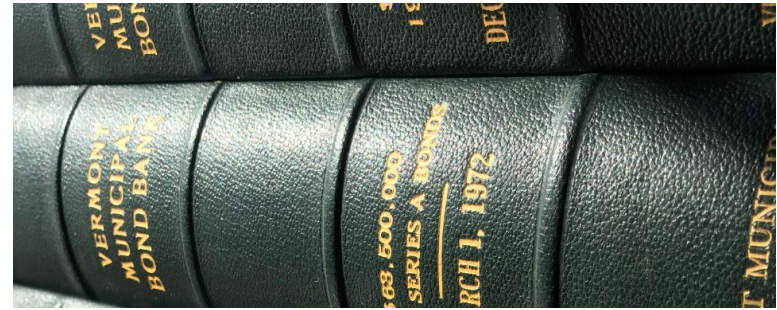




Vermont
Bond Bank



2024 VERMONT BOND BANK FINANCIAL MEDIANS

Released September 20, 2024

2024 Financial Median Observations*

- Financial positions within governmental activities show continued stability with continued increases in unassigned / assigned fund balances alongside minimal growth in debt leverage
 - This was particularly true in communities with populations above 6 thousand
 - Asset depreciation ratios were largely unchanged but are higher in communities with populations above 6 thousand
- Financial ratios within the water and sewer portfolio demonstrated year over year deterioration as observed in declining reserve ratios and a material decrease in cash on hand. This is the first period of observation following the 2023 summer flooding in Vermont
- School districts continued longer term trends of reduced debt in proportion to budgets as expressed in debt service as a percent of revenue. Increases in the absolute amount of debt are well within inflationary trends

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
- 2024 Moody's medians unavailable as of the time of the publication
- Database is evolving and new categories of data are added over time
- Portfolio medians bias towards smaller communities given number within state. Bond Bank created population cohort medians beginning in 2023 but these have fewer data samples by definition

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	19.0%	41.0%	45.9%
Cash as % of Revenue	Cash and investments for the general fund, divided by total general fund revenues	61.8%	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	\$840 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	5.7%	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	5.6%	---	---
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)	46.3%	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)	87.5%	---	---
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)	0.23%	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	433	---	---
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.	46.1%	49.7%	---

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

Governmental Activities Ratios & Definitions

6		Bond Bank Median		Moody's Median
Category	Definition (Adopted from Moody's Investor Services Definitions)	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	12.4%	23.9%	45.9%
Cash as % of Revenue	Cash and investments for the general fund, divided by total general fund revenues	84.6%	108.5%	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	\$1.34 million	\$6.61 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%	6.7%	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%	5.7%	---
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)	54.5%	63.9%	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)	63.5%	80.0%	---
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%	0.74%	1.50%
Government Activity LTD per Capita	Total long-term debt (including capital leases) divided by population for the most recent year available	\$388	\$667	---
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.	45.8%	54.0%	---

* "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	13.9%	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	\$2.0 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	1.5%	---	---
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	1.4%	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)	93.0%	---	---
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)	7.4%	---	---
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.	56.4%	---	---

*"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	66.7%	---	---
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)	154	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	\$1.41 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	1.41x	2.40x	1.80x
Debt Ratio	Total debt divided by Net Working Capital and Net Fixed Assets	38.9%	---	---
Debt Service as % of Operating Expenses	Debt service expenditures (principal and interest) divided by operating expenditures	20.7%	---	---
Debt Service as % of Revenue	Debt service expenditures (principal and interest) divided by all operating revenues	20.2%	---	---
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	190.7%	210.0%	250.0%
Operating Ratio	Operating Ratio is the ratio of operating expenses to operating revenues	66.7%	---	---
Remaining Useful Life	Annual depreciation divided by depreciable assets net of accumulated depreciation	22 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

	2024 Medians		2023 Medians		2022 Medians	
	Medians	Count	Medians	Count	Medians	Count
Unassigned Balance as % of Rev*	19.04%	101	16.46%	95	13.60%	98
Cash as % of Rev	61.78%	39	61.20%	102	72.39%	100
Intergovernmental as % of Rev	9.21%	97	10.45%	90	9.15%	84
Total LTD	840,000	113	774,996	108	849,101	98
DS as % of OpEx	5.69%	97	5.47%	84	6.21%	81
DS as % of Rev	5.60%	98	5.41%	87	5.89%	86
LTD as % of Rev	46.26%	95	40.83%	91	35.05%	97
LTD as % of Value	0.23%	102	0.21%	95	0.26%	81
10 Yr Debt Payoff	87.50%	99	85.36%	88	83.33%	81

As of August 30, 2024
Last Audit or other FS
N= 113

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

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

SCHOOL DISTRICT MEDIANS

	2024 Medians		2023 Medians		2022 Medians	
	Medians	Count	Medians	Count	Medians	Count
GF Balance as % of Rev	6.02%	47	5.98%	57	3.74%	54
Cash as % of Rev	13.92%	47	14.77%	61	15.58%	55
Total LTD	2,040,000	48	1,700,000	61	1,675,000	56
DS as % of OpEx	1.51%	48	1.86%	58	2.00%	54
DS as % of Rev	1.43%	48	1.72%	58	1.91%	54
LTD as % of Rev	7.43%	48	11.00%	61	10.77%	56
10 Yr Debt Payoff	93.00%	45	87.83%	54	93.19%	54
Asset Depreciation Ratio	56.37%	37	57.38%	41	56.40%	47

As of August 30, 2024
Last Audit or other FS
N= 48

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

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

Bond Bank Medians Over Time(Continued)

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

	2024 Medians		2023 Medians		2022 Medians	
	Medians	Count	Medians	Count	Medians	Count
Operating Ratio	66.7%	117	64.8%	127	64.3%	115
Reserves / O&M	50.9%	113	68.8%	117	67.7%	111
Days Cash on Hand	154	107	237	112	270	102
LTD	1,407,807	121	1,047,024	128	1,123,551	117
DSCR	1.41x	100	1.48x	82	1.50x	69
Debt Ratio	38.9%	100	34.1%	104	30.9%	100
DS / Expenses	20.7%	101	22.9%	82	24.7%	70
DS / Revenues	20.2%	101	20.5%	81	22.7%	70
Debt / Revenues	190.7%	119	191.7%	127	191.8%	116
Remaining Useful Life	21.83 yrs	85	18.40 yrs	33	---	---

As of August 30, 2024
Last Audit or other FS
N = 121

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

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

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



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