

SECTION I

INTRODUCTION

LIBRARY MISSION STATEMENT

The mission of the Addison Public Library is to foster a love of reading, to promote lifelong learning, and to provide recreational resources.

LIBRARY VISION STATEMENT

The Addison Public Library is the heart of a diverse community, connecting people with ideas and information.

PROCESS FOR DEVELOPING BOARD POLICY

The Board of Trustees, as the governing body, is entrusted with the authority to establish policy for the governance of the Addison Public Library. Board policy establishes the parameters and guidelines for Board members, committees, management, and staff.

The Addison Public Library Board makes an important distinction between Board policies and management policies. Board policies establish the broad parameters within which Board, management, and staff will operate. Management policies, developed and implemented by the Director, outline the specifics of how the organization and staff will operate within Board policy.

Once the Board officially adopts a new Board policy, that policy is the standard for dealing with the subject matter covered by the policy. If an issue comes before the Board that is not in line with existing policy, the issue is out of order and will be considered only in terms of policy change.

MAJORITY VOTE FOR APPROVAL

All policy decisions will be made by majority vote of the Board and only at Board meetings. Before adopting any policy, all Board members will receive a copy of the proposed policy in advance of the meeting at which the vote is to be taken.

SOURCE OF POLICIES

Polices may be recommended to the Board by committees of the Board, individual Board members, or the Director. All proposed polices will be researched to ensure that they are legal and do not contradict already established policy or bylaws of the Addison Public Library. If approved by the Board, policies will be written, coded, dated at time of approval, and included in all copies of the Board handbook.

CONSIDERATIONS FOR ALL POLICIES

All policies proposed to the Board should be tested to consider if the proposed policy is:

- Consistent with the mission statement;
- Within the scope of Board authority;
- Consistent with local, state, and federal law;
- Compatible with other policies of this Board;
- Necessary for good operations of the Addison Public Library;
- Broad enough to cover the subject completely.

ACCOUNTABILITY FOR CARRYING OUT POLICIES

The Director will be accountable to the Board for carrying out these policies, advising the employees of the policies, and making every reasonable effort to see that they are understood, accepted, and complied with.

DISTRIBUTION OF POLICY MANUAL

At all times a copy of the Board Policy Manual will be available in the Addison Public Library office for review and inspection by employees and Board members. An electronic copy will be maintained on the library's board/staff intranet.

AMENDMENT OR SUSPENSION OF POLICY

Illinois Statutory law requires the Board to establish and review at least biennially a written policy for the selection of library materials and the use of library materials and facilities. Policies will be considered for their accuracy and appropriateness, and recommendations will be made to the Board for amendment, addition, or elimination. Except as otherwise provided by law, any policy of the Board may be suspended, repealed, amended, or waived by a majority vote of the Board, provided that at least two full weeks advance notice has been given of the intention to consider revocation, repeal, waiver, or amendment.

SECTION II

BOARD ORGANIZATION

RIGHTS AND COMMIMENTS

Establishment

The Addison Public Library is established under the Illinois Local Library Act (75 ILCS 5). The Board of Trustees is established as the authority to operate the Addison Public Library in accordance with bylaws and Board policies.

The Addison Public Library business shall be conducted in accordance with the laws of this state, bylaws, Board policies, and generally accepted business practices that shall accomplish the Addison Public Library mission.

Board Member Commitment

Serving as a Board member of the Addison Public Library involves the following commitments:

- Adherence to the Addison Public Library's mission;
- Preparation, attendance and active participation in all of the Board's meetings;
- Notification of anticipated absence to the President or Director;
- Active participation in at least one committee;
- Action taken only with the full Board, not individually, unless authorized to do so by the full Board;
- Spokesperson for the full Board only when the full Board sanctions that Board member to do so.

Board Delegation of Policy Interpretation to Staff and Public

The Board delegates to the Director responsibility for policy interpretation to the staff and public and for rule making, issuance of procedural directives and guides not specifically covered or detailed in the *Board Policy Manual*. Such interpretations, rules, and directives have the force of Board regulations unless and until superseded by Board action.

Board Member Rights

Members of the Addison Public Library Board are granted certain specific rights. All Board members have the right to:

- Receive notice of Board meetings and the agenda;
- Attend and participate in Board meetings;
- Examine Addison Public Library's books, records, meeting minutes, financial statements and contracts;
- Place items on the Board meeting agenda at the appropriate time.

RESEARCH

Board Directed

Members of the Addison Public Library Board of Trustees conducting research at the request of the majority of the Library Board of Trustees will receive all necessary photocopies free of charge.

Independent

Members of the Addison Public Library Board of Trustees conducting independent research for any purpose, other than as stated above, are subject to all services, regulations, and fees governing the actions of any member of the public conducting research for any purpose.

ETHICAL OBLIGATIONS

The Addison Public Library Board of Trustees adheres to the "Ethics Statement for Public Library Trustees" of the American Library Association:

- Trustees, in the capacity of trust upon them, shall observe ethical standards with absolute truth, integrity and honor.
- Trustees must avoid situations in which personal interests might be served or financial benefits gained at the expense of the library users, colleagues, or the situation.
- It is incumbent upon any trustee to disqualify himself/herself immediately whenever the appearance of a conflict of interest exists.
- Trustees must distinguish clearly in their actions and statements between their personal philosophies and attitudes and those of the institution, acknowledging the formal position of the Board even if they personally disagree.
- A trustee must respect the confidential nature of library business while being aware of and in compliance with applicable laws governing freedom of information.
- Trustees must be prepared to support to the fullest the efforts of librarians in resisting censorship of library materials by groups or individuals.
- Trustees who accept library Board responsibilities are expected to perform all the functions of library trustees.

The following Regulations, as stated in Addison Public Library Resolution # 2004/05 – 004 are hereby adopted in compliance with the requirements of [Article 70](#) to the State Officials and Employees Ethics Act, ([5 ILCS 430](#)).

DEFINITIONS

For purposes of this policy, the following terms shall be given these definitions:

- "Campaign for elective office" means any activity in furtherance of an effort to influence the selection, nomination, election, or appointment of any individual to any federal, State, or local public office or office in a political organization, or the selection, nomination, or election of Presidential or Vice-Presidential electors, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action, (ii) relating to collective bargaining, or (iii) that are otherwise in furtherance of the person's official duties.
- "Candidate" means a person who has filed nominating papers or petitions for nomination or election to an elected office, or who has been appointed to fill a vacancy in nomination, and who remains eligible for placement on the ballot at a regular election, as defined in section 1-3 of the Election Code (10 ILCS 5/1-3).
- "Collective bargaining" has the same meaning as that term is defined in Section 3 of the Illinois Public Labor Relations Act (5 ILCS 315/3).

- "Compensated time" means, with respect to an employee, any time worked by or credited to the employee that counts toward any minimum work time requirement imposed as a condition of his or her employment, but for purposes of this Resolution, does not include any designated holidays, vacation periods, personal time, compensatory time off or any period when the employee is on a leave of absence. With respect to officers or employees whose hours are not fixed, "compensated time" includes any period of time when the officer is on premises under the control of the employer and any other time when the officer or employee is executing his or her official duties, regardless of location.
- "Compensatory time off" means authorized time off earned by or awarded to an employee to compensate in whole or in part for time worked in excess of the minimum work time required of that employee as a condition of his or her employment.
- "Contribution" has the same meaning as that term is defined in section 9-1.4 of the Election Code (10 ILCS 5/9-1.4).
- "Employee" means a person employed by the Addison Public Library, whether on a full-time or part-time basis or pursuant to a contract, whose duties are subject to the direction and control of an employer with regard to the material details of how the work is to be performed, but does not include an independent contractor.
- "Employer" means the Addison Public Library.
- "Gift" means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to government employment or the official position of an officer or employee.
- "Leave of absence" means any period during which an employee does not receive (i) compensation for employment, (ii) service credit towards pension benefits, and (iii) health insurance benefits paid for by the employer.
- "Officer" means a person who holds, by election or appointment, an office created by statute or ordinance, regardless of whether the officer is compensated for service in his or her official capacity.
- "Political activity" means any activity in support of or in connection with any campaign for elective office or any political organization, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action, (ii) relating to collective bargaining, or (iii) that are otherwise in furtherance of the person's official duties.
- "Political organization" means a party, committee, association, fund, or other organization (whether or not incorporated) that is required to file a statement of organization with the State Board of Elections or a county clerk under Section 9-3 of the Election Code (10 ILCS

5/9-3), but only with regard to those activities that require filing with the State Board of Elections or a county clerk.

- "Prohibited political activity" means:

(1) Preparing for, organizing, or participating in any political meeting, political rally, political demonstration, or other political event.

(2) Soliciting contributions, including but not limited to the purchase of, selling, distributing, or receiving payment for tickets for any political fundraiser, political meeting, or other political event.

(3) Soliciting, planning the solicitation of, or preparing any document or report regarding anything of value intended as a campaign contribution.

(4) Planning, conducting, or participating in a public opinion poll in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.

(5) Surveying or gathering information from potential or actual voters in an election to determine probable vote outcome in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.

(6) Assisting at the polls on election day on behalf of any political organization or candidate for elective office or for or against any referendum question.

(7) Soliciting votes on behalf of a candidate for elective office or a political organization or for or against any referendum question or helping in an effort to get voters to the polls.

(8) Initiating for circulation, preparing, circulating, reviewing, or filing any petition on behalf of a candidate for elective office or for or against any referendum question.

(9) Making contributions on behalf of any candidate for elective office in that capacity or in connection with a campaign for elective office.

(10) Preparing or reviewing responses to candidate questionnaires.

(11) Distributing, preparing for distribution, or mailing campaign literature, campaign signs, or other campaign material on behalf of any candidate for elective office or for or against any referendum question.

(12) Campaigning for any elective office or for or against any referendum question.

(13) Managing or working on a campaign for elective office or for or against any referendum question.

