

August 28, 2025

Muni Mornings & Money Matters



Tools & Tips for Capital and Operating Budgets

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Vermont League of Cities and Towns

Link for Tools & Tips from this Webinar:

VLCT's Tools & Tips for Building Capital & Operating Budgets



The screenshot shows a web browser window with the URL <https://www.vlct.org/resource/tools-tips-building-capital-operating-budgets>. The browser's address bar and tabs are visible at the top. The page has a purple header on the left with the text "DOWNLOAD AND PRINT" and "PDF/Print Page". The main content area has a "Home" link and a large title "Tools & Tips for Building Capital & Operating Budgets" with social media sharing icons below it. The text on the page describes the purpose of the resource, which is to provide tips and tools for municipal budget building. It also mentions a webinar titled "Muni Mornings + Money Matters: Tools & Tips for Capital and Operating Budgets" held on August 28, 2025, and lists links for the recording and slide deck.

Home

Tools & Tips for Building Capital & Operating Budgets

+ f t in e

Ever wish you could brush up your budgeting skills and deepen your understanding of the process with the help of a trusted partner? Or you could learn more about the critical role of capital planning in your municipality's future but don't know how to implement it or take what you might have to the next level without a little bit of insider knowledge or guidance? Well, consider VLCT your new budget-best-friend.

This page is dedicated to providing those of you involved with municipal money matters with tips and tools to help grow your knowledge and skills base for successful budget building.

Webinar:

Muni Mornings + Money Matters: Tools & Tips for Capital and Operating Budgets (August 28, 2025)

Recording:

Slide deck:



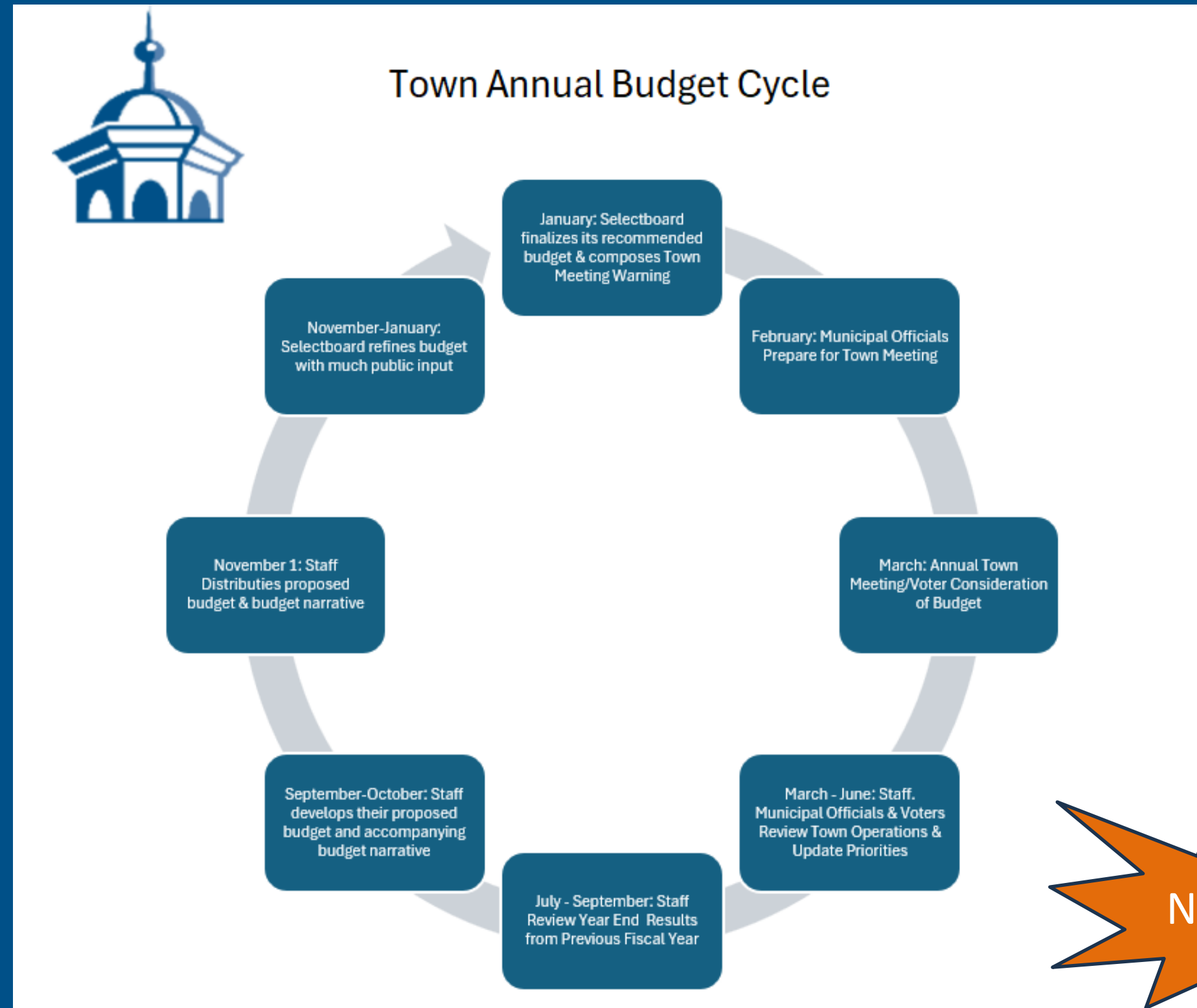
Key Pillars

- **Sustainability**
- **Efficiency and Effectiveness**
- **Transparency**
- **Fiscal Responsibility**
- **Realistic Budgeting**

Key Budget Pillars

New
Resource!

The Budget Process – 30,000 ft view



New Tool!

Drafting the Budget – Detailing the Plan



FY27 Budget Timeline¹
Town/City of _____, Vermont

2025/2026 SCHEDULE	TASKS
Early September REGULAR SELECTBOARD MEETING	<ul style="list-style-type: none">• Brief review of FY27 Budget timeline.• Early view of potential major drivers.• Preliminary analysis of FY25 year-end budget results.
Mid-September – Mid-October	<ul style="list-style-type: none">• Department Heads develop FY27 Budget requests.
Mid-October	<ul style="list-style-type: none">• FY27 Budget requests submitted to _____.

FY27 General Fund Budget Timeline Template

New Tool!

Budget Tip!



- **Historical data tells a story and needs to be analyzed for trends and used in forecasting.** This is particularly important when there is uncertainty about future revenues and expenses. Look at the past 3 to 5 years of revenues and expenses and factor in any information you have about what the future may hold for each of your major line items (taxes, salaries, benefits, etc.).

Major Drivers – Current Trends



Health Insurance Rates Increases

- BCBSVT (Individual Market): 9.6%
- BCBSVT (Small Group Market): 4.4%
- MVP (Individual Market): 1.3%
- MVP (Small Group Market): 2.5%

