

Brookfield Public Library

Investment of Public Funds

Adopted: 12/18/2002

Reviewed and Approved: 4/23/2008

General Policy

It is the policy of the Brookfield Public 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.

Purpose

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

Scope

This Policy includes all funds governed by the Board of Library Trustees.

Prudence

The standard of prudence to be used by investment officials shall be the "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 probable income to be derived.

Responsibilities

All investment policies and procedures of the Brookfield Public Library will be in accordance with Illinois law. The authority of the Board of Library Trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act (30 ILCS 235), and the investments permitted are described therein. Administration and execution of these policies are the responsibility of the Treasurer, and, by designation, the Library Director acting under the authority of the Board of Library Trustees. Investments, fund balances, and the status of such accounts will be reported at each regularly scheduled meeting of the Library Board.

Objectives

In selecting financial institutions and investment instruments to be used, the following general objectives should be considered.

- Safety
- Maintenance of sufficient liquidity to meet current obligations
- Return on investment
- Simplicity of management

Guidelines

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

- 1) Safety:
 - a) Investments will be made only in securities guaranteed by the U.S. government, or in FDIC- or FSLIC-insured institutions. Deposit accounts in banks or savings-and-loan institutions will not exceed the amount insured by FDIC or FSLIC coverage.
 - 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 Treasurers' Investment Pool known as *The Illinois Funds*, and any other investments allowed under State law that satisfy the investment objectives of the library district.
- 2) Maintenance of sufficient liquidity to meet current obligations:

In general, investments should be managed to meet liquidity needs for the current month plus one month (based on forecasted needs).
- 3) Return on investment:

Within the constraints on Illinois law 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 at all times.
- 4) Simplicity of management:

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

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.

Authorized Financial Dealers and Institutions

The Treasurer shall maintain a list of financial institutions authorized as depositories 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.

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.

Internal Controls

The Treasurer is responsible for establishing and maintaining a structure of internal control to ensure that the assets of the Library are protected from loss, theft, or misuse. Accordingly, the Treasurer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery of securities

- Clear delegation of authority to Library Director and his/her subordinate staff members
- Written confirmation of telephone and online transactions for investment and wire transfers
- Development of a wire transfer agreement with the lead bank or third-party custodian

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.

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' maturities are made to coincide as nearly as practicable with the expected use of the funds.

Performance Standard

This investment portfolio will be managed in accordance with the parameters specified within this policy.

Investment Policy Adoption

The Board of Library Trustees shall adopt the investment policy. The policy shall be reviewed on an annual or as-needed basis. The Board of Library Trustees must approve modification made to the policy.