

INVESTMENT OF PUBLIC FUNDS POLICY

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

RESPONSIBILITIES. All investment policies and procedures of the Pekin Public Library will be in accordance with Illinois Law. The authority of the Library Board of Library Trustees 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 Treasurer who is hereby designated as the “chief investment officer” of the Library acting under the authority of the Library Board of Library Trustees.

DELEGATION OF AUTHORITY. Management and administrative responsibility for the investment program is hereby delegated to the Chief Investment Officer. The Chief Investment Officer, and by designation, the Library Director, is responsible for establishing internal controls and written procedures for the operation of the investment program.

“PRUDENT PERSON” STANDARD. All Library 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 the 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.

OBJECTIVES. In selecting 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. 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 library.

B) Liquidity:

In general, investments should be managed to meet liquidity needs for the current month plus one month (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 Library Board 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 Investment Officer shall review this policy for any needed modifications and report to the Board on the investment portfolio, its effectiveness in meeting the Library'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 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 Library Trustees upon the recommendation of the Chief Investment Officer. The Chief 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.

V. Pekin Public Library Operational Procedures

Check Writing:

Regular disbursements are handled by the City of Pekin Accounting Department. Original invoices attached to coded Accounts Payable (AP) forms completed by the Office manager and approved by the Director are forwarded to the City for payment. The City issues payment checks as part of its regular accounts payable cycle. The checks are returned to the library for mailing. The City bills the Library for the total AP amount.

Disbursements covering regular Payroll and AP bills from the City as well as miscellaneous invoices in need of immediate payment are handled using original invoices and Emergency Manual Check Distribution (MP) forms completed by the Office Manager. The Office manager oversees writing checks from the Library's accounts, maintaining written ledgers and accompanying records in accordance with Illinois disposal laws as governed by the Local Records Commission.

All checks written from the Library's accounts require an original receipt/invoice and the completion of a manual distribution form. Checks require the signature of two officers or an officer and the Director (signatures are on file at the banks). The Board of Trustees and/or the Director approve all purchases and payments. Checks are stored in the Director's office that is locked during the Director's absence.

All checking accounts are balanced on a monthly basis following accepted accounting principals. Written reports are presented to the Board of Trustees on a monthly basis.

Staff Purchases:

Staff may order books through the Library. This is done on a reimbursement of cost basis. The acquisitions clerk marks the invoice to show staff purchase and calculates the total cost of the materials. The Office Manager maintains a record of what has been received and date staff makes payment for the materials. Monies from all staff purchases are rang in at the circulation desk cash register and are deposited through the regular night deposit procedure.

Petty Cash:

By Board approval a Petty Cash balance is maintained at \$75.00 with an additional \$50.00 in coins. Petty Cash funds are kept in a locked box in a locked cabinet and are maintained by the Office Manager. Purchases from petty cash must be for \$10.00 or less and require a receipt and approval either by the Office Manager, Director, or a department head. Coins are distributed to the copy machines and the cash register by the Office Manager, Director, or a department head.

Petty Cash funds are balanced monthly. Petty Cash receipts are maintained for a period of two years in accordance with Illinois laws governing disposal of records. The replenishment of funds is by check from the General Fund (Herget Bank) following Board approved check writing guidelines.

Cash Register:

The Cash Register drawer is maintained at \$50.00. The register is balanced daily following general accounting practices. The receipts are deposited into the General Fund (Herget Bank). A written report is provided to the Board of Trustees on a monthly basis.

Copy Machine Use and Printing Fee Receipts:

Public copy machines are coin operated and are fitted with locked coin boxes. Printer Fees are paid at the Reference Desk with monies collected daily by the Office Manager. Coin box keys and daily receipts are stored in a locked cabinet. The receipts are deposited weekly to the General Fund (Herget Bank). A written report of usage and receipts is provided to the Board of Trustees on a monthly basis.

ADOPTED 12/20/1999.
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