

## **POLICY 720 INVESTMENTS**

The Lisle Library District (LLD) shall invest public funds in responsible, risk-averse assets which provide the highest possible return, while meeting the cash flow needs of the District. The LLD complies with all statutes governing the investment of public funds.

When needed, the LLD Finance Committee meets to review investment strategies in cooperation with the LLD's investment advisors. The LLD Finance Committee will supply policy update recommendations to the LLD Personnel & Policy Committee when appropriate.

### **A. Investment Responsibility**

#### **1. Fiduciary Obligation**

The LLD shall maintain a prudent approach whenever investing public funds. The LLD Board of Trustees act as fiduciaries for the District. The LLD Director, Assistant Director, and Business Office Manager supervise the financial transactions for the District. Trustees and Administrative staff shall discharge their duties with the exclusive purpose of providing benefit to the District and defraying reasonable expenses to administer advantageous investment strategies.

#### **2. Ethics & Conflict of Interest**

LLD Trustees and Administrative staff who oversee financial transactions shall disclose any material interest in financial institutions with which they conduct personal business. Trustees and Administrative staff shall refrain from activity that could conflict with the proper execution and management of investment plans or that could impair the ability to make impartial decisions.

#### **3. Delegation of Authority**

As an Officer and signatory for the District, the LLD Treasurer shall authorize the LLD Annual Treasurer's Report and the Certificate of Estimated Revenue which are filed with the DuPage County Clerk's Office. The LLD Treasurer shall authorize the LLD Board of Trustees Treasurer's Report which appears in every monthly Board packet. The LLD Treasurer shall be apprised of investment transactions and be aware of LLD Finance Committee discussions. The LLD Treasurer shall be appropriately bonded and insured.

The LLD Director, Assistant Director, and Business Office Manager are responsible for the financial management of the District on a daily basis.

#### 4. Priorities

Investment objectives, in order of priority shall be:

- a. Legality: compliance with federal, state, and other necessary legal requirements
- b. Safety: preservation of capital and protection of investment principal
- c. Liquidity: the portfolio shall remain sufficiently liquid to enable the LLD to meet all operating needs
- d. Yield: investment decisions shall be made with the objective to seek the best possible rate of return

#### 5. Diversification

The LLD shall diversify its investments based on the nature of the funds invested and cash flow needs using the following guidelines:

- a. Limiting investments to avoid overconcentration in securities from a specific issuer or sector (excluding U.S. Treasury securities)
- b. Limiting investment in securities that have higher risk
- c. Investing in securities with varying maturities
- d. Regularly investing a portion of the portfolio in cash or cash-like investments such as in local government investment pools and money market funds to ensure appropriate liquidity is maintained to meet ongoing obligations

### **B. Investment Types & Collateralization**

Investments may be made in any type of security in accordance with the Illinois Public Funds Investment Act (30 ILCS 235/0.01). This Act authorizes investing public funds in the following but not limited to:

1. Obligations of the United States Government, Treasury bills, certificates of indebtedness, notes and bonds, and obligations of United States Government or government agencies
2. Interest-bearing savings accounts, certificates of deposit, time deposits
3. Short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 with credit and maturity limitations as per statutes
4. Money market mutual funds registered under the U.S. Investment Company Act of 1940
5. Interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district with credit limitations as per statutes

6. Investments in depository institutions that are insured by Federal Deposit Insurance Corporation (FDIC) and/or the National Credit Union Administration (NCUA)

Investment decisions will be made with consideration of the Illinois Sustainable Investing Act (30 ILCS 238). The LLD shall work with its financial advisors to ensure the District is apprised of sustainable investment strategies.

Sustainability factors may include, but are not limited to:

- Corporate governance and leadership components
- Environmental issues
- Social capital matters
- Human capital matters
- Business model and innovation aspects

Funds on deposit in excess of insured limits shall require collateral pledged at not less than 100% of the uninsured value. Pledged collateral will be held in safekeeping by a third party.

Acceptable securities for collateral in order of preference are: obligations of the United States Government, Treasury bills, certificates of indebtedness, notes and bonds, and obligations of United States Government agencies. Acceptable collateral substitution shall be a letter of credit issued by the Federal Home Loan Bank of Chicago with the District as named beneficiary.

### **C. Internal Controls & Reporting**

The LLD shall maintain an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse. Internal controls address matters that include but are not limited to:

- separation of duties
- controls of collusion
- custodial safekeeping
- avoidance of physical delivery securities
- clear delegation of authority
- written confirmation of investment transactions and wire transfers

In cooperation with its financial advisor, the LLD prepares monthly investment reports presented in each publicly available LLD Board packet. At least once yearly, the LLD Finance Committee meets to review investment strategies with the LLD's investment advisors.

Accordingly, the LLD conducts an annual independent audit to ensure compliance with all required financial protocols.

Adopted 11/10/99

Revised 11/13/02

Revised 10/9/13

Revised 03/11/15

Revised 02/08/17

Revised 11/14/18

Revised 3/19/25