

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

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025



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(A COMPONENT UNIT OF THE STATE OF VERMONT)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Vermont Bond Bank
Burlington, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2025, 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 accompanying 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, 2025, 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.

Board of Directors
Vermont Bond Bank

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 April 17, 2026 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.



CliftonLarsonAllen LLP

Andover, Massachusetts
April 17, 2026

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

The purpose of management's discussion and analysis (MD&A) is to help the members of the Board and other readers understand what the financial statements and notes in this financial report say about the Vermont Bond Bank's (the Bond Bank) financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by management's knowledge of the Bond Bank's finances.

Overview of the Financial Statements

The Bond Bank's financial report contains basic financial statements. Those financial statements present the Bond Bank's finances at a detailed level through the presentation of the business-type activities; which include several activities (reported as enterprise funds) dedicated to 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 these functions by borrowing money, issuing bonds and notes, purchasing bonds and notes of local governmental units, and by applying for state and federal grant programs.

The next section of this financial report contains notes to financial statements, which delve deeper into the Bond Bank's finances as reported in the financial statements. The information in the notes is as important to understanding the Bond Bank's finances as the information in the financial statements. The Bond Bank uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Types of Information in the Financial Statements

The Bond Bank's financial statements use the *economic resources measurement focus and accrual basis of accounting*. In other words, they comprehensively report all types of financial statement elements:

- *Assets*—resources the Bond Bank controls (cash and cash equivalents, investments, loans receivable, etc.)
- *Liabilities*—amounts the Bond Bank owes (accounts payable, long-term debt, etc.)
- *Deferred outflows of resources and deferred inflows of resources*—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- *Revenues and expenses*—inflows and outflows of economic resources, respectively, related to the current year.

More detail about the measurement focus and basis of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

**VERMONT BOND BANK
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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Analysis of the Bond Bank's financial statements

The total net position of the Bond Bank's business-type activities (which also are reported as major enterprise funds) increased \$13.5 million or 36.2 percent from the prior year to \$50.7 million. The increase reflects a \$7.1 million increase in noncapital subsidies related to additional state and federal grant funding obtained by the Small System Capacity and Resiliency Program fund (\$4.2 million) and the Vermont Infrastructure Sustainability Fund (\$7.5 million). Absent these grants, total net position would have increased by \$1.8 million which generally represents the increases in net position of the operating fund as a result of interest and investment income revenues exceeding interest and operating expenses incurred. Those results represent an improvement over 2024, when the change in net position was an increase of \$6.6 million.

	<u>2025</u>	<u>2024</u>	<u>Percentage change</u>
OPERATING REVENUES:			
Interest	\$ 28,070,904	\$ 24,622,019	14.01%
Other income	364,994	357,786	2.01%
Total operating revenue	<u>28,435,898</u>	<u>24,979,805</u>	<u>13.84%</u>
OPERATING EXPENSES:			
Bond issue costs	1,143,584	1,130,761	1.13%
Other expense	2,349,903	2,326,886	0.99%
Operating expenses	1,363,319	1,144,959	19.07%
Total operating expenses	<u>4,856,806</u>	<u>4,602,606</u>	<u>5.52%</u>
OPERATING INCOME	<u>23,579,092</u>	<u>20,377,199</u>	<u>15.71%</u>
NONCAPITAL SUBSIDIES	11,831,938	4,708,252	151.30%
NONOPERATING REVENUE (EXPENSES):			
Net appreciation/(depreciation) in fair value of investments	53,990	(396,282)	-113.62%
Interest and dividends	5,150,210	3,383,813	52.20%
Interest rebate	1,315,498	1,353,388	-2.80%
Interest expense	(28,192,789)	(22,754,344)	23.90%
Arbitrage Recovery (Rebate)	(265,978)	(36,411)	630.49%
Total nonoperating revenue (expenses)	<u>(21,939,069)</u>	<u>(18,449,836)</u>	<u>18.91%</u>
CHANGE IN NET POSITION	13,471,961	6,635,615	103.03%
Net position - beginning of year	<u>37,187,220</u>	<u>30,551,605</u>	<u>21.72%</u>
NET POSITION - END OF YEAR	<u>\$ 50,659,181</u>	<u>\$ 37,187,220</u>	<u>36.23%</u>

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Total assets and deferred outflows of resources of \$911,424,685 represent an increase of \$106,418,901 or 13.2% from 2024 to 2025. The Bond Bank's loans receivable increased \$89,755,782 or 13.04%. This was due to the net increase in loans purchased through the 2025 Series 1, 2, and 3 issuances combined with direct loans in the Municipal Climate Recovery Fund program and the Energy Efficiency Program Fund. These increases are partially offset by scheduled principal payments of \$67,401,841. Restricted cash increased \$13,449,246 or 213.66% which was the result of the Bond Bank's receipt of various state and federal grants. Unrestricted cash increased \$8,638,444 or 104.6% due to dividends and interest earned on the Bond Bank's cash balances.