(14) Serving as a delegate, alternate, or proxy to a political party convention.

(15) Participating in any recount or challenge to the outcome of any election.

- "Prohibited source" means any person or entity who:
 - (1) is seeking official action (i) by an officer or (ii) by an employee, or by the officer or another employee directing that employee;
 - (2) does business or seeks to do business (i) with the officer or (ii) with an employee, or with the officer or another employee directing that employee;
 - (3) conducts activities regulated (i) by the officer or (ii) by an employee, or by the officer or another employee directing that employee; or
 - (4) has interests that may be substantially affected by the performance or non-performance of the official duties of the officer or employee.

PROHIBITED POLITICAL ACTIVITIES

- No officer or employee shall intentionally perform any prohibited political activity during any compensated time, as defined herein. No officer or employee shall intentionally use any property or resources of the Addison Public Library in connection with any prohibited political activity.
- At no time shall any officer or employee intentionally require any other officer or employee to perform any prohibited political activity (i) as part of that officer or employee's duties, (ii) as a condition of employment, or (iii) during any compensated time off (such as holidays, vacation or personal time off).
- No officer or employee shall be required at any time to participate in any prohibited political activity in consideration for that officer or employee being awarded additional compensation or any benefit, whether in the form of a salary adjustment, bonus, compensatory time off, continued employment or otherwise, nor shall any officer or employee be awarded additional compensation or any benefit in consideration for his or her participation in any prohibited political activity.
- Nothing in this Section prohibits activities that are permissible for an officer or employee to engage in as part of his or her official duties, or activities that are undertaken by an officer or employee on a voluntary basis which are not prohibited by this Resolution.
- No person either (i) in a position that is subject to recognized merit principles of public employment or (ii) in a position the salary for which is paid in whole or in part by federal funds and that is subject to the Federal Standards for a Merit System of Personnel Administration applicable to grant-in-aid programs, shall be denied or deprived of employment or tenure solely because he or she is a member or an officer of a political committee, of a political party, or of a political organization or club.

GIFT BAN

Except as permitted by this Article, no officer or employee, and no spouse of or immediate family member living with any officer or employee (collectively referred to herein as "recipients"), shall intentionally solicit

or accept any gift from any prohibited source, as defined herein, or which is otherwise prohibited by law or ordinance. No prohibited source shall intentionally offer or make a gift that violates this Section.

Exceptions. The Gift ban, as outlined above, is not applicable to the following:

- (1) Opportunities, benefits, and services that are available on the same conditions as for the general public.
- (2) Anything for which the officer or employee, or his or her spouse or immediate family member, pays the fair market value.
- (3) Any (i) contribution that is lawfully made under the Election Code or (ii) activities associated with a fundraising event in support of a political organization or candidate.
- (4) Educational materials and missions.
- (5) Travel expenses for a meeting to discuss business.
- (6) A gift from a relative, meaning those people related to the individual as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, and including the father, mother, grandfather, or grandmother of the individual's spouse and the individual's fiancé or fiancée.
- (7) Anything provided by an individual on the basis of a personal friendship unless the recipient has reason to believe that, under the circumstances, the gift was provided because of the official position or employment of the recipient or his or her spouse or immediate family member and not because of the personal friendship. In determining whether a gift is provided on the basis of personal friendship, the recipient shall consider the circumstances under which the gift was offered, such as: (i) the history of the relationship between the individual giving the gift and the recipient of the gift, including any previous exchange of gifts between those individuals; (ii) whether to the actual knowledge of the recipient the individual who gave the gift personally paid for the gift or sought a tax deduction or business reimbursement for the gift; and (iii) whether to the actual knowledge of the recipient the individual who gave the gift also at the same time gave the same or similar gifts to other officers or employees, or their spouses or immediate family members.
- (8) Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (i) consumed on the premises from which they were purchased or prepared or (ii) catered. For the purposes of this Section, "catered" means food or refreshments that are purchased ready to consume which are delivered by any means.
- (9) Food, refreshments, lodging, transportation, and other benefits resulting from outside business or employment activities (or outside activities that are not connected to the official duties of an officer or employee), if the benefits have not been offered or enhanced because of the official position or employment of the officer or employee, and are customarily provided to others in similar circumstances.

(10) Intra-governmental and inter-governmental gifts. For the purpose of this Act, "intra-governmental gift" means any gift given to an officer or employee from another officer or employee, and "inter-governmental gift" means any gift given to an officer or employee by an officer or employee of another governmental entity.

(11) Bequests, inheritances, and other transfers at death.

(12) Any item or items from any one prohibited source during any calendar year having a cumulative total value of less than \$100.

Each of the exceptions listed is mutually exclusive and independent of every other.

An officer or employee, his or her spouse or an immediate family member living with the officer or employee, does not violate this policy if the recipient promptly takes reasonable action to return a gift from a prohibited source to its source or gives the gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under Section 501 (c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded.

ETHICS ADVISOR

The President of the Board of Trustees, with the advice and consent of the Board of Trustees shall designate an Ethics Advisor for the Addison Public Library. The duties of the Ethics Advisor may be delegated to an officer or employee of the Addison Public Library unless the position has been created as an office by the Addison Public Library.

The Ethics Advisor shall provide guidance to the officers and employees of the Addison Public Library concerning the interpretation of and compliance with the provisions of this Resolution and State ethics laws. The Ethics Advisor shall perform such other duties as may be delegated by the Board of Trustees.

PENALTIES

A person who intentionally violates any provision of the Prohibited Political Activities portion of this policy may be punished by a term of incarceration in a penal institution other than a penitentiary for a period of not more than 364 days, and may be fined in an amount not to exceed \$2,500.

A person who intentionally violates any provision of the Gift Ban portion of this policy is subject to a fine in an amount of not less than \$1,001 and not more than \$5,000.

Any person who intentionally makes a false report alleging a violation of any provision of this policy to the local enforcement authorities, the State's Attorney or any other law enforcement official may be punished by a term of incarceration in a penal institution other than a penitentiary for a period of not more than 364 days, and may be fined in an amount not to exceed \$2,500.

(d) A violation of the Prohibited Political Activities portion of this policy shall be prosecuted as a criminal offense by an attorney for the Addison Public Library by filing in the circuit court an information, or sworn complaint, charging such offense. The prosecution shall be under and conform to the rules of criminal procedure. Conviction shall require the establishment of the guilt of the defendant beyond a reasonable doubt.

A violation of Article 10 of this Resolution may be prosecuted as a quasi-criminal offense by an attorney for the Addison Public Library, or, if an Ethics Commission has been created, by the Commission through the designated administrative procedure.

In addition to any other penalty that may be applicable, whether criminal or civil, an officer or employee who intentionally violates any provision of the Prohibited Political Activities or Gift Ban portions of this policy is subject to discipline or discharge.

CONFLICT OF INTEREST

- A. Illinois Governmental Ethics Act [\[5 ILCS 420/\]](#)
All elected officials, candidates for office, and certain appointed officers and employees of the Addison Public Library, as set forth in the Illinois Governmental Ethics Act, shall file by May 1 annually the Statement of Economic Interest in the form set forth by statute.
- B. No Interest in Contracts-Exceptions
No person holding any office either by election or by appointment within the Addison Public Library may be in any manner interested, either directly or indirectly, in the officer's own name or in the name of any other person, association, trust or corporation, in any contract or the performance of any work in the making or letting of which such officer may be called upon to act or vote. No such officer may represent, either as agent or otherwise, any person, association, trust or corporation, with respect to any application or bid for any contract or work in regard to which such officer may be called upon to vote. Nor may any such officer take or receive, or offer to take or receive, either directly or indirectly, any money or other thing of value as a gift or bribe or means of influencing the vote or action in his official character. Any contract made and procured in violation hereof is void. [50 ILCS 105/3\(a\)](#).

The following are exceptions to the foregoing general rule:

1. provision of materials, merchandise, properties, services, or labor by an interested official if
 - a. the ownership interest of that person is less than seven and one-half percent;
 - b. the interested member makes public disclosure of the nature and extent of the interest before or during deliberations concerning the award of the contract;
 - c. the interested member abstains from voting;
 - d. the contract is approved by a majority vote of the corporate authorities;
 - e. the contract is awarded after sealed bids to the lowest responsible bidder if exceeding \$1,500, but may be awarded without bidding if the amount is less than \$1,500; and
 - f. the award of the contract would not cause the aggregate amount of all contracts so awarded to exceed \$25,000 in the same fiscal year;

2. provision of materials, merchandise, property, services, or labor if
 - a. the award of the contract is approved by a majority vote of the governing body of the municipality with the interested member abstaining from voting;
 - b. the amount of the contract does not exceed \$2,000;
 - c. the award of the contract would not cause the aggregate amount of all contracts so awarded in the same fiscal year to exceed \$4,000; and
 - d. the interested member publicly discloses the nature and extent of interest and abstains from voting on the award;

3. deposit of money, loans, or other financial services with a local bank or savings and loan association as long as the interested official's ownership interest is less than seven and one-half percent of the bank or savings and loan association (this exception also requires public disclosure of the nature and extent of the interest and abstention from participation or vote on any proposed contract); and
4. a contract for the procurement of public utility services as long as the interested person has no more than seven and one-half percent ownership interest in the public utility company or the municipality has a population of less than 7,500 and the public utility's rates are approved by the Illinois Commerce Commission.

ANNUAL MEETING

There shall be an annual meeting of the Board held in May of each year. At this meeting the Board shall elect officers for the new fiscal year.

The following resolutions shall also be approved:

- Resolution authorizing transfer of amount without increasing the total appropriation for the preceding fiscal year;
- Resolution comprising statement of financial requirements of the library for inclusion in the appropriation of the corporate authority for library purposes for new fiscal year and statement as to accumulations and reason therefor;
- Resolution amending building plan, providing for accumulation of funds, and authorizing expenditure from reserve fund for building purposes.

In addition, the Board shall examine the preceding fiscal year's annual report and select Board meeting dates as well as library depositories and related signatories for the new fiscal year.

MEETING ATTENDANCE REQUIREMENT

It is the policy of the Addison Public Library Board that Board members must attend meetings to maintain governance continuity, to be fully informed about the issues on which they shall vote, and to meet their responsibility to contribute to the decisions the Board is required to make.

If a Board member shall be absent from all or part of any meeting, the Board member is expected to contact the Board President or the Director as soon as the need to be absent is known.

COMPENSATION AND EXPENSES

In accordance with [75 ILCS 5/4-5](#), Trustees shall serve without compensation but shall be reimbursed for their actual and necessary expenses incurred in the performance of their duties from library funds.

Travel Reimbursement

Within the constraints of each year's annual budget, the library will pay the cost of travel, conference, and meeting expenses so long as the travel, conference, or meeting clearly serves the objectives of the library. Board members may be reimbursed only for out-of-pocket expenses actually incurred. Original receipts must document claimed expenses where possible.

No expenses shall be reimbursed for friends or relatives accompanying a Board member on Addison Public Library business. No expenses shall be reimbursed for non-business-related travel or extension of stay beyond completion of the business of the Addison Public Library.

All taxi fares, parking expenses, and highway tolls incurred as a result of library travel will be reimbursed. Expenses for meals and lodging incurred as a result of library travel will be reimbursed at the same rate of reimbursement extended to library employees, as outlined in Section 5 of the [Addison Public Library Personnel Policy Manual](#).

ERRORS AND OMISSIONS INSURANCE

It is the policy of the Addison Public Library to provide the directors' and officers' liability insurance. Insurance requirements shall be reviewed each time the policy is due for renewal.

BOARD LEGAL COUNSEL

The Board shall designate legal counsel to serve the needs of the Addison Public Library. Legal counsel may be asked to attend Board meetings by request of a majority of the Board members or at the mutual agreement of the Board President and the Director.

Only the Board President, the Director, or their designee may contact legal counsel on behalf of the Board. Costs billed to the Addison Public Library and associated with individual Board members contacting legal counsel, auditors, or other professional consultants without specific authority from the Board of Trustees shall be billed to the Board member making the unauthorized contact.

BOARD CORRESPONDENCE

Correspondence from the Board shall be by the authority of the Board President. Except for reports that are legally required to be sent under the secretary's or treasurer's name, all correspondence from the Board shall be signed by the President. All correspondence from the Board shall be written on Addison Public Library stationery and shall be prepared by the office of the Director. Use of the Addison Public Library letterhead shall be limited to official library business only.

The Addison Public Library web site will contain a link to offer direct contact with the full Board. The Board President will acknowledge all communication regarding the library that is sent through the Board of Trustees link. When appropriate, the topic of the communication will be added to the next month's agenda.

No material or information disclosed in executive sessions of the Board shall be released except as provided by law.

ORIENTATION AND DEVELOPMENT

The Addison Public Library Board believes that professional development for Board members is vital to good governance of the Addison Public Library. Therefore, new Board members shall be given within 40 days of election or appointment a thorough orientation about Addison Public Library, Board operations, finance, Board ethics, responsibility, and liability.

The Board shall also include in the annual budget of the Addison Public Library a line item for Board development. The line item shall be used to pay for publications and materials to assist the Board to learn the job, training, and in-service programs oriented to Board operations and travel to conferences and conventions that shall assist Board members to develop their governance skills.

MANAGEMENT OF PUBLIC COMPLAINTS

When a Trustee is contacted by a member of the general public who has a concern or complaint about the Addison Public Library or persons within Addison Public Library, the Board member needs to report that communication directly to the Director or advise the person about the formal complaint process. The Board member shall follow these guidelines:

- Remember that individual Board members have no power or authority to speak or act for the full Board.
- Listen to the person's concern;
- Express a desire to reach a satisfactory solution;
- Explain that the Board and management have established a process for handling concerns, which starts with the person most immediately responsible. Suggest that the concern be discussed with the person immediately responsible;
- Refer public complaints to the official complaint forms available at the library public service desks or to the link to the Board of Trustees on the library website. One form is for dealing with challenged materials; the other is for all other issues;
- Inform the Director of the complaint or concern.

Guidelines for Processing Public Complaints

From time to time situations may occur that create legitimate complaints on the part of the public or constituents relative to the Addison Public Library. Complaints must be aired so that all sides of the issue may be heard and a rational procedure/solution found.

Anyone having a complaint, therefore, is encouraged to file a complaint. Forms are available at all public service desks in the library. The person originating the complaint must sign all complaint forms. The nature of the complaint should be stated as well as the relief sought.

Process for Dealing with Complaints Other Than Challenged Library Materials

1. The complaint form shall be filed with the Director.
2. Where appropriate, the Director shall refer the complaint form to the relevant Department Head.
3. The Director will secure a resolution or response to the complaint.
4. The Board will be informed about the complaint and the proposed remedy.

[See [Materials Selection Policy](#) for process for dealing with challenged materials.]

SECTION III

BOARD MEETINGS

ADMINISTRATION OF MEETINGS

Meetings shall be conducted in an orderly manner. Discussion of agenda items shall be limited to communication among Board members; between the Board and the Director; and among the Board, Director, and those members of the public who are duly recognized at the appropriate time.

MEETING AGENDA AND INFORMATION PACKET

All matters to be considered by the Board at the meeting shall be included on the agenda. All informational materials needing to be reviewed before the meeting will be posted on a secure online repository four days prior to the meeting. The Addison Public Library Board meeting agenda shall approximate the following outline:

- Opening Items
 1. Call to Order
 2. Roll Call
 3. Pledge of Allegiance
 4. Approval of Agenda
 5. Comments from the Public
- Financial Report by Treasurer
- Consent Agenda
 1. Minutes
 2. Treasurer's Report
- Reports
 1. Director and Staff Reports
 2. Friends of the Library Report
- Unfinished Business
- New Business
- Closed Session – if needed
- Correspondence and Announcements
 1. Libraries in the News
 2. Other Correspondence
 3. Monthly Statistics
- Additional Discussion
- Adjournment

Any item on the agenda requiring action by the Board will be marked as *ACTION ITEM*. Board members wishing to add something to the agenda need to notify the Director by the Thursday before the Board meeting.”

REMOTE PARTICIPATION

A member of the Board (or any committee associated with the Addison Public Library which is subject to the provisions of the Open Meetings Act) may attend and participate in any open or closed meeting of that covered body from a remote location via telephone, video, or internet connection, provided that such attendance and participation is in compliance with this policy and any other applicable laws.

A member of the Board shall be provided the opportunity to attend an open and closed meeting if the member meets the following conditions and a majority of a quorum of the Board votes to approve the remote attendance:

- The member must notify the Board President and Library Director at least 24 hours before the meeting unless advance notice is impractical;
- The member must meet one of three reasons described herein why he or she is unable to physically attend the meeting, including either:
 - (1) that the member cannot attend because of personal illness or disability;
 - (2) the member cannot attend because of employment purposes or the business of the Addison Public Library;
 - (3) the member cannot attend because of a family or other emergency; and
- A quorum of the Board must be physically present at the location of the meeting as posted in the meeting notice.
- The member participating remotely and other members of the Board must be able to communicate effectively, and members of the audience must be able to hear all communications.

Voting Procedures: After roll call, if a quorum has been established among those board members who are physically present at the meeting, a vote of the Board shall be taken, considering the prerequisites set forth above, on whether to allow an off-site board member to participate remotely. All of the members physically present are permitted to vote on whether remote participation will be allowed. A vote may be taken to permit remote participation for a stated series of meetings if the same reason applies in each case. Otherwise, a vote must be taken to allow each instance of remote participation. A vote of a majority of a quorum shall be necessary to decide the issue. For the meeting to continue there shall always need to be a quorum physically present.

Minutes: The member participating remotely shall be considered an off-site participant and counted as present by means of video or audio conference, for that meeting if the member is allowed to participate. The meeting minutes shall also reflect and state specifically whether each member is physically present, present by video, or present by audio means.

Rights of Remote Member: The member permitted to participate remotely will be able to express his or her comments during the meeting and participate in the same capacity as those members physically present, subject to all general meeting guidelines and procedures previously adopted and adhered to. The remote member shall be heard, considered, and counted as to any vote taken. Accordingly, the name of any remote member shall be called during any vote taken, and his or her vote counted and recorded by the Secretary and placed in the minutes for the corresponding meeting. A member participating remotely may leave a meeting and return as in the case of any member.

MINUTES OF THE BOARD MEETING

Records of all actions of the Board shall be set forth in the minutes of the meeting. Minutes shall be kept on file as the official record of the Addison Public Library Board. Minutes shall be recorded in writing during each meeting by a member of the Addison Public Library staff when available, or by a member of the Board if necessary.

Minutes of the meeting are a record of the actions of the Board, not a record of discussion. Minutes of the Addison Public Library Board meetings shall include:

- Date, time, and place the meeting was called to order;
- Type of meeting – regular, special, or continued;
- Name of presiding officer;
- Names of those Board members present (whether physically or electronically present) and the names of those Board members absent from the meeting;
- Precise wording of all motions, whether passed or failed;
- Roll call vote recorded by name;
- Disposition of each motion made – passed or failed;
- Notation of each committee report;
- Notation of time of adjournment of the meeting.

This is a list of the minimum information required.

The Secretary of the Board or the chair of the committee shall record closed session minutes. The minutes from the closed session must be approved in open session at the next regular meeting of the Board of Trustees. These minutes shall then be sealed in an envelope with date and topic recorded on the outside and locked in an administrative file. Closed sessions shall also be audio recorded, and such recordings shall be preserved for at least eighteen months. The Board may approve destruction of a closed session recording without notification to or the approval of a records commission or the State Archivist under the Local Records Act or the State Records Act no less than 18 months after the completion of the meeting if the Board has approved minutes of the closed session that meet the written requirements of the Illinois Open Meetings Act. The minutes of all closed sessions will be reviewed by the Board no less than once every six months as to whether or not the minutes should remain sealed or can be publicly disclosed.

