



TRUSTEES OF SCHOOLS,
TOWNSHIP 41N, RANGE 13E
For the
NILES TOWNSHIP SCHOOL TREASURER
SKOKIE, ILLINOIS

POLICIES AND PROCEDURES

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Introduction

The treasurer's office is a governmental unit created by the Illinois Legislature to provide treasury services for the public school districts in Niles Township, Cook County, Illinois. It is the intention of the Treasurer's Office to provide the public schools it serves with accurate, timely information, provide the taxpayers and residents of Niles Township with prudent management of the public funds entrusted to it, and provide its employees with safe, supportive, working environment, where they can develop their skills.

Should any policy contained in this manual conflict with state or federal laws, applicable to the Treasurer's Office, it should be interpreted such that it complies with the applicable law. This manual outlines the formal policies, practices, and procedures of the Niles Township School Treasurer. Any policies, practices, and procedures not outlined in this manual, which are found to be inconsistent with those outlined here, shall be interpreted to comply with these policies.

This Policy is not contractual and may be changed at any time by the Treasurer, with the advice and consent of the Trustees.

SECTION II - ETHICS

The Illinois General Assembly has enacted the State Officials and Employees Ethics Act (Public Act 93-615, effective November 19, 2003, as amended by Public Act 93-617, effective December 9, 2003), which is a comprehensive revision of State statutes regulating ethical conduct, political activities and the solicitation and acceptance of gifts by government officials and employees. The Act requires all units of local government and school districts to adopt ordinances or resolutions regulating the political activities of, and the solicitation and acceptance of gifts by, the officers and employees of such units "in a manner no less restrictive" than the provisions of the Act. It is the clear intention of the Act to require units of local government and school districts to implement regulations that are at least as restrictive as those contained in the Act, and to impose penalties for violations of those regulations that are equivalent to those imposed by the Act, notwithstanding that such penalties may exceed the general authority granted to units of local government to penalize such violations.

It is the clear intention of the Act to provide units of local government with all authority necessary to implement its requirements on the local level regardless of any general limitations on the power to define and punish any violations that might otherwise be applicable.

II.1 DEFINITIONS

For purposes of this Policy, the following terms shall be given these definitions:

A. Campaign for elective office

means any activity in furtherance of an effort to influence the selection, nomination, election, or appointment of any individual to any federal, State, or local public office or office in a political organization, or the selection, nomination, or election of Presidential or Vice-Presidential electors, but does not include activities:

(i) relating to the support or opposition of any executive, legislative, or administrative action,

(ii) relating to collective bargaining, or

(iii) that are otherwise in furtherance of the person's official duties.

B. Candidate

means a person who has filed nominating papers or petitions for nomination or election to an elected office, or who has been appointed to fill a vacancy in nomination, and who remains eligible for placement on the ballot at a regular election, as defined in section 1-3 of the Election Code (10 ILCS 5/1-3).

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C. Collective bargaining

has the same meaning as that term is defined in Section 3 of the Illinois Public Labor Relations Act (5 ILCS 315/3).

D. Compensated time

means, with respect to an employee, any time worked by or credited to the employee that counts toward any minimum work time requirement imposed as a condition of his or her employment, but for purposes of this Policy, does not include any designated holidays, vacation periods, personal time, compensatory time off or any period when the employee is on a leave of absence. With respect to officers or employees whose hours are not fixed, "compensated time" includes any period of time when the officer is on premises under the control of the employer and any other time when the officer or employee is executing his or her official duties, regardless of location.

E. Compensatory time off

means authorized time off earned by or awarded to an employee to compensate in whole or in part for time worked in excess of the minimum work time required of that employee as a condition of his or her employment.

F. Contribution

has the same meaning as that term is defined in section 9-1.4 of the Election Code (10 ILCS 5/9-1.4).

G. Employee

means a person employed by the "Office", whether on a full-time or part-time basis or pursuant to a contract, whose duties are subject to the direction and control of an employer with regard to the material details of how the work is to be performed, but does not include an independent contractor.

H. Employer

means the Trustees of Schools, Township 41N, Range 13E for the Niles Township School Treasurer's Office, referred to herein as "Office".

I. Gift

means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to government employment or the official position of an officer or employee.

J. Leave of absence

means any period during which an employee does not receive

- (i) compensation for employment,

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(ii) service credit towards pension benefits, and

(iii) health insurance benefits paid for by the employer.

K. Officer

means a person who holds, by election or appointment, an office created by statute or Policy, regardless of whether the officer is compensated for service in his or her official capacity.