Deferred outflows of resources decreased \$3,085,249 or 33.6% which was primarily due to current year debt refunding transactions.

Total liabilities and deferred inflows of resources increased by \$92,946,940 or 12.11%, from 2024 to 2025. The Bond Bank's gross principal amount of bonds outstanding as of December 31, 2025, of \$853,951,952 represents an increase of \$91,445,742 or 11.99% from the balance as of December 31, 2024. This increase was the net result of the issuances of 2025 Series 1 bonds of \$67,325,000, 2025 Series 2 bonds of \$74,300,000, Municipal Climate Recovery Fund issuances of \$5,000,000 and Energy Efficiency Program bond issuances of \$3,388,000 partially offset by scheduled debt service principal payments of \$56,151,000 and 2025 Series 3 refunded par savings of \$4,952,800.

	<u>2025</u>	<u>2024</u>	<u>Percentage change</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Cash and cash equivalents	\$ 16,897,303	\$ 8,258,859	104.60%
Accrued interest receivable	3,439,795	3,030,040	13.52%
Accounts receivable	205,508	125,343	63.96%
Investments	22,296,888	24,078,336	-7.40%
Due from other funds	140,461	65,315	100.00%
Prepaid Expenses	19,592	10,000	95.92%
Restricted cash	19,743,834	6,294,588	213.66%
Restricted investments	64,369,023	65,579,568	-1.85%
Loans receivable (Note 5)	778,011,579	688,255,797	13.04%
Capital assets, net	190,367	112,354	69.44%
Deferred outflows of resources	6,110,335	9,195,584	-33.55%
Total assets and deferred outflows of resources	<u>\$ 911,424,685</u>	<u>\$ 805,005,784</u>	<u>13.22%</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Accounts payable	\$ 244,039	\$ 76,011	221.06%
Due to other funds	140,461	65,315	100.00%
Due to other governments	848,550	1,882,010	100.00%
Accrued arbitrage rebate	303,995	49,419	515.14%
Bond interest payable	3,582,416	3,231,416	10.86%
Lease Liability	123,106	-	100.00%
Bonds payable	853,951,952	762,506,210	11.99%
Deferred inflows of resources	1,570,985	8,183	19098.15%
Total liabilities and deferred inflows of resources	<u>860,765,504</u>	<u>767,818,564</u>	<u>12.11%</u>
NET POSITION:			
Net investment in capital assets	67,261	112,354	-40.13%
Restricted	17,118,526	17,649,016	-3.01%
Unrestricted	33,473,394	19,425,850	72.31%
Total net position	<u>50,659,181</u>	<u>37,187,220</u>	<u>36.23%</u>
Total liabilities and net position	<u>\$ 911,424,685</u>	<u>\$ 805,005,784</u>	<u>13.22%</u>

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The net position of the bond fund increased by \$856,843 in 2025. The fund recognized \$24,400,569 in borrower interest, \$1,315,498 in interest rebate, and \$3,338,995 related to income from investments, interest and dividends. The fund incurred \$25,824,857 of expenses and transferred \$677,475 to other funds during the fiscal year. The increase in net position was primarily attributable to borrower interest revenues exceeding interest expenses which was the result of the updates to interest expense payment schedules in recent debt service issuances to align with the Bond Bank's cash flow targets.

The net position of the special obligation fund increased by \$999,463 in 2025. The fund recognized \$3,378,613 in borrower interest and \$29,420 of interest and dividends. The fund incurred \$2,417,570 of expenses during the fiscal year. The operating results are aligned with the receivable repayments and debt service requirements related to previous debt issuances to the Vermont State Colleges System.

The net position of the operating fund increased by \$1,767,593 in 2025. The fund recognized \$361,744 of other income, and \$1,610,686 related to income from investments, interest and dividends. The fund received transfers of \$695,098 from other funds. The fund incurred \$895,871 of expenses and transferred \$4,064 to other funds during the fiscal year.

The net position of the Municipal Climate Recovery Fund increased by \$326,353 in 2025. The fund recognized \$254,409 in borrower interest, \$150,000 of grant revenue, and \$138,284 related to income from investments, interest and dividends. The fund received transfers of \$4,064 from other funds. The fund incurred \$216,340 of interest expenses during the fiscal year. The increase in net position was primarily attributable to income from interest and dividends, and grant revenues received by the fund in addition to the borrower interest revenue which was utilized to offset interest expenses associated with the program's outstanding debt.

The net position of the Energy Efficiency Program Fund decreased by \$243,478 in 2025. The fund recognized \$28,313 in borrower interest, \$3,250 of other income, and \$12,568 of interest and dividends. The fund incurred \$269,986 of operating expenses during the fiscal year and transferred \$17,623 to the operating fund. The decrease in the fund's net position is attributable to administrative expenses and custodial fees incurred with project administration; which are expected to be recouped through borrower interest payments.

