

INVESTMENT POLICY

**Approved by
THE BOARD OF TRUSTEES OF
THE COAL CITY PUBLIC LIBRARY DISTRICT**

**REVISED
OCTOBER 9, 2018**

*Denotes Legal Language

COAL CITY PUBLIC LIBRARY DISTRICT INVESTMENT 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 and conforming to all state and local statutes governing the investment of public funds.

PURPOSE

The purpose of this policy is to outline the responsibilities, general objectives, and specific guidelines for management of public funds by the Library.

SCOPE

This policy includes all funds governed by the board of trustees.

PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent person" standard, which states:*

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.*

RESPONSIBILITIES

All investment policies and procedures of the Library will be in accordance with Illinois law. The authority of the board of trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act (30 ILCS 235/.01 et seq.)*, and the investments permitted are described therein.

OBJECTIVE

The primary objectives, 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 is the primary objective of the investment.*
3. Liquidity - maintenance of sufficient liquidity to meet operating requirements.
4. Return on Investment - the investment portfolio shall be designed with the objective of obtaining a positive rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.
5. Simplicity of management.

The library director and/or board treasurer shall review the portfolio periodically as to its effectiveness in meeting the library's need for safety, liquidity, rate of return, diversification and performance.

DELEGATION OF AUTHORITY

Management and administrative responsibility for the investment program is hereby delegated to the library director and/or board treasurer.

ETHICS AND CONFLICT 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 investment decisions.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The board treasurer shall maintain a list of financial institutions authorized as depositors for funds and to provide investment services.

The board of trustees may approve contracting the services of an investment advisor or money manager.

AUTHORIZED AND SUITABLE INVESTMENTS

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.

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. The amount of collateral provided will be not less than 100% of the fair market value of the net amount of public funds secured.*

SAFE KEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the Library shall be conducted on a delivery-versus-payment basis (DVP).*. The library is required to keep receipts and a written record of all transactions.

DIVERSIFICATION

In addition to the limitations set forth by state statute, *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.

MAXIMUM MATURITIES

Whenever possible, the Library shall attempt to match its investments with anticipated cash flow requirements. Therefore, the board shall establish a maximum maturity limit for securities, unless they are matched to a specific cash flow or if the investments' maturity is made to coincide as nearly as practicable with the expected use of the funds.

OPERATIONAL PROCEDURES/INTERNAL CONTROL

The investments are reviewed each month noting when the investments are maturing and what the cash needs are within each fund established by the Library. The board treasurer and library director 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 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 investment transactions and all transfers between funds.

PEFORMANCE STANDARDS

The investment portfolio will be managed in accordance with the parameters specified within this policy. The time required by the library director to manage investment shall be kept to a minimum.

REPORTING

The board treasurer shall present an investment report monthly to the board of trustees and be available on request. The report should be in a format suitable for review by the general public. An annual audit report should be provided to the board of trustees.

INVESTMENT POLICY ADOPTION

The board of trustees shall adopt the investment policy which shall be reviewed on a biennial or as needed basis. The board of trustees must approve modifications made to the policy.