

**INVESTMENT POLICY**

- I. **GENERAL POLICY:** It is the policy of the Library 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 Library in conforming to all state and local statutes governing the investment of public funds.
- II. **SCOPE:** This investment policy applies to all financial assets of the Warrenville Public Library District. Funds are accounted for in the Warrenville Public Library District's Comprehensive Annual Financial Report.
- III. **PRUDENCE:** The standard of prudence to be used by investment officials shall be the "prudent person" standard. Investments shall be made with judgment and are, 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.
- IV. **OBJECTIVE:** The primary objectives, in order of priority, shall be:
  - A. Legality – Conformance with federal, state and other legal requirements.
  - B. Safety – Preservation of capital and protection of investment principal.
  - C. Liquidity – Maintenance of sufficient liquidity to meet operating requirements.
  - D. Yield – Attainment of market rates return.

The portfolio should be reviewed periodically as to its effectiveness in meeting the Library's needs for safety, liquidity, rate of return, diversification and its general performance.
- V. **DELEGATION OF AUTHORITY:** Management and administrative responsibility for the investment program is hereby delegated to the Treasurer of the Board of Library Trustees.
- VI. **ETHICS AND CONFLICTS OF INTEREST:** 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.
- VII. **AUTHORIZED FINANCIAL DEALERS AND INSTUTIONS:** The Treasurer shall maintain a list of financial institutions authorized as depositors for funds and to provide investment services.

Should it become necessary to use an investment advisor or money manager, the Treasurer shall establish a policy regarding their selection.

- VIII. **AUTHORIZED AND SUITABLE INVESTMENTS:** Investments may be made in any type of security allowed for by Illinois statutes regarding the investment of public funds.
- IX. **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 Library.
- X. **SAFEKEEPING AND CUSTODY:** All security transactions, including collateral for repurchase agreements, entered into by the Library shall be conducted in a manner that ensures safety. The Library is required to keep receipts and a written record of all transactions.
- XI. **DIVERSIFICATION:** The Library shall diversify its investments to the best of its ability based on the nature of the funds invested and the cash flow needs of those funds.
- XII. **MAXIMUM MATURITIES:** To the extent possible, the Library shall attempt to match its investments with anticipated cash flow requirements. Therefore, the Treasurer shall establish a maximum maturity limit for securities, unless they are matched to a specific cash flow or if the investments' maturity are made to coincide as nearly as practicable with the expected use of the funds.
- XIII. **OPERATIONAL PROCEDURES/INTERNAL CONTROL:** The investments are perused each month noting when the investments are maturing and what the cash needs are within each fund established by the Library. The Treasurer and Library Director/Head Administrator shall discuss the cash needs within the respective funds and project investment or reinvestment in accordance to the highest rates and terms available at that time. The recommendations will be presented to the Board of Library Trustees at a regular board meeting for approval. The Library Director/Head Administrator executes the trades as approved by the Board of Trustees. No monies from any Library accounts are to be transferred into any accounts other than those accounts belonging to the Library. Bank confirmations are to be received on all investments transactions and all transfers between funds.
- XIV. **PERFORMANCE STANDARDS:** This investment portfolio will be managed in accordance with the parameters specified within this policy.
- XV. **REPORTING:** By delegation of the Board of Trustees, the Library Director shall report to the Board Treasurer a summary that provides a clear picture of the status of current investments such as Certificates of Deposit. The report will include information such as the following:

- A. Interest rate.
- B. Maturity date.
- C. Amount of investment.

The Treasurer and the Library Director shall prepare an investment report at least monthly. The report should be provided to the Board of Library Trustees and be available on request. The report should be in a format suitable for review by the general public. An annual report should also be provided to the Board. The report shall include information regarding securities in the portfolio by class or type, book value, income earned and market value as of the report date.

- XVI. INVESTMENT POLICY ADOPTION: The investment policy shall be adopted by resolution of the Board of Library Trustees. The policy shall be reviewed on an annual or as needed basis. Modifications made to the policy must be approved by the Board of Library Trustees.