The net position of the Small System Capacity and Resiliency Program Fund increased by \$3,969,745 in 2025. The Fund recognized \$4,181,938 of grant revenue and \$65,119 of interest and dividends during the year. The fund incurred \$277,312 of expenses during the fiscal year associated with the administration of the program. The increase in the fund's net position was attributable to grant revenue, received from the State of Vermont, which will be used to provide loans and grants to other entities in future years.

The net position of the Vermont Infrastructure Sustainability Fund increased by \$7,509,128 in 2025. The fund received grant revenue of \$7,500,000 from the State of Vermont and recognized \$9,128 of interest and dividends during the year.

**VERMONT BOND BANK
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Significant long-term financing activity

As of December 31, 2025, within the Bond Fund, the Bond Bank had 196 loans outstanding to 189 governmental units totaling \$679,536,811. The Municipal Climate Recovery Fund (MCRF) had 19 loans outstanding to 14 governmental units totaling \$20,848,598. The Energy Efficiency Program Fund (EPPF) had 4 loans outstanding to 4 governmental units totaling \$3,011,170. The Special Obligation Fund had two loans outstanding to the Vermont State College System totaling \$74,615,000.

As of December 31, 2024, within the Bond Fund, the Bond Bank had 477 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. The Energy Efficiency Program Fund (EPPF) had one loan outstanding to a governmental unit totaling \$264,387. The Special Obligation Fund had two loans outstanding to the Vermont State College System totaling \$79,005,000.

Outstanding Loans by Borrower Type as of December 31, 2025	Summary			
	Loans	Percent Total	Amount	Percent Total
Local Government	320	68.7%	\$ 410,773,469	52.8%
School District	110	23.8%	244,116,766	31.4%
Other Governmental Unit	35	7.3%	48,506,344	6.2%
Vermont State College System	2	0.2%	74,615,000	9.6%
Total	<u>467</u>	<u>100.0%</u>	<u>\$ 778,011,579</u>	<u>100.0%</u>

Outstanding Loans by Borrower Type as of December 30, 2024	Summary			
	Loans	Percent Total	Amount	Percent Total
Local Government	343	68.5%	\$ 362,504,461	52.7%
School District	127	25.3%	221,018,192	32.1%
Other Governmental Unit	29	5.8%	25,513,757	3.7%
Vermont State College System	2	0.4%	79,005,000	11.5%
Total	<u>499</u>	<u>100.0%</u>	<u>\$ 688,041,410</u>	<u>100.0%</u>

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The Bond Bank's gross principal amount of bonds outstanding as of December 31, 2025, of \$853,951,952 represents an increase of \$91,445,742 or 11.99% from the balance as of December 31, 2024. The Bond Bank's debt issuance activity during 2025 and 2024 is presented as follows:

2025 Issuance Activity

Issue	Type	Par	# Borrowers	# Projects	Refunded Net PV Savings
MCRF	New Money	\$ 5,000,000	9	11	\$ -
EEPF	New Money	3,234,772	4	4	-
2025-1	New Money	67,325,000	14	14	-
2025-2	New Money	74,300,000	16	21	-
2025-3	Refunding	52,580,000	-	-	4,952,800
		<u>\$ 202,439,772</u>	<u>30</u>	<u>35</u>	<u>\$ 4,952,800</u>

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>

**VERMONT BOND BANK
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Currently known facts, decisions and conditions

In 2025, the Bond Bank operationalized many programs initiated in 2024. New loan and grant activity was supported by funds established in the prior year, although many programs remain in a start-up phase.

Additional 2025 highlights are summarized below.

- The Board, in consultation with staff, moved to change the duration benchmark for the general operating reserve fund from the Bloomberg U.S. Aggregate Intermediate Index to the Bloomberg U.S. Government Credit 1–3 Year Index. This resulted in a larger cash and cash equivalents position than in prior years.
- The Bond Bank received a grant from the State of Vermont to capitalize the Vermont Infrastructure Sustainability Fund, which will be used to make infrastructure loans supporting housing development. This transfer occurred in late 2025, and the program will begin making loans in 2026.
- The Bond Bank extended and increased the State of Vermont loan that capitalizes the Municipal Climate Recovery Fund. The loan was increased from \$15 million to \$20 million in response to ongoing flood impacts on municipalities.
- The Bond Bank had sufficient grant and loan commitments to make significant draws on the State of Vermont grant that capitalizes the Small System Capacity and Resiliency Program Fund. The grant revenue will be expensed over 2026 as commitments to small water systems are drawn.
- The Energy Efficiency Program Fund completed its first year of operation and remains in a start-up phase as loan volume increases to projected levels.

