

Jessamine County Public Library
Investment of Public Funds Policy

Effective date: 06-16-2010

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Purpose and Scope

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

Responsibilities

All investment policies and procedures of the Jessamine County Public Library will be in accordance with Kentucky Law—[KRS 66.480 Investment of Public Funds](#). Administration and execution of these policies are the responsibility of the Treasurer who is hereby designated as the “chief investment officer” of the Library acting under the authority of the Library Board of Trustees.

Delegation of Authority [KRS 66.480(3)(a)]

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

“Prudent Person” Standard

All Library investment activities shall use a “prudent person” standard of care. This standard shall be applied in the context of managing an overall portfolio and specifies that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. Investment officers, acting in accordance with this Policy and the written procedures of the Library, and exercising due diligence, shall be relieved of personal responsibility for a security’s credit risk or market price/value changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Objectives [KRS 66.480(3)(c)]

In selecting financial institutions and investment instruments to be used, the following general objectives should be considered in the priority listed:

- Provide investments conforming with all legal requirements
- Provide a safe and liquid vehicle for investment funds
- Provide a suitable balance of quality and diversification to Library assets
- Provide a stable yield of dependable earnings
- Provide simplicity of management

Guidelines [KRS 66.480(3)(d)]

The Following guidelines should be used to meet the general investment objectives:

- A) **Legality and Safety:** Investments will be made only in securities guaranteed by the U.S. government, or in SAIF or FDIC insured institutions. Deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC coverage (unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding custody and safekeeping of collateral). To further safeguard investments, institutions from which investments are issued must be rated in one of the three highest categories by a nationally recognized rating agency.
- B) **Liquidity:** In general, investments should be managed to meet liquidity needs for the current month plus one month (based on forecasted needs) and any reasonable anticipated special needs. It is expected to have investments coming due at various times following a general ladder approach.
- C) **Yield – Return on investment:** Every effort should be made to maximize return on investments made. All available funds will be placed in investments or kept in interest bearing deposit accounts; except as limited by law.
- D) **Simplicity of management:** The time required by Library administrative staff to manage investments shall be kept to a minimum.

Acceptable Investments and Diversification [KRS 66.480(3)(b) and (f)]

Investments will be composed from among those listed in KRS 66.480. Acceptable investments are diverse in nature. As the Chief Investment Officer chooses from among these investments, they will also seek to invest with multiple banks/firms in order to facilitate diversification of institutions.

Reporting [KRS 66.480(3)(e) and (h)]

Investments, fund balances, and the status of such accounts will be reported at each regularly scheduled meeting of the JCPL Board of Trustees and at least quarterly include information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date. The Chief Investment Officer shall periodically review this Policy for any needed modifications and report to the Board on the investment portfolio, its effectiveness in meeting the Library's need for safety, liquidity, rate of return, diversification, and general performance.

Controls

In addition to these guidelines, the annual financial audit of the Library will ensure the Board of Trustees that the investment policy is being followed. A written report will be presented to the Board by the auditing firm not less than annually.

Authorized Financial Dealers and Institutions [KRS 66.480(3)(g)]

Any investment advisors, money managers, and financial institutions shall be considered and authorized only by the action of the Board of Trustees upon the recommendation of the Chief Investment Officer. The Chief Investment Officer will maintain a list of financial dealers and institutions authorized to provide investment services (see sample page attached).

Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that might conflict with the proper execution and management of this investment program, or that could impair their ability to make impartial decisions, or that could give the appearance of impropriety.

List of Financial Dealers and Institutions Authorized to Provide Investment Services

All Jessamine County Banks that meet the standards of KRS 66.480.

J.J.B. Robert W. Baird & Co.
Louisville, Kentucky

JP Morgan Securities
Louisville, Kentucky

PNC Investments
Louisville, Kentucky

First Kentucky Securities Corporation
Frankfort, Kentucky

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