PUBLIC COMMENT

The Board of Trustees of the Addison Public Library welcomes comments from the public and will hear from any interested individual who wishes to address the Library pursuant to the guidelines outlined in this policy.

Public comment at meetings of the Library shall be restricted to civil discourse, free from disparaging remarks or inferences toward any person or organization. Speakers who fail to observe this protocol will be ruled out of order. The individuals appearing before the Library are also expected to follow these guidelines:

1. Members of the public may address the Library only at the appropriate times as indicated on the agenda, and when recognized by the Board President or meeting chair.
2. Individuals are expected to identify themselves by full name. Individuals are also requested to provide their address.

3. The time allowed for each individual to speak shall be limited to 3 minutes. A speaker may not cede time to another speaker.
4. No more than 20 minutes shall be allowed for public comment at each meeting.
5. There shall be no expectation of immediate response on any matters raised during public comment. The Board may, however, refer any matter of public comment to the Library Director, Library staff, another appropriate individual or agency, or may place the matter on a future meeting agenda for reply.
6. The Board President or meeting chair shall have the authority to determine procedural matters regarding public comment at Library meetings not otherwise defined in Board policy.

SECTION 4

DIRECTOR'S RESPONSIBILITIES & FUNCTION

BOARD/DIRECTOR RELATIONSHIP

The Board of Trustees shall communicate with the Director in establishing policies, following these guidelines:

- Good management is recognized as one of the key factors in the success of the organization. The Board reserves the authority to establish policies and approve plans, delegating authority to the Director.
- The Board shall approve policies and long-range plans for the Addison Public Library, delegating authority to the Director to implement these policies and plans. The Director shall be responsible for hiring capable personnel within the limitations of Board policy and budget constraints, determining the appropriate compensation, training, supervision, discipline, and termination, if necessary.
- Board members shall refrain from individually discussing management and personnel issues with Addison Public Library personnel other than the Director. The Board, in consultation with the Director, may confer with key personnel at regular or special meetings of the Board.
- Authority for management of the Addison Public Library shall be through the Board of Trustees to the Director. The Board shall require full and timely information from the Director concerning pertinent matters that relate to the management of the Addison Public Library.
- The Board recognizes that efficient management of Addison Public Library can exist only through mutual understanding and cooperation between the Board and the Director. The Board also recognizes that the Director is accountable to the Board to show results but must be given latitude to exercise independent judgment in executing Board policy in order to perform effectively. Therefore, the Board grants that latitude of judgment and discretion, expecting full accounting of performance from the Director.
- The Board recognizes its position as the employer of the executive and shall be responsible for a systematic annual evaluation of the executive's performance. The evaluation shall be for the purpose of improving the Director's performance and to provide a basis for consideration of the executive's salary for the next year.
- The Director's employment with Addison Public Library may be terminated upon written notice to the Director.

SECTION V

COMMITTEES

COMMITTEE PURPOSE

It shall be the purpose of any committee appointed by the Addison Public Library Board to assist the Board of Trustees in governing more efficiently and effectively. A Board committee is not designed to do staff work. Committees shall be used to investigate, deliberate, and analyze special issues on behalf of the Board.

COMMITTEE ACCOUNTABILITY

Any committee established by the Board shall have only the powers specifically delegated to it by the Board. Functions of each committee shall be in writing as part of Board policy or recorded in the minutes of the meeting that the committee was established.

Committees are a subsidiary of the Board and shall be expected to report their work to the full Board on a regular basis. Each committee shall be expected to make recommendations to the Board for action in the form of a motion at a full Board meeting.

APPOINTMENT OF SPECIAL COMMITTEES

Special committees of the Board may be created from time to time as the Board may decide and direct. Special committees shall be considered discharged upon completion of the purpose for which they were appointed and after their final report is made to the Board.

The President of the Board shall appoint the chair and all members. When appropriate, non-Board members may also be appointed as members. Each committee shall consist of at least two trustees and the President acting ex-officio.

EX-OFFICIO COMMITTEE MEMBERS

The President of the Board shall be an ex-officio voting member of all committees.

GUIDELINES FOR COMMITTEE CHAIR

The committee chair shall be expected to lead the committee just as the President is expected to lead the Board. The committee chair is accountable for ensuring the productivity of the committee by:

- Planning the agenda for the committee meetings;
- Ensuring that all members of the committee are notified of committee meetings;
- Convening committee meetings and keeping them on track;
- Appointing a member of the committee to keep a written record of committee actions;
- Encouraging the committee to take action on the issues discussed by the committee;
- Ensuring that reports and recommendations for action from the committee are presented to the full Board;

- Leading the committee to evaluate its own operations.

DUTIES OF COMMITTEE MEMBERS

General Duties

Duties of the members of individual Board committees shall vary, but certain basic responsibilities remain the same for all committees. Those responsibilities include:

- Attend all meetings of the committee to which the Board member is assigned;
- Prepare for committee meetings by studying the agenda and researching issues to be discussed at committee meetings;
- Actively participate in discussions at committee meetings;
- Follow through promptly on any assignments for the committee;
- Support committee recommendations before the full Board.

No committee shall have other than advisory powers unless, by suitable action of the Board, it is granted specific power to act.

Executive Committee

The Executive Committee shall consist of the officers of the Addison Public Library Board. This committee shall meet as necessary to prepare issues to be presented to the full Board and/or to make emergency decisions on behalf of the Board when it is not possible to assemble a quorum of the Board. This committee shall have no power other than emergency action or other powers that full Addison Public Library Board may delegate to it from time to time.

Standing Committees

Finance Committee - The Committee shall consist of at least two Library Trustees, the Library Director, and at least one additional staff member. The Finance Committee shall have the following responsibilities:

- Approve the assumptions for the preparation of the operating budget, review the complete budget, and recommend a budget to the Board;
- Monitor the library's fiscal performance prior to submission of reports and recommendations to the Board and recommend action as needed;
- Determine the financial appropriateness of expenditures and recommend for approval those expenditures in accordance with prevailing policies and procedures;
- Review and recommend to the Board matters dealing with insurance.

Facilities Committee - The Committee shall consist of at least two Library Trustees, the Library Director, and at least one additional staff member. The Facilities Committee shall have the following responsibilities:

- Address major and special projects pertaining to the Library building and/or grounds (Duties do not involve routine repairs and maintenance.)

Policies Committee - The Committee shall consist of at least two Library Trustees, the Library Director, and at least one additional staff member. The Policies Committee shall have the following responsibilities:

- Review current library policies and make recommendations to the Board for policy changes and also to make recommendations for new policies;

Strategic Planning Committee - The Committee shall consist of at least two Library Trustees, the Library Director, and at least one additional staff member. The Strategic Planning Committee shall have the following responsibilities:

- Developing strategic plans, monitoring progress, and making recommendations to the Board with regard to the future needs of the library;

Special Committees

Special committees of the Board may be created from time to time as the Board may decide and direct. Special committees shall be considered discharged upon completion of the purpose for which they were appointed and after their final report is made to the Board.

COMMITTEE MEETINGS

The committee chair shall convene all meetings of the committee or a majority of the committee members may call a committee meeting. Meeting dates shall be coordinated with the Director to avoid conflict and/or to ensure completion of staff support and research for the committee. All committee meetings are subject to the Illinois Open Meetings Act. Minutes shall be kept of committee meetings.

SECTION VI

FINANCE

FINANCIAL MANAGEMENT

The Addison Public Library's fiscal year shall be the first day of May to the last day of April. Financial resources are the responsibility of the Board of Trustees. The Board shall:

- Have a clear plan for acquisition of financial resources to pay for the programs and services provided by the Addison Public Library;
- Provide guidelines for management and allocation of financial resources which shall produce optimum benefit for those it serves;
- Monitor and evaluate the financial plans and guidelines of the Addison Public Library to ensure the financial integrity of the Addison Public Library.

BUDGETING

An annual operating budget shall be prepared by the Director and presented to the Board for final approval at the annual meeting. The budget shall reflect the cost of carrying out the programs and services of the Addison Public Library for the fiscal year. This budget shall also reflect the anticipated revenues of the Addison Public Library.

The budget shall be viewed by the Board as its financial plan for the Addison Public Library, and approval of the budget by the Board shall be authority for the Director to manage the Addison Public Library's finances according to the plan without seeking further approval of the Board as long as the expenditures have been previously appropriated. However, the Director shall keep the Board well informed of the ongoing status of the financial plan and shall not make expenditures outside the budget plan without seeking Board approval to amend the budget. Amendments to the budget shall be presented to the Board for approval for any of the following reasons:

- Addison Public Library enters into contracts that were not included in the approved budget;
- Management proposes a major expenditure that was not included in the approved budget;
- Significant unanticipated revenues are received or expenses are higher than projected.

According to the Illinois Local Library Act the Board of Trustees shall provide a statement of financial requirements for the library in its appropriation within 30 days after the expiration of each fiscal year.

FUND BALANCES

Maintaining stable and adequate fund balances is necessary to ensure financial stability, cash flow for operations and the assurance that the Library will be able to respond to emergencies with fiscal strength. Unreserved fund balance at year-end, defined as unreserved cash available at the completion of each fiscal year, can permit

expenditures to temporarily exceed revenue until a permanent revenue enhancement or expenditure control is put into place.

The Library will strive to maintain a balance for every fund, with the exception of the Capital Improvement Fund, that is between 50-100% of average annual expenditures for the prior three years. Unexpected situations may cause fund balances to fall below the minimum level.

The Library Director is responsible for monitoring revenue and expenditures. If during the year, projections suggest that revenue will not meet expectations, the Director will take the following actions:

- Review expenses with Department Heads
- Reduce operational expenditures, where appropriate, while maintaining the adopted budget goals, and
- Present to the Board of Trustees other expenditure control options, including those that might modify the goals established in the adopted budget.

