

Investment of Public Funds Policy

[A copy of this Policy shall be available to the public at the Library's administrative offices.]

Policy

It is the policy of the Fox River Grove Public Library District to invest public funds in a prudent manner which will provide the highest investment return within a lowest-risk environment, while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds.

Purpose and Scope

The purpose of this policy statement is to outline the responsibilities, general objectives, and specific guidelines for management of public funds by the Fox River Grove Public Library District. Its scope is all public funds governed by the Library Board of Trustees.

Responsibilities

All investment policies and procedures of the Fox River Grove Public Library District will be in accordance with Illinois Law. The authority of the Library Board of Trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act [30 ILCS 235/1 et seq.] and the investments permitted are described therein. Administration and execution of these policies are the responsibility of the Treasurer and Budget Committee acting under the authority of the Library Board of Trustees. Investments, fund balances, and the status of such accounts will be reported at each regularly scheduled meeting of the Library Board.

Delegation of Authority

Management and administrative responsibility for the investment program is hereby delegated to the Treasurer (and in the Treasurer's absence, the Vice-President) and Budget Committee. The Treasurer and Budget Committee, and by designation, the Library Director, are responsible for establishing internal controls and written procedures for the operation of the investment program.

"Prudent Person" Standard

All Library investment activities shall use a "prudent person" standard of care. This standard shall be applied in the context of managing an overall portfolio and specifies that 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. Investment officers, acting in accordance with this Policy and the written procedures of the Library, and exercising due diligence, shall be relieved of personal responsibility for a security's credit risk or market price/value changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Material, relevant, and decision-useful sustainability factors have been or are regularly considered by the Library, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors include, but are not limited to: (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided under the Illinois Sustainable Investing Act.

Objectives

In selecting financial institutions and investment instruments to be used, the following general objectives should be considered in the priority listed:

- Legality (conforming with all legal requirements)
- Safety (preserving capital and including diversification appropriate to the nature and amount of the funds)
- Liquidity (maintaining sufficient liquidity to meet current obligations and those reasonably to be anticipated)
- Yield (attaining a market rate of return on investments)
- Simplicity of management

Guidelines

The following guidelines should be used to meet the general investment objectives:

1. Legality and Safety:
 - a. Investments will be made only in securities guaranteed by the U.S. government, or in FDIC-insured institutions including SAIF of the FDIC. Deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC coverage (unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding custody and safekeeping of collateral). Any credit union accounts would not exceed insured amounts and otherwise would be in complete compliance with the legal requirements for such accounts and institutions.
 - b. Authorized investments include and will primarily consist of: Certificates of Deposit, Treasury Bills and other securities guaranteed by the U.S. Government, participation in the State of Illinois Public Treasurer's Investment Pool, and any other investments allowed under State law that satisfy the investment objectives of the library district.
2. Liquidity: In general, investments should be managed to meet liquidity needs for the current month plus one month (based on forecasted needs) and any reasonably anticipated special needs. No investments will be made with maturity beyond five years.
3. Yield - Return on investment: Within the constraints on Illinois law, considerations of safety, and this investment policy, every effort should be made to maximize return on investments made. All available funds will be placed in investments or kept in interest-bearing deposit accounts.
4. Simplicity of management: The time required by Library Director to manage investments shall be kept to a minimum.

Reporting

The Treasurer shall prepare an investment report at least quarterly. The report shall be provided to the Board of Trustees and available to the public in a suitable format on request. An annual report shall also be provided to the Board.

Internal Controls

In addition to these guidelines, the Treasurer and Budget Committee shall establish a system of internal controls and written operational procedures designed to prevent loss, theft, or misuse of funds. Internal controls shall address:

- Separation of transaction authority from accounting and record keeping.
- Clear delegation of authority to subordinate staff members.
- Written confirmation of transactions for investments and wire transfers.
- Dual authorizations of wire transfers.
- Development of a wire transfer agreement with the lead bank and third-party custodian.

- Investment and interest earnings will be recorded in the District accounting records based on generally accepted government accounting procedures.
- A monthly summary of all investment transactions will be presented for review by the District Board.

Performance Standards

This investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a comparable rate of return during a market/economic environment of stable interest rates. Performance should be compared to benchmarks with similar maturity, liquidity, and credit quality represented in a typical lowest-risk portfolio.

Authorized Financial Dealers and Institutions

Any investment advisors, money managers and financial institutions shall be considered and authorized only by the action of the Board of Library Trustees upon the recommendation of the Treasurer and Budget Committee. The Treasurer and Budget Committee will maintain a list of financial dealers and institutions authorized to provide investment services.

Conflicts of Interest

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