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
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STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Bond Fund	Special Obligation Fund	Operating Fund	Municipal Climate Recovery Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 12,564,614	\$ -	\$ 4,332,689	\$ -
Restricted Cash	-	-	-	4,992,352
Accrued Interest Receivable	2,327,208	819,375	195,103	93,674
Accounts Receivable	-	-	79,788	-
Current Portion of Loans Receivable (Note 5)	54,014,584	4,610,000	-	8,915,471
Investments	-	-	22,296,888	-
Restricted Investments	2,224,326	-	-	-
Due From Other Funds	-	-	140,461	-
Prepaid Expenses	-	-	19,592	-
Total Current Assets	<u>71,130,732</u>	<u>5,429,375</u>	<u>27,064,521</u>	<u>14,001,497</u>
Noncurrent Assets:				
Restricted Cash	1,318,417	28,398	-	-
Restricted Investments	62,144,697	-	-	-
Lease Receivable (Note 11)	-	-	45,549	-
Loans Receivable (Note 5)	625,522,227	70,005,000	-	11,933,127
Capital Assets, Net	-	-	190,367	-
Total Noncurrent Assets	<u>688,985,341</u>	<u>70,033,398</u>	<u>235,916</u>	<u>11,933,127</u>
Total Assets	760,116,073	75,462,773	27,300,437	25,934,624
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding of Bonds Payable	<u>6,110,335</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 766,226,408</u>	<u>\$ 75,462,773</u>	<u>\$ 27,300,437</u>	<u>\$ 25,934,624</u>

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
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STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2025

	Energy Efficiency Program Fund	Small System Capacity and Resiliency Program Fund	Vermont Infrastructure Sustainability Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 16,897,303
Restricted Cash	1,906,858	3,988,681	7,509,128	18,397,019
Accrued Interest Receivable	4,435	-	-	3,439,795
Accounts Receivable	-	80,171	-	159,959
Current Portion of Loans Receivable (Note 5)	292,077	-	-	67,832,132
Investments	-	-	-	22,296,888
Restricted Investments	-	-	-	2,224,326
Due From Other Funds	-	-	-	140,461
Prepaid Expenses	-	-	-	19,592
Total Current Assets	<u>2,203,370</u>	<u>4,068,852</u>	<u>7,509,128</u>	<u>131,407,475</u>
Noncurrent Assets:				
Restricted Cash	-	-	-	1,346,815
Restricted Investments	-	-	-	62,144,697
Lease Receivable (Note 11)	-	-	-	45,549
Loans Receivable (Note 5)	2,719,093	-	-	710,179,447
Capital Assets, Net	-	-	-	190,367
Total Noncurrent Assets	<u>2,719,093</u>	<u>-</u>	<u>-</u>	<u>773,906,875</u>
Total Assets	4,922,463	4,068,852	7,509,128	905,314,350
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding of Bonds Payable	-	-	-	6,110,335
Total Assets and Deferred Outflows of Resources	<u>\$ 4,922,463</u>	<u>\$ 4,068,852</u>	<u>\$ 7,509,128</u>	<u>\$ 911,424,685</u>

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
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STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Bond Fund	Special Obligation Fund	Operating Fund	Municipal Climate Recovery Fund
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 42,546	\$ -
Due to Other Funds	-	-	-	-
Bond Interest Payable	2,703,770	819,375	-	59,271
Lease Liability (Note 11)	-	-	17,924	-
Due to Other Governments	-	-	-	848,550
Current Portion Of Bonds and Notes Payable	50,505,000	4,610,000	-	-
Total Current Liabilities	53,208,770	5,429,375	60,470	907,821
Noncurrent Liabilities:				
Accrued Arbitrage Rebate	303,995	-	-	-
Lease Liability (Note 11)	-	-	105,182	-
Bonds and Notes Payable	699,099,221	74,620,949	-	20,000,000
Total Noncurrent Liabilities	699,403,216	74,620,949	105,182	20,000,000
 Total Liabilities	 752,611,986	 80,050,324	 165,652	 20,907,821
DEFERRED INFLOWS OF RESOURCES				
Related to Lease (Note 11)	-	-	48,286	-
Deferred Gain on Refunding of Bonds Payable	1,522,699	-	-	-
Total Deferred Inflows of Resources	1,522,699	-	48,286	-
NET POSITION				
Net Investment In Capital Assets	-	-	67,261	-
Restricted	12,091,723	-	-	5,026,803
Unrestricted/(Deficit)	-	(4,587,551)	27,019,238	-
Total Net Position	12,091,723	(4,587,551)	27,086,499	5,026,803
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 766,226,408	 \$ 75,462,773	 \$ 27,300,437	 \$ 25,934,624

See accompanying Notes to Financial Statements.