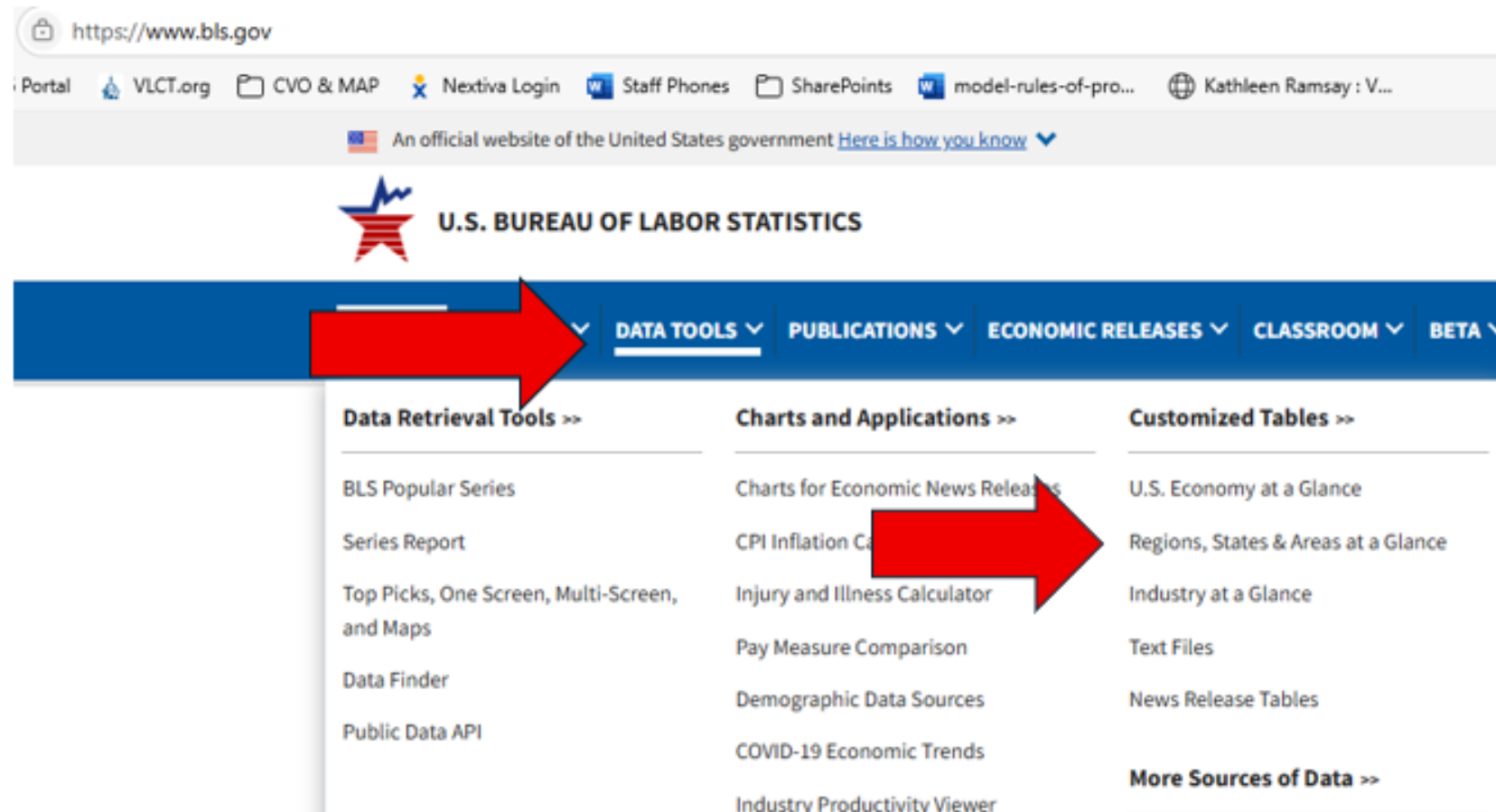
Major Drivers – Current Trends



Retrieving Northeast CPI-U Data from the Bureau of Labor Statistics website

Step-by-Step Screenshot Walkthrough

1. Open Your Browser and Visit the Bureau of Labor Statistics main website, BLS.gov
2. Select “Data Tools”
3. Select Regions, States & Areas at a Glance



➤ **Northeast CPI-U** for the one-year period ending July 2025: 3.2%

How-to Retrieve Northeast-CPI-U from Bureau of Labor Statistics Website

New Tool!

Major Drivers – Revenue



JUNE 30, 2025

2025 Legislative Wrap-Up

- **Local Option Tax:** Thanks in large part to VLCT's Advocacy Team, there was an upward revision to the local option tax withholding formula. Act 57 of 2025 changed the apportionment of Local Option Tax receipts for municipalities and the Payment in Lieu of Taxes (PILOT) Fund. Effective October 1, 2025, municipalities receive 75%, and the Pilot Fund receives 25%.

Major Drivers – Revenue

FEDERAL RESERVE BANK of ST. LOUIS



- **Interest Rates:** Decreased interest rates are anticipated



Early Estimate of Selected Major Drivers



Selected Major Drivers - Early Estimate

Date MM/DD/YY

Expenses				
Items	FY2026 Budget	FY2027 Early Estimate	\$ Change	Tax Impact
Wages (Existing Positions)	\$ -	\$ -	\$ -	\$ -
Wages (New Positions)	\$ -	\$ -	\$ -	\$ -
Health Insurance	\$ -	\$ -	\$ -	\$ -
Other Benefits	\$ -	\$ -	\$ -	\$ -
Capital Improvements	\$ -	\$ -	\$ -	\$ -
Debt Service (Increase/Decrease)	\$ -	\$ -	\$ -	\$ -
Total Selected Expense Drivers	\$ -	\$ -	\$ -	\$ -

horizontal \$ -

Revenue				
Items	FY2026 Budget	FY2027 Early Estimate	Change	Tax Impact
Local Option Tax	\$ -	\$ -	\$ -	\$ -
Interest Revenue	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total Selected Revenue Drivers	\$ -	\$ -	\$ -	\$ -

horizontal \$ -

FY26 Municipal Tax Rate¹ \$ -

Estimated Major Drivers FY27 \$ -

FY27 Estimated Tax Rate with Major Drivers \$ -

NOTE: This estimate does not include all budget items!

Grand List² \$ 2,000,000

Major Drivers Worksheet
Template

New Tool!

Budget Tips!



- **Adding a New Position?** Adjust the date of hire to midway through the fiscal year to help phase in the budgetary impact.
- **Minimum Wage for 2026** will be announced in early October, <https://labor.vermont.gov/>
- **Include the Community.** Include updates on the budget process , notice of budget meetings and solicit public input the budget in an e-newsletter, on your website and in other public forums.

Budget Tip!

FY 26

Town of Putney

Financial Supplement

A Communications Tool

Through the supplement, we can communicate Town priorities. The supplement contains graphics, tables, summaries and directions that are designed to educate constituents, Selectboard members, staff and others.

- Borrow ideas for presentations, graphs and documents from other municipalities' websites.
- There's great work being done on budget communication tools - too many to cite them all- but here's one from the Town of Putney, [Town of Putney FY26 Financial Supplement](#).



