

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024



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**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	12
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION	16
STATEMENT OF CASH FLOWS	18
NOTES TO FINANCIAL STATEMENTS	22



INDEPENDENT AUDITORS' REPORT

Board of Directors
Vermont Bond Bank
Burlington, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Vermont Bond Bank, a component unit of the state of Vermont, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Vermont Bond Bank's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Vermont Bond Bank as of December 31, 2024, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Vermont Bond Bank, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Vermont Bond Bank's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Vermont Bond Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Vermont Bond Bank's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

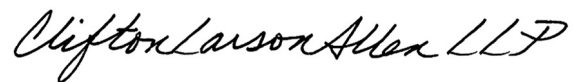
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2025 on our consideration of the Vermont Bond Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Vermont Bond Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Vermont Bond Bank's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Andover, Massachusetts
March 14, 2025

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

This section of the Vermont Bond Bank's Annual Financial Statements presents readers of these financial statements a narrative, overview, and analysis of the financial activities of the Vermont Bond Bank for the fiscal year ending December 31, 2024. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements as a whole.

Overview of the Organization

The Vermont Bond Bank (Bond Bank or the Bank) was created by the Act in 1970 as a body corporate and politic with corporate succession and is constituted as an instrumentality exercising public and essential governmental functions of the State of Vermont. The Bank's primary purpose is to provide Vermont's municipalities with inexpensive access to capital markets. As of December 31, 2024, the Vermont Bond Bank (Bond Bank) has issued nearly \$3.0 billion in tax-exempt and taxable bonds through 107 series of bonds to benefit governmental units, including 36 refunding bonds, and two debt series for the Vermont State College System.

This discussion of the Bond Bank's financial performance provides an overview of the Bond Bank's financial activities for the fiscal year ending December 31, 2024. The financial statements report six funds as described below.

- The *Bond Fund* reports the financial activities of the pool of funds loaned to municipalities. The Bond Fund assets and the repayment of related debt obligations are managed by one corporate trustee, U.S. Bank, N.A.
- The *Operating Fund* is made up of activities relating to the administrative operations of the Bond Bank.
- The *Special Obligation Fund* consists of debt obligations repayable solely from the pledged revenues provided by the obligated party to the resolution. As of the publication of this statement, debt obligations in this fund exclusively related to financing transactions for the Vermont State College System. No other funds or financial resources of the Bond Bank support these debt obligations.
- The *Municipal Climate Recovery Fund* (MCRF or MCRF Fund) reports on loans undertaken to assist municipalities recovering from flooding and other extreme weather events. The activities are enabled by loans and restricted grants in partnership with the State of Vermont.
- The *Energy Efficiency Program Fund* (EEPF or EEPF Fund) reports on activities within the Energy Efficiency Program Resolution. Under this Resolution, loans assigned to the resolution are the exclusive repayment source for debt obligations under the Resolution. Assets and repayment of related debt obligations are managed by Wilmington Trust as corporate trustee.
- The *Small System Capacity and Resiliency Fund* (SCRPF or SCRPF Fund) reports on activities to assist water and wastewater systems that are undertaken through a grant provided by the State of Vermont.

For financial statement reporting purposes, the Bond Bank is considered a component unit of the State of Vermont, although staff are employees of the Bond Bank. Further, all contracts are entered into and executed by the Bond Bank.

The Bond Bank administers the Vermont Educational and Health Buildings Financing Agency (VEHBFA), a tax-exempt conduit debt issuer. The Bond Bank charges a management fee for the administrative and overhead charges of the program formalized through a Memorandum of Agreement (MOA) between the agencies. Separate financial statements are completed for VEHBFA as a component unit of the State of Vermont.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

The Bond Bank is the financial administrator for the State of Vermont Clean Water and Drinking Water Act Revolving Loan Funds. The State of Vermont Department of Environmental Conservation approves qualified projects. The Bond Bank receives quarterly payment for management services for underwriting and loan origination services. The State of Vermont Department of Environmental Conservation completes separate financial statements as a separately audited fund of the State of Vermont.

As the result of the Bond Bank issuing tax-exempt debt, it is required to prepare arbitrage rebate calculations for each series of tax-exempt bonds outstanding and remit payment to the Internal Revenue Service every five years. The Bond Bank contracts with an arbitrage consultant to maintain and prepare all rebate calculations that will be filed with the Internal Revenue Service. Additionally, for financial reporting purposes, the consultant prepares a liability rebate calculation annually for each outstanding series of bonds.

As of December 31, 2024, within the Bond Fund, the Bond Bank had 475 loans outstanding to 191 governmental units totaling \$591,057,117. The Municipal Climate Recovery Fund (MCRF) had 25 loans outstanding to 22 governmental units totaling \$17,929,293. As of December 31, 2023, within the Bond Fund, the Bond Bank had 482 loans outstanding to 191 governmental units totaling \$522,887,216. The MCRF was established in 2024.

Outstanding Loans by Borrower Type as of December 31, 2024	Summary			
	Loans	Percent Total	Amount	Percent Total
Local Government	321	68%	\$ 344,525,168	58%
School District	127	27%	221,018,192	37%
Other Governmental Unit	29	6%	25,513,757	4%
Total	477	100%	\$ 591,057,117	100%

Outstanding Loans by Debt Type as of December 31, 2023	Summary			
	Loans	Percent Total	Amount	Percent Total
General Obligation Bonds	478	99%	\$ 514,389,406	98%
Revenue Bonds	4	1%	8,497,820	2%
Total	482	100%	\$ 522,887,226	100%

Management Overview

The Bond Bank increased the breadth of its activities in 2024 growing from three major funds to six in the financial statements. This was both in response to flood related events described in the prior year's audit as well as new opportunities in partnership with the State of Vermont.

These new programs are expected to further the Bond Bank's mission without resulting in additional pressures on the Operating Fund. These programs are further anticipated to assist with financial resiliency for the Bond Bank's existing borrowers.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Additional highlights of 2024 are summarized below.

- The Bond Bank signed a loan with the State of Vermont in the amount of \$15 million to undertake loan activity with the MCRF in response to the 2023 flood. This Fund subsequently contained additional activity following the receipt of a restricted grant with the State of Vermont to respond to the 2024 flood. The Bond Bank expects continued activity within the MCRF fund in response to extreme weather events within the state.
- The Bond Bank diversified funding sources for its activity commensurate with new activities. This includes reimbursement through administrative allocations for activities under the Small System Capacity and Resiliency Fund.
- Administrative expenses were also reimbursed under the Energy Efficiency Program Fund that are incurred during the startup phase of the program. The Energy Efficiency Program Fund currently consists of only one loan that carries an interest rate of 0 percent. Administrative costs expensed in the fund are paid from loan proceeds and do not amortize until the year 2034. This is a benefit to the Bond Bank but results in a negative net position within the fund, which is planned and offset by assets within the Operating Fund.
- The Bond Bank's financial position is significantly influenced by changes in market conditions. This stems from a dependence on the unrestricted operating reserve—governed by the board through the General Operating Reserve Fund policy—to produce fixed income in support of operations. Financial performance is evaluated quarterly by the board of directors.
- The unrestricted reserves are governed by an investment policy and managed by an investment advisor. The investment policy stipulates a strategy that balances income and capital preservation with portfolio level target ratings of AA and target duration of between 80 to 120 percent of the benchmark of approximately 4.43 years.
- The Bond Bank's largest source of loan activity through the Bond Fund does not support the Operating Fund. These loans are capitalized by the issuance of municipal bonds and as the Bond Bank's cost of capital is passed along to borrowers following modest adjustments to the loan rates to ensure cashflow sufficiency.
- Loan activity does, however, impact the financial position of the Bond Fund and the Bank more generally. More loan activity directly corresponds with an increase of assets and related increase in liabilities as bond-financed debt provides the source of capitalization for loans. The Bond Bank is nearly 100 percent matched between assets and liabilities, which minimizes any risk stemming from depressed loan activity. The Energy Efficiency Program Resolution is the exception as the loan under the Resolution is supported by a standby letter of credit with a term that is less than the term of the loan.
- Over the past year, total loans outstanding increased from approximately \$606 million to \$688 million, or 13.51%, resulting from an increase in new loans originated compared to prior year, partially offset by principal payments.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

2024 Issuance Activity

Issue	Type	Par	# Borrowers	# Projects	Refunded Net PV Savings
MCRF	New Money	\$ 15,000,000	18	18	-
EEPF	New Money	1,882,010	1	1	-
2024-1	New Money	66,015,000	9	9	-
2024-2	New Money	48,480,000	10	10	-
2024-3	Refunding	31,820,000	-	-	2,994,997
		<u>\$ 163,197,010</u>	<u>14</u>	<u>19</u>	<u>\$ 2,994,997</u>

2023 Issuance Activity

Issue	Type	Par	# Borrowers	# Projects	Refunded Net PV Savings
2023-1	New Money	\$ 14,490,000	4	5	\$ -
2023-2	New Money	26,370,000	10	14	-
2023-3	Refunding	20,010,000	-	-	1,481,964
		<u>\$ 60,870,000</u>	<u>14</u>	<u>19</u>	<u>\$ 1,481,964</u>

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Bond Bank's financial statements, which is comprised of the Management's Discussion and Analysis, basic financial statements, and notes to the basic financial statements. The basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The notes to the basic financial statements are intended to provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Bond Bank's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Bond Bank's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Bond Bank is improving or deteriorating. Net position increases when revenues exceed expenses.

The statement of revenues, expenses and changes in net position presents information showing how the Bond Bank's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Bond Bank, net position totaled \$37,187,220 as of December 31, 2024. Combined revenues exceeded expenses in a net increase of \$6,635,615 or a 94.40% increase compared to the previous fiscal year. The change in net position was driven by the Grant Revenue from the establishment of the Municipal Climate Recovery Fund and Small System Capacity and Resiliency Fund and increased interest income from the loan portfolio, partially offset by loss on investments and increased interest expense.