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Energy Efficiency Program Fund	Small System Capacity and Resiliency Program Fund	Vermont Infrastructure Sustainability Fund	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 201,493	\$ -	\$ -	\$ 244,039
Due to Other Funds	41,354	99,107	-	140,461
Bond Interest Payable	-	-	-	3,582,416
Lease Liability (Note 11)	-	-	-	17,924
Due to Other Governments	-	-	-	848,550
Current Portion Of Bonds and Notes Payable	370,085	-	-	55,485,085
Total Current Liabilities	612,932	99,107	-	60,318,475
Noncurrent Liabilities:				
Accrued Arbitrage Rebate	-	-	-	303,995
Lease Liability (Note 11)	-	-	-	105,182
Bonds and Notes Payable	4,746,697	-	-	798,466,867
Total Noncurrent Liabilities	4,746,697	-	-	798,876,044
Total Liabilities	5,359,629	99,107	-	859,194,519
DEFERRED INFLOWS OF RESOURCES				
Related to Lease (Note 11)	-	-	-	48,286
Deferred Gain on Refunding of Bonds Payable	-	-	-	1,522,699
Total Deferred Inflows of Resources	-	-	-	1,570,985
NET POSITION				
Net Investment In Capital Assets	-	-	-	67,261
Restricted	-	-	-	17,118,526
Unrestricted/(Deficit)	(437,166)	3,969,745	7,509,128	33,473,394
Total Net Position	(437,166)	3,969,745	7,509,128	50,659,181
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,922,463	\$ 4,068,852	\$ 7,509,128	\$ 911,424,685

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, 2025

	Bond Fund	Special Obligation Fund	Operating Fund	Municipal Climate Recovery Fund
OPERATING REVENUES				
Interest	\$ 24,400,569	\$ 3,387,613	\$ -	\$ 254,409
Other Income	-	-	361,744	-
Total Operating Revenue	<u>24,400,569</u>	<u>3,387,613</u>	<u>361,744</u>	<u>254,409</u>
OPERATING EXPENSES				
Bond Issue Costs	1,143,584	-	-	-
Other Expense	2,265,989	-	-	-
Operating Expenses	-	-	895,871	4,064
Total Operating Expenses	<u>3,409,573</u>	<u>-</u>	<u>895,871</u>	<u>4,064</u>
OPERATING INCOME (LOSS)	20,990,996	3,387,613	(534,127)	250,345
NONCAPITAL SUBSIDIES				
Grant Revenue	-	-	-	150,000
OTHER NONOPERATING REVENUES (EXPENSES)				
Net Appreciation (Depreciation)				
in Fair Value of Investments	(323,855)	-	377,845	-
Interest and Dividends	3,662,850	29,420	1,232,841	138,284
Interest Rebate	1,315,498	-	-	-
Interest Expense	(25,558,879)	(2,417,570)	-	(216,340)
Arbitrage Recovery (Rebate)	(265,978)	-	-	-
Transfers In	-	-	695,098	4,064
Transfers Out	(677,475)	-	(4,064)	-
Total Nonoperating Revenue (Expenses)	<u>(21,847,839)</u>	<u>(2,388,150)</u>	<u>2,301,720</u>	<u>(73,992)</u>
INCREASE (DECREASE) IN FUND NET POSITION	(856,843)	999,463	1,767,593	326,353
Net Position - Beginning of Year	<u>12,948,566</u>	<u>(5,587,014)</u>	<u>25,318,906</u>	<u>4,700,450</u>
NET POSITION - END OF YEAR	<u>\$ 12,091,723</u>	<u>\$ (4,587,551)</u>	<u>\$ 27,086,499</u>	<u>\$ 5,026,803</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, 2025

	Energy Efficiency Program Fund	Small System Capacity and Resiliency Program Fund	Vermont Infrastructure Sustainability Fund	Total
OPERATING REVENUES				
Interest	\$ 28,313	\$ -	\$ -	\$ 28,070,904
Other Income	3,250	-	-	364,994
Total Operating Revenue	<u>31,563</u>	<u>-</u>	<u>-</u>	<u>28,435,898</u>
OPERATING EXPENSES				
Bond Issue Costs	-	-	-	1,143,584
Other Expense	-	83,914	-	2,349,903
Operating Expenses	269,986	193,398	-	1,363,319
Total Operating Expenses	<u>269,986</u>	<u>277,312</u>	<u>-</u>	<u>4,856,806</u>
OPERATING INCOME (LOSS)	(238,423)	(277,312)	-	23,579,092
NONCAPITAL SUBSIDIES				
Grant Revenue	-	4,181,938	7,500,000	11,831,938
OTHER NONOPERATING REVENUES (EXPENSES)				
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	-	53,990
Interest and Dividends	12,568	65,119	9,128	5,150,210
Interest Rebate	-	-	-	1,315,498
Interest Expense	-	-	-	(28,192,789)
Arbitrage Recovery (Rebate)	-	-	-	(265,978)
Transfers In	-	-	-	699,162
Transfers Out	(17,623)	-	-	(699,162)
Total Nonoperating Revenue (Expenses)	<u>(5,055)</u>	<u>65,119</u>	<u>9,128</u>	<u>(21,939,069)</u>
INCREASE (DECREASE) IN FUND NET POSITION	(243,478)	3,969,745	7,509,128	13,471,961
Net Position - Beginning of Year	<u>(193,688)</u>	<u>-</u>	<u>-</u>	<u>37,187,220</u>
NET POSITION - END OF YEAR	<u>\$ (437,166)</u>	<u>\$ 3,969,745</u>	<u>\$ 7,509,128</u>	<u>\$ 50,659,181</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, 2025**