L. Political activity

means any activity in support of or in connection with any campaign for elective office or any political organization, but does not include activities

- (i) relating to the support or opposition of any executive, legislative, or administrative action,
- (ii) relating to collective bargaining, or
- (iii) that are otherwise in furtherance of the person's official duties.

M. Political organization

means a party, committee, association, fund, or other organization (whether or not incorporated) that is required to file a statement of organization with the State Board of Elections or a county clerk under Section 9-3 of the Election Code (10 ILCS 5/9-3), but only with regard to those activities that require filing with the State Board of Elections or a county clerk.

N. Prohibited political activity

means:

- (1) Preparing for, organizing, or participating in any political meeting, political rally, political demonstration, or other political event.
- (2) Soliciting contributions, including but not limited to the purchase of, selling, distributing, or receiving payment for tickets for any political fundraiser, political meeting, or other political event.
- (3) Soliciting, planning the solicitation of, or preparing any document or report regarding anything of value intended as a campaign contribution.
- (4) Planning, conducting, or participating in a public opinion poll in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.
- (5) Surveying or gathering information from potential or actual voters in an election to determine probable vote outcome in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.

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(6) Assisting at the polls on Election Day on behalf of any political organization or candidate for elective office or for or against any referendum question.

(7) Soliciting votes on behalf of a candidate for elective office or a political organization or for or against any referendum question or helping in an effort to get voters to the polls.

(8) Initiating for circulation, preparing, circulating, reviewing, or filing any petition on behalf of a candidate for elective office or for or against any referendum question.

(9) Making contributions on behalf of any candidate for elective office in that capacity or in connection with a campaign for elective office.

(10) Preparing or reviewing responses to candidate questionnaires.

(11) Distributing, preparing for distribution, or mailing campaign literature, campaign signs, or other campaign material on behalf of any candidate for elective office or for or against any referendum question.

(12) Campaigning for any elective office or for or against any referendum question.

(13) Managing or working on a campaign for elective office or for or against any referendum question.

(14) Serving as a delegate, alternate, or proxy to a political party convention.

(15) Participating in any recount or challenge to the outcome of any election.

O. Prohibited source

means any person or entity who:

(1) is seeking official action

(i) by an officer or

(ii) by an employee, or by the officer or another employee directing that employee;

(2) does business or seeks to do business

(i) with the officer or

(ii) with an employee, or with the officer or another employee directing that employee;

(3) conducts activities regulated

(i) by the officer or

(ii) by an employee, or by the officer or another employee directing that employee; or

(4) has interests that may be substantially affected by the performance or non-performance of the official duties of the officer or employee.

II.2 PROHIBITED POLITICAL ACTIVITIES

(a) No officer or employee shall intentionally perform any prohibited political activity during any compensated time, as defined herein. No officer or employee shall

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intentionally use any property or resources of the "Office" in connection with any prohibited political activity.

(b) At no time shall any officer or employee intentionally require any other officer or employee to perform any prohibited political activity

- (i) as part of that officer or employee's duties,
- (ii) as a condition of employment, or
- (iii) during any compensated time off (such as holidays, vacation or personal time off).

(c) No officer or employee shall be required at any time to participate in any prohibited political activity in consideration for that officer or employee being awarded additional compensation or any benefit, whether in the form of a salary adjustment, bonus, compensatory time off, continued employment or otherwise, nor shall any officer or employee be awarded additional compensation or any benefit in consideration for his or her participation in any prohibited political activity.

(d) Nothing in this Section prohibits activities that are permissible for an officer or employee to engage in as part of his or her official duties, or activities that are undertaken by an officer or employee on a voluntary basis which are not prohibited by this Policy.

(e) No person either

(i) in a position that is subject to recognized merit principles of public employment or

(ii) in a position the salary for which is paid in whole or in part by federal funds and that is subject to the Federal Standards for a Merit System of Personnel Administration applicable to grant-in-aid programs,

shall be denied or deprived of employment or tenure solely because he or she is a member or an officer of a political committee, of a political party, or of a political organization or club.

II.3 GIFT BAN

Except as permitted by this section, no officer or employee, and no spouse of or immediate family member living with any officer or employee (collectively referred to herein as "recipients"), shall intentionally solicit or accept any gift from any prohibited source, as defined herein, or which is otherwise prohibited by law or Policy. No prohibited source shall intentionally offer or make a gift that violates this Section.