Total Net Position as of December 31, 2024, equaled 4.88% of total Bonds Payable and Unrestricted Net Position equaled 2.55% of total Bonds Payable. Total Net Position as of December 31, 2023, equaled 4.53% of total Bonds Payable and Unrestricted Net Position equaled 2.68% of total Bonds Payable.

The following table summarizes the Net Position of the Bond Bank as of December 31, 2024, with comparative data from the prior fiscal year.

	2024	2023	Percentage change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Cash and cash equivalents	\$ 8,258,859	\$ 5,819,826	41.91%
Accrued interest receivable	3,030,039	2,730,831	10.96%
Accounts receivable	125,343	94,029	33.30%
Investments	24,078,336	23,425,796	2.79%
Due From	65,315	-	100.00%
Prepaid Expenses	10,000	8,800	13.64%
Restricted cash	6,294,588	1,628,884	286.44%
Restricted investments	65,579,568	57,250,617	14.55%
Loans receivable (Note 5)	688,255,797	606,337,216	13.51%
Capital assets, net	112,354	103,561	8.49%
Deferred outflow on refunding of bonds payable	9,195,584	10,905,909	-15.68%
Total assets and deferred outflows of resources	<u>\$ 805,005,783</u>	<u>\$ 708,305,469</u>	<u>13.65%</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Accounts payable	\$ 76,011	\$ 155,566	-51.14%
Due To Other Funds	65,315	-	100.00%
Due To the Federal Government	1,882,010	-	100.00%
Accrued arbitrage rebate	49,419	13,008	279.91%
Bond interest payable	3,231,416	2,945,481	9.71%
Bonds payable	762,506,210	674,626,181	13.03%
Related to Lease (Note 11)	8,183	13,629	-39.96%
Total liabilities and deferred inflows of resources	<u>767,818,564</u>	<u>677,753,865</u>	<u>13.29%</u>
NET POSITION:			
Net investment in capital assets	112,354	103,561	8.49%
Restricted	17,649,016	12,395,798	42.38%
Unrestricted	19,425,849	18,052,246	7.61%
Total net position	<u>37,187,220</u>	<u>30,551,605</u>	<u>21.72%</u>
Total liabilities and net position	<u>\$ 805,005,784</u>	<u>\$ 708,305,469</u>	<u>13.65%</u>

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Total assets and deferred outflows of resources of \$805,005,783 represent an increase of \$96,700,314 or 13.65% from 2024 to 2023. The Bond Bank's loans receivable increased \$81,918,581 or 13.51%. This was due to the net increase in loans purchased through the 2024 Series 1 and 2024 Series 2 combined with direct loans in the Municipal Climate Recovery Fund program and the Special Advance received in the energy efficiency program fund. These increases are partially offset by scheduled principal payments of \$54,649,780.

Restricted investments increased \$8,328,951 or 14.55% driven by interest rates. Unrestricted investments increased \$652,540 or 2.79% due to market performance and interest rates.

The deferred outflow on refunding of bonds payable decreased \$1,710,325 or 15.68%. This was driven by current year amortization.

Total liabilities increased by \$90,064,699 or 13.29%, from 2024 to 2023. The Bond Bank's gross principal amount of bonds outstanding as of December 31, 2024, of \$762,506,210 represents a increase of \$87,880,029 or 13.03% from the balance as of December 31, 2023. This increase was the net result of the issuance of 2024 Series 1 and 2024 Series 2 of \$114,495,000, Municipal Climate Recovery Fund issuances of \$15,000,000 and Energy Efficiency Program bond issuances of \$1,882,010 partially offset by scheduled debt service principal payments of \$39,856,000 and 2024 Series 3 refunded par savings of \$1,482,501.

Unamortized original issue discount/premium increased \$4,391,030 or 9.82%. The decrease is due to the current year issuance partially offset by current year amortization.

The following table summarizes the combined Statement of Revenues, Expenses and Changes in Net Position of the Bond Bank as of December 31, 2024, with comparative data from the prior fiscal year.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

	2024	2023	Percentage change
OPERATING REVENUES:			
Interest	\$ 24,622,019	\$ 22,736,983	8.29%
Grant Revenue	4,708,253	-	100.00%
Other income	357,786	339,839	5.28%
Total operating revenue	<u>29,688,058</u>	<u>23,076,822</u>	<u>28.65%</u>
OPERATING EXPENSES:			
Bond issue costs	1,130,761	737,992	53.22%
Other expense	2,326,886	2,568,568	-9.41%
Operating expenses	1,144,959	891,282	28.46%
Total operating expenses	<u>4,602,606</u>	<u>4,197,842</u>	<u>9.64%</u>
OPERATING INCOME	<u>25,085,452</u>	<u>18,878,980</u>	<u>32.88%</u>
NONOPERATING REVENUE (EXPENSES):			
Net appreciation/(depreciation) in fair value of investments	(396,282)	106,982	-470.42%
Interest and dividends	3,383,813	4,070,239	-16.86%
Interest rebate	1,353,388	1,389,549	-2.60%
Interest expense	(22,754,345)	(21,286,000)	6.90%
Arbitrage Recovery (Rebate)	(36,411)	20,856	-274.58%
Gain on Defeasance of Bonds	-	232,814	0.00%
Total nonoperating revenue (expenses)	<u>(18,449,837)</u>	<u>(15,465,560)</u>	<u>19.30%</u>
CHANGE IN NET POSITION	6,635,615	3,413,420	94.40%
Net position - beginning of year, as restated	<u>30,551,605</u>	<u>27,138,185</u>	<u>12.58%</u>
NET POSITION - END OF YEAR	<u>\$ 37,187,220</u>	<u>\$ 30,551,605</u>	<u>21.72%</u>

Operating revenues increased by approximately \$6,611,236 or 28.65% from 2023 driven by grant revenue received for the Municipal Climate Recovery Fund and Small System Capacity and Resiliency Fund. Additionally, the Bank received more interest received for the loan portfolio due to larger bond issuances and related loans in the Bond Fund within a higher interest rate environment as well as the additional Municipal Climate Recovery lending.

Operating expenses increased \$404,764 or 9.64% from 2023 driven by increased operating expenses due to a strategic investment for new lending programs established in 2024 and increased bond issuance costs.

Net nonoperating expenses increased \$2,984,277 or 19.30% from 2023 primarily due to increased bond interest expense as a result of larger pooled bond issuances and higher market rates. Additionally, the Bond Bank experienced a decrease in interest on investments as well as unrealized losses on investments in 2024 compared to slight unrealized gains in 2023. Additionally, the Bond Bank did not recognize a gain on defeasance of bonds in 2024.

The Bond Bank's unrestricted investment portfolio consists of highly rated corporate and U.S. Government bonds. As a result, the change in market condition over the course of the year impact the fair value of the portfolio significantly.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

The net position of the bond fund increased by \$552,768 during the current fiscal year. The fund recognized \$20,843,747 in borrower interest, \$1,353,388 in interest rebate, and \$2,182,117 related to income from investments, interest and dividends. The fund incurred \$23,609,385 of expenses and transferred \$217,099 to other funds during the fiscal year.

The net position of the special obligation fund increased by \$1,178,903 during the current fiscal year. The fund recognized \$3,631,073 in borrower interest and \$54,526 related to income from investments, interest and dividends. The fund incurred \$2,506,696 of expenses during the fiscal year.

The net position of the operating fund increased by \$397,182 during the current fiscal year. The fund recognized \$4,550 in borrower interest, \$357,786 of other income, and \$704,848 related to income from investments, interest and dividends. The fund received transfers of \$217,099 from other funds. The fund incurred \$871,882 of expenses and transferred \$15,219 to other funds during the fiscal year.

The net position of the MCRF increased by \$4,700,450 during the current fiscal year. The fund recognized \$142,458 in borrower interest, \$4,640,000 of grant revenue, and \$45,974 related to income from investments, interest and dividends. The fund received transfers of \$15,219 from other funds. The fund incurred \$143,201 of expenses during the fiscal year.

The net position of the EEPF decreased by \$193,688 during the current fiscal year. The fund recognized \$191 in borrower interest and incurred \$193,879 of expenses during the fiscal year.

The SCRPF recognized \$68,253 in grant revenue and \$66 related to income from investments, interest and dividends. The fund incurred \$68,319 of expenses during the fiscal year.

Contact for Further Information

This financial report is designed to provide the reader with a general overview of the Bond Bank's finances. Questions about this report or requests for additional financial information should be directed to Michael Gaughan, Executive Director, Vermont Bond Bank, 100 Bank Street, Suite 401, Burlington, VT 05401, at 802-654-7377 or michael@vtbondagency.org.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Bond Fund	Special Obligation Fund	Operating Fund	Municipal Climate Recovery Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 7,411,350	\$ -	\$ 847,509	\$ -
Restricted Cash	-	-	-	1,756,012
Accrued Interest Receivable	1,921,848	874,550	173,851	59,599
Accounts Receivable	14,832	-	83,805	-
Current Portion of Loans Receivable (Note 5)	62,249,476	4,390,000	-	-
Investments	-	-	24,078,336	-
Due From Other Funds	-	-	65,315	-
Prepaid Expenses	-	-	10,000	-
Total Current Assets	71,597,506	5,264,550	25,258,816	1,815,611
Noncurrent Assets:				
Restricted Cash	2,993,616	53,190	-	-
Restricted Investments	65,579,568	-	-	-
Loans Receivable (Note 5)	528,807,641	74,615,000	-	17,929,293
Capital Assets, Net	-	-	112,354	-
Total Noncurrent Assets	597,380,825	74,668,190	112,354	17,929,293
Total Assets	668,978,331	79,932,740	25,371,170	19,744,904
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow on Refunding of Bonds Payable	9,195,584	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 678,173,915</u>	<u>\$ 79,932,740</u>	<u>\$ 25,371,170</u>	<u>\$ 19,744,904</u>

