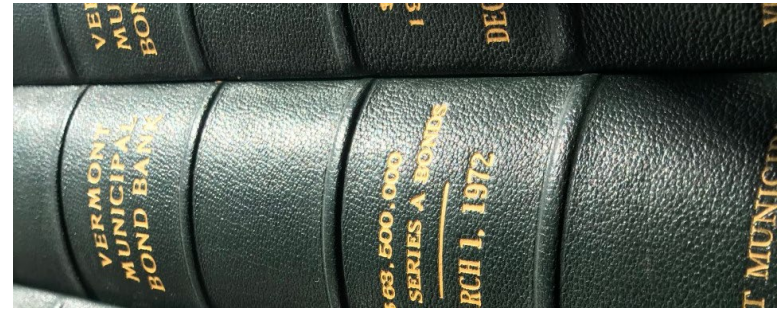




Vermont  
Bond Bank



FINANCIAL BENCHMARK ASSESSMENT  
SAMPLE VERMONT COMMUNITY

# Operating Ratios – Governmental Activities

Sub-Category	Last Audit	VBB Median	Moody's Median*	Notes
<b>Unassigned General Fund Balance as % of Revenue</b>	-0.7%	9.3%	11.7%	Indicator of financial resources available to address investments and/or financial resiliency
<b>Cash as % of Revenue</b>	25.2%	51.3%	18.6%	Cash available for on-going operations; cash typically higher in VT communities due to consolidation of cash at within GF
<b>Intergovernmental</b>	2.3%	9.2%	---	
<b>Capital Asset Depreciation (Ratio of Undepreciated Assets to Original Value)</b>	34%	---	65%**	Indicator of relative age of infrastructure from financial accounting perspective

\*Median is representative of Moody's rated municipalities in the BBB category (i.e. minimum investment grade)

\*\*No current criteria for this metric

# Debt Ratios – Governmental Activities

Sub-Category	Last Audit	VBB Median	Moody's Median*	Notes
<b>Total Long-Term Debt (LTD)</b>	6,086,000	1,503,004	---	
<b>Debt Service as % of Operating Expenses</b>	8.2%	8.7%	10.8%	Indication as to amount of budget consumed by debt service; higher amounts may indicate crowding out of other spending priorities or alternative capital spending (ex. PAYGO)
<b>Debt Service as % of Revenue</b>	8.4%	8.75%	---	See above
<b>General Obligation (GO) LTD as % of Revenue</b>	51.6%	57.7%	82.5%	Indicator of debt relative to the size of annual spending of a community
<b>GO LTD as % of Equalized Value</b>	1.2%	0.4%	5.5%	Indicator as to the amount of community wealth that is dedicated to repaying debt
<b>GO 10-year Debt Payoff</b>	71.8%	67.9%	64.5%	Indicator of how quickly existing debt pays down; may offset higher D/S as a % of operating expenses

\*Median is representative of Moody's rated municipalities in the BBB category (i.e. minimum investment grade)

# Debt Considerations Discussion – Governmental Activities

## GENERAL DISCUSSION

- Community does not appear to have resources other than debt available for capital spending
- Budget dedicated to debt service comparable to Vermont communities, although amount of community wealth dedicated to repaying debt higher than Vermont communities
- Above considerations are notable given high level of depreciation in comparison of total infrastructure (...from accounting perspective)

## TABLES

[Link to PDF of debt analysis](#)

[Link to PDF of Debt Service Graph](#)

# Operating Ratios – Water Fund

Sub-Category	Last Audit	VBB Median	Moody's Median*	Notes
<b>Operating Ratio</b>	59.3%	66.8%	62.3%	Amount of operations and maintenance spending in comparison to revenue; indicator of efficiency of operation as well as the amount of revenue available for capital and/or debt service
<b>Reserves to O&amp;M expenses</b>	155.6%	68.5%	104.3%	Indicator demonstrating saving for capital, unexpected expenses, and/or revenue shortfalls
<b>Days of Cash on Hand</b>	N/A	270	380.7	Liquidity available to pay operating expenses without use of credit; may often not be representative in Vermont
<b>Capital Asset Depreciation (Ratio of Undepreciated Assets to Original Value)</b>	37.9%	---	65%**	Indicator of relative age of infrastructure from financial accounting perspective

\*Moody's Median is representative of systems in the A/BBB categories on a combined basis

\*\*No current criteria for this metric

# Debt Ratios – Water Fund

Sub-Category	Last Audit	VBB Median	Moody's Median*	Notes
<b>Debt Service Coverage Ratio (DSCR)</b>	1.46x	1.12x	1.80x	Amount of net operating revenue (cash) available for the payment of debt service; amounts above 1.00x demonstrate cushion for payments as well as capacity to contribute to reserves or PAYGO capital spending
<b>Debt Ratio</b>	38.4%	54.2%	36.1%	Indicator demonstrating the amount of debt relative to the overall asset size of the system
<b>Debt Service to Expenses</b>	37.58%	31.8%	35.2%	Indication as to amount of budget consumed by debt service; higher amounts may indicate crowding out of other spending priorities or alternative capital spending (ex. PAYGO)
<b>Debt Service to Revenues</b>	30.78%	29.4%	19.5%	See above. In addition, indicates the potential for non operating expense spending
<b>Debt to Revenues</b>	245.09%	384.16%	---	Indicator of debt relative to the size of annual spending of a system

\*Moody's Median is representative of systems in the A/BBB categories on a combined basis

# Debt Capacity Analysis – Water Fund

		Debt Service Coverage Ratio		
		1.25x	1.50x	2.00x
Annual Debt Service Cushion		\$121,580	(\$20,091)	(\$197,181)
Add. Debt Capacity	2.5% 20 years	\$1,895,330	(\$313,207)	(\$3,073,879)
Annual Debt Service Cushion		\$121,580	(\$20,091)	(\$197,181)
Add. Debt Capacity	3.0% 30 years	\$2,383,022	(\$393,799)	(\$3,864,825)
Notes	Debt capacity indicates the amount of income above a set level of debt service coverage that could be available to pay debt service while continuing to maintain a cushion on existing debt service			

# Discussion – Water Fund

## GENERAL DISCUSSION

- Capital Asset Depreciation is on the low end of the spectrum, possibly indicating investments are keeping up with ageing assets
- Strong Debt Service Coverage Ratio resulting in immediate additional debt capacity availability
- Debt service to revenues ratio is higher than state and Moody's (national) medians. This indicates less margin in excess of expense (including debt service) available to build reserves. Conversely, this may also indicate recent investment in infrastructure, which is supported by a lower Capital Asset Depreciation ratio

## TABLES

[Link to PDF of debt analysis](#)

[Link to PDF of Debt Service Graph](#)





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