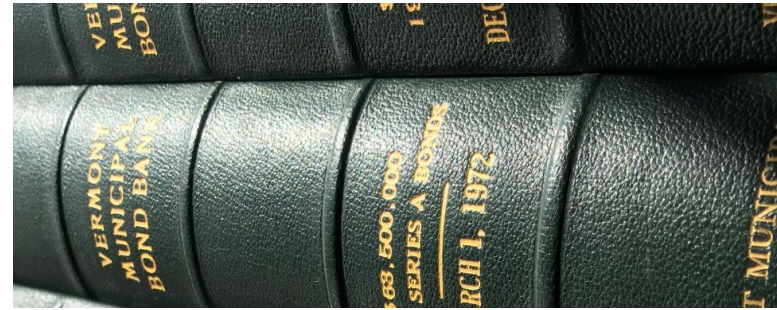




Vermont
Bond Bank



2021 VERMONT BOND BANK VERMONT BOND BANK FINANCIAL MEDIANS

Released September 1, 2021

Median Methodology & Related Limitations

- Financial statement results are regularly entered into database while reviewing loan applications and conducting annual portfolio review
- More entries occur during the loan review process, so medians are bias towards entities planning for new debt issuance and related capital spending
- Entries over last 18 months selected to be included in medians
 - Bond Bank increased doubled the # of entities between 2020 and 2021
 - As a result, medians changed and will change over time as more recent entries are included
- Only one entry per entity for governmental activities but multiple enterprises (ex. Water and sewer are separate entries) may be used to calculate median; most recent statement of entity used in median calculation
- Not all borrowers within portfolio regularly have third party financial audit and comparable data is sometimes incomplete
- No attempt was made to combine the financial statements of consolidated school districts
- Database is evolving and new categories of data are added over time

Shortcomings of Debt Benchmarking

Medians may or may not represent an appropriate peer group

Medians may reflect unique circumstances or characteristics of Bond Bank borrowers

Medians provide starting point for affordability analysis but are silent on community values

Medians do not help prioritize or inform the type of projects that are financed with debt

Moody's Medians for Governmental and School Districts are from BBB rated entities

Moody's Medians for Water & Sewer Enterprises are from A/BBB rated entities

Governmental Activities Ratios & Definitions

Category	Definition	Bond Bank Median	Moody's Median*
Unassigned GF Balance as % of Revenue	Unassigned general fund balance divided by total general fund revenues	10.40%	11.7%
Cash as % of Revenue	Cash and investments for the general fund, divided by total general fund revenues	65.86%	18.6%
Total Long-Term Debt	Bonded debt and similar obligations reported for Governmental Activities only (i.e. no enterprise or business type activities); debt associated with pending loan applications included	\$929,550	---
Debt Service as % of Operating Expenses	Debt service expenditures (principal and interest) for all operating funds combined divided by operating expenditures (including expenditure of debt service funds); debt service associated with pending loan applications included	8.08%	10.8%
Debt Service as % of Revenue	Debt service expenditures (principal and interest) for all operating funds (including debt service funds) combined divided by operating revenues including expenditure of debt service funds; debt service associated with pending loan applications included	7.45%	---
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)	34.98%	82.5%
10 Year Debt Payoff	Amount of principal that will be amortized in next ten years divided by total long-term debt (debt associated with pending loan applications not included)	80.53%	64.5%
Long Term Debt to Full Value (Grand List)	Long term debt outstanding (including capital leases) divided by full value (actual value of Grand List) for the most recent year available (expressed as a percent)	0.22%	5.5%
Government Activity LTD per Capita	Total long-term debt (including capital leases) divided by population for the most recent year available	\$371	---
Capital Asset Depreciation	Ratio of Accumulated Depreciation to Gross Depreciable Assets (excluding land and construction in progress). A ratio above 65% indicates reinvestment in capital assets is lagging behind depreciation, signaling the likelihood (necessity) of future debt issuance.	---	65% **

Adopted from Moody's Investor Services definitions

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

**Source: Moody's Investors Service *US K-12 Public School Districts: Proposed Methodology*

School District Ratios & Definitions

Category	Definition	Bond Bank Median	Moody's Median*
Unassigned / assigned GF Balance as % of Revenue	Combined unassigned and assigned general fund balance divided by total general fund revenues	1.48%	11.7%
Cash as % of Revenue	Cash and investments for the general fund, divided by total general fund revenues	12.97%	18.6%
Total Long-Term Debt	Bonded debt and similar obligations reported for Governmental Activities only (i.e. no enterprise or business type activities); debt associated with pending loan applications included	\$2,280,500	---
Debt Service as % of Operating Expenses	Debt service expenditures (principal and interest) for all operating funds combined divided by operating expenditures (including expenditure of debt service funds); debt service associated with pending loan applications included	1.95%	10.8%
Debt Service as % of Revenue	Debt service expenditures (principal and interest) for all operating funds (including debt service funds) combined divided by operating revenues including expenditure of debt service funds; debt service associated with pending loan applications included	1.90%	---
10 Year Debt Payoff	Amount of principal that will be amortized in next ten years divided by total long-term debt (debt associated with pending loan applications not included)	90.90%	82.50%
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)	13.06%	5.5%
Capital Asset Depreciation	Ratio of Accumulated Depreciation to Gross Depreciable Assets (excluding land and construction in progress). A ratio above 65% indicates reinvestment in capital assets is lagging behind depreciation, signaling the likelihood (necessity) of future debt issuance.	---	65% **