Helpful Resources:

- [Municipal Tax Rate Calculator](#)
- [Debt Capacity Calculator](#)
- [Model Accounting Auditing and Reporting Policy with Guidance.docx](#)
- [Model Balanced Budget Policy.docx](#)
- 2024 Vermont Municipal Compensation and Benefits Report, in the VLCT [Store](#). The 2025 Report will be issued soon!
- [VLCT Model Social Services Appropriation Policy](#)
- Debt Service Impact on Tax Rate Spreadsheet
- [VLCT Municipal Calendar](#)

Helpful Resources -- Local Option Tax

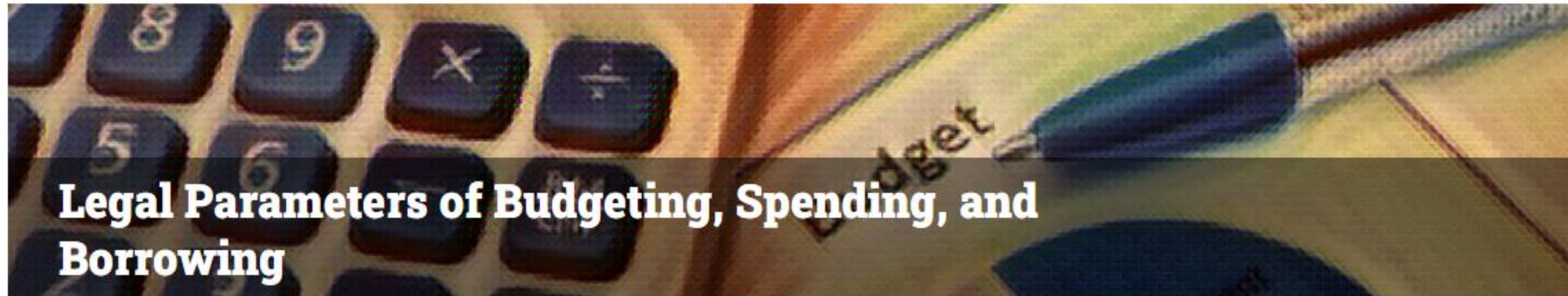


- Vermont Department of Taxes: [How to Adopt a Local Option Tax in Your Community.](#)
- The Town of Hartford has a nice informational piece on their website, [Local Option Tax | Hartford, VT.](#)

Upcoming VLCT Training!

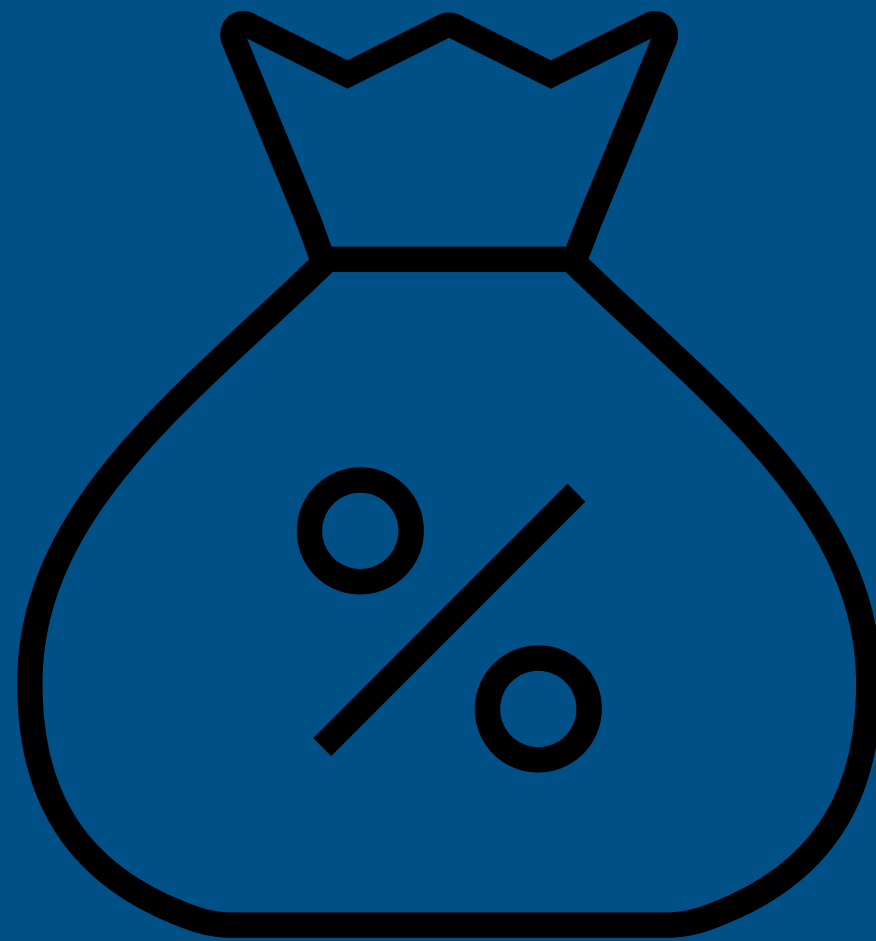


Legal Parameters of Budgeting, Spending, and Borrowing



Wednesday, September 17, 2025 @ 10 a.m.