Any time the unreserved fund balance for the General Corporate Fund drops below the minimum targeted level of 50%, the Library Director will inform the Library Board of Trustees.

The Board will review all fund balances on an annual basis in conjunction with the annual budget review. Balances in excess of the required amount will be transferred to the Capital Improvement Fund each year following this annual review.

CAPITAL IMPROVEMENT FUND

The Addison Public Library maintains a working capital reserve in accordance with 75 ILCS 5/5-8 for the purposes authorized by statute. The Board of Trustees in its annual appropriation determination shall specify for what purposes these special funds are being accumulated and shall amend its building plan based upon an asset replacement schedule, reserving the right to alter or amend the plan as circumstances may require and as the Board may determine appropriate.

The Board also reserves the right to continue to reserve funds pursuant to 75 ILCS 5/5-8 without making any expenditure until such time as the Board determines the specific expenditures to be appropriate.

ACCOUNTING

The accounting system used by the Addison Public Library shall utilize generally accepted accounting principles that are required by regulatory agencies for government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting practices and procedures used by the Addison Public Library shall allow for adequate management of the Addison Public Library's revenues and expenditures and shall provide adequate systems of monitoring by the Board of Trustees as well as outside auditors.

Reporting Entity - As required by generally accepted accounting principles, the financial statements include all accounts of the Addison Public Library. The library has a separately elected Board from that of the Village of Addison and provides services to residents within the geographic boundaries of the Village.

Measurement Focus, Basis of Accounting, and Basis of Presentation - The accounts of the library are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account group is a reporting device to account for certain assets of the governmental funds not recorded directly in those funds.

Governmental funds are used to account for the library's general governmental activities. Governmental fund types follow the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The library considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest are susceptible to accrual. Other receipts, such as fines and other taxes, become measurable and available when cash is received by the library and are thus recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

- General Fund is the library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes.
- Capital Improvement Fund accounts for the acquisition of fixed assets or construction of major capital projects.

FINANCIAL REPORTS AND AUDITS

Reports reflecting the financial condition of the Addison Public Library shall be presented to the Board monthly. These financial reports shall include:

- Monthly revenue and expenditure statements for the month and year-to-date with comparison to the budget in all funds;
- Payroll distribution summary;
- Disbursement report for the month.

An independent auditor appointed by the Board shall conduct an annual audit of Addison Public Library's finances in accordance with the law and generally accepted accounting principles. The scope of those audits shall be determined from time to time by the Board.

SIGNING CHECKS

The Director is authorized to sign checks under \$500 for all fund accounts. Checks that are \$500 or more must be signed by any two authorized signatories as follows: the President of the Board, the Treasurer of the Board, optional other Board member(s) designated as signatories by the Board, and the Director. The All Disbursements Report for the month is approved at the Board meeting before checks are distributed to the vendors.

It is the responsibility of the Director to ensure that signatures are procured from appropriate signatories so that payment can be made on obligations of the Addison Public Library. It is also the responsibility of the Director to establish adequate controls and safeguards to ensure disbursement of funds only for proper purposes.

It is the responsibility of all check signers to ensure that there is adequate documentation, consistent with good internal controls, for valid payment of checks they sign.

ROUTINE BILL PAYMENT

At each regular meeting of the Board of Trustees, routine bills are presented for consideration and approval by the Board.

If a quorum of the Board is not available or a regular monthly meeting is cancelled, the Finance Committee (a standing committee under Article V of the Addison Public Library By-Laws) is delegated the authority to meet to review and authorize payment of all routine bills that are within the Budget, and not exceeding it. The full Board will ratify such payment at the next regularly scheduled meeting of the Board. In such cases, the Finance Committee (a standing committee under Article V of the Addison Public Library By-Laws) will schedule a meeting in compliance with the Open Meetings Act.

Monthly General Disbursements

1. Librarian's Checking Account - Checks from the *Librarian's Account* are issued with the approval of the Library Director or, in the Director's absence, the approval of the Assistant Director. With approval of the Monthly General Disbursements, the Board will ratify disbursements that have been made since its last meeting.
2. General Disbursements - The Board approves disbursements to vendors for good and services that are billed to the library since its last meeting.

Monthly Payroll Disbursements

1. Payroll Checks - The Board will ratify the payroll disbursements that have been paid according to the adopted compensation plan.

USE OF LIBRARIAN'S CHECKING ACCOUNT, PETTY CASH, AND CREDIT CARDS

Librarian's Checking Account

The Board has established a librarian's checking account, which is funded at a maximum of \$1,000 to cover expenses that require payment before the next regularly scheduled Board meeting. Such expenditures include professional growth activities, programming materials, purchases of coins for the cash registers, refreshments for meetings, etc. Checks to be written must be approved and signed by the Director as well as being under \$500 each. The Board of Trustees shall review these activities posted in the All Disbursements Report monthly and reimburse the account so that it is funded at \$1,000.

Petty Cash

The Library shall maintain petty cash to be accountable to the Board and to be used only for those items that are impractical to use a credit card or check. Normally each transaction should be less than \$20.

Credit Cards

The Director, Assistant Director, and Administrative Assistant shall be authorized to use the Addison Public Library's credit card. The Director may recommend to the Board other staff members authorized to use the Addison Public Library's credit card as well. The Board shall approve these recommendations prior to cards being issued and maintain a list of authorized individuals.

The card shall only be used for appropriate Addison Public Library business, and all uses shall be properly documented. The Addison Public Library credit card shall not be used for personal expenditures.

Monthly credit card billings shall be documented in the All Disbursement Report to the Board each month.

INVESTMENTS

Scope

This Investment Policy applies to the investment activities of all funds of the Addison Public Library. All financial assets of these funds, including the General Fund, Special Revenue Funds, Capital Improvement Fund, Debt Service Funds, Special Assessment Funds, and other funds that may be created from time to time, shall be administered in accordance with the provisions of this policy.

Objectives

The purpose of the Investment Policy of the Addison Public Library is to establish cash management and investment guidelines for the Addison Public Library Board of Trustees and staff responsible for the stewardship of public funds. Specific objectives include:

- Safety of principle is the foremost objective of the Investment Policy of the Addison Public Library. Each investment transaction shall seek first to ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value.
- The library's investment portfolio shall remain sufficiently liquid to enable the library to meet all operating requirements that may be reasonably anticipated in any library fund.
- The investment portfolio of the library shall be designed with the objective of regularly exceeding the average return of three (3) month U.S. Treasury Bills. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified herein and prudent investment principles.
- In managing its investment portfolio, library officials shall avoid any transaction that might impair public confidence in the management of the library. 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.

Compliance

The policy shall at all times comply with all applicable laws and statues, bylaws, and resolutions of the Addison Public Library.

Responsibility for the Investment Program

The Board of Trustees shall designate those officers and employees as having the authority and responsibility for implementing the policy.

Board of Trustees and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Employees and Board of

Trustees shall disclose to the authorized administrator of the policy any material financial interest in financial institutions that conduct business with this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of this jurisdiction's portfolio. Employees and Board of Trustees shall subordinate their personal investment transactions to those of this jurisdiction, particularly with regard to the timing of purchases and sales.

Accounting

The Addison Public Library maintains its accounting records on the basis of funds and account groups, each of which is considered a separate accounting entity. All investment transactions shall be recorded in the various funds of the library in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board.

Financial Institutions

The Board of Trustees shall approve all financial institutions with which the Addison Public Library deals. The library staff shall recommend to the Board those financial institutions that best meet the objectives of the policy.

It shall be the policy of the library to select financial institutions on the following basis:

- **Security:** The library shall not maintain funds in any financial institution that is not a member of the FDIC. Furthermore, the library shall not maintain funds in any financial institution that is not willing and capable of posting required collateral for funds in excess of the FDIC insurable limits.
- **Size:** The library shall not select as depository any financial institution in which the library funds on deposit shall exceed fifty percent (50%) of the institution's capital stock and surplus.
- **Statement of Condition:** The library shall maintain for public and managerial inspection current statements of condition for each financial institution named as depository. If, for any reason, the information furnished is considered by the Board of Trustees or the authorized administrator to be insufficient, the library may request additional data. The refusal of an institution to provide such data upon request may serve as sufficient cause for the withdrawal of library funds.
- **Services and Fees:** Any financial institution selected by the library shall provide normal banking services, including, but not limited to: checking accounts, wire transfers, purchase and sale of investment securities and safekeeping services. Fees for banking services shall be mutually agreed to by an authorized representative of the depository bank and the Addison Public Library official.

Investment Selection

The Board of Trustees of the Addison Public Library shall approve a list of permitted investment instruments which shall meet all legal standards stated under the Compliance section and the prudent person standard stated under the Objectives section herein. [See Appendix A.]

Diversification and Maturities of Investments

Diversification and maturities management are two key aspects of prudent investment practices. Properly balanced, they help to minimize institutional and interest-rate risk and help to ensure liquidity.

The extent to which the Addison Public Library can vary investments shall be determined by the size of the investment portfolio. Diversification for its own sake may not always be practical if it requires that the library purchase smaller lower-yielding investments.

A careful analysis of the library's short-, mid-, and long-term cash needs is the basis for developing the maturity structure.

Collateral

It is the policy of the Addison Public Library to require that funds on deposit in excess of FDIC or FSLIC limits be secured by some form of collateral. The library shall accept any of the following assets as collateral:

- U. S. Government Securities;
- Obligations of Federal Agencies;
- Obligations of Federal Instrumentalities;
- Obligations of the State of Illinois;
- General Obligation Bonds of Illinois Municipalities rated "A" or better;
- Any other collateral identified in Illinois Compiled Statutes as acceptable for use by the Treasurer of the State of Illinois.

The amount of collateral provided shall be not less than one-hundred-ten percent (110%) of the fair market value of the net amount of public funds secured. Pledged collateral shall be held by the library or in safekeeping and evidenced by a safekeeping agreement.