A. Exceptions

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Section II.3 is not applicable to the following:

- (1) Opportunities, benefits, and services that are available on the same conditions as for the general public.
- (2) Anything for which the officer or employee, or his or her spouse or immediate family member, pays the fair market value.
- (3) Any
 - (i) contribution that is lawfully made under the Election Code or
 - (ii) activities associated with a fundraising event in support of a political organization or candidate.
- (4) Educational materials and missions.
- (5) Travel expenses for a meeting to discuss business.
- (6) A gift from a relative, meaning those people related to the individual as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, and including the father, mother, grandfather, or grandmother of the individual's spouse and the individual's fiancé or fiancée.
- (7) Anything provided by an individual on the basis of a personal friendship unless the recipient has reason to believe that, under the circumstances, the gift was provided because of the official position or employment of the recipient or his or her spouse or immediate family member and not because of the personal friendship. In determining whether a gift is provided on the basis of personal friendship, the recipient shall consider the circumstances under which the gift was offered, such as:
 - (i) the history of the relationship between the individual giving the gift and the recipient of the gift, including any previous exchange of gifts between those individuals;
 - (ii) whether to the actual knowledge of the recipient the individual who gave the gift personally paid for the gift or sought a tax deduction or business reimbursement for the gift; and
 - (iii) whether to the actual knowledge of the recipient the individual who gave the gift also at the same time gave the same or similar gifts to other officers or employees, or their spouses or immediate family members.
- (8) Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are
 - (i) consumed on the premises from which they were purchased or prepared or
 - (ii) catered. For the purposes of this Section, "catered" means food or refreshments

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that are purchased ready to consume which are delivered by any means.

(9) Food, refreshments, lodging, transportation, and other benefits resulting from outside business or employment activities (or outside activities that are not connected to the official duties of an officer or employee), if the benefits have not been offered or enhanced because of the official position or employment of the officer or employee, and are customarily provided to others in similar circumstances.

(10) Intra-governmental and inter-governmental gifts. For the purpose of this Policy, "intra-governmental gift" means any gift given to an officer or employee from another officer or employee, and "inter-governmental gift" means any gift given to an officer or employee by an officer or employee of another governmental entity.

(11) Bequests, inheritances, and other transfers at death.

(12) Any item or items from any one prohibited source during any calendar year having a cumulative total value of less than \$100.

Each of the exceptions listed in this Section is mutually exclusive and independent of every other.

B. Disposition of gifts

An officer or employee, his or her spouse or an immediate family member living with the officer or employee, does not violate this Policy if the recipient promptly takes reasonable action to return a gift from a prohibited source to its source or gives the gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under Section 501 (c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded.

II.4 ETHICS ADVISOR

A. Designation of

The Treasurer, with the advice and consent of the Trustees, shall designate an Ethics Advisor for the "Office". The duties of the Ethics Advisor may be delegated to an officer or employee of the "Office" unless the position has been created as an office of the "Trustees".

B. Duties

The Ethics Advisor shall provide guidance to the officers and employees of the "Office" concerning the interpretation of and compliance with the provisions of this Policy and State ethics laws. The Ethics Advisor shall perform such other duties as may be delegated by the Trustees.

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II.5 ETHICS COMMISSION

Should the need arise, There shall be created a commission to be known as the Ethics Commission of “Niles Township School Treasurer’s Office”. The Commission shall be comprised of three members appointed by the Treasurer with the advice and consent of the Trustees. No person shall be appointed as a member of the Commission who is related, either by blood or by marriage up to the degree of first cousin, to any elected officer of “The Niles Township Trustees of Schools”.

At the first meeting of the Commission, the initial appointees shall draw lots to determine their initial terms. Two commissioners shall serve 2-year terms, and the third commissioner shall serve a one-year term. Thereafter, all commissioners shall be appointed to 2year terms. Commissioners may be reappointed to serve subsequent terms.

At the first meeting of the Commission, the commissioners shall choose a chairperson from their number. Meetings shall be held at the call of the chairperson or any 2 commissioners. A quorum shall consist of two commissioners, and official action by the commission shall require the affirmative vote of two members.

The Treasurer, with the advice and consent of the Trustees, may remove a commissioner in case of incompetence, neglect of duty or malfeasance in office after service on the commissioner by certified mail, return receipt requested, of a copy of the written charges against the commissioner and after providing an opportunity to be heard in person or by counsel upon not less than 10 days' notice. Vacancies shall be filled in the same manner as original appointments.