	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	\$ 52,537,306	\$ 4,390,000	\$ -	\$ 10,381,318
Interest (Net of Refunding Interest Savings)	21,744,052	3,442,788	-	220,334
Cash Paid to Suppliers for Goods and Services	-	-	(571,355)	(4,064)
Cash Paid to Employees for Services	-	-	(365,694)	-
Loans to Municipalities	(141,017,000)	-	-	(12,452,073)
Bond Issue Costs	(1,146,097)	-	-	-
Other Receipts	-	-	360,315	-
Net Cash Provided (Used) by Operating Activities	(67,881,739)	7,832,788	(576,734)	(1,854,485)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipts from Other Governments - Grants	-	-	-	150,000
Proceeds from Debt Issuance	207,787,851	-	-	5,000,000
Principal Reductions	(110,216,000)	(4,390,000)	-	-
Interest Paid	(31,388,208)	(3,497,000)	-	(201,523)
Interest Rebate	1,304,096	-	-	-
Transfers In	-	-	695,098	4,064
Transfers Out	(677,475)	-	(4,064)	-
Net Cash Provided (Used) by Noncapital Financing Activities	66,810,264	(7,887,000)	691,034	4,952,541
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales of Investments	31,105,141	-	31,254,080	-
Purchase of Investments	(30,218,451)	-	(29,116,041)	-
Interest and Dividends	3,662,850	29,420	1,232,841	138,284
Net Cash Provided (Used) by Investing Activities	4,549,540	29,420	3,370,880	138,284
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	3,478,065	(24,792)	3,485,180	3,236,340
Cash and Cash Equivalents - Beginning of Year	10,404,966	53,190	847,509	1,756,012
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,883,031	\$ 28,398	\$ 4,332,689	\$ 4,992,352

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, 2025**

	Energy Efficiency Program Fund	Small System Capacity and Resiliency Program Fund	Vermont Infrastructure Sustainability Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Municipalities and the Vermont State College System:				
Principal	\$ 93,217	\$ -	\$ -	\$ 67,401,841
Interest (Net of Refunding Interest Savings)	24,069	-	-	25,431,243
Cash Paid to Suppliers for Goods and Services	(74,128)	(120,993)	-	(770,540)
Cash Paid to Employees for Services	(20,971)	(83,984)	-	(470,649)
Loans to Municipalities	(2,840,000)	(53,465)	-	(156,362,538)
Bond Issue Costs	-	-	-	(1,146,097)
Other Receipts	3,250	-	-	363,565
Net Cash Provided (Used) by Operating Activities	(2,814,563)	(258,442)	-	(65,553,175)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipts from Other Governments - Grants	-	4,181,938	7,500,000	11,831,938
Proceeds from Debt Issuance	3,234,772	-	-	216,022,623
Principal Reductions	-	-	-	(114,606,000)
Interest Paid	-	-	-	(35,086,731)
Interest Rebate	-	-	-	1,304,096
Transfers In	-	-	-	699,162
Transfers Out	(17,623)	-	-	(699,162)
Net Cash Provided (Used) by Noncapital Financing Activities	3,217,149	4,181,938	7,500,000	79,465,926
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales of Investments	-	-	-	62,359,221
Purchase of Investments	-	-	-	(59,334,492)
Interest and Dividends	12,568	65,119	9,128	5,150,210
Net Cash Provided (Used) by Investing Activities	12,568	65,119	9,128	8,174,939
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	415,154	3,988,615	7,509,128	22,087,690
Cash and Cash Equivalents - Beginning of Year	1,491,704	66	-	14,553,447
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,906,858	\$ 3,988,681	\$ 7,509,128	\$ 36,641,137