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2024

	Energy Efficiency Program Fund	Small System Capacity and Resiliency Program Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ -	\$ 8,258,859
Restricted Cash	1,491,704	66	3,247,782
Accrued Interest Receivable	191	-	3,030,039
Accounts Receivable	-	26,706	125,343
Current Portion of Loans Receivable (Note 5)	26,812	-	66,666,288
Investments	-	-	24,078,336
Due From Other Funds	-	-	65,315
Prepaid Expenses	-	-	10,000
Total Current Assets	1,518,707	26,772	105,481,962
Noncurrent Assets:			
Restricted Cash	-	-	3,046,806
Restricted Investments	-	-	65,579,568
Loans Receivable (Note 5)	237,575	-	621,589,509
Capital Assets, Net	-	-	112,354
Total Noncurrent Assets	237,575	-	690,328,237
Total Assets	1,756,282	26,772	795,810,199
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow on Refunding of Bonds Payable	-	-	9,195,584
Total Assets and Deferred Outflows of Resources	<u>\$ 1,756,282</u>	<u>\$ 26,772</u>	<u>\$ 805,005,783</u>

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2024

	Bond Fund	Special Obligation Fund	Operating Fund	Municipal Climate Recovery Fund
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 2,513	\$ -	\$ 44,081	\$ -
Due to Other Funds	-	-	-	-
Bond Interest Payable	2,312,412	874,550	-	44,454
Current Portion Of Bonds Payable	62,249,476	5,414,256	-	-
Total Current Liabilities	64,564,401	6,288,806	44,081	44,454
Noncurrent Liabilities:				
Due to the Federal Government	-	-	-	-
Accrued Arbitrage Rebate	49,419	-	-	-
Bonds Payable	600,611,529	79,230,949	-	15,000,000
Total Noncurrent Liabilities	600,660,948	79,230,949	-	15,000,000
Total Liabilities	665,225,349	85,519,755	44,081	15,044,454
DEFERRED INFLOWS OF RESOURCES				
Related to Lease (Note 11)	-	-	8,183	-
NET POSITION				
Net Investment In Capital Assets	-	-	112,354	-
Restricted	12,948,566	-	-	4,700,450
Unrestricted/(Deficit)	-	(5,587,014)	25,206,552	-
Total Net Position	12,948,566	(5,587,014)	25,318,906	4,700,450
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 678,173,915</u>	<u>\$ 79,932,741</u>	<u>\$ 25,371,170</u>	<u>\$ 19,744,904</u>

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2024

	Energy Efficiency Program Fund	Small System Capacity and Resiliency Program Fund	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 29,417	\$ -	\$ 76,011
Due to Other Funds	38,543	26,772	65,315
Bond Interest Payable	-	-	3,231,416
Current Portion Of Bonds Payable	-	-	67,663,732
Total Current Liabilities	<u>67,960</u>	<u>26,772</u>	<u>71,036,474</u>
Noncurrent Liabilities:			
Due to the Federal Government	1,882,010	-	1,882,010
Accrued Arbitrage Rebate	-	-	49,419
Bonds Payable	-	-	694,842,478
Total Noncurrent Liabilities	<u>1,882,010</u>	<u>-</u>	<u>696,773,907</u>
Total Liabilities	1,949,970	26,772	767,810,381
DEFERRED INFLOWS OF RESOURCES			
Related to Lease (Note 11)	-	-	8,183
NET POSITION			
Net Investment In Capital Assets	-	-	112,354
Restricted	-	-	17,649,016
Unrestricted/(Deficit)	(193,688)	-	19,425,849
Total Net Position	<u>(193,688)</u>	<u>-</u>	<u>37,187,220</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,756,282</u>	<u>\$ 26,772</u>	<u>\$ 805,005,784</u>

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2024

	Bond Fund	Special Obligation Fund	Operating Fund	Municipal Climate Recovery Fund
OPERATING REVENUES				
Interest	\$ 20,843,747	\$ 3,631,073	\$ 4,550	\$ 142,458
Grant Revenue	-	-	-	4,640,000
Other Income	-	-	357,786	-
Total Operating Revenue	20,843,747	3,631,073	362,336	4,782,458
OPERATING EXPENSES				
Bond Issue Costs	1,125,380	-	381	5,000
Other Expense	2,326,886	-	-	-
Operating Expenses	-	-	871,501	11,260
Total Operating Expenses	3,452,266	-	871,882	16,260
OPERATING INCOME (LOSS)	17,391,481	3,631,073	(509,546)	4,766,198
NONOPERATING REVENUES (EXPENSES)				
Net Appreciation (Depreciation) in Fair Value of Investments	(128,454)	-	(267,828)	-
Interest and Dividends	2,310,571	54,526	972,676	45,974
Interest Rebate	1,353,388	-	-	-
Interest Expense	(20,120,708)	(2,506,696)	-	(126,941)
Arbitrage Recovery (Rebate)	(36,411)	-	-	-
Total Nonoperating Revenue (Expenses)	(16,621,614)	(2,452,170)	704,848	(80,967)
NET INCOME BEFORE TRANSFERS	769,867	1,178,903	195,302	4,685,231
TRANSFERS				
Transfers In	-	-	217,099	15,219
Transfers Out	(217,099)	-	(15,219)	-
Transfers, Net	(217,099)	-	201,880	15,219
CHANGE IN NET POSITION	552,768	1,178,903	397,182	4,700,450
Net Position - Beginning of Year	12,395,798	(6,765,917)	24,921,724	-
NET POSITION - END OF YEAR	<u>\$ 12,948,566</u>	<u>\$ (5,587,014)</u>	<u>\$ 25,318,906</u>	<u>\$ 4,700,450</u>

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Energy Efficiency Program Fund	Small System Capacity and Resiliency Program Fund	Total
OPERATING REVENUES			
Interest	\$ 191	\$ -	\$ 24,622,019
Grant Revenue	-	68,253	4,708,253
Other Income	-	-	357,786
Total Operating Revenue	191	68,253	29,688,058
OPERATING EXPENSES			
Bond Issue Costs	-	-	1,130,761
Other Expense	-	-	2,326,886
Operating Expenses	193,879	68,319	1,144,959
Total Operating Expenses	193,879	68,319	4,602,606
OPERATING INCOME (LOSS)	(193,688)	(66)	25,085,452
NONOPERATING REVENUES (EXPENSES)			
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(396,282)
Interest and Dividends	-	66	3,383,813
Interest Rebate	-	-	1,353,388
Interest Expense	-	-	(22,754,345)
Arbitrage Recovery (Rebate)	-	-	(36,411)
Total Nonoperating Revenue (Expenses)	-	66	(18,449,837)
NET INCOME BEFORE TRANSFERS	(193,688)	-	6,635,615
TRANSFERS			
Transfers In	-	-	232,318
Transfers Out	-	-	(232,318)
Transfers, Net	-	-	-
CHANGE IN NET POSITION	(193,688)	-	6,635,615
Net Position - Beginning of Year	-	-	30,551,605
NET POSITION - END OF YEAR	<u>\$ (193,688)</u>	<u>\$ -</u>	<u>\$ 37,187,220</u>

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

	Bond Fund	Special Obligation Fund	Operating Fund	Municipal Climate Recovery Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Municipalities and the Vermont State College System:				
Principal	\$ 48,933,157	\$ 4,445,000	\$ -	\$ 1,254,000
Interest (Net of Refunding Interest Savings)	18,245,188	3,686,336	-	82,859
Cash Paid to Suppliers for Goods and Services	-	-	(592,169)	(11,260)
Cash Paid to Employees for Services	-	-	(415,047)	-
Loans to Municipalities	(117,103,058)	-	-	(19,183,293)
Bond Issue Costs	(1,125,380)	-	(381)	(5,000)
Grant Revenue	-	-	-	4,640,000
Other Receipts	2,266	-	188,713	-
Net Cash Provided (Used) by Operating Activities	(51,047,827)	8,131,336	(818,884)	(13,222,694)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from Debt Issuance	177,806,004	-	-	15,000,000
Principal Reductions	(73,381,000)	(4,445,000)	-	-
Interest Paid	(27,174,314)	(3,718,950)	-	(82,487)
Interest Rebate	1,338,556	-	-	-
Transfers In	-	-	217,099	15,219
Transfers Out	(217,099)	-	(15,219)	-
Net Cash Provided (Used) by Noncapital Financing Activities	78,372,147	(8,163,950)	201,880	14,932,732
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	-	-	(46,280)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales of Investments	10,382,730	-	28,346,216	-
Purchase of Investments	(18,840,135)	-	(29,116,041)	-
Interest and Dividends	2,310,571	54,526	972,676	45,974
Net Cash Provided (Used) by Investing Activities	(6,146,834)	54,526	202,851	45,974
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,177,486	21,913	(460,433)	1,756,012
Cash and Cash Equivalents - Beginning of Year	6,109,490	31,278	1,307,942	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 27,286,976</u>	<u>\$ 53,191</u>	<u>\$ 847,509</u>	<u>\$ 1,756,012</u>

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Energy Efficiency Program Fund	Small System Capacity and Resiliency Program Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Municipalities and the Vermont State College System:			
Principal	\$ 17,623	\$ -	\$ 54,649,780
Interest (Net of Refunding Interest Savings)	-	-	22,014,383
Cash Paid to Suppliers for Goods and Services	(125,919)	(9,204)	(738,551)
Cash Paid to Employees for Services	-	(32,343)	(447,391)
Loans to Municipalities	(282,010)	-	(136,568,361)
Bond Issue Costs	-	-	(1,130,761)
Grant Revenue	-	41,547	4,681,547
Other Receipts	-	-	190,979
Net Cash Provided (Used) by Operating Activities	(390,306)	-	(57,348,375)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from Debt Issuance	1,882,010	-	194,688,014
Principal Reductions	-	-	(77,826,000)
Interest Paid	-	-	(30,975,750)
Interest Rebate	-	-	1,338,556
Transfers In	-	-	232,318
Transfers Out	-	-	(232,318)
Net Cash Provided (Used) by Noncapital Financing Activities	1,882,010	-	87,224,820
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	-	-	(46,280)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sales of Investments	-	-	38,728,946
Purchase of Investments	-	-	(47,956,176)
Interest and Dividends	-	66	3,383,813
Net Cash Provided (Used) by Investing Activities	-	66	(5,843,417)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,491,704	66	23,986,748
Cash and Cash Equivalents - Beginning of Year	-	-	7,448,710
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,491,704</u>	<u>\$ 66</u>	<u>\$ 31,435,458</u>