The Commission shall have the following powers and duties:

- (1) To promulgate procedures and rules governing the performance of its duties and the exercise of its powers.
- (2) Upon receipt of a signed, notarized, written complaint, to investigate, conduct hearings and deliberations, issue recommendations for disciplinary actions, impose fines in accordance with Section II.6(c) of this Policy and refer violations of Section II.2 or Section II.3 of this Policy to the appropriate attorney for prosecution. The Commission shall, however, act only upon the receipt of a written complaint alleging a violation of this Policy and not upon its own prerogative.
- (3) To receive information from the public pertaining to its investigations and to require additional information and documents from persons who may have violated the provisions of this Policy.
- (4) To compel the attendance of witnesses and to compel the production of books and papers pertinent to an investigation. It is the obligation of all officers and employees of the “Office” to cooperate with the Commission during the course of its investigations. Failure

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or refusal to cooperate with requests by the Commission shall constitute grounds for discipline or discharge.

(5) The powers and duties of the Commission are limited to matters clearly within the purview of this Policy.

(a) Complaints alleging a violation of this Policy shall be filed with the Ethics Commission.

(b) Within 3 business days after the receipt of a complaint, the Commission shall send by certified mail, return receipt requested, a notice to the respondent that a complaint has been filed against him or her and a copy of the complaint. The Commission shall send by certified mail, return receipt requested, a confirmation of the receipt of the complaint to the complainant within 3 business days after receipt by the commission. The notices to the respondent and the complainant shall also advise them of the date, time, and place of the meeting to determine the sufficiency of the complaint and to establish whether probable cause exists to proceed.

(c) Upon not less than 48 hours' public notice, the Commission shall meet to review the sufficiency of the complaint and, if the complaint is deemed sufficient to allege a violation of this Policy, to determine whether there is probable cause, based on the evidence presented by the complainant, to proceed. The meeting may be closed to the public to the extent authorized by the Open Meetings Act. The Commission shall issue notice to the complainant and the respondent of the Commission's ruling on the sufficiency of the complaint and, if necessary, on probable cause to proceed within 7 business days after receiving the complaint.

If the complaint is deemed sufficient to allege a violation of Section II.3 of this Policy and there is a determination of probable cause, then the Commission's notice to the parties shall include a hearing date scheduled within 4 weeks after the complaint's receipt. Alternatively, the Commission may elect to notify in writing the attorney designated by the corporate authorities to prosecute such actions and request that the complaint be adjudicated judicially. If the complaint is deemed not sufficient to allege a violation or if there is no determination of probable cause, then the Commission shall send by certified mail, return receipt requested, a notice to the parties of the decision to dismiss the complaint, and that notice shall be made public.

If the complaint is deemed sufficient to allege a violation of Section II.2 of this Policy, then the Commission shall notify in writing the attorney designated by the corporate authorities to prosecute such actions and shall transmit to the attorney the complaint and all additional documents in the custody of the Commission concerning the alleged violation.

(d) On the scheduled date and upon at least 48 hours' public notice of the meeting, the Commission shall conduct a hearing on the complaint and shall allow both parties the opportunity to present testimony and evidence. The hearing may be closed to the public only if authorized by the Open Meetings Act.

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(e) Within 30 days after the date the hearing or any recessed hearing is concluded, the Commission shall either

(i) dismiss the complaint or

(ii) issue a recommendation for discipline to the alleged violator and to the Treasurer, *or other officer having authority to discipline the officer or employee*, or impose a fine upon the violator, or both. The particular findings in the case, any recommendation for discipline, and any fine imposed shall be a matter of public information.

(f) If the hearing was closed to the public, the respondent may file a written demand for a public hearing on the complaint within 7 business days after the issuance of the recommendation for discipline or imposition of a fine, or both. The filing of the demand shall stay the enforcement of the recommendation or fine. Within 14 days after receiving the demand, the Commission shall conduct a public hearing on the complaint upon at least 48 hours' public notice of the hearing and allow both parties the opportunity to present testimony and evidence. Within 7 days thereafter, the Commission shall publicly issue a final recommendation to the alleged violator and to the Treasurer *or other officer having authority to discipline the officer or employee* or impose a fine upon the violator, or both.

(g) If a complaint is filed during the 60 days preceding the date of any election at which the respondent is a candidate, the Commission shall render its decision as required under subsection (e) within 7 days after the complaint is filed, and during the 7 days preceding that election, the Commission shall render such decision before the date of that election, if possible.

(h) The Commission may fine any person who intentionally violates any provision of Section II.3 of this Policy in an amount of not less than \$1,001 and not more than \$5,000. The Commission may fine any person who knowingly files a frivolous complaint alleging a violation of this Policy in an amount of not less than \$1,001 and not more than \$5,000. The Commission may recommend any appropriate discipline up to and including discharge.

(i) A complaint alleging the violation of this Policy must be filed within one year after the alleged violation.

II.6 PENALTIES

A. A person who intentionally violates any provision of Section II.2 of this Policy may be punished by a term of incarceration in a penal institution other than a penitentiary for a period of not more than 364 days, and may be fined in an amount not to exceed \$2,500.

