



Investment Policy

General Policy

It is the policy of the Winnetka-Northfield Public Library District to invest public funds as necessary and appropriate for the provision and maintenance of collections, services, programs, facilities, equipment, staffing, and other expenditures related to the operation of the library as authorized by the Public Library District Act (75 ILCS 10/1-1 *et seq.*), the Public Funds Investment Act (30 ILCS 235/0.01 *et seq.*) and other applicable laws and regulations.

Scope

This policy applies to all funds maintained by the Winnetka-Northfield Public Library District.

Investment Standard

The standard for investment of funds 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 safety of their capital as well as the income to be derived.

Objectives

The primary objectives for investment of funds, in order of priority, shall be:

1. Legality – conformance with applicable statutes and regulations.
2. Safety – protection of investment principal.
3. Liquidity – maintenance of liquidity sufficient to meet operating requirements.
4. Yield - maximizing the return on the portfolio while avoiding unreasonable investment risk.

Portfolio Review and Reporting

The portfolio should be reviewed at least annually as to the portfolio’s effectiveness in meeting the Library’s objectives as stated above. The Treasurer shall provide an annual report for the Board in a format suitable for review by the general public.

Delegation of Authority

Management and administrative responsibility for investment of public funds is delegated to the Treasurer of the Board.



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Ethics and Conflicts of Interest

Trustees and employees involved in the investment process shall abstain from personal business or investments which could conflict with the proper execution and management of the investment program, or which 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.

If it becomes necessary to use an investment advisor or money manager, the Treasurer and Director shall recommend a policy to the Board regarding their selection.

Authorized and Suitable Investments

Investments may be made in any type of security allowed for by applicable statutes. The Board is aware that the Public Funds Investment Act, 30 ICLS 235/1 *et seq.*, applies to the Library's investment of public funds. By way of example only, the following investments are among those currently authorized by the Public Funds Investment Act:

- (a) Bank or Savings and Loan Certificates of Deposit (FDIC insured) – the Library may invest up to the maximum amount insured by the FDIC (currently \$250,000), minus the expected accrued interest. The Library may invest more than the FDIC insured amount (minus expected accrued interest) with any one Bank or Savings and Loan Association, provided that the Library receives collateral (see Paragraph 10);
- (b) U.S. Government and Government Agency Securities – the Library may invest in bonds, notes, certificates of indebtedness, treasury bills, or other securities, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- (c) Illinois Funds – the Library may invest with any of The Illinois Funds whereby the Treasurer of the State of Illinois invests funds pooled by local governments.
- (d) Money market mutual funds registered under the Investment Company Act of 1940 with a portfolio consisting of investments in categories (a) and (b) (above)



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Collateralization

All public funds on deposit must be protected by insurance (e.g., FDIC) or pledged collateral. The amount of collateral will be 110% of the amount not protected by insurance. The guidelines of the Government Finance Officers Association (GFOA) will be given consideration.

Collateral shall be held by an independent third-party depository approved by the Board and evidenced by a written collateral agreement. The pledged collateral shall be of the type authorized by applicable statutes.

Substitutions of collateral must be approved in writing prior to release, and the collateral should not be released until the replacement collateral has been received.

Safety

All investment transactions shall be conducted in a manner that ensures reasonable safety. The Treasurer and Director shall keep written receipts or have access to electronic receipts for all transactions.

Diversification

The Library shall diversify its investments to the best of its ability based on the nature of the funds invested and the Library's cash flow needs.

Maturities and Strategy

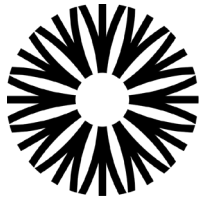
In keeping with the Library's Objectives (Section 4), as a general rule the investment portfolio shall have the following maximum maturities:

1. Final maturity of investments should not exceed five years.
2. At least 50% of the cash and investment balance should mature within three years.

The Library shall carry an operating reserve in the General Fund of not less than 6 months and no more than 12 months of operating expenses.

Operational Procedures/Internal Control

Investments are reviewed each month noting when investments are maturing and the Library's cash flow needs. The Treasurer and Library Director shall determine which funds to reinvest or cash out and keep the Board apprised of any liquidated funds.



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The Library Director executes investment decisions as approved by the Treasurer.

No Library funds are to be transferred into any accounts other than accounts owned by the Library. Bank confirmations are necessary for all investment transactions and all transfers between funds.

The Treasurer is responsible for establishing and maintaining internal controls to ensure that Library investments are protected from loss, theft, or misuse. Internal controls should address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery of securities
- Delegation of authority to Library Director and his/her staff
- Written confirmation of telephone and online transactions
- Development of wire transfer protocols as necessary

Portfolio Management

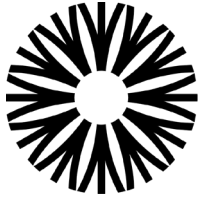
The Library's portfolio will be managed in accordance with the parameters specified in this Investment Policy.

Personal Liability

Investment officers acting in accordance with this Policy and the written procedures of the Library District and exercising due diligence shall be relieved of personal responsibility for a security's credit risk or market price/value changes, provided any deviation from expectations is reported to the Board no later than 10 calendar days after the matter is discovered and appropriate action is taken to control adverse developments.

Local Institutions

The Board will attempt to place investments with financial institutions located in the Library District provided the rate of return and security are comparable to the best rates offered by other financial institutions, in compliance with this policy's parameters of legality, safety and liquidity.



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Investment Policy Review

The Board of Trustees shall review this Investment Policy annually or more frequently as needed. Modifications to this Policy must be approved by the Board of Trustees.