Adopted from Moody's Investor Services definitions

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

**Source: Moody's Investors Service *US K-12 Public School Districts: Proposed Methodology*

Water & Sewer Enterprise Ratios & Definitions

Category	Definition	Bond Bank Median	Moody's Median*
Reserves to Operations & Maintenance Expenses	Unrestricted reserves divided by Total Operating & Maintenance Expenses; unrestricted net position used as proxy for available financial resources at Bond Bank discretion when amount of reserves is not otherwise available; capital reserves included if not limited for use in specific project	56.9%	104.3%
Days Cash on Hand	Days of cash on hand is calculated by dividing unrestricted cash and cash equivalents by the system's average daily cost of operations, excluding depreciation (annual operating expenses, excluding depreciation, divided by 365)	194	380.7
Total Long-Term Debt	Bonded debt and similar obligations reported for individual funds; debt associated with pending loan applications included at Bond Bank discretion on pro forma basis	\$1,235,572	---
Maximum Annual Debt Service Coverage(x)	Gross Revenues minus Total Operating & Maintenance Expenses (O&M) divided by maximum annual debt service; debt service associated with pending loan applications included at Bond Bank discretion on pro forma basis	1.32x	1.8x
Debt Ratio	Total debt divided by Net Working Capital and Net Fixed Assets	37.7%	36.1%
Debt Service as % of Operating Expenses	Debt service expenditures (principal and interest) divided by operating expenditures	24.5%	35.2%
Debt Service as % of Revenue	Debt service expenditures (principal and interest) divided by all operating revenues	24.8%	19.5%
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent); debt associated with pending loan applications included at Bond Bank discretion on pro forma basis	214.5%	---
Operating Ratio	Operating Ratio is the ratio of operating expenses to operating revenues	69.1%	62.3%
Capital Asset Depreciation	Ratio of Accumulated Depreciation to Gross Depreciable Assets (excluding land and construction in progress). A ratio above 65% indicates reinvestment in capital assets is lagging behind depreciation, signaling the likelihood (necessity) of future debt issuance.	---	65% **

Adopted from Moody's Investor Services definitions

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

**Source: Moody's Investors Service *US K-12 Public School Districts: Proposed Methodology*

Comparative Bond Bank Medians

	Governmental Activities					School Districts			
	2021		2020			2021		2020	
	Median	Count	Median	Count		Median	Count	Median	Count
Unassigned Balance as % of Revenue	10.40%	83	9.31%	47	(Un)assigned Balance as % of Revenue	1.48%	51	3.81%	42
Cash as % of Revenue	65.86%	87	51.32%	44	Cash as % of Revenue	12.97%	51	11.28%	42
Long Term Debt (LTD)	\$929,550	93	\$1,503,004	48	Long Term Debt (LTD)	\$2,280,000	52	\$2,567,500	42
Debt Service as % of Operating Expenses	8.08%	74	8.70%	45	Debt Service as % of Operating Expenses	1.95%	50	2.79%	42
Debt Service as % of Revenue	7.45%	76	8.75%	45	Debt Service as % of Revenue	1.90%	50	2.63%	42
LTD as % of Revenue	34.98%	91	57.65%	47	LTD as % of Revenue	13.06%	52	17.88%	42
LTD as % of Value	0.22%	85	0.42%	48	10 Year Debt Payoff	90.90%	49	95.55%	41
10 Year Debt Payoff	80.53%	75	69.92%	38					
LTD per Capita	\$371	87	\$513	48					
<i>Total Database Entries</i>		<i>N = 94</i>		<i>N = 48</i>	<i>Total Database Entries</i>		<i>N = 54</i>		<i>N = 42</i>

Comparative Bond Bank Medians (Continued)

	Water & Sewer Enterprise ¹			
	2021		2020	
	Median	Count	Median	Count
Operating Ratio	69.07%	145	66.84%	38
Reserves as % of Operating Expenses	56.86%	139	68.46%	34
Days Cash on Hand	194	129	270	34
Long Term Debt (LTD)	\$1,235,572	172	\$1,576,848	38
Debt Service Coverage Ratio	1.32x	120	1.12x	37
Debt Ratio	37.66%	130	54.15%	23
Debt Service as % of Operating Expenses	24.45%	123	31.77%	37
Debt Service as % of Revenue	24.82%	121	29.44%	37
LTD as % of Revenue	214.45%	146	384.16%	38
<i>Total Database Entries</i>		<i>N = 172</i>		<i>N = 38</i>

¹ Includes special districts; medians for each fund type (i.e. does not combine water and sewer funds); multiple entries per parent muni starting in 2021



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