Documentation

The library staff shall develop appropriate procedures for the legal and financial review and approval of all documents entered into to implement the policy.

Reporting

The Addison Public Library staff shall report periodically to the Board the state of the various funds of the investment portfolio.

The investment report shall be used to measure performance and to demonstrate the degree of compliance with the policy.

In addition to interim reports an annual review shall be prepared. This report shall focus on the overall performance of investments during the year as well as a projection of what may be anticipated in the future.

Indemnification

The authorized administrator of the investments and employees of the Addison Public Library acting in accordance with this Investment Policy and written procedures as have been or may be established and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market changes.

Amendment

This policy shall be reviewed from time to time and revisions shall be presented to the Board of Trustees for its approval.

FIXED ASSETS

Purpose

The purpose of the Fixed Asset Policy of the Addison Public Library is threefold:

1. To facilitate the accounting for fixed assets;
2. To maintain fiduciary responsibility for these assets;
3. To maintain a list of the particular projects and needs for expenditures from the Capital Improvement Fund.

Depreciation of the Addison Public Library fixed assets is not required under generally accepted accounting principles, since the library is categorized as a governmental fund type. Thus, depreciation is not addressed in this policy.

Criteria for Capitalization

All fixed assets that are purchased or received as gifts or donations shall be recorded as expenditures in the fund that paid for the fixed asset. Those fixed assets, equaling or exceeding \$1,000, shall be capitalized and recorded in the library's Asset Replacement Schedule on a timely basis.

The library shall maintain detailed asset records, listing the following information:

- Fixed asset category;
- Brief description;
- Date of acquisition;
- Purchase price;
- Life expectancy.

However, it is understood that for assets acquired earlier, all the above information may not be available. Every effort shall have been made to acquire or estimate the information.

Library books and other library audiovisual material are not capitalized in the Asset Replacement Schedule.

Definitions/Descriptions of Fixed Asset Categories

Each fixed asset capitalized in the Asset Replacement Schedule shall be classified in the following categories for financial reporting purposes:

- HVAC Equipment;
- Building and Grounds;
- Automation: Hardware/Software;
- Furniture and Equipment.

Accounting for Disposals/Retirements of Fixed Assets

When the Board of Trustees has determined to sell or otherwise dispose of fixed assets that it deems no longer necessary or useful for library purposes, the library shall adhere to 75 ILCS 5/4-16 in the sale or disposition of such property. As fixed asset items are disposed of or retired, they shall be eliminated from the Asset Replacement Schedule on a timely basis.

Reconciliations

On a periodic basis, at least annually, the Asset Replacement Schedule shall be reconciled. To assure that the reconciliation process is properly completed, the Library shall take a physical inventory comparing the fixed assets per the Asset Replacement Schedule to what actually exists at the library. Adjustments to the Asset Replacement Schedule shall be made as appropriate.

SPENDING AUTHORIZATIONS

The Director may make expenditures consistent with the Board-approved budget without further Board approval. However, expenditures that are not within the Board approved budget must be formally approved by the Board of Trustees.

A list of anticipated major capital expenditures should be included with the annual budget and the yearly updated long range plan that are submitted to the Board for approval.

Unbudgeted emergency repairs to the physical plant or equipment that must be completed immediately and cannot be practically submitted to the Board for approval may be authorized by the Director. The Board of Trustees shall be informed of the expenditures as soon as possible.

INSURANCE/BONDING PROTECTION OF THE ADDISON PUBLIC LIBRARY

In compliance with 75 ILCS 5/4-9 the Director shall recommend to the Board all necessary bonding of Board and staff members who handle Addison Public Library funds and also any appropriate insurance protection to protect the finances of the Addison Public Library.

BAD DEBTS OWED TO THE ADDISON PUBLIC LIBRARY

Delinquent accounts may be assigned for collection to either legal counsel or a collection agency, or taken to small claims court as the Director deems appropriate. Collection efforts for accounts

past due of \$50 or more shall continue until actually collected or the attorney, collection agency, or small claims court deems further efforts shall be futile or not cost-effective.

RECOGNITION AND REWARDS

The Addison Public Library acknowledges that as a public entity, it must be a steward of the public funding it receives and ensure that the expenditures of Library funds are consistent with its statutory authority, which includes the establishment, maintenance and operation of a public library; as well as the performance of activities necessary for conducting library services.

The Library also recognizes the invaluable contributions made by its staff, volunteers and supporters, and recognizes that maintaining the morale of staff and volunteers is a necessary component to its success. The Addison Public Library hereby finds that maintaining the morale of its staff and volunteers is necessary for conducting library services. For these reasons, the Addison Public Library adopts this policy. No gift shall be provided to employees, volunteers or library supporters contrary to this policy.

Employee Service Awards - In December of each year the Library recognizes employees based on their years of service at the Library. Each employee who has completed five years of service at the Library (or an increment of five years) in that calendar year is recognized at the Library staff recognition event with a certificate of appreciation and a gift. Funds for these awards shall be paid from the budgeted funds of the Library. The Library shall determine the type of gift to be given. Gifts of cash or gift certificates will be avoided because such gifts are taxable income.

Employee and Employee Team of the Year Awards - The library staff will annually select one individual and one staff team to be recognized as *Employee of the Year* and *Team of the Year* who have given exemplary service to the Library and its users. These awards will be presented at a staff appreciation luncheon held each year during National Library Week. Funds for these awards shall be paid from the budgeted funds of the Library. The Library shall determine the type of gift to be given. Gifts of cash or gift certificates will be avoided because such gifts are taxable income.

Volunteers - Recognition is an important component of the Addison Public Library's volunteer program. The Library recognizes that volunteer services are a necessary component to providing an adequate level of service to library patrons. Although individual, informal recognition of volunteers may occur on a regular basis, it is important that the Library formally recognize volunteers as a group on a regular basis, at least annually. It is the policy of this Board to formally recognize volunteers. It shall also be the policy of this Board to formally recognize volunteers and library supporters who have given extraordinary service to the Library by approving resolutions of the Board commemorating such service and dedicating books in the Library's collection in honor of these individuals.

Retirement - The library will not give gifts of cash or tangible personal property to employees upon retirement. Employees with ten or more years of service to the library will be recognized

upon retirement by a formal resolution from the Board. All employees will be recognized upon retirement with a book to be placed into the library's collection in their honor.

Trustees - Trustees serve without any expectation of compensation in accordance with state statute, however, upon retirement the Board may decide to recognize an individual trustee at its discretion.

All recognition awards are at the discretion of the Board and based on available funds, staffing levels, and the needs of the Library. Programs and awards may be discontinued at any time with no expectations of grand-fathering clauses.

Appendix A:

<https://ilga.gov/legislation/ilcs/ilcs3.asp?ActID=496&ChapterID=7>

(30 ILCS 235/) Public Funds Investment Act.

(30 ILCS 235/0.01) (from Ch. 85, par. 900)

Sec. 0.01. Short title. This Act may be cited as the Public Funds Investment Act.

(Source: P.A. 86-1324.)

(30 ILCS 235/1) (from Ch. 85, par. 901)

Sec. 1. The words "public funds", as used in this Act, mean current operating funds, special funds, interest and sinking funds, and funds of any kind or character belonging to or in the custody of any public agency.

The words "public agency", as used in this Act, mean the State of Illinois, the various counties, townships, cities, towns, villages, school districts, educational service regions, special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, the Illinois Bank Examiners' Education Foundation, the Chicago Park District, and all other political corporations or subdivisions of the State of Illinois, now or hereafter created, whether herein specifically mentioned or not. This Act does not apply to the Illinois Prepaid Tuition Trust Fund, private funds collected by the Illinois Conservation Foundation, or pension funds or retirement systems established under the Illinois Pension Code, except as otherwise provided in that Code. This Act does not apply to the Illinois State Treasurer, whose investment of State funds shall be governed by the Deposit of State Moneys Act.

The words "governmental unit", as used in this Act, have the same meaning as in the Local Government Debt Reform Act.

(Source: P.A. 102-297, eff. 8-6-21.)

(30 ILCS 235/2) (from Ch. 85, par. 902)

Sec. 2. Authorized investments.

(a) Any public agency may invest any public funds as follows:

(1) in bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;

(2) in bonds, notes, debentures, or other similar

obligations of the United States of America, its agencies, and its instrumentalities;

(3) in interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;

(4) in short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature not later than 270 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations, and (iii) no more than one-third of the public agency's funds may be invested in short-term obligations of corporations under this paragraph (4);

(4.5) in obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature more than 270 days but less than 3 years from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations, and (iii) no more than one-third of the public agency's funds may be invested in obligations of corporations under this paragraph (4.5); or

(5) in money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in paragraph (1) or (2) of this subsection and to agreements to repurchase such obligations.

(a-1) In addition to any other investments authorized under this Act, a municipality, park district, forest preserve district, conservation district, county, or other governmental unit may invest its public funds in interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the municipality, park district, forest preserve district, conservation district, county, or other governmental unit, or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.

(b) Investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation. Any public agency may invest any public funds in short term discount obligations of the Federal National Mortgage Association or in shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of this State or any other state or under the laws of the United States. Investments may be made only in those savings banks or savings and loan associations the shares, or investment certificates of which are insured by the Federal Deposit Insurance Corporation. Any such securities may be purchased at the offering or market price thereof at the time of such purchase. All such securities so purchased shall mature or be redeemable on a date or dates prior to the time when, in the judgment of such governing authority, the public funds so invested will be required for expenditure by such public agency or its governing authority. The expressed judgment of any such governing authority as to the time when any public funds will be required for expenditure or be redeemable is final and conclusive. Any public agency may invest any public funds in dividend-bearing share accounts, share certificate accounts or class of share accounts of a credit union chartered under the laws of this State or the laws of the United States; provided, however, the principal office of any such

credit union must be located within the State of Illinois. Investments may be made only in those credit unions the accounts of which are insured by applicable law.