Bonus: Tools & Tips for Borrowing



VLCT Resource:

- [When Can the Legislative Body Borrow Money Without Voter Approval?](#)

Other Resource:

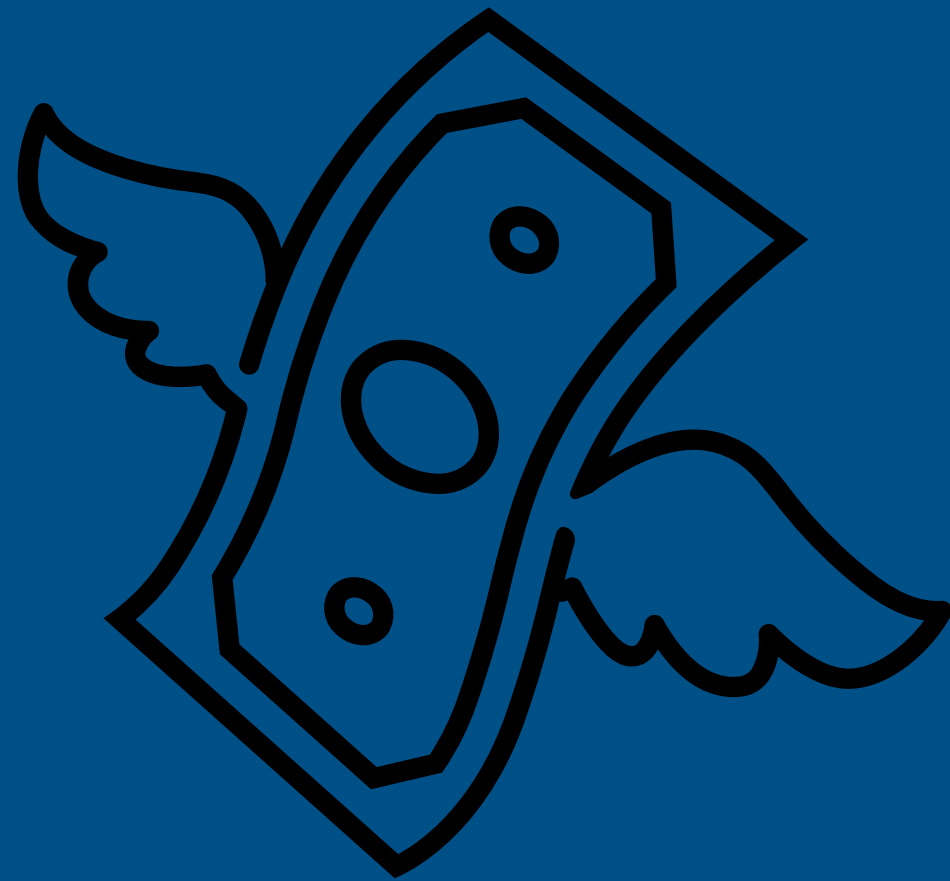
- [Vermont Statute on Indebtedness](#)

Common Sources of Loans



- Local/Regional Banks
- Vermont Municipal Equipment Loan Fund for the purchase of construction, fire, emergency, or heavy equipment or vehicles.
- Vermont Bond Bank Pooled Loan Program.
 - Legal opinion from bond counsel required. Vermont Bond Bank Approved Legal Counsels
 - Minimum requirement for financial audit from last completed year. VLCT Auditing Resources.

Debt Capacity & Debt Management Tools & Resources



- VLCT's Debt Capacity Calculator
- Vermont Bond Bank regularly supports communities with **customized debt capacity benchmark analysis** (ken@vtbondagency.org).
- VLCT Model Debt Management Policy with Guidance and VLCT's Asset Management Policy Insert

Estimated Debt Service Impact on Tax Rate



Estimated Debt Service Impact on Tax Rate
Actual Payments and Tax Impacts Will Vary Based on Bond Market on Date of Issue
Date MM/DD/YY

20 year bond - Level Principal Payments				Comparison Home Value
Bond Amount	First Year Payment	Tax Impact/\$100 Valuation	Tax Increase/Year per \$100,000 Value	\$ 300,000
\$1M	\$ 92,276	\$ 0.0185	\$ 18	\$ 55
\$5M	\$ 461,380	\$ 0.0923	\$ 92	\$ 277
\$10M	\$ 922,760	\$ 0.1846	\$ 185	\$ 554

20 year bond - Level Annual Payments				Comparison Home Value
Bond Amount	First Year Payment	Tax Impact/\$100 Valuation	Tax Increase/Year per \$100,000 Value	\$ 300,000
\$1M	\$ 76,185	\$ 0.0152	\$ 15	\$ 46
\$5M	\$ 380,925	\$ 0.0762	\$ 76	\$ 229
\$10M	\$ 761,850	\$ 0.1524	\$ 152	\$ 457