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Bond Fund	Special Obligation Fund	Operating Fund	Municipal Climate Recovery Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 17,391,481	\$ 3,631,073	\$ (509,546)	\$ 4,766,198
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	-	37,487	-
(Increase) Decrease In Following Assets:				
Accrued Interest Receivable	(271,673)	55,263	-	-
Accounts Receivable	-	-	(163,627)	-
Prepaid Expenses	-	-	(1,200)	-
Loans Receivable	(68,169,901)	4,445,000	-	(19,183,293)
Due from Other Funds	-	-	(65,315)	-
Increase (Decrease) in Following Liabilities:				
Accounts Payable	2,266	-	(111,237)	(59,599)
Deferred Inflows	-	-	(5,446)	-
Due to Other Funds	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (51,047,827)</u>	<u>\$ 8,131,336</u>	<u>\$ (818,884)</u>	<u>\$ (14,476,694)</u>
RECONCILIATION OF CASH TO STATEMENT OF NET POSITION				
Unrestricted Cash and Cash Equivalents	\$ 7,411,350	\$ -	\$ 847,509	\$ -
Restricted Cash and Cash Equivalents	2,993,616	53,190	-	1,756,012
Total Cash and Cash Equivalents	<u>\$ 10,404,966</u>	<u>\$ 53,190</u>	<u>\$ 847,509</u>	<u>\$ 1,756,012</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Refunding Loss Amortization	<u>\$ 1,710,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Rural Energy Savings Program Fund	Small System Capacity and Resiliency Program Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (193,688)	\$ (66)	\$ 25,085,452
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	-	-	37,487
(Increase) Decrease In Following Assets:			
Accrued Interest Receivable	(191)	-	(216,601)
Accounts Receivable	-	(26,706)	(190,333)
Prepaid Expenses	-	-	(1,200)
Loans Receivable	(282,010)	-	(83,190,204)
Due from Other Funds	-	-	(65,315)
Increase (Decrease) in Following Liabilities:			
Accounts Payable	29,417	-	(139,153)
Deferred Inflows	-	-	(5,446)
Due to Other Funds	38,543	26,772	65,315
Net Cash Provided (Used) by Operating Activities	<u>\$ (407,929)</u>	<u>\$ -</u>	<u>\$ (58,619,998)</u>
RECONCILIATION OF CASH TO STATEMENT OF NET POSITION			
Unrestricted Cash and Cash Equivalents	\$ -	\$ -	\$ 8,258,859
Restricted Cash and Cash Equivalents	1,491,704	66	6,294,588
Total Cash and Cash Equivalents	<u>\$ 1,491,704</u>	<u>\$ 66</u>	<u>\$ 14,553,447</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Refunding Loss Amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,710,325</u>

See accompanying Notes to Financial Statements.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS

A. Authorizing Legislation

The Vermont Bond Bank was established by the General Assembly of the State of Vermont in 1970 for the purpose of fostering and promoting the provision of adequate capital markets and facilities for borrowing money by governmental units of the State of Vermont for financing public improvements or other purposes. The Vermont Bond Bank (Bond Bank) is authorized to carry out this function by borrowing money, issuing bonds and notes, and purchasing bonds and notes of local governmental units. The Vermont Bond Bank is a component unit of the State of Vermont.

The Bond Bank is administered by a board of directors, with a mandate to provide municipalities with access to municipal bond proceeds at the lowest possible interest rates.

The board is comprised of five directors consisting of the Treasurer of the State of Vermont (Ex-officio) and four directors appointed by the Governor of the State of Vermont, with the advice and consent of the Senate, to serve terms of two years each, two terms expiring on February 1 in alternate years, or until a successor is appointed. The Directors elect a Chair, Secretary, and a Treasurer.

Municipalities eligible for loan programs with the Bond Bank are defined as any city, town, village, school district, fire district, consolidated sewer or water district, or a solid waste district organized under the laws of the state, and also includes every municipal corporation identified in subdivision 1751(1) of V.S.A., Title 24.

As of December 31, 2024, the following resolutions had been adopted by the Bond Bank and remain active:

<u>Date</u>	<u>Resolution</u>
February 17, 1972	General Bond Resolution "Creating and establishing an issue of bonds of the Vermont Bond Bank; providing for the issuance from time to time of said bonds; providing for the payment of principal and interest of said bonds, and providing for the rights of the holders thereof."
May 3, 1988	General Bond Resolution "Creating and Establishing an issue of bonds for the Vermont Bond Bank; providing for the issuance from time to time of said bonds; providing for the payment of the principal and interest of said bonds; and providing for the rights of the holders thereof."
June 16, 2008	2008 Series 2 Resolution authorizing the issuance of \$5,635,000 2008 Series 2 Bonds.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS (CONTINUED)

A. Authorizing Legislation (Continued)

<u>Date</u>	<u>Resolution</u>
June 10, 2010	2010 Series 1 Resolution authorizing the issuance of the \$23,430,000 2010 Series 1 Bonds, 2010 Series 2 Resolution authorizing the issuance of \$9,770,000 Federal Taxable Recovery Zone Economic Development Bonds (RZEDBs) 2010 Series 2 Bonds, 2010 Series 3 Resolution authorizing the issuance of \$1,365,000 Federally Taxable Qualified School Construction Bonds 2010 Series 3 Bonds and 2010 Series 4 Resolution authorizing the issuance of \$39,305,000 Series 4 Refunding Bonds and the refunding of 2000 Series 1 Bonds and 2001 Series 1 Bonds. 2010 Series 1 was partially refunded and defeased by 2016 Series 2.
October 12, 2010	2010 Series 5 Resolution authorizing the issuance of \$24,520,000 Federally Taxable RZEDBs 2010 Series 5 Bonds.
January 25, 2011	2011 Series 1 Resolution authorizing the issuance of \$9,500,000 Federally Taxable Qualified School Construction Bonds 2011 Series 1 Bonds.
June 15, 2011	2011 Series 2 Resolution authorizing the issuance of \$25,665,000 2011 Series 2 Bonds, 2011 Series 3 Resolution authorizing the issuance of \$2,940,000 Federally Taxable Qualified School Construction Bonds 2011 Series 3 Bonds and 2011 Series 4 Resolution authorizing the issuance of \$14,370,000 Series 4 Refunding Bonds and the refunding of 2002 Series 1 Bonds. 2011 Series 2 was partially refunded and defeased by 2016 Series 2.
November 7, 2011	2011 Series 5 Resolution authorizing the issuance of \$43,695,000 2011 Series 5 Bonds and 2011 Series 6 Resolution authorizing the issuance of \$25,895,000 Series 6 Refunding Bonds and the refunding of 2003 Series 2 Bonds. 2011 Series 5 was partially refunded and defeased by 2016 Series 2.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS (CONTINUED)

A. Authorizing Legislation (Continued)

<u>Date</u>	<u>Resolution</u>
June 13, 2012	2012 Series 2 Resolution authorizing the issuance of \$8,855,000 Qualified School Construction Bonds 2012 Series 2 Bonds.
October 24, 2012	2012 Series 4 Resolution authorizing the issuance of \$8,790,000 2012 Series 4 Bonds and 2012 Series 5 Resolution authorizing the issuance of \$6,485,000 Series 5 Refunding Bonds and the refunding of 2003 Series 1 Bonds.
June 19, 2013	2013 Series 1 Resolution authorizing the issuance of \$54,895,000 2013 Series 1 Bonds and 2014 Series 2 Resolution authorizing the issuance of \$18,285,000 Series 2 Refunding Bonds and the partial refunding of the 2005 Series 1 Bonds.
November 20, 2013	2014 Series 1 Resolution authorizing the issuance of the \$29,475,000 2014 Series 1 Bonds and the 2014 Series 2 Resolution authorizing the issuance of the \$18,285,000 2014 Series 2 Refunding Bonds and the refunding of the 2005 Series 1 Bonds.
June 22, 2015	2015 Series 2 Resolution authorizing the issuance of the \$7,975,000 2015 Series 2 Serial Bonds and the 2015 Series 3 Resolution authorizing the issuance of \$14,535,000 2015 Series 3 Refunding Bonds with the partial refunding of the 2005 Series 2 Bonds and the partial refunding of the 2005 Series 3 Bonds and the 2015 Series 5 Resolution authorizing the issuance of \$52,400,000 2015 Series 5 Refunding Bonds with the partial refunding of the 2008 Series 1 Bonds and the partial refunding of the 2009 Series 1 Bonds.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS (CONTINUED)

A. Authorizing Legislation (Continued)

<u>Date</u>	<u>Resolution</u>
October 8, 2015	2015 Series 4 Resolution authorizing the issuance of the \$10,425,000 2015 Series 4 Taxable Bonds.
June 7, 2016	2016 Series 1 Resolution authorizing the issuance of the \$41,870,000 2016 Series 1 Bonds and 2016 Series 2 Resolution authorizing the issuance of the \$52,390,000 2016 Series 2 Refunding Bonds the partial refunding of the 2007 Series 2 Bonds, the 2010 Series 1 Bonds, the 2011 Series 2 Bonds and the 2011 Series 5 Bonds.
February 7, 2017	2017 Series 1 Resolution authorizing the issuance of the \$31,920,000 2017 Series 1 Bonds and 2017 Series 2 Resolution authorizing the issuance of the \$6,115,000 2017 Series 2 Green Bonds.
March 30, 2017	2017 General Vermont State Colleges System (VSCS) Bond Resolution allowing for multiple series of parity bonds that will constitute special not general obligations of the Bond Bank (VSCS Program Resolution) and 2017 Series A Resolution authorizing the issuance of the \$67,660,000 2017 VSCS Series A Bonds.
June 21, 2017	2017 Series 3 Resolution authorizing the issuance of the \$26,990,000 2017 Series 3 Bonds and 2017 Series 4 Resolution authorizing the issuance of \$27,380,000 Series 4 Refunding Bonds and the partial refunding of the 2013 Series 1 Bonds.
January 25, 2018	2018 Series 1 Resolution authorizing the issuance of the \$7,990,000 2018 Series 1 Local Investment Bonds.
June 11, 2018	2018 Series 2 Resolution authorizing the issuance of the \$33,175,000 2018 Series 2 Local Investment Bonds.
January 30, 2019	2019 Series 1 Resolution authorizing the issuance of the \$24,870,000 2019 Series 1 Local Investment Bonds.
June 11, 2019	2019 Series 2 Resolution authorizing the issuance of the \$31,500,000 2019 Series 2 Local Investment Bonds.
December 18, 2019	VSCS 2020 Series A under the VSCS Program Resolution authorizing the issuance of the \$24,185,000 VSCS 2020 Series A Bonds which are special not general obligations of the Bond Bank.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS (CONTINUED)