(c) For purposes of this Section, the term "agencies of the United States of America" includes: (i) the federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks, or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and Acts amendatory thereto; (ii) the federal home loan banks and the federal home loan mortgage corporation; and (iii) any other agency created by Act of Congress.

(d) Except for pecuniary interests permitted under subsection (f) of Section 3-14-4 of the Illinois Municipal Code or under Section 3.2 of the Public Officer Prohibited Practices Act, no person acting as treasurer or financial officer or who is employed in any similar capacity by or for a public agency may do any of the following:

(1) have any interest, directly or indirectly, in any investments in which the agency is authorized to invest.

(2) have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments.

(3) receive, in any manner, compensation of any kind from any investments in which the agency is authorized to invest.

(e) Any public agency may also invest any public funds in a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act. Any public agency may also invest any public funds in a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advise regarding the investment of any public funds.

(f) To the extent a public agency has custody of funds not owned by it or another public agency and does not otherwise have authority to invest such funds, the public agency may invest such funds as if they were its own. Such funds must be released to the appropriate person at the earliest reasonable time, but in no case exceeding 31 days, after the private person becomes entitled to the receipt of them. All earnings accruing on any investments or deposits made pursuant to the provisions of this Act shall be credited to the public agency by or for which such investments or deposits were made, except as provided otherwise in Section 4.1 of the State Finance Act or the Local Governmental Tax Collection Act, and except where by specific statutory provisions such earnings are directed to be credited to and paid to a particular fund.

(g) A public agency may purchase or invest in repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986, as now or hereafter amended or succeeded, subject to the provisions of said Act and the regulations issued thereunder. The government securities, unless registered or inscribed in the name of the public agency, shall be purchased through banks or trust companies authorized to do business in the State of Illinois.

(h) Except for repurchase agreements of government securities which are subject to the Government Securities Act of 1986, as now or hereafter amended or succeeded, no public agency may purchase or invest in instruments which constitute repurchase agreements, and no financial institution may enter into such an agreement with or on behalf of any public agency unless the instrument and the transaction meet the following requirements:

(1) The securities, unless registered or inscribed in the name of the public agency, are purchased through banks or trust companies authorized to do business in the State of Illinois.

(2) An authorized public officer after ascertaining which firm will give the most favorable rate of interest, directs the custodial bank to "purchase" specified securities from a designated institution. The "custodial bank" is the bank or trust company, or agency of government, which acts for the public agency in connection with repurchase agreements involving

the investment of funds by the public agency. The State Treasurer may act as custodial bank for public agencies executing repurchase agreements. To the extent the Treasurer acts in this capacity, he is hereby authorized to pass through to such public agencies any charges assessed by the Federal Reserve Bank.

(3) A custodial bank must be a member bank of the Federal Reserve System or maintain accounts with member banks. All transfers of book-entry securities must be accomplished on a Reserve Bank's computer records through a member bank of the Federal Reserve System. These securities must be credited to the public agency on the records of the custodial bank and the transaction must be confirmed in writing to the public agency by the custodial bank.

(4) Trading partners shall be limited to banks or trust companies authorized to do business in the State of Illinois or to registered primary reporting dealers.

(5) The security interest must be perfected.

(6) The public agency enters into a written master repurchase agreement which outlines the basic responsibilities and liabilities of both buyer and seller.

(7) Agreements shall be for periods of 330 days or less.

(8) The authorized public officer of the public agency informs the custodial bank in writing of the maturity details of the repurchase agreement.

(9) The custodial bank must take delivery of and maintain the securities in its custody for the account of the public agency and confirm the transaction in writing to the public agency. The Custodial Undertaking shall provide that the custodian takes possession of the securities exclusively for the public agency; that the securities are free of any claims against the trading partner; and any claims by the custodian are subordinate to the public agency's claims to rights to those securities.

(10) The obligations purchased by a public agency may only be sold or presented for redemption or payment by the fiscal agent bank or trust company holding the obligations upon the written instruction of the public agency or officer authorized to make such investments.

(11) The custodial bank shall be liable to the public agency for any monetary loss suffered by the public agency due to the failure of the custodial bank to take and maintain possession of such securities.

(i) Notwithstanding the foregoing restrictions on investment in instruments constituting repurchase agreements the Illinois Housing Development Authority may invest in, and any financial institution with capital of at least \$250,000,000 may act as custodian for, instruments that constitute repurchase agreements, provided that the Illinois Housing Development Authority, in making each such investment, complies with the safety and soundness guidelines for engaging in repurchase transactions applicable to federally insured banks, savings banks, savings and loan associations or other depository institutions as set forth in the Federal Financial Institutions Examination Council Policy Statement Regarding Repurchase Agreements and any regulations issued, or which may be issued by the supervisory federal authority pertaining thereto and any amendments thereto; provided further that the securities shall be either (i) direct general obligations of, or obligations the payment of the principal of and/or interest on which are unconditionally guaranteed by, the United States of America or (ii) any obligations of any agency, corporation or subsidiary thereof controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States and provided further that the security interest must be perfected by either the Illinois Housing Development Authority, its custodian or its agent receiving possession of the securities either physically or transferred through a

nationally recognized book entry system.

(j) In addition to all other investments authorized under this Section, a community college district may invest public funds in any mutual funds that invest primarily in corporate investment grade or global government short term bonds. Purchases of mutual funds that invest primarily in global government short term bonds shall be limited to funds with assets of at least \$100 million and that are rated at the time of purchase as one of the 10 highest classifications established by a recognized rating service. The investments shall be subject to approval by the local community college board of trustees. Each community college board of trustees shall develop a policy regarding the percentage of the college's investment portfolio that can be invested in such funds.

Nothing in this Section shall be construed to authorize an intergovernmental risk management entity to accept the deposit of public funds except for risk management purposes.

(Source: P.A. 102-285, eff. 8-6-21.)

(30 ILCS 235/2.5)

Sec. 2.5. Investment policy.

(a) Investment of public funds by a public agency shall be governed by a written investment policy adopted by the public agency. The level of detail and complexity of the investment policy shall be appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio. The policy shall address safety of principal, liquidity of funds, and return on investment and shall require that the investment portfolio be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. In addition, the investment policy shall include or address the following:

- (1) a listing of authorized investments;
- (2) a rule, such as the "prudent person rule", establishing the standard of care that must be maintained by the persons investing the public funds;
- (3) investment guidelines that are appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (4) a policy regarding diversification of the investment portfolio that is appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (5) guidelines regarding collateral requirements, if any, for the deposit of public funds in a financial institution made pursuant to this Act, and, if applicable, guidelines for contractual arrangements for the custody and safekeeping of that collateral;
- (6) a policy regarding the establishment of a system of internal controls and written operational procedures designed to prevent losses of funds that might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the entity;
- (7) identification of the chief investment officer who is responsible for establishing the internal controls and written procedures for the operation of the investment program;
- (8) performance measures that are appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (9) a policy regarding appropriate periodic review of the investment portfolio, its effectiveness in meeting the public agency's needs for safety, liquidity, rate of return, and diversification, and its general performance;
- (10) a policy establishing at least quarterly written

reports of investment activities by the public agency's chief financial officer for submission to the governing body and chief executive officer of the public agency. The reports shall include information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date;

(11) a policy regarding the selection of investment advisors, money managers, and financial institutions; and

(12) a policy regarding ethics and conflicts of interest.

(a-5) The investment policy shall include a statement that material, relevant, and decision-useful sustainability factors have been or are regularly considered by the agency, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors include, but are not limited to: (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided under the Illinois Sustainable Investing Act.

(b) For purposes of the State or a county, the investment policy shall be adopted by the elected treasurer and presented to the chief executive officer and the governing body. For purposes of any other public agency, the investment policy shall be adopted by the governing body of the public agency.

(c) The investment policy shall be made available to the public at the main administrative office of the public agency.

(d) The written investment policy required under this Section shall be developed and implemented by January 1, 2000.

(Source: P.A. 101-473, eff. 1-1-20.)

(30 ILCS 235/2.10)

Sec. 2.10. Unit of local government; deposit at reduced rate of interest. The treasurer of a unit of local government may, in his or her discretion, deposit public moneys of that unit of local government in a financial institution pursuant to an agreement that provides for a reduced rate of interest, provided that the institution agrees to expend an amount of money equal to the amount of the reduction for senior centers.

(Source: P.A. 93-246, eff. 7-22-03.)

(30 ILCS 235/3) (from Ch. 85, par. 903)

Sec. 3. If any securities, purchased under authority of Section 2 hereof, are issuable to a designated payee or to the order of a designated payee, then the public agency shall be so designated, and further, if such securities are purchased with money taken from a particular fund of a public agency, the name of such fund shall be added to that of such public agency. If any such securities are registerable, either as to principal or interest, or both, then such securities shall be so registered in the name of the public agency, and in the name of the fund to which they are to be credited.

(Source: Laws 1943, vol. 1, p. 951.)

(30 ILCS 235/4) (from Ch. 85, par. 904)

Sec. 4. All securities purchased under the authority of this Act shall be held for the benefit of the public agency which purchased them, and if purchased with money taken from a particular fund, such securities shall be credited to and deemed to be a part of such fund, and shall be held for the benefit thereof. All securities so purchased shall be deposited and held in a safe place by the person or persons having custody of the fund to which they are credited, and such person or persons are responsible upon his or their official bond or bonds for the safekeeping of all such securities. Any securities purchased by any such public

agency under authority of this Act, may be sold at any time, at the then current market price thereof, by the governing authority of such public agency. Except as provided in Section 4.1 of "An Act in relation to State finance", all payments received as principal or interest, or otherwise, derived from any such securities shall be credited to the public agency and to the fund by or for which such securities were purchased.

(Source: P.A. 84-1378.)