B. A person who intentionally violates any provision of Section II.3 of this Policy

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is subject to a fine in an amount of not less than \$1,001 and not more than \$5,000.

- C. Any person who intentionally makes a false report alleging a violation of any provision of this Policy to the local enforcement authorities, the State's Attorney or any other law enforcement official may be punished by a term of incarceration in a penal institution other than a penitentiary for a period of not more than 364 days, and may be fined in an amount not to exceed \$2,500.
- D. A violation of Section II.2 of this Policy shall be prosecuted as a criminal offense by an attorney for the "Office" by filing in the circuit court an information, or sworn complaint, charging such offense. The prosecution shall be under and conform to the rules of criminal procedure. Conviction shall require the establishment of the guilt of the defendant beyond a reasonable doubt.

A violation of Section II.3 of this Policy may be prosecuted as a quasi-criminal offense by an attorney for the "Office", or, if an Ethics Commission has been created, by the Commission through the designated administrative procedure.

- E. In addition to any other penalty that may be applicable, whether criminal or civil, an officer or employee who intentionally violates any provision of Section II.2 or Section II.3 of this Policy is subject to discipline or discharge.

II.7 Statements of Economic Interest

- A. The Trustees and Treasurer are required by the Illinois Governmental Ethics Act (5ILCS 420 / 4A-106) to file annually a statement of economic interest with the Cook County Clerk's Office.
- B. The Treasurer, or his designee, shall file a list of the names and addresses of the Trustees and Treasurer annually with the Cook County Clerk's Office in accordance with said Act.
- C. The Treasurer and Trustees shall complete the disclosure form in accordance with the Act and file it with the Clerk's Office before the deadline.

II.8 Effective date

This Policy shall be in effect upon its passage and approval by the Board of Trustees as provided by law.

SECTION III - INVESTMENTS

III.1.0 SCOPE OF POLICY:

Under this instrument, the Investment Policy of the Trustees of Schools, Township 41N, Range 13E for the Office of the Niles Township School Treasurer ("Policy"), it is the policy of the Niles Township School Treasurer ("Treasurer") to invest all funds under its control in a manner that provides the highest investment return using authorized instruments while meeting the daily cash flow needs of the schools in conformance with all Illinois State Statutes governing the investment of public funds.

This Policy applies to all investments entered into on or after the adoption of this instrument. Until the expiration of investments made prior to the adoption of this Policy, such investments will continue to be governed by the policies in effect at the time such investments were made.

III.2.0 OBJECTIVE:

The primary objective in the investment of school funds is to ensure the safety of principal, while managing liquidity to pay the financial obligations of the schools, and providing the highest investment return using authorized instruments.

III.2.1 Safety:

The safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To attain this objective, diversification, as defined in Section III.8.0 of this Policy, is required to ensure that the Treasurer prudently manages market, interest rate and credit risk.

III.2.2 Liquidity:

The investment portfolio shall remain sufficiently liquid to enable the Office to meet all operating requirements that might be reasonably projected.

III.2.3 Return on Investment:

The investment portfolio shall be designed to obtain the highest available return, taking into account the Treasurer's investment risk constraints and cash flow needs. The Office shall seek to obtain the highest available return using authorized investments during budgetary and economic cycles as mandated in Section III.1.0 of this Policy.

The rate of return achieved on the Treasurer's portfolio is measured at regular intervals against relevant industry benchmarks established by the Treasurer, with the advice and consent of the Trustees of Schools, to determine the effectiveness of investment decisions in meeting investment goals.

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III.2.4 Local Considerations

When the Treasurer deposits funds in support of community development efforts in Niles Township and Cook County, the rate of return shall include benefits other than direct investment income as authorized by Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7).

III.3.0 CONFLICTS OF INTEREST:

The Trustees, Treasurer, and employees in policy-making positions shall refrain from personal business activity that could conflict, or give the appearance of a conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. Such individuals shall disclose to the Treasurer any material financial interests in financial institutions that conduct business with the Office, and they shall further disclose any personal financial investment positions that could be related to the performance of the investment portfolio. In addition, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

III.4.0 DELEGATION OF AUTHORITY AND RESPONSIBILITIES

III.4.1 Governing Body

The Board of Trustees will retain ultimate fiduciary responsibility for the portfolio. The Board shall designate investment officers and review the investment policy; making any changes necessary by adoption.

III.4.2 Investment Officers

Authority to manage the investment program is granted to The Niles Township School Treasurer, hereinafter referred to as Treasurer. Responsibility for the operation of the investment program is hereby delegated to the Treasurer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Investment Policy.