A. Authorizing Legislation (Continued)

<u>Date</u>	<u>Resolution</u>
January 30, 2020	2020 Series 1 Resolution authorizing the issuance of the \$22,365,000 2020 Series 1 Local Investment Bonds.
June 25, 2020	2020 Series 2 Resolution authorizing the issuance of the \$15,890,000 2020 Series 2 Local Investment Bonds.
January 28, 2021	2021 Series 1 Resolution authorizing the issuance of the \$30,295,000 2021 Series 1 Local Investment Bonds and the \$2,795,000 Federally Taxable 2021 Series 2 Refunding Bonds and the refunding of the 2010 Series 4 Bonds.
June 30, 2021	2021 Series 3 Resolution authorizing the issuance of the \$17,615,000 2021 Series 3 Local Investment Bonds and the \$10,955,000 2021 Series 4 Refunding Bonds and the refunding of the 2011 Series 4 Bonds and 2011 Series 6 Bonds.
September 17, 2021	Assignment of the Royalton Fire District #1 refunded USDA loan to the 2015 Series 4 Taxable Bonds.
January 27, 2022	2022 Series 1 Resolution authorizing the issuance of \$9,000,000 2022 Series 1 Local Investment Bonds.
June 27, 2022	2022 Series 2 Resolution authorizing the issuance of the \$28,000,000 2022 Series 2 Local Investment Bonds and the \$23,445,000 2022 Series 3 Refunding Bonds and the refunding of the 2012 Series 1, 2012 Series 3, 2012 Series 5 and partial refunding of the 2012 Series 4 Bonds.
January 26, 2023	2023 Series 1 Resolution authorizing the issuance of \$14,490,000 2023 Series 1 Local Investment Bonds.
June 29, 2023	2023 Series 2 Resolution authorizing the issuance of the \$26,370,000 2023 Series 2 Local Investment Bonds and the \$20,010,000 2023 Series 3 Refunding Bonds and the refunding of the 2014 Series 1 Bonds and the 2014 Series 2 Refunding Bonds.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS (CONTINUED)

A. Authorizing Legislation (Continued)

<u>Date</u>	<u>Resolution</u>
February 1, 2024	2024 Series 1 Resolution authorizing the issuance of \$66,015,000 2024 Series 1 Local Investment Bonds.
June 27, 2024	2024 Series 2 Resolution authorizing the issuance of the \$48,480,000 2024 Series 2 General Obligation Bonds and the \$31,820,000 2024 Series 3 Refunding Bonds and the refunding of the 2014 Series 3 Bonds and the 2014 Series 4 Refunding Bonds.
September 26, 2024	Energy Efficiency Program Resolution authorizing the issuance of \$20,000,000 Series 2024 Bonds.

B. Basis of Presentation and Nature of Funds

The financial statement presentation follows the recommendations of the Governmental Accounting Standards Board (GASB) in its Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The Bond Bank is a special-purpose entity with only business-type activities. Under GASB Statement No. 34, such entities should present only the financial statements required for enterprise funds. The accompanying financial statements include six distinct funds, each of which is considered a separate accounting entity. The Vermont Bond Bank reports the following six major funds:

Operating Fund

The Operating Fund is used to administer the operations of the Bond Bank and derives its revenues principally from investment income.

Bond Fund

The Bond Fund is used to administer the activities of the Bond Bank for the municipal loan program. The Fund issues bonds which are utilized to finance capital improvements or other purposes for local municipalities throughout the State of Vermont.

Special Obligation Fund

The Bond Fund is used to administer the activities of the Bond Bank for the purpose of issuing loans to the Vermont State College System (VSCS). The bonds were issued under the 2017 General VSCS Bond Resolution allowing for multiple series of parity bonds that will constitute special not general obligations of the Bond Bank. The bonds are direct obligations of the Bank payable solely from the funds and accounts established by the General Resolution for the VSCS Program.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS (CONTINUED)

Municipal Climate Recovery Fund

The Municipal Climate Recovery Fund (MCRF) reports on loans undertaken to assist municipalities recovering from flooding and other extreme weather events. The activities are enabled by loans and restricted grants in partnership with the State of Vermont.

Energy Efficiency Program Fund

The Energy Efficiency Program Fund (EEPF) reports on activities within the Energy Efficiency Program Resolution. Under this Resolution, loans assigned to the resolution are the exclusive repayment source for debt obligations under the Resolution. Assets and repayment of related debt obligations are managed by Wilmington Trust as corporate trustee.

Small System Capacity and Resiliency Program Fund

The Small System Capacity and Resiliency Fund (SCRPF) reports on activities to assist water and wastewater systems that is undertaken through funding from a grant provided by the State of Vermont.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

A. Advance Refundings

All advance refundings completed are accounted for in accordance with the provisions of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. Under GASB Statement No. 23, the difference between the reacquisition price and the net carrying amount of the old debt is amortized as a component of interest expense over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The unamortized portion is reported as a deferred outflow of resources.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting

The financial statements of the Bond Bank have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) in conformity with the principles of fund accounting as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes U.S. GAAP for governmental units.

C. Measurement Focus and Basis of Accounting

The Bond Bank uses the economic resources measurement focus and the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation for payment is incurred. Interest expense on related bonds payable is recorded as a nonoperating expense in accordance with GASB Statements No. 9 and 34.

D. Cash Equivalents

The Bond Bank considers all unrestricted highly liquid investments with original maturities of three months or less to be cash equivalents.

E. Investments

The Board of Directors appoints trustees to oversee the investments in the Bond Fund. As of December 31, 2024, the Trustee is the U.S. Bank National Association. The Directors engaged Loomis, Sayles & Company, L.P. to provide investment management services for the Operating Fund. Investments with readily determinable fair values are reported at their fair values on the statement of net position. See Note 4.

F. Accounts Receivable

The Vermont Bond Bank reports loans receivable (see Note 5), accrued interest on loans receivable, and general receivables. The Operating Fund reports accounts receivable related to leases as well as management fees associated with program administration for the State of Vermont Special Environmental Revolving Fund and the Vermont Educational and Health Buildings Financing Agency (see Note 13). The recognition of revenue related to accounts receivable is reported under the accrual basis of accounting whereby receivables and revenues are recorded in the year accrued.

Accounts receivable are considered 100% collectible by the Bond Bank.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets, Depreciation, and Amortization

The Bond Bank records capital assets in the Operating Fund. Capital assets are defined by the Bond Bank as assets with an initial, individual cost of \$1,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated acquisition value at the date of the donation. Capital assets are depreciated using the straight-line method over the useful lives shown below:

Computer Equipment and Software	3 Years
Furniture and Equipment	7 Years
Leasehold Improvements	7 Years
Right-to-Use Lease Asset - Building	5 Years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

H. Deferred Outflows and Deferred Inflows of Resources

In addition to assets and liabilities, deferred outflows of resources and deferred inflows of resources are reported as separate sections on the statement of net position.

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. The Bond Bank reports deferred outflows of resources related to the deferred loss on refunding of bonds payable. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Bond Bank reports deferred inflows of resources related to leases as discussed in Note 12.

I. Arbitrage Rebate Payable

The accrued arbitrage rebate payable is based on interim arbitrage rebate analysis performed by the Bond Bank's arbitrage rebate counsel for bonds issued prior to 2024.

J. Long-Term Obligations

The Bond Bank reports long-term debt and other long-term obligations as liabilities in the statement of net position.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows/inflows of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Net Position

For proprietary funds the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

NOTE 3 CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Bond Bank's deposits may not be recovered. Cash consists of money market accounts invested primarily in commercial paper and government securities. The Bond Bank's custodial credit risk policy directs management to invest in cash or near cash investments that are either 100% FDIC insured or AAAM rated funds or government securities. As of December 31, 2024, the bank balance of general reserve cash held by the Operating Fund, MCRF Fund, RESP Fund and SCRP Fund totaled \$4,099,486. Of this total, \$180,951 was in collateralized and FDIC insured cash accounts. The remaining total of \$3,918,535 was collateralized with securities held with the pledging financial institution's trust department but not held in the Bond Bank's name and, therefore, was exposed to custodial credit risk.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 INVESTMENTS

Unrestricted cash and cash equivalents in the Bond Fund of \$7,411,350 was held within “government money markets funds” rated AAAM by S&P, held by the Trustee. These funds are secured in eligible investments as defined in the General Resolution.

Unrestricted Investments – Operating Fund

The Bond Bank’s investment objectives for its unrestricted investments are 1) to obtain regular, predictable interest income, through the investment in a diversified portfolio of U.S. Treasury and other government securities, corporate, mortgage and asset-backed securities, and other fixed income securities; and 2) to outperform the investment returns of the Barclays Intermediate Aggregate Bond Index.

The Bond Bank reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. GASB Statement No. 72, *Fair Value Measurement and Application*, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability’s measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows.