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, 2025**

	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)	\$ 20,990,996	\$ 3,387,613	\$ (534,127)	\$ 250,345
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	-	45,093	-
(Increase) Decrease In Following Assets:				
Accrued Interest Receivable	(405,360)	55,175	-	(34,075)
Accounts Receivable	14,832	-	(41,532)	-
Prepaid Expenses	-	-	(9,592)	-
Loans Receivable	(88,479,694)	4,390,000	-	(13,300,623)
Due from Other Funds	-	-	(75,146)	-
Deferred Outflows	-	-	(45,549)	-
Increase (Decrease) in Following Liabilities:				
Accounts Payable	(2,512)	-	(1,535)	848,550
Due to Other Funds	-	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ (67,881,738)	\$ 7,832,788	\$ (662,388)	\$ (12,235,803)
 RECONCILIATION OF CASH TO STATEMENT OF NET POSITION				
Unrestricted Cash and Cash Equivalents	\$ 12,564,614	\$ -	\$ 4,332,689	\$ -
Restricted Cash and Cash Equivalents	1,318,417	28,398	-	4,992,352
Total Cash and Cash Equivalents	\$ 13,883,031	\$ 28,398	\$ 4,332,689	\$ 4,992,352
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Lease Liability	\$ -	\$ -	\$ 123,106	\$ -
Lease Asset	-	-	45,549	-
Refunding Gain/Loss Amortization	1,562,550	-	-	-

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, 2025

	Energy Efficiency Program Fund	Small System Capacity and Resiliency Program Fund	Vermont Infrastructure Sustainability Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (238,423)	\$ (277,312)	-	\$ 23,579,092
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	-	-	45,093
(Increase) Decrease In Following Assets:				
Accrued Interest Receivable	(4,244)	-	-	(388,504)
Accounts Receivable	-	(80,171)	-	(106,871)
Prepaid Expenses	-	-	-	(9,592)
Loans Receivable	(2,840,000)	-	-	(100,230,317)
Due from Other Funds	-	-	-	(75,146)
Deferred Outflows	-	-	-	(45,549)
Increase (Decrease) in Following Liabilities:				
Accounts Payable	172,076	-	-	1,016,579
Due to Other Funds	41,354	99,107	-	140,461
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,869,237)</u>	<u>\$ (258,376)</u>	<u>\$ -</u>	<u>\$ (76,074,754)</u>
RECONCILIATION OF CASH TO STATEMENT OF NET POSITION				
Unrestricted Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 16,897,303
Restricted Cash and Cash Equivalents	1,906,858	3,988,681	7,509,128	19,743,834
Total Cash and Cash Equivalents	<u>\$ 1,906,858</u>	<u>\$ 3,988,681</u>	<u>\$ 7,509,128</u>	<u>\$ 36,641,137</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Lease Liability	\$ -	\$ -	\$ -	\$ 123,106
Lease Asset	-	-	-	45,549
Refunding Gain/Loss Amortization	-	-	-	1,562,550

See accompanying Notes to Financial Statements.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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, 2025, 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, 2025**

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.
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.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS (CONTINUED)

A. Authorizing Legislation (Continued)

<u>Date</u>	<u>Resolution</u>
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.
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.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS (CONTINUED)

A. Authorizing Legislation (Continued)

<u>Date</u>	<u>Resolution</u>
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.
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.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS (CONTINUED)

A. Authorizing Legislation (Continued)

<u>Date</u>	<u>Resolution</u>
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.
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.
February 1, 2025	2025 Series 1 Resolution authorizing the issuance of \$67,325,000 2025 Series 1 Local Investment Bonds.
July 1, 2025	2025 Series 2 Resolution authorizing the issuance of the \$74,300,000 2025 Series 2 General Obligation Bonds and the \$52,580,000 2025 Series 3 Refunding Bonds and the refunding of the 2015 Series 1 Refunding Bonds, 2015 Series 4 Bonds, 2015 Series 5 Refunding Bonds, 2018 Series 1 Bonds, and the 2018 Series 2 Bonds.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS (CONTINUED)

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.

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 (EETF) 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.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF FUNDS (CONTINUED)

B. Basis of Presentation and Nature of Funds (Continued)

Small System Capacity and Resiliency Program Fund

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

Vermont Infrastructure Sustainability Fund

The Vermont Infrastructure Sustainability Fund (VISF) reports on activities to provide capital for municipalities to extend and increase the capacity of water, sewer, transportation, and other public infrastructure where a lack of capacity or extension is a barrier to new housing development. The VISF is funded from a grant provided by the State of Vermont Department of Housing and Community Development.

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.

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.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025, 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, 2025**

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 11.

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 2025.

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, 2025**

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 leases 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.

When both restricted and unrestricted resources are available for use, it is the Bond Bank's policy to use restricted resources first, then unrestricted resources as needed.

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, 2025, the bank balance of general reserve cash held by the Operating Fund, MCRF Fund, EEPF Fund and SCRPF Fund totaled \$22,735,576. Of this total, \$11,812,771 was in collateralized and FDIC-insured cash accounts. The remaining total of \$10,922,805 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, 2025**

NOTE 4 INVESTMENTS

Unrestricted cash and cash equivalents in the Bond Fund of \$12,564,486 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, 2025 are identified as follows.

