



Vermont
Bond Bank



2023 VERMONT BOND BANK FINANCIAL MEDIANS

Released October 10, 2023

2023 Financial Median Observations*

- The flood of summer 2023 occurred against a backdrop of improving financial ratios within local government and enterprise systems. Potential impacts will not be observed until the 2024 medians are released
- New governmental activities population cohorts demonstrate expected variability in levels of debt but show consistent debt service budgetary burdens that are lower vs national medians
- Vermont local government, as observed by the Bond Bank, continues to increase resilience
 - Medians related to fund balances grew year over year to the highest level in the Bond Bank's four-year observation period
 - Cash levels remained high and intergovernmental revenue increased relative to revenue
- Debt levels and associated payments continue to decrease among governmental activities, water and sewer enterprises, and schools districts
 - Median levels of long-term debt outstanding declined in all categories
 - Debt service continues to account for a smaller portion of annual expenses
 - Median pay off levels indicate that half of local governments observed will have over 85 percent of debt retired in the next 10 years

Median Methodology & Related Limitations

- Financial statement results are regularly entered into database while reviewing loan applications and conducting annual portfolio review
- 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 audits and comparable data is sometimes incomplete
- Assigned and unassigned fund balances were combined in 2023
- Moody's medians for Governmental Activities were not updated as a change to methodology of 2023 Moody's Cities and Counties medians eliminated direct comparability
- 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	16.5%	41.0%	45.9%
Cash as % of Revenue	Cash and investments for the general fund, divided by total general fund revenues	61.2%	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	\$775 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	5.5%	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	5.4%	---	---
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)	40.8%	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)	85.4%	---	---
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)	0.23%	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	\$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.	42.4%	49.7%	---

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

Governmental Activities Ratios & Definitions

Category	Definition (Adopted from Moody's Investor Services Definitions)	Bond Bank Median		Moody's Median
		Pop >=2k <6k	Pop >=6k	"A" Rated Pop < 10k
Unassigned GF Balance as % of Revenue	Unassigned general fund balance divided by total general fund revenues	11.4%	13.2%	45.9%
Cash as % of Revenue	Cash and investments for the general fund, divided by total general fund revenues	71.0%	68.3%	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	\$1.05 million	\$7.52 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	4.4%	6.0%	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	4.1%	5.9%	---
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)	36.4%	56.4%	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)	65.8%	66.1%	---
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)	0.19%	0.68%	1.50%
Government Activity LTD per Capita	Total long-term debt (including capital leases) divided by population for the most recent year available	\$265	\$690	---
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.	30.2%	39.3%	---

* "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	6.0%	26.8%	23.5%
Cash as % of Revenue	Cash and investments for the general fund, divided by total general fund revenues	14.8%	31.2%	26.8%
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	\$1.70 million	\$35.3 million	\$26.0 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	1.9%	---	---
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	1.7%	5.5%	5.8%
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)	87.8%	---	---
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)	11.0%	---	---
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.	57.4%	---	---

*"Public K-12 School Districts – US: Medians," published June 12, 2023

Water & Sewer Enterprise Ratios & Definitions

		Median	Moody's Median*	
Category	Definition (Adopted from Moody's Investor Services Definitions)	Bond Bank	All	"A" 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	68.8%	---	---
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)	237	486	412
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	\$1.05 million	\$56.8 million	\$30.4 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	1.48x	2.40x	1.80x
Debt Ratio	Total debt divided by Net Working Capital and Net Fixed Assets	34.1%	---	---
Debt Service as % of Operating Expenses	Debt service expenditures (principal and interest) divided by operating expenditures	22.9%	---	---
Debt Service as % of Revenue	Debt service expenditures (principal and interest) divided by all operating revenues	20.5%	---	---
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	191.7%	210.0%	250.0%
Operating Ratio	Operating Ratio is the ratio of operating expenses to operating revenues	64.8%	---	---
Remaining Useful Life	Annual depreciation divided by depreciable assets net of accumulated depreciation	19 yrs	26 yrs	25 yrs

* Combined W&S Systems from "Water and Sewer Utilities – US: Medians," published June 12, 2023

Bond Bank Medians Over Time

GOV ACTIVITIES MEDIANS

	2023 Medians		2022 Medians		2021 Medians	
	Medians	Count	Medians	Count	Medians	Count
Unassigned Balance as % of Rev*	16.46%	95	13.60%	98	10.40%	83
Cash as % of Rev	61.20%	102	72.39%	100	65.86%	87
Intergovernmental as % of Rev	10.45%	90	9.15%	84	8.15%	67
Total LTD	774,996	108	849,101	98	929,550	93
DS as % of OpEx	5.47%	84	6.21%	81	8.08%	74
DS as % of Rev	5.41%	87	5.89%	86	7.45%	76
LTD as % of Rev	40.83%	91	35.05%	97	34.98%	91
LTD as % of Value	0.23%	94	0.26%	81	0.22%	85
10 Yr Debt Payoff	85.36%	88	83.33%	81	80.53%	75
Asset Depreciation Ratio	42.43%	49	42.50%	59	---	---

As of August 30, 2023
Last Audit or other FS
N= 108

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

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

* Methodologic change in 2023 to included both assigned and unassigned fund balances in calculation

SCHOOL DISTRICT MEDIANS

	2023 Medians		2022 Medians		2021 Medians	
	Medians	Count	Medians	Count	Medians	Count
GF Balance as % of Rev	5.98%	57	3.74%	54	1.48%	51
Cash as % of Rev	14.77%	61	15.58%	55	12.97%	51
Total LTD	1,700,000	61	1,675,000	56	2,280,000	52
DS as % of OpEx	1.86%	58	2.00%	54	1.95%	50
DS as % of Rev	1.72%	58	1.91%	54	1.90%	50
LTD as % of Rev	11.00%	61	10.77%	56	13.06%	52
10 Yr Debt Payoff	87.83%	54	93.19%	54	90.90%	49
Asset Depreciation Ratio	57.38%	41	56.40%	47	---	---

As of August 30, 2023
Last Audit or other FS
N= 61

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

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

Bond Bank Medians Over Time(Continued)

ENTERPRISE / SPECIAL DISTRICT MEDIANS (WATER, SEWER, AND STORMWATER ONLY)

	2023 Medians		2022 Medians		2021 Medians	
	Medians	Count	Medians	Count	Medians	Count
Operating Ratio	64.8%	127	64.3%	115	69.1%	145
Reserves / O&M	68.8%	117	67.7%	111	56.9%	139
Days Cash on Hand	237	112	270	102	194	129
LTD	1,047,024	128	1,123,551	117	1,235,572	172
DSCR	1.48x	82	1.50x	69	1.32x	120
Debt Ratio	34.1%	104	30.9%	100	37.7%	130
DS / Expenses	22.9%	82	24.7%	70	24.5%	123
DS / Revenues	20.5%	81	22.7%	70	24.8%	121
Debt / Revenues	191.7%	127	191.8%	116	214.4%	146
Remaining Useful Life	19.20 yrs	55	---	---	---	---

As of August 30, 2023
Last Audit or other FS
N = 128

As of August 30, 2022
Last Audit or other FS
N = 118

As of August 26, 2021
Last Audit or other FS
N= 172



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