(30 ILCS 235/5) (from Ch. 85, par. 905)

Sec. 5. This Act, without reference to any other statute, shall be deemed full and complete authority for the investment of public funds, as hereinabove provided, and shall be construed as an additional and alternative method therefor.

(Source: Laws 1943, vol. 1, p. 951.)

(30 ILCS 235/6) (from Ch. 85, par. 906)

Sec. 6. Report of financial institutions.

(a) No bank shall receive any public funds unless it has furnished the corporate authorities of a public agency submitting a deposit with copies of the last two sworn statements of resources and liabilities which the bank is required to furnish to the Commissioner of Banks and Real Estate or to the Comptroller of the Currency. Each bank designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Banks and Real Estate or to the Comptroller of the Currency; provided, that if such funds or moneys are deposited in a bank, the amount of all such deposits not collateralized or insured by an agency of the federal government shall not exceed 75% of the capital stock and surplus of such bank, and the corporate authorities of a public agency submitting a deposit shall not be discharged from responsibility for any funds or moneys deposited in any bank in excess of such limitation.

(b) No savings bank or savings and loan association shall receive public funds unless it has furnished the corporate authorities of a public agency submitting a deposit with copies of the last 2 sworn statements of resources and liabilities which the savings bank or savings and loan association is required to furnish to the Commissioner of Banks and Real Estate or the Federal Deposit Insurance Corporation. Each savings bank or savings and loan association designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Banks and Real Estate or the Federal Deposit Insurance Corporation; provided, that if such funds or moneys are deposited in a savings bank or savings and loan association, the amount of all such deposits not collateralized or insured by an agency of the federal government shall not exceed 75% of the net worth of such savings bank or savings and loan association as defined by the Federal Deposit Insurance Corporation, and the corporate authorities of a public agency submitting a deposit shall not be discharged from responsibility for any funds or moneys deposited in any savings bank or savings and loan association in excess of such limitation.

(c) No credit union shall receive public funds unless it has furnished the corporate authorities of a public agency submitting a share deposit with copies of the last two reports of examination prepared by or submitted to the Illinois Department of Financial Institutions or the National Credit Union Administration. Each credit union designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all reports of examination prepared by or furnished to the Illinois Department of Financial Institutions or the National Credit Union Administration; provided that if such funds or moneys are invested in a credit union account, the

amount of all such investments not collateralized or insured by an agency of the federal government or other approved share insurer shall not exceed 50% of the unimpaired capital and surplus of such credit union, which shall include shares, reserves and undivided earnings and the corporate authorities of a public agency making an investment shall not be discharged from responsibility for any funds or moneys invested in a credit union in excess of such limitation.

(d) Whenever a public agency deposits any public funds in a financial institution, the public agency may enter into an agreement with the financial institution requiring any funds not insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration or other approved share insurer to be collateralized by any of the following classes of securities, provided there has been no default in the payment of principal or interest thereon:

- (1) Bonds, notes, or other securities constituting direct and general obligations of the United States, the bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States, and bonds, notes, or other securities or evidence of indebtedness constituting the obligation of a U.S. agency or instrumentality.
- (2) Direct and general obligation bonds of the State of Illinois or of any other state of the United States.
- (3) Revenue bonds of this State or any authority, board, commission, or similar agency thereof.
- (4) Direct and general obligation bonds of any city, town, county, school district, or other taxing body of any state, the debt service of which is payable from general ad valorem taxes.
- (5) Revenue bonds of any city, town, county, or school district of the State of Illinois.
- (6) Obligations issued, assumed, or guaranteed by the International Finance Corporation, the principal of which is not amortized during the life of the obligation, but no such obligation shall be accepted at more than 90% of its market value.
- (7) Illinois Affordable Housing Program Trust Fund Bonds or Notes as defined in and issued pursuant to the Illinois Housing Development Act.
- (8) In an amount equal to at least market value of that amount of funds deposited exceeding the insurance limitation provided by the Federal Deposit Insurance Corporation or the National Credit Union Administration or other approved share insurer: (i) securities, (ii) mortgages, (iii) letters of credit issued by a Federal Home Loan Bank, or (iv) loans covered by a State Guarantee under the Illinois Farm Development Act, if that guarantee has been assumed by the Illinois Finance Authority under Section 845-75 of the Illinois Finance Authority Act, and loans covered by a State Guarantee under Article 830 of the Illinois Finance Authority Act.
- (9) Certificates of deposit or share certificates issued to the depository institution pledging them as security. The public agency may require security in the amount of 125% of the value of the public agency deposit. Such certificate of deposit or share certificate shall:
 - (i) be fully insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Share Insurance Fund or issued by a depository institution which is rated within the 3 highest classifications established by at least one of the 2 standard rating services;
 - (ii) be issued by a financial institution having assets of \$15,000,000 or more; and
 - (iii) be issued by either a savings and loan

association having a capital to asset ratio of at least 2%, by a bank having a capital to asset ratio of at least 6% or by a credit union having a capital to asset ratio of at least 4%.

The depository institution shall effect the assignment of the certificate of deposit or share certificate to the public agency and shall agree that, in the event the issuer of the certificate fails to maintain the capital to asset ratio required by this Section, such certificate of deposit or share certificate shall be replaced by additional suitable security.

(e) The public agency may accept a system established by the State Treasurer to aggregate permissible securities received as collateral from financial institutions in a collateral pool to secure public deposits of the institutions that have pledged securities to the pool.

(f) The public agency may at any time declare any particular security ineligible to qualify as collateral when, in the public agency's judgment, it is deemed desirable to do so.

(g) Notwithstanding any other provision of this Section, as security a public agency may, at its discretion, accept a bond, executed by a company authorized to transact the kinds of business described in clause (g) of Section 4 of the Illinois Insurance Code, in an amount not less than the amount of the deposits required by this Section to be secured, payable to the public agency for the benefit of the People of the unit of government, in a form that is acceptable to the public agency.

(h) Paragraphs (a), (b), (c), (d), (e), (f), and (g) of this Section do not apply to the University of Illinois, Southern Illinois University, Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Western Illinois University, the Cooperative Computer Center and public community colleges. (Source: P.A. 95-331, eff. 8-21-07.)

(30 ILCS 235/6.5)

Sec. 6.5. Federally insured deposits at Illinois financial institutions.

(a) Notwithstanding any other provision of this Act or any other statute, whenever a public agency invests public funds in an interest-bearing savings account, demand deposit account, interest-bearing certificate of deposit, or interest-bearing time deposit under Section 2 of this Act, the provisions of Section 6 of this Act and any other statutory requirements pertaining to the eligibility of a bank to receive or hold public deposits or to the pledging of collateral by a bank to secure public deposits do not apply to any bank receiving or holding all or part of the invested public funds if (i) the public agency initiates the investment at or through a bank located in Illinois and (ii) the invested public funds are at all times fully insured by an agency or instrumentality of the federal government.

(b) Nothing in this Section is intended to:

(1) prohibit a public agency from requiring the bank at or through which the investment of public funds is initiated to provide the public agency with the information otherwise required by subsection (a), (b), or (c) of Section 6 of this Act as a condition of investing the public funds at or through that bank; or

(2) permit a bank to receive or hold public deposits if that bank is prohibited from doing so by any rule, sanction, or order issued by a regulatory agency or by a court.

(c) For purposes of this Section, the term "bank" includes any person doing a banking business whether subject to the laws of this or any other jurisdiction.

(Source: P.A. 98-703, eff. 7-7-14; 98-756, eff. 7-16-14; 99-78, eff. 7-20-15.)

(30 ILCS 235/7) (from Ch. 85, par. 907)

Sec. 7. When investing or depositing public funds, each custodian shall, to the extent permitted by this Act and by the lawful and reasonable performance of his custodial duties, invest or deposit such funds with or in minority-owned financial institutions within this State.

(Source: P.A. 84-754.)

(30 ILCS 235/8)

Sec. 8. Consideration of financial institution's commitment to its community.

(a) In addition to any other requirements of this Act, a public agency shall consider the financial institution's record and current level of financial commitment to its local community when deciding whether to deposit public funds in that financial institution. The public agency may consider factors including, but not necessarily limited to:

(1) for financial institutions subject to the federal Community Reinvestment Act of 1977, the current and historical ratings that the financial institution has received, to the extent that those ratings are publicly available, under the federal Community Reinvestment Act of 1977;

(2) any changes in ownership, management, policies, or practices of the financial institution that may affect the level of the financial institution's commitment to its community;

(3) the financial impact that the withdrawal or denial of deposits of public funds might have on the financial institution;

(4) the financial impact to the public agency as a result of withdrawing public funds or refusing to deposit additional public funds in the financial institution; and

(5) any additional burden on the resources of the public agency that might result from ceasing to maintain deposits of public funds at the financial institution under consideration.

(a-5) Effective January 1, 2022, no public funds may be deposited in a financial institution subject to the federal Community Reinvestment Act of 1977 unless the institution has a current rating of satisfactory or outstanding under the Community Reinvestment Act of 1977.

(a-10) When investing or depositing public funds, the public agency may give preference to financial institutions that have a current rating of outstanding under the federal Community Reinvestment Act of 1977.

(b) Nothing in this Section shall be construed as authorizing the public agency to conduct an examination or investigation of a financial institution or to receive information that is not publicly available and the disclosure of which is otherwise prohibited by law.

(Source: P.A. 101-657, eff. 3-23-21.)

(30 ILCS 235/9)

Sec. 9. Municipal and county investment in not-for-profit community development financial institutions. Municipalities and counties may invest up to \$250,000 per year in public funds in not-for-profit community development financial institutions across all institutions. These financial institutions must have at least \$5,000,000 in net assets and have earned at least an "A" rating by an investment rating organization that primarily provides services for community development financial institutions. Investments made under this Section shall be made for a term and at a rate acceptable to the municipality or county and the municipality or county may set benchmarks in order to continue investing in the not-for-profit community development financial institution.

(Source: P.A. 99-676, eff. 7-29-16.)