30 year bond - Level Principal Payments				Comparison Home Value
Bond Amount	First Year Payment	Tax Impact/\$100 Valuation	Tax Increase/Year per \$100,000 Value	\$ 300,000
\$1M	\$ 80,140	\$ 0.0160	\$ 16	\$ 48
\$5M	\$ 400,700	\$ 0.0801	\$ 80	\$ 240
\$10M	\$ 801,400	\$ 0.1603	\$ 160	\$ 481

30 year bond - Level Annual Payments				Comparison Home Value
Bond Amount	First Year Payment	Tax Impact/\$100 Valuation	Tax Increase/Year per \$100,000 Value	\$ 300,000
\$1M	\$ 64,379	\$ 0.0129	\$ 13	\$ 39
\$5M	\$ 321,895	\$ 0.0644	\$ 64	\$ 193
\$10M	\$ 643,790	\$ 0.1288	\$ 129	\$ 386

FY2026 Grand List

\$ 5,000,000

Contact the VT Bond Bank for current debt schedules – the payment estimates in the template were provided on August 20, 2025

Debt Service Impact on Tax Rate Spreadsheet (First Tab)

New Tool!

Worksheet: Bond Term Comparison



Bond Term Comparison

Actual Payments and Tax Impacts Will Vary Based on Bond Market on Date of Issue
MM/DD/YY

	First Full Principal + Interest Payment	Impact on Tax Rate	Interest Paid Over Life of Loan	Net Interest Cost
\$1 M - 20 Year Bond - Estimates on 8/20/25				
Traditional Level Principal Payments	\$ 92,276	\$ 0.0185	\$ 469,733	4.34%
Level Payments Over Life of Bond	\$ 76,185	\$ 0.0152	\$ 553,069	4.50%
\$1 M - 30 Year Bond - Estimates on 8/20/25				
Traditional Level Principal Payments	\$ 80,140	\$ 0.0160	\$ 753,664	4.76%
Level Payments Over Life of Bond	\$ 64,361	\$ 0.0129	\$ 959,187	4.96%

Grand List

\$ 5,000,000

[Debt Service Impact on Tax Rate Spreadsheet](#) (Second Tab)

New Tool!

Contact the VT Bond Bank for current debt schedules – the payment estimates in the template were provided on August 20, 2025

Upcoming @ Town Fair!

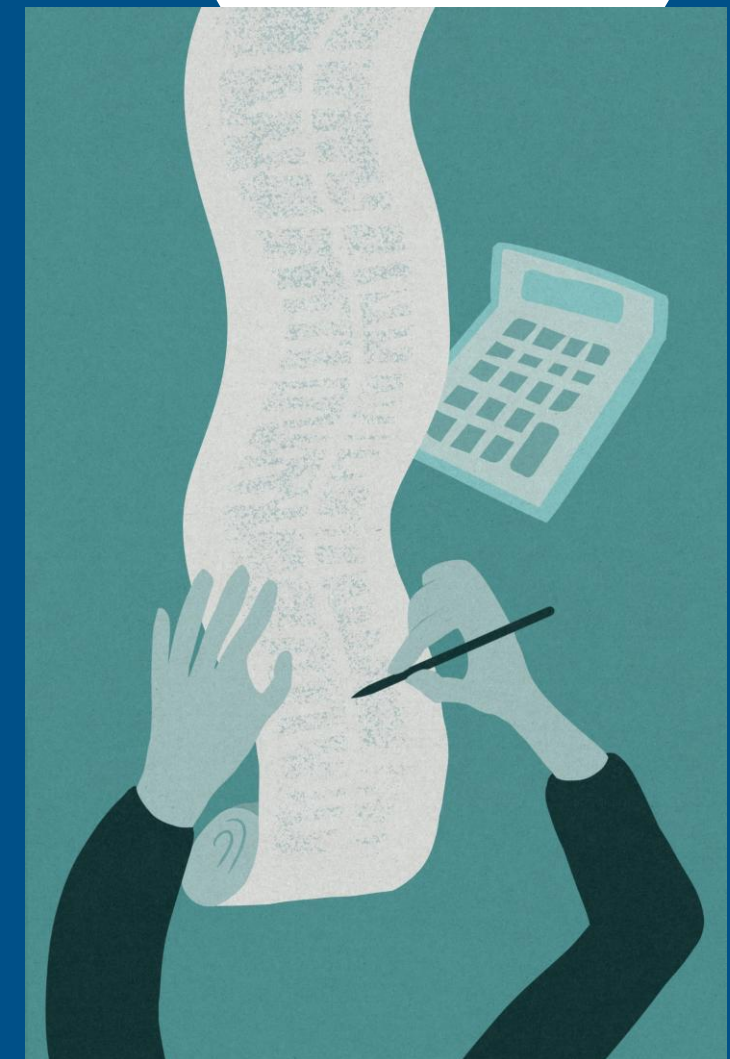


Municipal Bonds: Best Practices to Get Voter Approval

When a municipality needs financing for large-scale infrastructure projects, its voters must approve a bond (or other debt tool) at an annual or special town meeting. This session will review best practices to stay on track and not miss any important steps ahead of and beyond the voter authorization.