All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this Policy.

III.5.0 AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS:

A list shall be maintained of approved financial institutions, which shall be utilized by the Treasurer selecting institutions to provide investment services. No school funds may be deposited in any financial institution until it has been duly approved by the Board of Trustees while in open session. The decision to approve a financial institution should be supported by a recommendation of the Treasurer, which shall include a review of the financial institution's current rating from at least one bank rating service, (i.e. IDC, Sheshunoff, and/or Veribanc),

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unless the financial institution has not yet been rated by the bank rating services, in which case the institution may be eligible for a deposit that at maturity will not exceed \$100,000.

The amount and duration of deposits shall be determined by the Treasurer, with the advice and consent of the Trustees, in accordance with this Policy. No deposit of school funds may be made except in a qualified public depository as defined by the Deposit of State Moneys Act (15 ILCS 520).

In addition, a list shall be maintained of approved security broker/dealers, which have been approved by the Trustees while in open session. The decision to approve a security broker/dealers should be supported by a recommendation of the Treasurer, which shall include the name(s) of any individuals assigned to the Office with a description of their qualifications and background, a list of references, preferably other public entities, from the individual's current clients, a review of the security broker/dealer's creditworthiness, and their financial significance in the state and county, which shall be measured in terms of the location of the broker/dealer's corporate or branch office(s), or the extent that the broker/dealer has an economic presence in the state or county. The list may include "primary" dealers or regional dealers who qualify under Securities and Exchange Commission Rule 240.15c3-1 (Net Capital Requirements for Brokers or Dealers).

All financial institutions and broker/dealers who want to qualify to bid for investment transactions shall initially, and on a periodic basis upon request, provide to the Office the following, where applicable:

- Audited financial statements or a published Statement of Condition;
- Proof of minority/female/disabled broker status;
- A trading resolution;
- Proof of State of Illinois registration;
- Proof of registration with the Securities and Exchange Commission;
- Completed Broker/Dealer Questionnaire;
- Certification of notice and knowledge of this Policy;
- Published reports for brokers from rating agencies with investment grade ratings;
- Proof of emerging broker status; and
- Balance sheets from Consolidated Reports of Condition and Income (or the entire report when requested), Statements of Financial Condition, or Office of Thrift Supervision Financial Reports.

An annual review of the financial condition and registration of qualified bidders will be conducted by the Office. More frequent reviews may be conducted if warranted.

III.5.2. Minority, Emerging and Community Financial Institutions

From time to time, the investment officer may choose to invest in instruments offered by minority, emerging and community financial institutions. All terms and relationships will be fully disclosed prior to purchase and will be reported to the Board on a consistent basis with all the investments.

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To the extent that the Treasurer, with the advice and consent of the Trustees, deems it advisable to hire external investment advisors, it may do so in accordance with the State of Illinois' procurement rules at 44 Ill. Adm. Code 1400.

III.6.0 AUTHORIZED AND SUITABLE INVESTMENTS:

The following types of investments, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520) and the Public Funds Investment Act (30 ILCS 235), are approved:

- a) Securities that are guaranteed by the full faith and credit of the United States as to principal and interest;
- b) Obligations of agencies and instrumentalities of the United States as originally issued by the agencies and instrumentalities, which carry the implied backing of the federal government;
- c) Interest-bearing savings accounts, interest-bearing certificates of deposit, or interest-bearing time deposits of a bank as defined by Section 2 of the Illinois Banking Act (205 ILCS 5/2);
- d) Interest-bearing accounts or certificates of deposit of any savings and loan association incorporated under the laws of the State of Illinois, any other state, or the United States;
- e) Dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of the State of Illinois or the United States, which maintains its principal office in the State of Illinois;
- f) Commercial paper of a corporation that is organized in the United States which:
 - (i) has assets exceeding \$500,000,000 and;
 - (ii) is rated by two or more standard rating services at a level that is at least as high as the following: A-1 by Standard & Poor's, P-1 by Moody's, F-1 by Fitch, D-1 by Duff & Phelps Credit Rating Company, A1 by IBCA, and TBW-1 by Thompson Bank Watch, and;
 - (iii) has a maturity date no more than 180 days after the date of purchase, and;
 - (iv) is less than 10% of the total commercial paper outstanding for that issuer.
- g) Money market mutual funds registered under the Investment Company Act of 1940 (15 U.S.C.A. § 80a-1 et seq.) and rated at the highest classification of at least one standard rating service;

