

**CAPITAL PROGRAM AND BUDGET POLICY
TOWN OF POMFRET, VERMONT**

Approved April 3, 2024

POLICY PURPOSE. The purpose of the Capital Program and Budget Policy is to establish a capital improvement program (CIP) for the Town of Pomfret in accordance with 24 V.S.A. § 4430. The capital assets of the Town and their condition are critical to the quality of services provided to the municipality. A CIP is a long term financial plan for the construction, acquisition and maintenance of capital assets. It provides for the planning of future financial needs, resources and financing of projects, matching costs with funding options in order to better manage its long-term financial position.

CAPITAL EXPENDITURES. For purposes of the CIP, a capital expenditure is any expenditure for any long term physical betterment or improvement, including furnishings, machinery, apparatus, or equipment when first constructed or acquired; any preliminary studies and surveys relating to any physical betterment or improvement; land or rights in land; or any combination thereof, and any expenditure for infrastructure (e.g., roads, bridges, water and wastewater distribution and collection systems).

CAPITAL IMPROVEMENT PLAN AND BUDGET. The Selectboard will adopt a long term CIP for the Town of Pomfret. This plan will include the Town's plan of capital projects, in order of priority, proposed to be undertaken each year, including:

1. A description of each proposed project;
2. Estimated acquisition and total costs;
3. Ongoing maintenance and operating costs;
4. Proposed method(s) of financing (see below); and
5. The estimated life or usefulness of the equipment.

Each year, as part of the budget process, the Selectboard will review the CIP and consider and decide whether to fund capital projects in the next year's budget. If so, the Selectboard will develop a capital budget including its description and funding mechanism, to be incorporated in the following year's budget.

After the budget is approved, the CIP will be reviewed and updated as necessary, based on the past year's activity and experiences that may have altered the CIP's underlying assumptions. If the CIP is updated, the revised plan is subject to approval by the Selectboard.

A list of existing and sold capital assets, their current value, and estimated life will be made annually and included in the Town's Annual Report.

FUNDING OPTIONS. Funding options for capital expenditures include:

1. Reserve funds created in accordance with 24 V.S.A. § 2804 to accumulate resources to pay for items included in the CIP;

2. Grants, including those financed from the federal or state government plus other sources of reimbursement;
3. Direct appropriations to operating budgets;
4. Capital debt or leases. Although in most cases debt is not necessary, there may be good reason to use debt or bonds especially if a particular capital expenditure large and unanticipated. The estimated life, usefulness, and operating expense must be estimated to evaluate the appropriate length of debt or lease obligations.

RESERVE FUNDS. The Selectboard shall annually review and budget the funding of reserve funds created in accordance with 24 V.S.A. § 2804 to accumulate resources to pay for the capital expenditures included in the CIP. The use of such reserve funds will minimize large fluctuations in the tax rate and will reduce the need for incurring debt to finance capital expenditures. Other capital improvements may be funded by bond issue or through the operating budget.

PRIORITY CRITERIA. Capital projects and capital assets will receive a higher priority if they meet some or all of the following criteria:

1. The project or asset is required under a state or federal mandate, law, or regulation;
2. The project or asset meets a policy goal or fulfills a strategic objective of the Selectboard;
3. The project or asset will mitigate or eliminate a known safety hazard;
4. The project or asset will maintain and improve the delivery of public services to the majority of the population;
5. The project or asset will improve the quality of existing infrastructure; and
6. State or federal grant funds are available to assist in funding for project.

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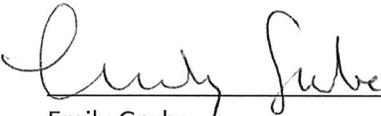
APPROVED by the Selectboard this 3rd day of April, 2024, and effective until amended or repealed.


Benjamin Brickner, Chair


John Peters Jr., Vice-Chair


Meg Emmons


Steve Chamberlin


Emily Grube