Elijah Emerson, Esq., Vice President; Primmer, Piper, Eggleston & Cramer
Corinn Julow, Town Clerk and Selectboard Executive Assistant, North Hero Town

Wednesday, October 8, 2025 @ 1:30 p.m.



Tools and Tips for Capital Budgeting!

Tip 1: Asset Management = Cost Savings



- Know what you own.
- Take care of it.
- Plan and budget before disaster strikes or it breaks.

Tools and Tips for Capital Budgeting!

Tip 1: Asset Management = Cost Savings

What should Towns do?

- Keep an inventory
- Set standards
- Update regularly
- Plan ahead: Build these needs into a multi-year capital plan and capital (annual) budget
- Fund maintenance
- Report clearly

Tools and Tips for Capital Budgeting!

Tip 1: Asset Management = Cost Savings

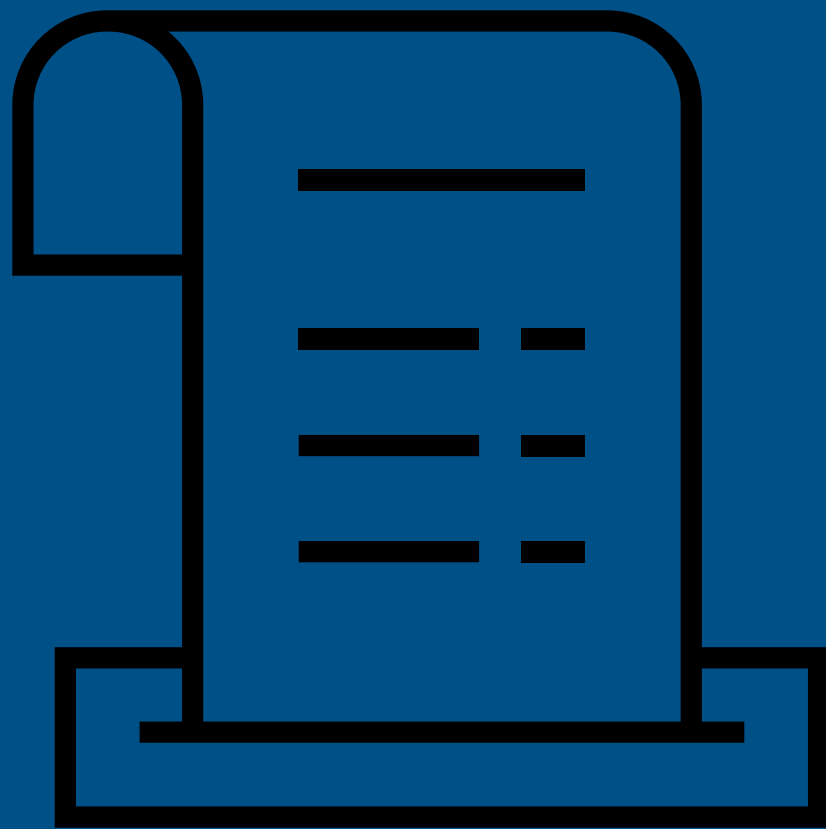
JUMPSTART: Much of the information needed to start capital planning comes from existing records:

- Insurance schedules
- The town plan or long-range planning documents
- Equipment logs and maintenance records
- Past capital project files

Start by gathering what's already documented. Fill in gaps with age estimates, condition assessments, and replacement costs. Over time, this builds a complete picture of your town's assets and priorities—without starting from scratch.

Tools and Tips for Capital Budgeting!

Tip 2: Policies that help, not hinder



- **Keep it simple, clear, and consistent.**
A good policy promotes transparency, continuity, and sound decision-making, while helping new staff or boards understand how and why decisions are made.

Tools and Tips for Capital Budgeting!

Tip 2: Policies that help, not hinder

Town of North Hero, Vermont

Capital Improvement Program (CIP)



JUMPSTART :

- Use an existing template or a neighboring town's policy and adapt it for your community!
- **GFOA** Asset Management Template:
<https://www.gfoa.org/materials/asset-managementcapital-planning-policy-template>

Tools and Tips for Capital Budgeting!

Tip 3: Make the Budget Work for the Plan

What should towns do?

- Dedicate funds each year for maintenance and replacement, not just new projects.
- Use the capital plan to guide what goes into the annual budget.
- Adjust for inflation and rising costs so estimates stay realistic.
- Report clearly on how projects connect to long-term goals and community needs.
- Balance short-term affordability with long-term savings—sometimes spending now prevents a much bigger bill later.

Tools and Tips for Capital Budgeting!