Level 1 – Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

The Bond Bank measures fair value using Level 1 inputs because they are available and generally provide the most reliable evidence of fair value for the Bond Bank’s measurement of investments. The classification and fair value of unrestricted investments held at December 31, 2024 are identified as follows.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 INVESTMENTS (CONTINUED)

	<u>Operating Fund</u>
Asset-Backed Securities	\$ 911,963
Corporate Securities	3,934,851
Foreign Bonds	516,887
Mortgage Backed Securities (MBS)	8,067,665
U.S. Treasury Securities	10,646,970
Total	<u>\$ 24,078,336</u>

The Bond Bank's investment policy permits the following ranges expressed as percentages of market value of the account:

Sector	Min%	Max%	Quality	Min%	Max%
U.S. Treasury	- %	100 %	U.S. Treasury	- %	100 %
Federal Agency	-	50	Federal Agency	-	100
Mortgage-Backed Securities	-	50	Aaa/AAA	-	50
Corporate	-	50	Aa/AA	-	50
Asset-Backed Securities	-	35	A/A	-	40
Commercial MBS	-	10	Baa/BBB	-	15
Supranational	-	10	Ba/BB	-	10

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. With the exception of U.S. Treasury, agency and agency mortgage issues, the Bond Bank's investment policy provides that no more than 5% of the portfolio may be invested in the obligations of any one issuer. As of December 31, 2024, the Bond Bank was not exposed to concentration of credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In addition to the ranges listed above, the Bond Bank's investment policy provides that the weighted average portfolio quality must be rated at least Aa2 by Moody's Investor Service and/or AA by S&P. Issues downgraded below BB-/Ba3 must be disposed of in a prudent manner with a target disposition within 90 days after the date of the downgrade. As of December 31, 2024, the Bond Bank's unrestricted investments are identified in the table below:

S&P Credit Ratings	Asset- Backed Securities	Corporate Securities	Foreign Bonds	Mortgage Backed Securities	U.S. Treasury Securities
AAA	\$ 857,115	\$ -	\$ -	\$ 8,067,665	\$ 10,646,970
AA+	54,848	-	-	-	-
AA	-	32,979	-	-	-
AA-	-	117,270	-	-	-
A+	-	722,292	89,785	-	-
A	-	362,399	140,517	-	-
A-	-	216,616	44,571	-	-
BBB+	-	560,414	25,456	-	-
BBB	-	1,002,594	86,287	-	-
BBB-	-	884,851	130,271	-	-
BB	-	35,436	-	-	-
Total	<u>\$ 911,963</u>	<u>\$ 3,934,851</u>	<u>\$ 516,887</u>	<u>\$ 8,067,665</u>	<u>\$ 10,646,970</u>

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the fair value of certain investments. In accordance with its investment policy, the Bond Bank manages its exposure to declines in fair values of its unrestricted investments by limiting the weighted average maturity of its investment portfolio to within a range of 80% to 120% of that of the Barclays Intermediate Aggregate Bond Index. There are no limitations on the duration, or maturity, of specific securities. The weighted average duration for unrestricted investments is as follows:

	Weighted Average Duration by Asset Class (Years)
Asset-Backed Securities	1.16
Corporate Securities	3.56
Foreign Bonds	3.70
Mortgage Backed Securities (MBS)	4.62
MBS: Collateralized	5.95
U.S. Treasury Securities	4.20

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy permits a maximum of 10% of the fair value of investments to be invested in supranational securities. At December 31, 2024, the Bond Bank was not exposed to foreign currency risk.

Restricted Investments

The Bond Fund investments are restricted to meet the reserve requirements for each issue. The General Resolution provides that all monies held by the Trustees shall be continuously and fully secured, for the benefit of the Bond Bank and the holders of the bonds. The restricted investments in the Bond Fund are to be invested in obligations with maturity dates which coincide as nearly as practicable with dates of debt service or other purposes provided in the General Resolution. Allowable investments are limited by certain restrictions and include 1) direct obligations of the United States of America or obligations which are guaranteed or insured by the United States of America, or instrumentality or agency thereof; 2) state and municipal bonds provided they are rated at least A at the time of investment; 3) interest bearing obligations issued, assumed, or guaranteed by any solvent U.S. institution rated at least A at the time of investment, certificates of deposit or time deposits at banking institutions with capital surplus and undivided profits of not less than \$25,000,000; 4) repurchase agreements with maturities of not more than 30 days with a bank or trust company that has a combined capital surplus and undivided profits not less than \$100,000,000 or with primary government dealers who are members of the Securities Investor Protection Corporation; and 5) units of a taxable government money market portfolio comprised solely of obligations listed above. The funds may also be deposited in an interest bearing account held by the Trustee provided that the account is fully secured by direct obligations of the United States of America.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 INVESTMENTS (CONTINUED)

The classification and fair value of restricted investments held at December 31, 2024 are as follows:

	<u>Bond Fund</u>
U.S. Treasury Bonds	\$ 19,898,583
U.S. Treasury Notes	28,726,811
U.S. Treasury Strips	15,899,427
U.S. Governments	1,054,747
Total	<u>\$ 65,579,568</u>

Restricted investments in the Bond Fund at December 31, 2024 mature as follows:

Investment Type	Fair Value	Investment Maturity (in Years)			
		< 1	1-5	6-10	> 10
U.S. Treasury Bonds	\$ 19,898,583	\$ -	\$ 858,072	\$ 3,130,078	\$ 15,910,433
U.S. Treasury Notes	28,726,811	2,023,231	10,557,526	7,187,138	8,958,916
U.S. Treasury Strips	15,899,427	7,815,114	3,014,181	4,670,691	399,441
U.S. Governments	1,054,747	-	1,054,747	-	-
Total	<u>\$ 65,579,568</u>	<u>\$ 9,838,345</u>	<u>\$ 15,484,526</u>	<u>\$ 14,987,907</u>	<u>\$ 25,268,790</u>

As of December 31, 2024, the Bond Bank's restricted investments consist of U.S. government securities which are not exposed to credit risk, concentration of credit risk, or foreign currency risk.

The Bond Bank measures fair value using Level 1 inputs because they are available and generally provide the most reliable evidence of fair value for the Bond Bank's measurement of its restricted investments.

Restricted Cash

As of December 31, 2024, \$2,993,616 and \$53,190 of cash in reserve funds reported in the Bond Fund and Special Obligation Fund, respectively, was restricted by the terms of the bond requirements.

As of December 31, 2024, \$1,756,012, \$1,491,704, and \$66 of cash in reserve funds, respectively, reported in the MCRF, EEPF, and SCRP funds were restricted by the terms of the debt and grant agreements applicable to each fund.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LOANS RECEIVABLE

Bond, MCRF, and EEPF Funds

Loans receivable represent loans to municipalities which are secured by revenues or are general obligations of the municipalities. Interest rates correspond with the interest rates on the related bonds payable by the Bond Bank plus, in some cases, an increment is added to fund capitalized interest, reserve requirements and issue costs. The loans mature during the same periods as the related bonds payable.

Special Obligation Fund

Loans receivable represent loans to the VSCS originating from loan agreements between the Vermont Bond Bank and VSCS under the 2017 General Bond Resolution for VSCS. Interest rates correspond with the interest rates on the related bonds payable by the Bond Bank. The loans mature during the same periods as the related bonds payable, and the payment of principal and interest on the bonds payable is made solely from funds of the Bond Bank held under the 2017 General Resolution.

The activity of loans receivable during the year is as follows:

Description	Bond Fund	Special Obligation Fund	MCRF Fund	EEPF Fund
Loans Receivable:				
January 1, 2024	\$ 522,887,216	\$ 83,450,000	\$ -	\$ -
Loan Disbursements	117,103,058	-	19,183,293	282,010
Loan Repayments	<u>(48,933,157)</u>	<u>(4,445,000)</u>	<u>(1,254,000)</u>	<u>(17,623)</u>
Loans Receivable:				
December 31, 2024	<u>\$ 591,057,117</u>	<u>\$ 79,005,000</u>	<u>\$ 17,929,293</u>	<u>\$ 264,387</u>

Interest savings from refundings may be passed through to the municipalities and are included in other expense. Other expense for the year ended December 31, 2024 included interest credits to municipalities from the following refundings below.

	<u>Other Expense</u>
Refundings:	
2015 Series 1	\$ 180,230
2015 Series 3	36,455
2015 Series 4	10,871
2015 Series 5	275,168
2016 Series 2	142,183
2017 Series 4	105,719
2021 Series 2	27,933
2021 Series 4	85,278
2022 Series 1	1,949
2022 Series 3	767,369
2023 Series 3	239,704
2024 Series 3	454,027
Total	<u>\$ 2,326,886</u>

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 is shown in the following table:

	Balance January 1, 2024	Increase	Decrease	Balance December 31, 2024
Capital Assets Being Depreciated/Amortized				
Computer Equipment and Software	\$ 7,620	\$ 42,824	\$ -	\$ 50,444
Furniture and Fixtures	51,745	3,456	-	55,201
Leasehold Improvements	46,273	-	-	46,273
Right-to-Use Asset - Building	75,442	-	-	75,442
Total Capital Assets Being Depreciated/Amortized	181,080	46,280	-	227,360
Less: Accumulated Depreciation/Amortization for:				
Computer Equipment and Software	(3,264)	(8,273)	-	(11,537)
Furniture and Fixtures	(16,632)	(7,516)	-	(24,148)
Leasehold Improvements	(14,873)	(6,610)	-	(21,483)
Right-to-Use Asset - Building	(42,750)	(15,088)	-	(57,838)
Total Accumulated Depreciation/Amortization	(77,519)	(37,487)	-	(115,006)
Capital Assets, Net	<u>\$ 103,561</u>	<u>\$ 8,793</u>	<u>\$ -</u>	<u>\$ 112,354</u>

NOTE 7 BOND LIABILITY ACTIVITY

Bond liability activity for the year ended December 31, 2024, was as follows:

