

Policy 720

Investment of Public Funds Policy

PURPOSE AND SCOPE

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

RESPONSIBILITIES

All investment policies and procedures of the Sugar Grove Public Library 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 and the investments permitted are described therein. Administration and execution of these policies are the responsibility of the Board Treasurer.

DELEGATION OF AUTHORITY

Management and administrative responsibility for the investment program is hereby delegated to the Board Treasurer. The Board Treasurer and by designation, the Library Director, is responsible for establishing internal control 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 the 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, officers, acting in accordance with 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 marked price/value changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

OBJECTIVES

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

- Legality (confirming 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:

A) Legality and Safety:

- 1) Investments will be made only in securities guaranteed by the U.S.
- 2) government, or in FDIC insured institutions including SAIF of the
- 3) FDIC. Deposit accounts in banks or savings and loan institutions will
- 4) not exceed the amount insured by FDIC coverage [unless adequately
- 5) collateralized pursuant to Regulations of the Federal Reserve
- 6) regarding custody and safekeeping of collateral].
- 7) Authorized investments include and will primarily consist of:
- 8) Certificates of Deposit, Treasury Bills and other securities guaranteed
- 9) by the U.S. Government, participation in the State of Illinois Public
- 10) Treasurer's Investment Pool, and any other investments allowed under
- 11) State law that satisfy the investment objectives of the library district.

B) 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.

C) 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.

D) Simplicity of management:

The time required by library administrative staff to manage investments shall be kept to a minimum.

REPORTING

Investments, fund balances and the status of such accounts will be reported at each regularly scheduled meeting of the Library Board and at least quarterly include information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date. At least annually, the Board Treasurer shall review this Policy for any needed modifications and report to the Library Board of Trustees on the investment portfolio, its effectiveness in meeting the Library's need for safety, liquidity, rate of return, diversification and general performance. These reports will be available to the general public upon request.

INTERNAL CONTROLS

In addition to these guidelines, the Board Treasurer in conjunction with Library Director and Library Auditor shall establish a system of internal controls and written operational procedures designated to prevent loss, theft or misuse of funds.

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 Board Treasurer. The Board Treasurer with the assistance of the Library Director 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 the ability to make impartial decisions, or that could give the appearance of impropriety.

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