Tip 3: Make the Budget Work for the Plan

Think of it as weaving the operating budget and the capital plan together: The plan is the roadmap, and the annual budget is the next mile on the journey. Both are needed to keep the town in control instead of reacting to emergencies.

Resources: Government Finance Officers Association (GFOA) Best Practices

- GFOA document on what to include in a capital plan (best practices), <https://www.gfoa.org/materials/capital-planning-policies>
- GFOA Multi-Year Capital Planning (best practices) <https://www.gfoa.org/materials/multi-year-capital-planning>

Tools and Tips for Capital Budgeting!

Tip 3: Make the Budget Work for the Plan

Resources VLCT:

- Model Capital Program and Budget Policy
- Asset Management Policy Insert
- Model Reserve Fund Policy with Guidance

Capital Project Request Form

Town of "Name"

CIP - Project Request Form (VLCT Template)

Budget Year

Project Name	
Responsible Department	
Project Type	
Prioritization Score/Rank	



Project Background, Purpose & Objectives

--	--	--	--	--	--	--	--

			Fiscal Year					
			2027	2028	2029	2030	2031	Total
Financing Uses (Project Costs/Expenses)								
Planning & Engineering			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land & Right of Way			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment Purchase			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Costs			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Uses			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financing Sources (Revenues)								
	Pay as you go (GF, SRF)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Reserve Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Debt		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Grants		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Other		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



Capital Budget Summary

Town of "Name"											
5-Year Capital Improvement Plan (VLCT Template)											
					Fiscal Year						
	Project Name	Type	Department	Opening Balance as of "DATE"	2026	2027	2028	2029	2030	2031	Total
General Fund					Reference only						
	Fire Truck Engine #1	Equipment	Fire Dept		0	0	750,000	0	0	0	750,000
	Replace Elevator	Existing Building Renovation	Town Office		0	100,000	0	0	0	0	100,000
	Tandem Truck #2	Equipment	Highway Dept		0	0	0	600,000	0	0	600,000
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
Total Outflows					0	100,000	750,000	600,000	0	0	1,450,000
Revenue Sources											
Pay as You Go					0	25,000	0	200,000	0	0	225,000
Capital Reserve Contribution					0	75,000	250,000	100,000	0	0	425,000
Grant/Other					0	0	0	0	0	0	0
Debt					0	0	500,000	0	0	0	500,000
Total Inflows					0	100,000	750,000	300,000	0	0	1,150,000

New Tool!

Resources for Capital Planning



- [Capital Planning Resource Page | VT Bond Bank](#)
- [Municipal Planning Grant | Agency of Commerce and Community Development](#) -- FY2025 Awards included developing of capital plans for Brattleboro, Hartford and Lyndon
- FY2026 Municipal Planning Grant online application opens September 1, 2025 and applications are due on November 3, 2025, <https://accd.vermont.gov/community-development/funding-incentives/municipal-planning-grant>

Resources for Capital Planning



- Vermont Local Roads Equipment Life Cycle Schedule [Vermont-Municipal-Equipment-Replacement-Schedules.pdf](#)

Resources for Capital Planning



- **Appoint a CIP Committee.** Some towns (including North Hero and Cornwall) have appointed a CIP Committee.
- **VLCT's Municipal Operations Support Team.** Having a tough time getting started? VLCT's Municipal Operations Support Team is here to help! Government Finance Specialist Marguerite Ladd, mladd@vlct.org, and Municipal Operations Specialist Kathleen Ramsay, kramsay@vlct.org.

Resources for Capital Planning

- **VLCT's Project and Funding Specialist,** Bonnie Waninger, bwaninger@vlct.org.



- **Regional Planning Commissions |** [Department of Environmental Conservation](#)
- **Two Rivers-Ottawaquechee Regional Commission** - [Capital Budgeting](#)

Resources for Capital Planning



- Sources of Information about Culverts and Bridges:
 - ❑ VT Culverts, <https://www.vtculverts.org>
 - ❑ [Regional Planning Commissions](#)
 - ❑ Vermont Agency of Transportation, Bridge Inspection Reports, <https://vtrans.vermont.gov/docs/bridge-inspections>

Upcoming @ Town Fair!



Capital Planning: Your Path to Long-Term Improvements

Are crumbling asphalt, unreliable vehicles, or tired buildings overwhelming you and your legislative bodies? Take some tips from finance experts: make a plan, follow the plan, and start small.

Michael Gaughan, Executive Director, Vermont Bond Bank
Marguerite Ladd, Municipal Finance Specialist, VLCT

Wednesday, October 8, 2025 @ 10:30 a.m.



Vermont League of Cities and Towns

Municipal Operations Support Team



- **Bonnie Waninger**, Project & Funding Specialist
- **Marguerite Ladd**, Government Finance Specialist
- **Kathleen Ramsay**, Municipal Operations Specialist
- **Katie Buckley**, Director of the Municipal Operations Support Team

Find us: <https://www.vlct.org/municipal-operations-support>