	January 1, 2024	Additions	Reductions	December 31, 2024	Amounts Due Within One Year
Bonds and Notes Payable	\$ 629,926,000	\$ 163,197,010	\$ (77,826,000)	\$ 715,297,010	\$ 58,711,000
Plus Unamortized Premium (Discount)	44,700,181	14,608,994	(10,217,965)	49,091,210	8,952,732
Total Bonds and Notes Payable	674,626,181	177,806,004	(88,043,965)	764,388,220	67,663,732
Accrued Arbitrage Rebate	13,008	120,262	(83,851)	49,419	-
Total	<u>\$ 674,639,189</u>	<u>\$ 177,926,266</u>	<u>\$ (88,127,816)</u>	<u>\$ 764,437,639</u>	<u>\$ 67,663,732</u>

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 BONDS PAYABLE

Bonds payable as of December 31, 2024 consist of the following:

Issuance	Maturity Date	Interest Rate (%)	Outstanding at January 1, 2024	Issued	Redeemed	Outstanding at December 31, 2024
Term Bonds:						
2008 Series 2 Bonds	12/01/32	6.25%	\$ 4,720,000	\$ -	\$ (275,000)	\$ 4,445,000
2010 Series 2 Bonds	12/01/25	5.12%	905,000	-	(455,000)	450,000
2010 Series 2 Bonds	12/01/30	5.738%	1,845,000	-	-	1,845,000
2010 Series 3 Bonds	12/01/26	5.388%	1,365,000	-	-	1,365,000
2010 Series 5 Bonds	12/01/23	5.204%	2,260,000	-	-	2,260,000
2010 Series 5 Bonds	12/01/35	6.036%	8,150,000	-	-	8,150,000
2010 Series 5 Bonds	12/01/40	6.186%	495,000	-	-	495,000
2011 Series 1 Bonds	12/01/25	5.66%	9,500,000	-	-	9,500,000
2011 Series 3 Bonds	12/01/27	4.749%	2,940,000	-	-	2,940,000
2012 Series 2 Bonds	12/01/27	3.513%	300,000	-	-	300,000
2012 Series 2 Bonds	12/01/32	3.960%	8,555,000	-	-	8,555,000
2012 Series 4 Bonds	12/01/43	3.375%	365,000	-	-	365,000
2014 Series 3 Bonds	12/01/44	5.00%	1,450,000	-	(1,450,000)	-
2015 Series 1 Bonds	12/01/37	3.75%	695,000	-	-	695,000
2015 Series 2 Bonds	12/01/45	4.00%	1,740,000	-	(295,000)	1,445,000
2015 Series 5 Bonds	12/01/39	4.00%	2,080,000	-	-	2,080,000
2016 Series 1 Bonds	12/01/41	5.00%	3,145,000	-	-	3,145,000
2016 Series 1 Bonds	12/01/46	5.00%	1,240,000	-	-	1,240,000
2016 Series 2 Bonds	12/01/41	3.00%	2,165,000	-	-	2,165,000
2017 Series 1 Bonds	12/01/47	3.75%	4,420,000	-	-	4,420,000
2017 Series 2 Bonds	12/01/47	3.75%	1,755,000	-	-	1,755,000
2017 Series 3 Bonds	12/01/47	5.00%	3,895,000	-	-	3,895,000
2017 Series 4 Bonds	12/01/37	3.25%	360,000	-	-	360,000
2017 Series 4 Bonds	12/01/43	4.00%	640,000	-	-	640,000
2018 Series 1 Bonds	12/01/38	3.375%	1,310,000	-	-	1,310,000
2018 Series 1 Bonds	12/01/44	3.50%	1,685,000	-	-	1,685,000
2018 Series 2 Bonds	12/01/43	3.375%	755,000	-	-	755,000
2019 Series 1 Bonds	12/01/44	3.50%	4,195,000	-	-	4,195,000
2019 Series 1 Bonds	12/01/49	4.00%	3,740,000	-	-	3,740,000
2019 Series 2 Bonds	12/01/44	3.00%	1,280,000	-	-	1,280,000
2019 Series 2 Bonds	12/01/49	3.00%	800,000	-	-	800,000
2020 Series 1 Bonds	12/01/45	3.00%	2,000,000	-	-	2,000,000
2020 Series 1 Bonds	12/01/50	4.00%	1,815,000	-	-	1,815,000
2020 Series 2 Bonds	12/01/45	4.00%	965,000	-	-	965,000
2020 Series 2 Bonds	12/01/50	4.00%	835,000	-	-	835,000
2021 Series 1 Bonds	12/01/46	2.375%	1,660,000	-	-	1,660,000
2021 Series 1 Bonds	12/01/51	2.50%	1,510,000	-	-	1,510,000
2021 Series 3 Bonds	12/01/38	2.00%	2,925,000	-	-	2,925,000
2021 Series 3 Bonds	12/01/41	2.00%	2,695,000	-	-	2,695,000
2022 Series 1 Bonds (1)	12/01/46	1.95%	7,501,000	-	(436,000)	7,065,000
2022 Series 2 Bonds	12/01/42	5.00%	1,850,000	-	-	1,850,000
2022 Series 3 Bonds	12/01/42	4.00 - 5.00%	2,045,000	-	-	2,045,000
2023 Series 1 Bonds	12/01/48	4.17%	1,535,000	-	-	1,535,000
2023 Series 1 Bonds	12/01/53	4.22%	585,000	-	-	585,000
2023 Series 2 Bonds	12/01/48	4.15%	3,875,000	-	-	3,875,000
2023 Series 2 Bonds	12/01/53	4.18%	890,000	-	-	890,000
2024 Series 1 Bonds	12/01/49	3.89%	-	6,950,000	-	6,950,000
2024 Series 1 Bonds	12/01/54	4.25%	-	6,830,000	-	6,830,000
2024 Series 2 Bonds	12/01/49	4.10%	-	725,000	-	725,000
2024 Series 2 Bonds	12/01/54	4.18%	-	1,215,000	-	1,215,000
Serial Bonds:						
2010 Series 5 Bonds	12/01/25	5.454 - 5.604%	135,000	-	(1,210,000)	(1,075,000)
2014 Series 3 Bonds	12/01/34	5.00%	26,025,000	-	(26,025,000)	-
2015 Series 2 Bonds	12/01/35	2.00 - 5.00%	3,955,000	-	-	3,955,000
2016 Series 1 Bonds	12/01/36	2.00 - 5.00%	24,350,000	-	(1,785,000)	22,565,000
2017 Series 1 Bonds	12/01/37	2.50 - 5.00%	21,445,000	-	(1,300,000)	20,145,000
2017 Series 2 Bonds	12/01/30	2.25 - 5.00%	2,365,000	-	(335,000)	2,030,000
2017 Series 3 Bonds	12/01/37	5.00%	17,475,000	-	(1,280,000)	16,195,000

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 BONDS PAYABLE (CONTINUED)

Issuance	Maturity Date	Interest Rate (%)	Outstanding at January 1, 2024	Issued	Redeemed	Outstanding at December 31, 2024
2018 Series 1 Bonds	12/01/34	4.00 - 5.00%	\$ 3,655,000	\$ -	\$ (320,000)	\$ 3,335,000
2018 Series 2 Bonds	12/01/38	2.25 - 5.00%	25,540,000	-	(1,620,000)	23,920,000
2019 Series 1 Bonds	12/01/39	3.00 - 5.00%	13,970,000	-	(755,000)	13,215,000
2019 Series 2 Bonds	12/01/39	3.00 - 5.00%	24,115,000	-	(1,500,000)	22,615,000
2020 Series 1 Bonds	12/01/40	2.00 - 5.00%	16,580,000	-	(880,000)	15,700,000
2020 Series 2 Bonds	12/01/40	2.00 - 5.00%	13,260,000	-	(325,000)	12,935,000
2021 Series 1 Bonds	12/01/41	2.125 - 5.00%	24,795,000	-	(1,215,000)	23,580,000
2021 Series 3 Bonds	12/01/35	4.00 - 5.00%	10,495,000	-	(785,000)	9,710,000
2022 Series 2 Bonds	12/01/43	3.50 - 5.00%	20,405,000	-	(935,000)	19,470,000
2023 Series 1 Bonds	12/01/46	4.00 - 5.00%	12,370,000	-	(95,000)	12,275,000
2023 Series 2 Bonds	12/01/40	5.00%	21,605,000	-	(1,535,000)	20,070,000
2024 Series 1 Bonds	12/01/44	5.00%	-	52,235,000	-	52,235,000
2024 Series 2 Bonds	12/01/44	5.00%	-	46,540,000	-	46,540,000
Refunding Bonds:						
2014 Series 4 Bonds	12/01/26	3.00 - 5.00%	6,050,000	-	(6,050,000)	-
2015 Series 1 Bonds	12/01/27	1.875 - 5.00%	10,585,000	-	(2,570,000)	8,015,000
2015 Series 3 Bonds	12/01/25	2.00 - 3.00%	220,000	-	(110,000)	110,000
2015 Series 5 Bonds	12/01/35	2.00 - 5.00%	29,450,000	-	(4,720,000)	24,730,000
2016 Series 2 Bonds	12/01/36	5.00%	40,265,000	-	(3,890,000)	36,375,000
2017 Series 4 Bonds	12/01/33	3.125 - 5.00%	25,845,000	-	(2,630,000)	23,215,000
2021 Series 4 Bonds	12/01/33	4.00 - 5.00%	1,230,000	-	(315,000)	915,000
2022 Series 3 Bonds	12/01/33	4.00 - 5.00%	19,660,000	-	(3,105,000)	16,555,000
2023 Series 3 Bonds	12/01/33	5.00%	19,195,000	-	(1,510,000)	17,685,000
2024 Series 3 Bonds	12/01/38	5.00%	-	31,820,000	(3,670,000)	28,150,000
Special Obligation Bonds - VSCS:						
2017 Series A Bonds	12/01/37	4.00 - 5.00%	59,405,000	-	(3,040,000)	56,365,000
2020 Series A Bonds	12/01/37	3.00 - 5.00%	24,045,000	-	(1,405,000)	22,640,000
MCRF Fund - OST Loan (1)	04/01/31	1.00% - 1.50%	-	15,000,000	-	15,000,000
EEPF Fund - USDA Loan (1)	10/01/44	0.00%	-	1,882,010	-	1,882,010
Subtotal Long-Term Debt			629,926,000	163,197,010	(77,826,000)	715,297,010
Unamortized Premium			44,700,181	14,608,994	(10,217,965)	49,091,210
Total			<u>\$ 674,626,181</u>	<u>\$ 177,806,004</u>	<u>\$ (88,043,965)</u>	<u>\$ 764,388,220</u>

