

Investment Policy

Town of Starksboro

PURPOSE. In accordance with 24 V.S.A. § 1571(b), moneys received by the treasurer on behalf of the Town of Starksboro may be invested and reinvested by the treasurer with the approval of the selectboard. The purpose of this Investment Policy is to establish the investment objectives, standards of investing prudence, eligible investments and transactions, internal controls, reporting requirements, and safekeeping and custodial procedures necessary for the proper management and investment of the funds of the Town of Starksboro.

OBJECTIVES. The primary objectives in priority order of investment of the funds of the Town of Starksboro shall be safety, liquidity, yield, and local investment:

SAFETY. The safety of town funds is of the utmost importance. In order to achieve this objective, investments will be limited to US Treasury obligations and deposits at financial institutions.

LIQUIDITY. The town should ensure that sufficient funds are available to meet reasonable anticipated operating needs of the town. Investments should be structured to mature in time to meet town obligations.

YIELD. Safety and liquidity are the town's primary considerations. Investments will be limited to low-risk options, and the town expects to earn a fair return relative to the safety of the investments.

LOCAL INVESTMENT. Where possible, funds may be invested for the betterment of the local economy. Proposals for local investment must meet investment standards for safety and liquidity. The town may consider accepting a lower yield from an institution that uses funds for community development.

POOLING. Except where prohibited by law, cash and reserve balances from all funds will be consolidated to maximize investment earnings and to increase efficiency with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to various funds based on their respective participation and in accordance with generally accepted accounting principles.

STANDARD OF CARE. The standard of care to be used by the treasurer and selectboard shall be the prudent person standard and shall be applied in the context of managing an overall portfolio. 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.

CONFLICTS OF INTEREST. The selectboard and the treasurer shall refrain from personal business activity that could conflict with the proper execution and management of the Town's investments or that could impair their ability to make impartial decisions. They shall disclose any material interests in financial institutions with which the Town conducts business and further disclose any personal financial or investment positions that could be related to the performance of the Town's investments. Selectboard members and the treasurer shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Town.

INTERNAL CONTROLS. The selectboard and treasurer will establish a system of internal controls, which shall be documented in writing to prevent the loss of invested funds resulting from fraud, employee errors, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Town.

The following investments will be permitted under this policy:

1. U.S. Treasury obligations which carry the full faith and credit guarantee of the United States Government and are considered to be the most secure instruments available;

2. Certificates of deposit and other evidences of deposit at financial institutions;

REPORTING. The treasurer will prepare a semi-annual investment report including an individual listing of all investments, yield, maturity date, and financial institution holding the investment.

The foregoing Policy is hereby adopted by the selectboard and the treasurer of the Town of Starksboro, Vermont, this 16th day of September, 2025 and is effective as of this date until amended or repealed.

Treasurer

Chairperson

Selectboard Members:
