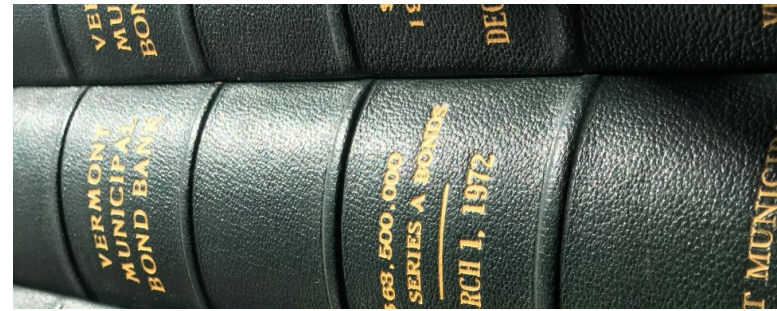




Vermont
Bond Bank



2022 VERMONT BOND BANK VERMONT BOND BANK FINANCIAL MEDIANS

Released September 28, 2022

2022 Financial Median Observations*

- Vermont local government, as observed by the Bond Bank, is demonstrating financial resilience in the wake of the COVID-19 pandemic
 - Medians related to fund balances and cash on hand are at the highest levels over the three-year observation period
 - Debt service as a percent of revenue is at lowest level over three-year observation period
- Overall debt issuance is down for local government and school districts
 - Median levels of long-term debt outstanding declined year over year
 - 10-year debt payoff ratios increased year over year
 - Median debt levels in absolute dollars and relative to grand list is below comparable national medians
- Water and sewer systems are increasing financial capacity
 - Reserve / unrestricted net asset medians increased year over year
 - Days cash on hand medians returned to pre-pandemic levels
 - Debt service coverage ratios are at highest level over three-year observation period

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
 - 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
- 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

Governmental Activities Ratios & Definitions

		Median	Moody's Median*	
Category	Definition (Adopted from Moody's Investor Services Definitions)	Bond Bank	All Cities	"A" Rated Pop < 10k
Unassigned GF Balance as % of Revenue	Unassigned general fund balance divided by total general fund revenues	13.6%	41.0%	45.9%
Cash as % of Revenue	Cash and investments for the general fund, divided by total general fund revenues	72.4%	45.5%	48.4%
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	\$849 thousand	\$21.25 million	\$5.76 million
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	6.2%	9.0%	10.5%
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	5.9%	---	---
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)	35.1%	80.0%	110.0%
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)	83.3%	---	---
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)	0.26%	1.10%	1.50%
Government Activity LTD per Capita	Total long-term debt (including capital leases) divided by population for the most recent year available	\$382	---	---
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.	---	49.7%	---

* "Cities and Counties—US Medians," published May 26, 2022

School District Ratios & Definitions

		Median	Moody's Median*	
Category	Definition (Adopted from Moody's Investor Services Definitions)	Bond Bank	All	"A" Rated w/Enrollment >1k and <=5k
Unassigned / assigned GF Balance as % of Revenue	Combined unassigned and assigned general fund balance divided by total general fund revenues	3.7%	24.8%	20.7%
Cash as % of Revenue	Cash and investments for the general fund, divided by total general fund revenues	15.6%	28.7%	24.1%
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	\$1.67 million	\$33.97 million	\$25.52 million
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	2.0%	---	---
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	1.9%	5.5%	5.9%
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)	93.2%	---	---
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)	10.8%	---	---
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.	---	42.5%	44.6%

*"Public K-12 School Districts – US: Medians," published May 25, 2022

Water & Sewer Enterprise Ratios & Definitions

		Median	Moody's Median*	
Category	Definition (Adopted from Moody's Investor Services Definitions)	Bond Bank	All	"Baa" Rated
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	67.7%	---	---
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)	270	451	148
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	\$1.12 million	\$54.9 million	\$9.12 million
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	1.50x	2.40x	1.50x
Debt Ratio	Total debt divided by Net Working Capital and Net Fixed Assets	30.9%	---	---
Debt Service as % of Operating Expenses	Debt service expenditures (principal and interest) divided by operating expenditures	24.7%	---	---
Debt Service as % of Revenue	Debt service expenditures (principal and interest) divided by all operating revenues	22.7%	---	---
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	191.8%	210.0%	550.0%
Operating Ratio	Operating Ratio is the ratio of operating expenses to operating revenues	64.3%	---	---
Remaining Useful Life	Annual depreciation divided by depreciable assets net of accumulated depreciation	---	26 yrs	29 yrs

* Combined W&S Systems from "Water and Sewer Utilities – US: Medians," published May 26, 2022

Bond Bank Medians Over Time

GOV ACTIVITIES MEDIANS

	2022 Medians		2021 Medians		2020 Medians	
	Medians	Count	Medians	Count	Medians	Count
Unassigned Balance as % of Rev	13.60%	98	10.40%	83	9.31%	47
Cash as % of Rev	72.39%	100	65.86%	87	51.32%	44
Intergovernmental as % of Rev	9.15%	84	8.15%	67	8.04%	31
Total LTD	849,101	98	929,550	93	1,503,004	48
DS as % of OpEx	6.21%	81	8.08%	74	8.70%	45
DS as % of Rev	5.89%	86	7.45%	76	8.75%	45
LTD as % of Rev	35.05%	97	34.98%	91	57.65%	47
LTD as % of Value	0.26%	81	0.22%	85	0.42%	48
10 Yr Debt Payoff	83.33%	81	80.53%	75	69.92%	38

As of August 30, 2022
Last Audit or other FS
N= 104

As of August 26, 2021
Last Audit or other FS
N= 89

As of August 6th, 2020
Last Audit or other FS
N= 48

SCHOOL DISTRICT MEDIANS

	2022 Medians		2021 Medians		2020 Medians	
	Medians	Count	Medians	Count	Medians	Count
GF Balance as % of Rev	3.74%	54	1.48%	51	3.81%	42
Cash as % of Rev	15.58%	55	12.97%	51	11.28%	42
Total LTD	1,675,000	56	2,280,000	52	2,567,500	42
DS as % of OpEx	2.00%	54	1.95%	50	2.79%	42
DS as % of Rev	1.91%	54	1.90%	50	2.63%	42
LTD as % of Rev	10.77%	56	13.06%	52	17.88%	42
10 Yr Debt Payoff	93.19%	54	90.90%	49	95.55%	41

As of August 30, 2022
Last Audit or other FS
N=57

As of August 26, 2021
Last Audit or other FS
N=54

As of August 6th, 2020
Last Audit or other FS
N=46

Bond Bank Medians Over Time(Continued)

ENTERPRISE / SPECIAL DISTRICT MEDIANS

	2022 Medians		2021 Medians		2020 Medians	
	Medians	Count	Medians	Count	Medians	Count
Operating Ratio	64.3%	115	69.1%	145	66.84%	38
Reserves / O&M	67.7%	111	56.9%	139	68.46%	34
Days Cash on Hand	270	102	194	129	270	34
LTD	1,123,551	117	1,235,572	172	1,576,848	38
DSCR	1.50x	69	1.32x	120	1.12x	37
Debt Ratio	30.9%	100	37.7%	130	54.15%	23
DS / Expenses	24.7%	70	24.5%	123	31.77%	37
DS / Revenues	22.7%	70	24.8%	121	29.44%	37
Debt / Revenues	191.8%	116	214.4%	146	384.16%	38

As of August 30, 2022

Last Audit or other FS

N = 118

As of August 26, 2021

Last Audit or other FS

N= 172

As of August 6th, 2020

Last Audit or other FS

N= 38

[Note] Entries include multiple funds for each borrower
(ex. water and sewer fund)



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