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- h) The Illinois Funds, ISDLAF+ Funds, IIIT Fund, LaSalle Bank GCI Fund, or similar funds created under Section 17 of the State Treasurer Act (15 ILCS 505/17);
- i) Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 (1 U.S.C.A. § 78o-5); and
- j) Obligations of United States National Mortgage Associations, including Collateralized Mortgage Obligations, established by or under the National Housing Act
- k) Investment-grade obligations of state, provincial and local governments and public authorities;

III.7.0 INVESTMENT RESTRICTIONS:

- a) The following investments are expressly prohibited:
 - (i.) Investments involving derivative products, such as: options, futures, swaps, and forward contracts.
 - (ii.) Leveraging of assets through reverse repurchase agreements, or securities lending agreements;
 - (iii.) Direct investments in tri-party repurchase agreements.
- b) Repurchase agreements may only be executed with approved financial institutions or broker/dealers meeting the Treasurer's standards, which include mutual execution of a Master Repurchase Agreement adopted by the Treasurer.
- c) Investments may not be made in any savings and loan association unless a commitment by the savings and loan association, executed by the president or chief executive officer of that association, is submitted in the form required by Section 22.5 of the Deposit of State Moneys Act (15 ILCS 520/22.5).

III.8.0 COLLATERALIZATION:

Deposits in excess of FDIC coverage shall be secured by collateral provided by the depository, unless specifically waived by the Treasurer as evidenced by a written waiver. Deposits shall be secured according to the following:

- a) Obligations of the United States Government, its agencies or instrumentalities – 110% of deposit.
- b) Obligations of the State of Illinois – 115% of deposit.
- c) Obligations of municipalities (highest rating), located in the United States – 115%

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- d) Letters of Credit – An irrevocable letter of credit issued by the Federal Home Loan Bank of Chicago at the request of the member bank and naming the Treasurer’s Office as Beneficiary – 110% of the expected maximum deposit amount.

The above ratios are to be calculated using the fair-market value of the collateral pledged, divided by the amount of the collateralized deposit. The Treasurer shall periodically review the pledged collateral by institution, to determine if it is sufficient and meets the requirements of the Deposit of State Moneys Act (15 ILCS 520).

In the event of a failure on the part of a financial institution to return any funds on deposit, The Office may take possession of and title to any securities held for its benefit as collateral and may hold such securities until it is prudent to dispose of them.

III.9.0 DIVERSIFICATION:

The investment portfolio shall be diversified to minimize the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer or a specific type of investment. In order to properly manage any risk attendant to the investment of school funds, the portfolio shall not deviate from the following diversification guidelines unless specifically authorized by the Treasurer:

- a. The Treasurer shall seek to achieve diversification in the portfolio by distributing investments among authorized types of investments, financial institutions, issuers and broker/dealers;
- b. The investment portfolio shall not hold time deposits and/or term repurchase agreements that constitute more than 15% of any single financial institution’s total deposits. Any deposits and/or repurchase agreements that constitute more than 10% of an institution’s total deposits must qualify as community development deposits described in Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7).
- c. No financial institution shall at any time hold more than \$25,000,000 of time deposits and/or term repurchase agreements other than community development deposits described in Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7). Provided, however, that:

(i) Financial institutions holding deposits that exceed \$25,000,000.00 on the date that this Policy is adopted, shall continue to be eligible to hold deposits that do not exceed the amount of deposits held on that date.

(ii) Financial institutions that, as a result of a merger or acquisition, hold deposits that exceed \$25,000,000.00 may continue to be eligible to hold deposits that do not exceed the amount of deposits held on the date of the merger or acquisition.

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- d. The investment portfolio shall not contain investments that exceed the following diversification limits that apply to the total assets in the portfolio at the time of the origination or purchase, as monitored on a daily basis and as maturity of instruments occur, and as adjusted as appropriate:
 - (i) With the exception of cash equivalents, treasury securities, obligations of federal agencies and instrumentalities, and time deposits, as defined in Section III.6.0 of this Policy, no more than 33% of the portfolio shall be invested in any one type of investment category.
- e. The Treasurer shall maintain the portfolio so as to achieve a modified duration of three years or less. Investment of reserve funds may exceed a three-year maturity, however the Treasurer shall only invest in such longer-term securities that he/she reasonably expects to be able to hold until maturity.

III.10.0 CUSTODY AND SAFEKEEPING:

The custody and safekeeping of investments and collateral will be:

- (i) Held by a financial institution, other than the financial institution receiving the deposit, or a Federal Reserve Bank or its branch office;
- (ii) Documented by safekeeping receipts indicating the securities are pledged to the Office and original statements shall be sent to the Office from the custodian financial institution;
- (iii) Approved by the Treasurer.

