



## WESTMONT PUBLIC LIBRARY

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*Providing the community with the keys to lifelong learning.*

### **Investment of Public Funds Policy**

#### **Purpose**

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

#### **Governing Authority**

All investment policies and procedures of the Westmont Public Library will be in accordance with Illinois law. The authority of the Library Board of Trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act, and the investments permitted are described therein.

#### **Objectives**

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

1. Legality and Safety
2. Maintenance of Sufficient Liquidity
3. Return on Investment
4. Simplicity of Management

#### **1. Legality and Safety**

Investments will be made only in securities guaranteed by the U.S. government, or in FDIC insured institutions. Deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC coverage. 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 (Illinois Funds), and any other investments allowed under the State law that satisfy the investment objectives of the library provided that the Board of Trustees of the Library shall authorize such other investments in advance of their purchase.

#### **2. Maintenance of Sufficient Liquidity**

In general, investments should be managed to ensure that appropriate liquidity is maintained in order to meet ongoing obligations. The Library shall maintain a minimum of three months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements

#### **3. Return on Investment**

Within the constraints of Illinois law and this policy, every effort should be made to maximize returns on investments made. When prudent, available funds will be placed in investments or kept in interest bearing accounts at all times with the exception of those funds required to be kept in non-interest bearing accounts.

#### **4. Simplicity of Management**

The time required by Library administrative staff to manage investments shall be kept to a minimum. Except for cash in certain restricted and special funds, the Library will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration.

#### **Standards of Care**

##### **1. Delegation of Authority**

Oversight of investment management is delegated to the Library Director. The Library Director is responsible for establishing internal controls and for the operation of the investment program.

##### **2. “Prudent Person” Standard**

All Library investment activities shall use a “prudent person” standard of care, which shall be applied in the context of managing an overall portfolio. 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. Investment officers, acting in accordance with this policy and the written procedures of the Library, and exercising due diligence, shall be relieved of personal responsibility for a security’s credit risk or market price/value changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

##### **3. 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 decisions, or that could give the appearance of impropriety. Officers and employees shall disclose any personal or business financial/investment positions that could be related to the performance of the Library’s investment portfolio and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Library.

#### **Internal Controls**

In addition to these guidelines, the Library Director shall follow a system of internal controls designed to prevent the loss of public funds arising from fraud, theft, employee error, mis-representation by third parties, unanticipated changes in financial markets, or misuse of funds.

Internal controls shall address:

- Separation of transaction authority from accounting and record keeping
- Clear delegation of authority among staff members
- Written confirmation of transactions
- Dual authorizations
- Recording of investment and interest earnings and fund balances statements based on generally accepted government accounting procedures.

**Reporting**

Investments, fund balances, and the status of such accounts will be reported at each regularly scheduled meeting of the Library Board.

**Review**

This policy shall be reviewed as needed but at least every three years to assess the policy's effectiveness and compliance with applicable law.