

INVESTMENT OF PUBLIC FUNDS

Adopted: October 1984

Revised: May 2026

Last Reviewed: May 2026

Responsibilities

All investment policies and procedures of the library will comply with applicable 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 235/1), which also outlines the permitted types of investments. The administration and execution of this policy are the responsibility of the treasurer, who is hereby designated as the "chief investment officer," acting under the authority of the board of trustees. The chief investment officer is responsible for establishing internal controls, maintaining the operation of the investment program, and for reporting to the board on a regular basis.

"Prudent Person" Standard

All investment activities will be conducted in accordance with the "prudent person" standard of care. This standard requires that investments be made with sound judgment and care—under the circumstances prevailing at the time—as a prudent, intelligent, and discrete person would use in managing their own financial affairs. Investments will not be made for speculation but with consideration for the probable safety of capital and the anticipated income to be derived.

Investment officers, acting in accordance with this policy, and who exercise due diligence, will not be held personally liable for losses resulting from changes in credit risk or market value, provided that deviations from expectations are reported promptly and appropriate action is taken to mitigate adverse developments.

Objectives

In selecting financial institutions and investment instruments, the following objectives should be prioritized in the order listed:

1. Legality – Compliance with all applicable legal requirements.
2. Safety – Preservation of capital including appropriate diversification.
3. Liquidity – Maintenance of sufficient liquidity to meet current and anticipated obligations.
4. Yield – Earning a market rate of return.
5. Simplicity - Ease of management.

Guidelines

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

1. Legality and Safety:

- Investments will be limited to securities guaranteed by the U.S. government or placed with institutions insured by the Federal Deposit Insurance Corporation (FDIC)- including those insured through the Savings Association Insurance Fund (SAIF).
 - Deposit amounts in any bank or savings institution will not exceed FDIC insurance limits unless adequately collateralized pursuant to Federal Reserve regulations.
 - Authorized investments include, but are not limited to: certificates of deposit, U.S. treasury bills and other securities backed by the U.S. government, participation in the Illinois Public Treasurer's Investment Pool, and any other instruments permitted by state law that align with the objectives of the library district.
 - The treasurer will be bonded at the minimum amount of 10% of our budget by RLI Insurance Company.
2. Liquidity: Investments should be managed to meet cash flow needs for the current month and at least one subsequent month, based on forecasted financial obligations and any reasonably anticipated special expenditures.
 3. Yield: Within the constraints of Illinois law, safety, and this policy, every reasonable effort should be made to maximize the return on investments. All available funds will either be invested or held in interest-bearing accounts.

Reporting

Investment activity, fund balances, and the status of all accounts will be reported at each scheduled meeting of the board. At least quarterly, the report will include details on the portfolio by security class or type, book value, income earned and market value as of the reporting date.

The chief investment officer will review this policy annually and recommend any necessary revisions to the board. An annual report will also be presented to evaluate the effectiveness of the investment portfolio, in meeting the library's need for safety, liquidity, rate of return, diversification and overall performance. Reports will be made available to the public upon request.

Internal Controls

The chief investment officer will implement and maintain a system of internal controls and operational procedures designed to safeguard loss, theft or misuse of funds.

Authorized Financial Dealers and Institutions

Investment advisors, money managers and financial institutions will be deemed authorized only upon formal approval by the board of trustees based on the recommendation of the chief investment officer.

Conflicts of Interest

Trustees of the board and staff involved in the investment process will avoid personal business activities that may conflict with the proper execution and management of the library's investment program, impair objective decision-making, or create the appearance of impropriety.

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