

## Investment Policy

This policy defines authority, methods, and responsibilities for the investment of Indian Public Library District funds.

### **Section 1:** Safety

The security of monies, whether on hand or invested, shall be the primary concern in selecting depositories or investments.

#### **Section 1.1:** Diversification

Investments shall be undertaken in a manner that seeks to insure preservation of capital in the overall portfolio. Risks will be minimized through diversification of the investment portfolio

#### **Section 1.2:** Internal Controls

The Director shall establish a system of internal controls designed to prevent losses of District funds arising from fraud, misrepresentation by third parties, unanticipated changes in financial markets, employee error or imprudent actions by employees. 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 investment and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodians
- Investment and interest earnings will be recorded in the District accounting records based on generally accepted government accounting procedures.
- Authorized signatories are NOT permitted to reconcile bank accounts at any time.
- A monthly summary of all investment transactions will be prepared by the staff for review by the Board.

#### **Section 1.3:** Conflict of Interest

The Corrupt Practices Act of the Illinois Compiled Statutes shall apply in the case of this policy. In addition, no person involved in the investment process shall make any investment decision based upon personal or political gain or consequence.

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

**Section 1.4:** Financial Institutions

The Indian Trails Public Library Board of Trustees shall have the sole responsibility to select which financial institutions will be depositories for the Indian Trails Public Library District. Any financial institution, upon meeting the requirements of the Illinois Compiled Statutes and any other applicable regulation, may request to become a depository for Indian Trails Public Library District funds. The Indian Trails Public Library District will take into consideration security, size, location, financial condition, service fees, and the community relations involvement of the financial institution when choosing depositories as well as the requirements of Act 30 ILCS 235/6.

**Section 1.5:** Collateralization

At all times in order to meet the objective of safety of capital, the Library Board Treasurer will require deposits in excess of the Federally insured amount to be collateralized to the extent of One Hundred and Five Percent (105%) and evidenced by an approved written agreement. Approved types of collateralization are to be found in 30 ILCS 235/6d.

**Section 1.6:** Safekeeping

Securities and collateral require third party safekeeping. The Treasurer and Director will have responsibility for selecting safekeeping agents. Safekeeping will be documented by an approved written agreement

**Section 1.7:** Reporting

All investment transactions shall be recorded by the Indian Trails Public Library District business office. A report will be generated listing all active investments, location of investments, maturity of investments, interest rate and other pertinent information deemed necessary and reviewed by the Library Board Treasurer. This report will be submitted monthly to the Library Board of Trustees.

**Section 1.8:** Periodic Review

The Library will undergo an annual independent review for internal control, assuring compliance within the investment policy through an audit by an external audit firm.

**Section 2:** Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated.

**Section 3:** Return

The Library Board Treasurer with the assistance of Library Staff shall seek to attain a market average or better rate of return throughout budgetary and economic cycles, taking into account risk, constraints, cash flow, and legal restriction on investment

**Section 3.1:** Timing

To maximize earnings, all funds shall be deposited/invested within three working days at prevailing rates or better.

**Section 3.2:** Performance Measures

The use of U.S. Treasury bills, average Fed Fund Rate, Illinois Funds, or other stable markets can be used to determine whether market average yield benchmarks are being achieved.

**Section 3.3:** Investment Types

Indian Trails Public Library District shall invest instruments as allowed by the Public Funds Investment Act 30 ILCS 235 /2 or any other, more restrictive regulation.

**Section 4:** PRUDENT PERSON STANDARD

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 possible income to be derived.

In maintaining its investment portfolio, the Library Board Treasurer and Director shall avoid any transaction that might impair public confidence in Indian Trails Public Library District.

The above standards are established as standards for professional responsibility and shall be applied in the context of managing the portfolio.

The Library Board, Treasurer and employees of the Indian Trails Public Library District acting in accordance with this Investment Policy and procedures as have been or may be established and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market changes.

**Section 5:** Documentation

The Indian Trails Library District will retain records of the following in the business office:

- Listing of authorized personnel
- Relevant Illinois statutes and local ordinances
- List of authorized public depositories, financial institutions and brokers/dealers
- Safekeeping/Custody Agreements
- Internal Controls