All security transactions entered into by the Treasurer shall be conducted on a delivery-versus-payment (DVP) or receipt-versus-payment (RVP) basis, unless otherwise approved by the Treasurer. All securities purchased by the Treasurer shall be held in a safekeeping account at an approved financial institution, established by the Treasurer in the name of the Office, or a SPIC insured securities account, typically at the broker/dealer where the securities were purchased, in the name of the Office, or for the benefit of the Office.

No securities purchased under this policy may be delivered in certificate form, or to an account other than those established by the Treasurer in the name of the Office.

III.11.0 INTERNAL CONTROLS:

The Treasurer, as the Chief Investment Officer, shall establish a system of internal controls and written operational procedures that shall be documented. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, or unauthorized transactions.

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III.11.1 Management:

The Treasurer has sole authority to purchase and sell investments, authorize wire transfers, authorize the release of pledged collateral, and to execute any documents required under this policy.

III.11.2 Asset Allocation:

The allocation of assets among investment types authorized under Section III.5.0 of this Policy shall be determined by the Treasurer.

III.11.3 Competitive Transactions:

The investment officer shall obtain competitive bid information on all purchases and sales of investments.

- (i) If the Treasurer is offered a security for which there is no readily available competitive offering on the same specific issue; the Treasurer shall document quotations for comparable or alternative securities.
- (ii) When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities as the same original issue price.
- (iii) If the Entity hires an investment adviser to provide investment management services, the adviser must provide documentation of competitive pricing execution on each transaction.
- (iv) Certificates of deposit shall be purchased by the Office on the basis of a qualified financial institution's ability to pay a required rate of interest to the Treasurer, which is established on a daily basis. Such rate is generally determined on the basis of treasury or other appropriate market rates for a comparable term.

The Treasurer shall periodically review secondary market purchase transactions with broker/dealers to satisfy him or herself that securities are being purchased at market yields available at the time the securities were purchased.

III.12.0 LIMITATION OF LIABILITY:

The standard of prudence to be used by authorized investment officers shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Authorized investment officers acting in accordance with written procedures and this Policy and exercising due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

III.13.0 REPORTING:

The Treasurer shall prepare quarterly reports for the Board of Trustees, for its review and approval. The quarterly report shall contain sufficient information to enable the Trustees to review the investment portfolio, its effectiveness in meeting the needs of the Treasurer's office

Trustees of schools, Township 41N, Range 13E for the Niles Township School Treasurer

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for safety, liquidity, rate of return, and diversification, and the general performance of the portfolio. The following information shall be included in the quarterly reports:

- a) Performance as compared to established benchmarks;
- b) Asset allocation;
- c) Any circumstances resulting in a deviation from the standards established in Section III.9.0 of this Policy;
- d) Impact of any material change in investment policy adopted during the quarter;
- e) A listing of all investments in the portfolio by class or type at the current carrying value; and
- f) The annualized income expected to be earned from the investments as of the report date.

The Treasurer shall make him/herself available to the school districts at least quarterly for the purpose of reviewing the aforementioned report, as well as any other pertinent information. Districts unable to attend the quarterly review may make arrangements to meet with the Treasurer at a later time to review report. Upon request, the Treasurer will be available to discuss the report at a regularly scheduled meeting of a school board served by the Office.

Annually, the Office shall retain a Certified Public Accountant to audit the annual financial reports for the Treasurer's Office. The audit shall include a review of the investments and investment activity. The Treasurer shall present the audit to the Trustees at a regular meeting of the Board, while in open session, and distribute a copy of the comprehensive audit report to each of the school districts served by the Office.

The Treasurer reserves the right to amend this Policy at any time, with the advice and consent of the Trustees.

Trustees of schools, Township 41N, Range 13E for the Niles Township School Treasurer

Policies and Procedures

ADOPTION

The policies and procedures contained herein, namely:

- SECTION I - EMPLOYEES
- SECTION II - ETHICS
- SECTION III - INVESTMENTS
- SECTION emp1 - EMPLOYEE ATTENDANCE PROCEEDURES

Having been reviewed and discussed at a regular meeting of the Board of Trustees on July 19, 2004; and subsequently amended on April 15, 2014.

Shall, upon their approval, become the official policies and procedures of the Trustees of Schools, Township 41N, Range 13E for the Niles Township School Treasurer and shall replace and supersede all previously adopted policies;

Upon a Motion to approve the policies and procedures by Trustee _____;

Seconded by Trustee _____;

A vote was called and the Trustees voted as Follows;

AYES:

NAYS:

The Motion (_____ Passed) , (_____ was defeated).

ATTEST:

Treasurer, ex-officio clerk of the Board