDR-1392095-5	12/04/2025	06/04/2026	803	WesBanco Bank, Inc.	\$244,174.87	\$248,851.40	3.841
IntraFi	CDR-1392095-6	12/04/2025	06/04/2026	19850	West Gate Bank	\$244,174.85	\$248,851.38	3.841
IntraFi	CDR-1392095-7	12/04/2025	06/04/2026	5415	Security First Bank	\$148,783.66	\$151,633.22	3.841
IntraFi	CDR-1392095-8	12/04/2025	06/04/2026	34319	Southwestern National Bank	\$86,167.14	\$87,817.45	3.841
CD	CD-1390575-1	10/28/2025	06/17/2026	57512	Western Alliance Bank	\$2,750,000.00	\$2,812,733.75	3.589



How can a district start investing?



Starting the Investment Process

- Get an understanding of the district's current financial holdings and cash flow
 - Identify long term potential and operating needs throughout the year
- Have a general sense of the current market conditions
 - Many investment providers release market updates that can offer a snapshot of the market
- Be aware of your checking/savings account rate
- Work with your investment provider(s) to find a wide range of investment options based on the district's cash flow needs



Starting the Investment Process (continued)

- Make sure the investment provider understands the district's investment policy and state statute
- Continually evaluate the district's liquid balances and invest per the plan



What makes a good investment provider

- Trust
- Understanding of district's cash flow
- Understanding of state statute and investment policy
- Wide range of offerings
- Open communication
- Transparency
- Additional services provided



Questions and Answers

We thank you for your time!



Presenters

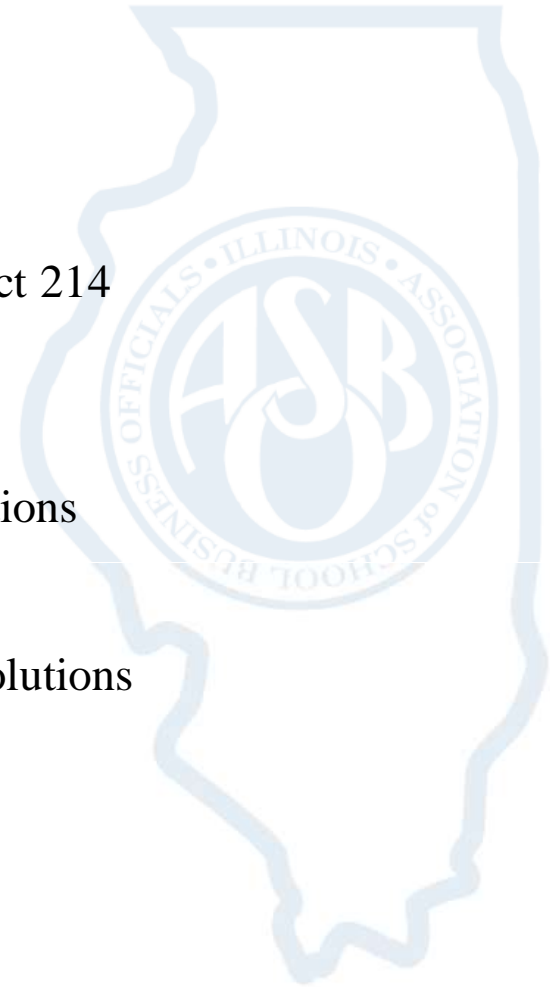
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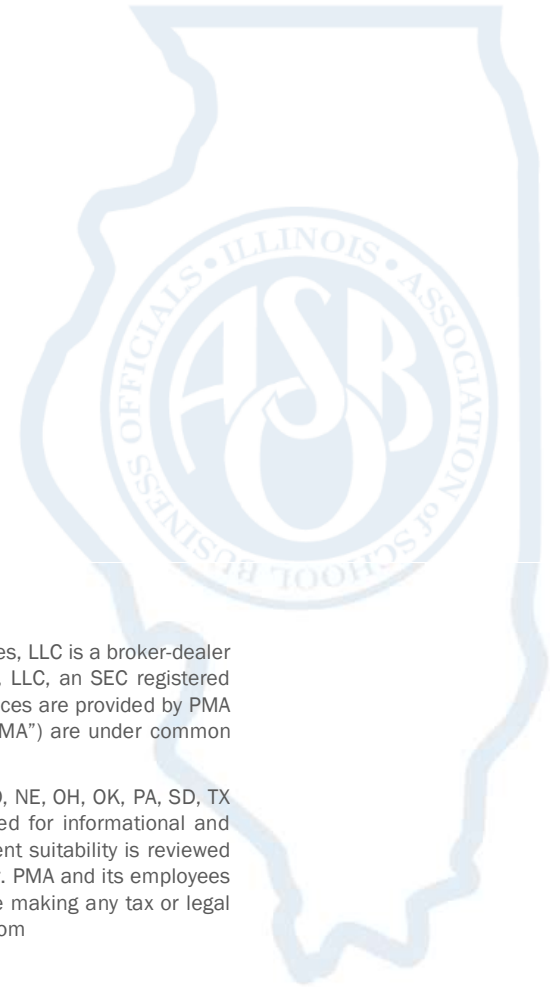
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