

DIVISION 10

INVESTMENT POLICY

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2-10-1: POLICY:

It is the policy of the Village of Sheffield to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

2-10-2: SCOPE:

This policy includes all funds governed by the Sheffield Village Board.

2-10-3: PRUDENCE:

Investments shall be made with judgment 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.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.

2-10-4: OBJECTIVE:

The primary objective, in order of priority, shall be:

- (1) Legality - conformance with federal, state and other legal requirements
- (2) Safety - preservation of capital and protection of investment principal
- (3) Liquidity - maintenance of sufficient liquidity to meet operating requirements
- (4) Yield - attainment of market rates of return

The portfolio should be reviewed periodically as to its effectiveness in meeting the entity's needs for safety, liquidity, rate of return, diversification and its general performance.

2-10-5: DELEGATION OF AUTHORITY:

Management and administrative responsibility for the investment program is hereby delegated to the City Treasurer. The City Treasurer shall report to the Chairman of the Sheffield Village Board Finance Committee and to the Village President. The Treasurer and the Sheffield Village Board Finance Committee

shall meet on an ad hoc basis as determined by the Chairman of the Sheffield Finance Committee to review the operation of the investment program and to modify this investment policy in any manner deemed appropriate by the Village Board of the Village of Sheffield.

2-10-6: ETHICS:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

2-10-7: AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS:

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security brokers / dealers selected by credit worthiness.

2-10-8: AUTHORIZED AND SUITABLE INVESTMENTS:

Investments may be made in any type of security allowed for in Illinois statutes regarding the investment of public funds.

Investments shall be made that reflect the cash flow needs of the fund type being invested.

2-10-9: COLLATERALIZATION:

Funds on deposit (checking accounts, certificates of deposit, etc.) in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent - third party institution in the name of the municipality.

2-10-10: SAFEKEEPING AND CUSTODY:

All security transactions, including collateral for repurchase agreements, entered into by the Village of Sheffield, shall be conducted on a delivery-verses-payment (DVP) basis. Securities will be held by an independent third party custodian and by the Treasurer and evidenced by safekeeping receipts and a written custodial agreement.

2-10-11: DIVERSIFICATION:

The entity shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, and length of maturity.

2-10-12: MAXIMUM MATURITIES:

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

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

2-10-13: INTERNAL CONTROL:

The Treasurer is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The internal controls shall address the following points:

- (1) Control of collusion
- (2) Separation of transaction authority from accounting
- (3) Custodial safekeeping
- (4) Written confirmation of telephone transactions for investments and wire transfers

2-10-14: PERFORMANCE STANDARDS:

This investment portfolio will be managed in accordance with the parameters specified within the

policy. The portfolio should obtain a comparable rate of return during a market/economic environment of stable interest rates. Portfolio performance should be compared to benchmarks with similar maturity, liquidity and credit quality as the portfolio. Nothing in these performance standards shall be deemed to require the Treasurer to invest municipal funds in financial institutions not having business locations within the corporate limits of the Village of Sheffield. Funds may be invested in financial institutions not having facilities within the Village of Sheffield upon the recommendation of the Village Treasurer and the concurrence of the Sheffield Village Board and Village President. The Village of Sheffield is supported by local financial institutions and deems it to be in the best interests of the Village of Sheffield to support those local financial institutions having a physical presence in the Village of Sheffield.

2-10-15: REPORTING:

The Treasurer shall prepare an investment report at least monthly. The report shall be provided to the Sheffield Village Board. The report should be in a format suitable for review by the general public. An annual report should also be provided to the Board.

2-10-16: MARKING TO MARKET:

A statement of the market value of the portfolio shall be issued to the Village Board quarterly.

2-10-17: INVESTMENT POLICY ADOPTION:

This investment policy shall be adopted by the Sheffield Village Board. The policy shall be reviewed on an annual basis by the Treasurer and the Chairman of the Sheffield Finance Committee and any modifications made thereto must be approved by the Sheffield Village Board. (Ord. No. 07-99-12-13)