Operational Services

Revenue and Investments

Revenue

The Superintendent/Chief School Business Official (CSBO) or designee is responsible for making all claims for property tax revenue, State Aid, special state funds for specific programs, federal funds, and categorical grants.

Investments

The CSBO shall invest money that is not required for current operations, in accordance with this policy and State law. The CSBO shall use the standard of prudence when making investment decisions. He/She shall use the judgment and care, under circumstances when prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of their capital as well as its probable income.

The CSBO for the District, shall be responsible for establishing the internal controls and written procedures for the operation of the investment program. In addition to that, the Board of Education shall designate a District Treasurer. Any transactions proposed by the CSBO involving fund transfers or withdrawls will require approval from the District Treasurer. In collaboration with the CSBO, the District Treasurer shall review all investment transactions.

Investment Objectives

The objectives for the School District's investment activities are:

1. Safety of Principal - Every investment is made with safety as the primary and over-riding concern. Each investment shall ensure that capital loss, whether from credit or market risk, is avoided.
2. Liquidity - The investment portfolio shall provide sufficient liquidity to pay District obligations as they become due. In this regard, the maturity and marketability of investments shall be considered.
3. Rate of Return - The optimal return on investments is sought, consistent with the preservation of principal and prudent investment principles.
4. Diversification - The investment portfolio is diversified as to financial instruments and investments, as appropriate to the nature, purpose, and amount of funds.

Authorized Investments

The Board of Education will annually review the District's investment objectives and strategies. The CSBO may invest any District funds:

1. In bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereinafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
2. In bonds, notes, debentures, or other similar obligations of the United States of America or its agencies, and its instrumentalities.

   The term "agencies of the United States of America" includes: (i) the federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks, or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 and Acts amendatory

thereto; (ii) the federal home loan banks and the federal home loan mortgage corporation; and (iii) any other agency created by Act of Congress.

3. In interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act. Such investments shall be at or below the Federal Deposit Insurance Corporation (FDIC).

4. In short term obligations of corporations organized in the United States with assets exceeding $500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature not later than 270 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations.

5. In money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in paragraph (1) and (2) of this subsection and to agreements to repurchase such obligations.

6. In a Public Treasurer's Investment Pool created under Section 17 of the State Treasurer Act. Any public agency may also invest any public funds in a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advise regarding the investment of public funds.

7. In the Illinois School District Liquid Asset Fund Plus.

8. In any investment as authorized by the Public Funds Investment Act, and Acts amendatory thereto. Paragraph 11 supercedes paragraphs 1-10 and controls in the event of conflict.

Investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation, unless the District enters into an agreement with the institution requiring any funds not insured to be collateralized as provided below. Such investments shall be at or below the Federal Deposit Insurance Corporation (FDIC).

Selection of Depositories, Investment Managers, Dealers, and Brokers

The CSBO shall establish a list of authorized depositories, investment managers, dealers and brokers based upon the creditworthiness, reputation, minimum capital requirements, qualifications under State law, as well as a long history of dealing with public fund entities.

In order to be an authorized depository, each institution must submit copies of the last 2 sworn statements of resources and liabilities or reports of examination, which the institution is required to furnish to the appropriate state or federal agency. Each institution designated as a depository shall, while acting as such depository, furnish the District with a copy of all statements of resources and liabilities or all reports of examination, which it is required to furnish to the appropriate state or federal agency.

All banks used as depositories for School District funds shall be approved by the Board of Education, and shall meet the criteria of the *Public Funds Deposit Act*. Persons authorized to sign checks shall be approved by the Board of Education. At least one of the signers shall be the District Treasurer except for individual School Activity Fund Accounts.

Safekeeping and Custody Arrangements

The preferred method for safekeeping is to have securities registered in the District's name and held by a third-party custodian. Safekeeping practices should qualify for the General Accounting Standards Board's Statement III, Category I, the highest recognized safekeeping procedures.

Controls Report

The CSBO shall establish a system of internal controls and written operational procedures to prevent losses arising from fraud, employee error, misrepresentation by third parties, or imprudent employee action.

The CSBO shall provide an investment report to the Board at each Regular Board meeting. The report will: (1) assess whether the investment portfolio is meeting the District's investment objectives, (2) identify each security by class or type, book value, income earned, and market value, (3) identify those institutions providing investment services to the District, (4) include an *Investment Certification Statement* and (5) include any other relevant information. The investment portfolio's performance shall be measured by appropriate and creditable industry standards for the investment type.

The School Board shall determine, after receiving the Superintendent/CSBO's recommendation, which fund is in most need of interest income and what unrestricted interest is available for transfer, and, by resolution enacted before June 30 of each year, direct the Superintendent/CSBO to execute any transfers of any unrestricted interest accordingly.

Ethics and Conflicts of Interest

The School Board and District officials will avoid any investment transactions or practice that in appearance or fact might impair public confidence. Board Members are bound by the *Board Member Conflict of Interest* Policy 2:100. No District employee having influence on the District's investment decisions shall:

1. have any interest, directly or indirectly, in any investments in which the District is authorized to invest;
2. have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments;
3. receive in any manner, compensation of any kind from any investments in which the agency is authorized to invest.

With the adoption of this policy, the Board acknowledges that the District will be temporarily out of compliance. The District will be in full compliance with this policy by the end of the 2015 calendar year.

LEGAL REF.:	30 ILCS 235/1 et seq.
	105 ILCS 5/8-7, 5/17-1, and 5/17-11.
CROSS REF.:	2:100 (Board Member Conflict of Interest), 4:10 (Fiscal and Business Management)

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