(1) Bonds from direct borrowing

The annual requirements to amortize bonds payable as of December 31, 2024 are as follows:

Year Ending December 31,	Total	
	Principal	Interest
2025	\$ 58,711,000	\$ 31,423,753
2026	52,002,720	28,508,150
2027	53,616,420	26,188,407
2028	50,108,380	23,751,122
2029	50,199,610	21,445,436
2030 to 2034	217,396,880	74,386,771
2035 to 2039	134,984,000	34,046,901
2040 to 2044	62,094,000	14,112,636
2045 to 2049	24,894,000	5,346,357
2050 to 2054	11,290,000	1,281,463
Total	715,297,010	259,209,533
Unamortized Premium	49,091,210	-
Total	<u>\$ 764,388,220</u>	<u>\$ 259,209,533</u>

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 BONDS PAYABLE (CONTINUED)

The deferred outflow on refunding of bonds payable at December 31, 2024 consists of the deferred loss on refunding of debt related to the following issuances:

Refundings:

2015 Series 3	\$ 281,363
2015 Series 5	2,433,415
2016 Series 2	4,744,417
2017 Series 4	1,736,389
Total	<u>\$ 9,195,584</u>

2024 Refunding

The Bond Bank issued \$31,820,000 of 2024 Series 3 General Obligation Refunding Bonds, dated December 1, 2024, for the purpose of refunding of \$27,475,000 of the 2014 Series 3 Bonds and \$6,050,000 of 2014 Series 4 Refunding Bonds. The interest rate on the bonds is 5%. Payments to bondholders are scheduled to commence on December 1, 2024, and terminate on December 1, 2038. As a result of the refunding transaction, the Bond Bank reduces its total debt service payments over the next 20 years by \$2,615,553 and achieves an economic gain of \$2,994,997.

Special Obligation Fund - Vermont State College System

In May 2017 and January 2020, the Vermont Bond Bank issued \$67,660,000 2017 Series A Bonds and \$24,185,000 2020 Series A Bonds, respectively, for the purpose of issuing loans to the Vermont State College System. The bonds were issued under the 2017 General Vermont State Colleges System Bond Resolution allowing for multiple series of parity bonds that will constitute special not general obligations of the Vermont Bond Bank. The bonds are direct obligations of the Vermont Bond Bank payable solely from the funds and accounts established by the General Resolution for the VSCS Program. None of the funds and accounts established under the Bond Fund, or any other funds of the Vermont Bond Bank not held under the General Resolution for the VSCS Program, are pledged to the security of the Bonds. At December 31, 2024, the VSCS outstanding bonds payable were \$56,365,000 of 2017 VSCS Series A Bonds and \$22,640,000 of 2020 VSCS Series A under this resolution.

MCRF Fund – State of Vermont Office of the Treasurer

In March 2024, the Vermont Bank and the State of Vermont Office of the State Treasurer (OST) entered into a loan agreement under 10 V.S.A. § 10; which authorizes the OST to establish a credit facility in the amount of up to 10% of the state's cash balance. The notes constitute general obligations of the Vermont Bond Bank. Upon an event of default, the OST may, in its sole discretion, declare the entire unpaid principal balance and any accrued interest as immediately due, and the Vermont Bond Bank will be required to pay such amounts. At December 31, 2024, outstanding notes totaled \$15,000,000.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 BONDS PAYABLE (CONTINUED)

EEPF Fund – USDA

In October 2024, the Vermont Bond Bank entered into a loan agreement with the USDA's Rural Utilities Service (RUS) for the purpose of providing financing to eligible customers for energy efficiency measures under the Rural Energy Savings Program (RESP) pursuant to Title 7, Part 1719 of the *U.S. Code of Federal Regulations*. The agreement allows the Vermont Bond Bank to requisition funds from RUS which are secured by a zero percent interest note not to exceed \$40 million. Upon an event of default of the Vermont Bond Bank, RUS may declare all outstanding principal as immediately due and payable and may pursue all rights and remedies specified in the loan agreement; including, but not limited to, the suspension of advances or suit for specific performance, injunctive relief, or damages. At December 31, 2024, outstanding notes totaled \$1,882,010.

NOTE 9 RESERVE REQUIREMENT

The Bond Bank is required to maintain certain amounts in reserve funds. The Trustees' evaluation of the reserve fund and the reserve requirements are summarized as follows:

Reserve Fund:	
Amortized Value	\$ 55,927,638
Reserve Requirement	<u>46,842,343</u>
Excess Above Requirement	<u><u>\$ 9,085,295</u></u>

The value includes amortization of premium or discount and accrued interest on securities held in the reserve funds. Restricted cash of \$2,993,616 is included in the amortized value at December 31, 2024.

NOTE 10 INTERFUND ACTIVITY

Interfund transfer activity for the year ended December 31, 2024 is presented as follows:

Transfers Out:	Transfers In:		
	Operating Fund	Municipal Climate Recovery Fund	Total
Bond Fund	\$ 217,099	\$ -	\$ 217,099 (1)
Operating Fund	<u>-</u>	<u>15,219</u>	<u>15,219 (2)</u>
Total	<u><u>\$ 217,099</u></u>	<u><u>\$ 15,219</u></u>	<u><u>\$ 232,318</u></u>

(1) Represents the transfer of Qualified School Construction Bond (QSCB) interest.

(2) Represents operating subsidy to the MCRF for administrative costs of implementation.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 INTERFUND ACTIVITY (CONTINUED)

As of December 31, 2024, the Operating Fund reports a "Due from other funds" in the amount of \$65,315; which is owed from the EEPF (\$38,543) and SCRP (\$26,772) Funds related to program implementation advances.

NOTE 11 LEASES

Lessee

In 2022, the Vermont Bond Bank entered into a five-year lease agreement as lessee for the acquisition and use of office space. The minimum rent of \$75,442 for five years was paid in one lump sum on commencement of the lease. Accordingly, the Bond Bank recorded a right-to-use lease asset of \$75,442 as of December 31, 2022. The lease asset is depreciated using the straight-line method over a useful life of five years.

Depreciation expense of \$15,088 was recognized for the year ended December 31, 2024. Total occupancy expense was \$21,197 for the fiscal year ended December 31, 2024.

Lessor

In 2022, the Vermont Bond Bank began contract leasing a portion of its leased office space to a third party. The lease is for five years and the rent of \$27,231 which was due in one lump sum on commencement of the lease was recorded as deferred inflow of resources that will be recognized as revenue over the term of the lease. The Vermont Bond Bank recognized \$12,955 in lease revenue during the year related to this lease; which includes revenue from variable components of the lease totaling \$7,509. As of December 31, 2024, the balance of the deferred inflow of resources was \$8,183. The lease provides that the lessee will pay common area maintenance in monthly installments at a rate per square foot documented in the lease and pay a pro rata share of real estate taxes and insurance based on the percentage of property leased. The lessee is responsible for payment directly for all charges for telecommunications, utilities, cleaning, and trash services used in connection with the premises.

NOTE 12 RETIREMENT PLAN

As of December 31, 2024, the Bond Bank had a simplified employee pension (SEP) plan for regular employees. In 2024, the Bond Bank's policy was to contribute 10% of annual compensation. To be eligible, an active employee must be 21 years of age and have been employed by the Bond Bank for over one year. In 2024, the Bond Bank contributed to retirement plans in the amount of \$41,989.

NOTE 13 RELATED PARTY TRANSACTIONS

The Bond Bank receives reimbursements from the State of Vermont and VEHBFA for general and administrative services. The amount of related party reimbursements was \$340,953 for the year ended December 31, 2024. The total amount receivable in the Operating Fund as of December 31, 2024 was \$83,372 from these related parties.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 14 DEFICIT FUND NET POSITION

At December 31, 2024, the Special Obligation Fund reported a deficit net position of \$5,587,014. This deficit is the result of the unamortized bond premiums associated with the VSCS 2017 Series A and 2020 Series A issuances and will be amortized in future years as a component of interest expense.

At December 31, 2024, the Rural Energy Savings Program Fund reported a deficit net position of \$193,688. This deficit is the result of initial implementation costs of the program and will be funded by borrower interest revenue in future years.

NOTE 15 COMMITMENTS

The Rural Utilities Service of the United State Department of Agriculture approved a loan commitment for the Bond Bank in the amount of \$40 million (the USDA Loan) in August 2023. The interest free loan will be used by the Bond Bank to make low interest loans to governmental units to implement durable cost-effective energy efficient measures and to fund program expenses. The USDA Loan will be payable from different funds and assets than, and not on parity with General Resolution Bonds, including the Bonds. The Vermont Bond Bank requisitioned \$1,882,010 from USDA during 2024. The Bond Bank also obtained a \$20 million standby letter of credit with JPMorgan Chase Bank, N.A. provided in connection with the low interest loans to be issued by the Bond Bank. The reimbursement obligation for the letter of credit is secured by the Series 2024 Bonds which were authorized by the Energy Efficiency Program Resolution dated September 26, 2024.

NOTE 16 SUBSEQUENT EVENTS

On March 6, 2025, the Vermont Bond Bank issued the 2025 Series 1 Bonds in the amount of \$67,325,000 with an interest rate of 5% and a maturity date of December 1, 2045. The bonds were authorized under the 1988 General Resolution and the 2025 Series Resolution and are designated as Local Investment Bonds to reflect the local impact of the projects that are capitalized by the 2025 Bonds.

The Bond Bank has evaluated subsequent events through March 14, 2025, the date on which the financial statements were available to be issued.



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