

SIX MILE REGIONAL LIBRARY DISTRICT (SMRLD)
Fiscal Accountability and Investment of Public Funds Policy

PURPOSE AND SCOPE

The purpose of the Six Mile Regional Library District (SMRLD) Fiscal Accountability and Investment of Public Funds Policy is to provide a framework for the fiscal operations of the District, to assure sound fiscal management, and to outline responsibility for management of the District's public funds.

This policy applies to the financial and investment activities of all funds under the direction of SMRLD. This policy also applies to any new funds or temporary funds placed under direction of SMRLD. The Illinois Revised Statutes take precedence except where this Policy is more restrictive.

GENERAL

- A. SMRLD financial policies and procedures are in accordance with requirements and intents as outlined in Illinois law.
- B. SMRLD maintains a treasurer's bond equal to a minimum of 50% of the total funds received by the district in the previous fiscal year.
- C. The current and past seven years' financial records are maintained and kept at SMRLD headquarters, except in cases when the temporary removal of such records is required by law or by auditing procedures. SMRLD will maintain records at least as long as and in accordance with conditions required by the Illinois State Records Act (5 ILCS 160). Older records may be stored offsite.
- D. Roll call is taken by the SMRLD Board of Trustees on all financial matters. Trustees with economic conflicts of interest abstain from voting, in accordance with the Illinois Governmental Ethics Act (5 ILCS 420).
- E. The total budget by fund will be approved by the SMRLD Board of Trustees.

DEPOSITS

- A. All income received at SMRLD is deposited in appropriate accounts at least weekly following appropriate internal control procedures involving two or more individuals.
- B. Deposits in any one institution may not exceed the FDIC insured amount, without a signed collateralization agreement with the institution and with assets of the agreement to be held by a third party in the name of SMRLD.

EXPENDITURES AND OTHER FINANCIAL TRANSACTIONS

- A. Authorized signatories are, by title, the SMRLD President, Vice-President, Secretary, Treasurer, and Executive Director.
- B. Financial transactions require three signatures. All financial transactions are reported to the SMRLD Board of Trustees at regularly scheduled Board meetings.
- C. Members of the SMRLD Board of Trustees, the Executive Director, and all SMRLD employees who have direct supervisory authority over or direct

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responsibility for contracts entered into by SMRLD in the amount of \$1,000 or greater are required to file statements of economic interest with the county clerk.

INVESTMENTS

- A. The objective is to invest all funds under SMRLD control in a manner which will provide the highest investment return using authorized instruments while meeting the District's daily cash flow demands and in conformance with the Illinois Public Fund Investment Act (30 ILCS 235/2.5)
- B. The Executive Director is responsible for recommending to the SMRLD Board of Trustees financial institutions (e.g. Illinois Funds, banks, savings and loan, credit unions, and other non-banks) that will be the depositories for SMRLD. The SMRLD Board of Trustees will select financial institutions and will annually review the selection of depositories. Any financial institution, upon meeting the requirements of the Illinois Compiled Statutes and of this policy, may request to become a depository for SMRLD funds. SMRLD will take into consideration security, size, location, financial condition, service, fees, competitiveness, and the community relations involvement of the financial institution when choosing depositories. The SMRLD Executive Director shall authorize investment of funds in such institutions. SMRLD funds not currently needed for operating expenses shall be invested as permitted by law.
- C. Management and administrative responsibility for the investment program is hereby delegated to the SMRLD Executive Director. The SMRLD Executive Director is responsible for establishing internal controls and written operational procedures designed to prevent loss, theft or misuse of funds.
- D. All SMRLD investment activities use a "prudent person" standard of care. This standard is 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 District, 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.
- E. The following guidelines are used to meet the general investment objectives:
 1. Legality and Safety:
 - a. Safety of principal is the foremost objective of the investment program. Investments are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
 - b. Investments are made only in securities guaranteed by the U.S. government, or in FDIC insured institutions including Savings Association Insurance Fund (SAIF) or the FDIC. Deposit

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- accounts in the 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.
- c. Authorized investments include and will primarily consist of: Certificates of Deposit, Treasury Bills, Money Market accounts, 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 District.
- 2. Liquidity: in general, investments are managed to meet liquidity needs for the current month plus one month (based on forecasted needs) and any reasonably anticipated special needs.
 - 3. Credit Risk: SMRLD minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which SMRLD does business, and by diversifying the portfolio so that potential losses on individual securities are minimized.
 - 4. Interest-rate risk: SMRLD minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities.
 - 5. Yield-Return on investment: within the constraints on Illinois Law, considerations of safety, and this investment policy, every effort is made to maximize return on investments made. All available funds are placed in investments or kept in interest bearing deposit accounts.
 - 6. Simplicity of management: the time required by SMRLD administrative staff to manage investments is kept to a minimum.
- F. Reporting: investments and the status of such accounts are reported at each regularly scheduled meeting of the SMRLD Board of Trustees and include interest earned as of the report date.
 - G. Ethics and Conflicts of Interest: authorized investment officers of SMRLD and employees in policy-making positions refrain from personal business activity that could conflict, or give the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions, or that could give the appearance of impropriety.

GRANT CONTRACTS

- A. The SMRLD Executive Director is authorized to sign contracts for receipt of funds for grants that have been awarded by the Illinois State Library or for other grant sources that have been authorized by the SMRLD Board of Trustees.

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- B. Occasionally SMRLD may be granted funds upon which no interest may be earned due to Federal government regulation. In such a case, the SMRLD Executive Director is authorized to establish an additional account for grant funds at a financial institution with which SMRLD has a working relationship.

PURCHASING/SALE OF GOODS AND SERVICES

All purchases for goods and services for SMRLD are authorized by the SMRLD Executive Director through established procedures. SMRLD may utilize educational and special discounts, which benefit SMRLD.

CREDIT CARDS/ACCOUNTS

- A. SMRLD maintains credit card accounts for use by SMRLD staff in conducting SMRLD business. Such business includes the travel of SMRLD staff and related expenses and must be documented with receipts to support all purchases.
- B. SMRLD may maintain credit accounts with office supply, catering, department stores, and other services to meet the needs of SMRLD, with authorization of the SMRLD Executive Director.

DONATIONS

- A. Donations of money, real property, library books or other materials, equipment, or services to SMRLD may be accepted when such a gift or its acceptance:
 - a. Contributes to the achievement of the SMRLD Long Range Plan.
 - b. Does not conflict with SMRLD policies.
 - c. Does not impose any restriction on SMRLD as a condition of donation, unless such restriction is formally accepted by SMRLD Board action.
 - d. Is not likely to be perceived as an endorsement of an individual, a product, or a service.
 - e. May be used or disposed of at the discretion of SMRLD, unless otherwise mutually agreed to by the donor and the SMRLD Board at the time of the donation.
- B. Donations made in accordance with these guidelines may be accepted by the SMRLD Executive Director. All donations of significance will be appropriately acknowledged and recognized by letter.
- C. Unless otherwise provided, arrangements for the cost of an appraisal of a donation in the interest of a donor will be the donor's responsibility prior to the conveyance of the donation to SMRLD.