



Illinois Heartland Library System Investment of Public Funds Policy

[A copy of this Policy shall be available to the public at the System's administrative offices.]

PURPOSE AND SCOPE. The purpose of this policy statement is to outline the responsibilities, general objectives, and specific guidelines for management of public response funds by the Illinois Heartland Library System. Its scope is all public funds of the System.

RESPONSIBILITIES. All investment policies and procedures of the System will be in accordance with Illinois Law. The authority of the System's Board of Directors to control and invest public funds is defined in the Illinois Public Funds Investment Act and the investments permitted are described therein. Administration and execution of these policies are the responsibility of the **Chief Fiscal Officer-Treasurer**, who is ~~hereby designated as the "Chief Investment Officer" of the System~~ acting under the authority of the Board of Directors.

DELEGATION OF AUTHORITY. Management and administrative responsibility for the investment program is hereby delegated to the Chief **Fiscal Investment** Officer. The Chief **Fiscal Investment** Officer and the System's Executive Director, are responsible for establishing internal controls and written procedures for the operation of the investment program.

"PRUDENT PERSON" STANDARD. All System investment activities shall use a "prudent person" standard of care. This standard shall be applied in the context of managing an overall portfolio and specifies that 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 System, 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.

OBJECTIVES. In selecting financial institutions and investment instruments to be used, the following general objectives should be considered in the priority listed:

- Legality (conforming with all legal requirements)
- Safety (preserving capital and including diversification appropriate to the nature and amount of the funds)
- Liquidity (maintaining sufficient liquidity, to meet current obligations and those reasonably to be anticipated)
- Yield (attaining a market rate of return on investments)
- Simplicity of Management

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

A) Legality and Safety:

1. Investments will be made only in securities guaranteed by the U.S. or state government, or in FDIC-Insured institutions including SAIF of the FDIC. Deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC coverage (unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding custody and safekeeping of collateral).
2. 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 System.

B) Liquidity:

In general, investments should be managed to meet liquidity needs for the current month plus three months (based on forecasted needs) and any reasonably anticipated special needs.

C) Yield/Return on Investment:

Within the constraints on Illinois law, considerations of safety, 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.

D) Simplicity of Management:

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

REPORTING. Investments, fund balances and the status of such accounts will be reported at ~~each regularly scheduled meeting of the System Board of Directors and at least quarterly include information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date.~~ At least annually, the Chief Fiscal ~~Investment~~ Officer shall review this Policy for any needed modifications and report to the Board on the investment portfolio, its effectiveness in meeting the System's need for safety, liquidity, rate of return, diversification and general performance. These reports will be available to the general public upon request.

INTERNAL CONTROLS. In addition to these guidelines, the Chief Fiscal ~~Investment~~ Officer shall establish a system of internal controls and written operational procedures designed to prevent loss, theft or misuse of funds.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS. Any investment advisors, money managers and financial institutions shall be considered and authorized only by the action of the Board of Directors upon the recommendation of the Chief Fiscal ~~Investment~~ Officer. The Chief Fiscal ~~Investment~~ Officer will maintain a list of financial dealers and institutions authorized to provide investment services

CONFLICTS OF INTEREST. Officers and employees involved in the investment process shall refrain from personal business activities that might conflict with the proper execution and management of this investment program, or that could impair their ability to make impartial decisions, or that could give the appearance of impropriety.