

Operational Services

Revenue and Investments

Revenue

The Superintendent 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 Superintendent shall either appoint a Chief Business Official or serve as one. The Chief Business Official shall invest money that is not required for current operations, in accordance with this policy and State law.

The Chief Business Official shall use the judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligent 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.

Investment Objectives

The objectives for the District's investment activities are:

1. Safety of Principal - Every investment is made with safety as the primary. Each investment transaction shall ensure that capital loss, whether from credit or market risk, is minimized.
2. Liquidity - The investment portfolio shall provide sufficient liquidity to pay District obligations as they become due., Therefore, the maturity and marketability of investments shall be a primary consideration.
3. Rate of Return - The highest return on investments is sought, consistent with the preservation of principal and liquidity.
4. Diversification - The investment portfolio is diversified as to the type of investments, as appropriate to the purpose and amount of the funds.

Authorized Investments

The Chief Business Official may invest District funds in one or more of the following:

1. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, that are guaranteed by the full faith and credit of the United States of America as to principal and interest.
2. 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.
3. Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, school district, the State of Illinois, any other state, or any political subdivision or agency of the State of Illinois or any other state, whether the interest earned is taxable or tax-exempt under federal law. The bonds shall be
 - a. registered in the name of the municipality, county, or other governmental unit, or held under a custodial agreement at a bank, and

- b. rated at the time of purchase within the two (2) highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions. The Illinois School District Liquid Asset Fund Plus.
4. A Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act. The District 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 any public funds.
5. The Illinois School Liquid Asset Fund Plus.

Except as provided herein, investments may be made only with banks, savings banks, or savings and loan associations that are insured by the Federal Deposit Insurance Corporation or other approved share insurer.

Selection of Depositories, Investment Managers, Dealers, and Brokers

The Chief Business Official 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. The Board will review and approve the list at least annually.

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 that 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 that it is required to furnish to the appropriate State or federal agency.

The above eligibility requirements of a bank to receive or hold public deposits do not apply to investments in an interest-bearing savings account, interest-bearing certificate of deposit, or interest-bearing time deposit if: (1) the District initiates the investment at or through a bank located in Illinois, and (2) the invested public funds are at all times fully insured by an agency or instrumentality of the federal government.

The District may consider a financial institution's record and current level of financial commitment to its local community when deciding whether to deposit funds in that financial institution. The District may consider factors including:

1. For financial institutions subject to the federal Community Reinvestment Act of 1977, the current and historical ratings that the financial institution has received, to the extent that those ratings are publicly available, under the federal Community Reinvestment Act of 1977;
2. Any changes in ownership, management, policies, or practices of the financial institution that may affect the level of the financial institution's commitment to its community;
3. The financial impact that the withdrawal or denial of District deposits might have on the financial institution;
4. The financial impact to the District as a result of withdrawing public funds or refusing to deposit additional public funds in the financial institution; and
5. Any additional burden on the District's resources that might result from ceasing to maintain deposits of public funds at the financial institution under consideration.

Collateral Requirements

All amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized in accordance with the Public Funds Investment Act, 30 ILCS 235/. The Chief School Business Official shall keep the Board informed of collateral agreements.

Safekeeping and Custody Arrangements

Securities will be registered in the District's name and held by a third-party custodian. Safekeeping practices should qualify for the Governmental Accounting Standards Board Statement No. 3 Deposits with Financial Institutions, Investments, Category I, the highest recognized safekeeping procedures.

Controls and Report

The Chief Business Official 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 Chief Business Official shall provide a quarterly investment report to the Board. 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, and (4) include any other relevant information. The investment portfolio's performance shall be measured by appropriate and creditable industry standards for the investment type.

The Board will determine, after receiving the Superintendent's recommendation, which fund is in most need of interest income and the Chief School Business Official shall execute a transfer. This provision does not apply when the use of interest earned on a particular fund is restricted.

Ethics and Conflicts of Interest

The Board and District officials will avoid any investment transaction or practice that in appearance or fact might impair public confidence. Board members are bound by the Board policy 2:100, *Board Member Conflict of Interest*. 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, or
3. Receive, in any manner, compensation of any kind from any investments in that the agency is authorized to invest.

LEGAL REF.: 30 ILCS 235/
105 ILCS 5/8-7, 5/10-22.44, 5/17-1, and 5/17-11.

CROSS REF.: 2:100 (Board Member Conflict of Interest), 4:10 (Fiscal and Business Management),
4:80 (Accounting and Audits)

ADOPTED: February 28, 2017