	<u>Operating Fund</u>
Corporate Securities	\$ 8,606,681
Foreign Bonds	977,095
Mortgage Backed Securities (MBS)	1,506,997
U.S. Treasury Securities	11,206,115
Total	\$ 22,296,888

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 INVESTMENTS (CONTINUED)

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, 2025, 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, 2025, the Bond Bank's unrestricted investments are identified in the table below:

S&P Credit Ratings	Corporate Securities	Foreign Bonds	Mortgage Backed Securities	U.S. Treasury Securities
AAA	\$ 2,862,553	\$ -	\$ -	\$ -
AA+	-	-	1,506,997	11,206,115
AA	172,923	-	-	-
AA-	238,143	85,067	-	-
A+	587,819	161,166	-	-
A	755,242	262,843	-	-
A-	533,430	170,902	-	-
BBB+	351,828	26,000	-	-
BBB	1,807,591	219,987	-	-
BBB-	1,209,916	51,130	-	-
BB+	31,310	-	-	-
BB	55,926	-	-	-
Total	<u>\$ 8,606,681</u>	<u>\$ 977,095</u>	<u>\$ 1,506,997</u>	<u>\$ 11,206,115</u>

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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	1.00
Corporate Securities	2.67
Foreign Bonds	2.50
Mortgage Backed Securities (MBS)	3.06
MBS: Collateralized	3.63
U.S. Treasury Securities	1.43

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, 2025, 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, 2025**

NOTE 4 INVESTMENTS (CONTINUED)

The classification and fair value of restricted investments held at December 31, 2025 are as follows:

	Bond Fund
U.S. Treasury Bonds	\$ 29,692,688
U.S. Treasury Notes	24,896,489
U.S. Treasury Strips	8,877,814
U.S. Governments	902,032
Total	\$ 64,369,023

Restricted investments in the Bond Fund at December 31, 2025 mature as follows:

Investment Type	Fair Value	Investment Maturity (in Years)			
		< 1	1-5	6-10	> 10
U.S. Treasury Bonds	\$ 29,692,688	\$ -	\$ 1,245,656	\$ 3,080,078	\$ 25,366,954
U.S. Treasury Notes	24,896,489	1,117,625	9,813,374	7,058,186	6,907,304
U.S. Treasury Strips	8,877,814	1,106,701	2,949,203	4,821,910	-
U.S. Governments	902,032	-	902,032	-	-
Total	\$ 64,369,023	\$ 2,224,326	\$ 14,910,265	\$ 14,960,174	\$ 32,274,258

As of December 31, 2025, 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, 2025, \$1,318,417 and \$28,398 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, 2025, \$4,992,352, \$1,906,858, \$3,988,681, and \$7,509,128 of cash, respectively, reported in the MCRF, EEPF, SCRPF, and VISF funds were restricted by the terms of the debt and grant agreements applicable to each fund.

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.

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LOANS RECEIVABLE

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:

<u>Description</u>	<u>Bond Fund</u>	<u>Special Obligation Fund</u>	<u>MCRF Fund</u>	<u>EEPF Fund</u>
Loans Receivable:				
January 1, 2025	\$ 591,057,117	\$ 79,005,000	\$ 17,979,293	\$ 264,387
Loan Disbursements	141,017,000	-	13,250,623	2,840,000
Loan Repayments	<u>(52,537,306)</u>	<u>(4,390,000)</u>	<u>(10,381,318)</u>	<u>(93,217)</u>
Loans Receivable:				
December 31, 2025	<u>\$ 679,536,811</u>	<u>\$ 74,615,000</u>	<u>\$ 20,848,598</u>	<u>\$ 3,011,170</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, 2025 included interest credits to municipalities from the following refundings below.

	<u>Other Expense</u>
Refundings:	
2015 Series 1	\$ 2,448
2015 Series 3	24,571
2015 Series 4	8,884
2015 Series 5	4,730
2016 Series 2	141,475
2017 Series 4	93,416
2021 Series 2	19,981
2021 Series 4	79,744
2022 Series 1	1,645
2022 Series 3	960,138
2023 Series 3	172,203
2024 Series 3	334,909
2025 Series 3	421,845
Total	<u>\$ 2,265,989</u>

**VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 is shown in the following table:

	Balance January 1, 2025	Increase	Decrease	Balance December 31, 2025
Capital Assets Being Depreciated/Amortized:				
Computer Equipment and Software	\$ 50,444	\$ -	\$ -	\$ 50,444
Furniture and Fixtures	55,201	-	-	55,201
Leasehold Improvements	46,273	-	-	46,273
Right-to-Use Asset - Building	75,442	123,106	-	198,548
Total Capital Assets Being Depreciated/Amortized	227,360	123,106	-	350,466
Less: Accumulated Depreciation/Amortization for:				
Computer Equipment and Software	(11,537)	(15,509)	-	(27,046)
Furniture and Fixtures	(24,148)	(7,886)	-	(32,034)
Leasehold Improvements	(21,483)	(6,610)	-	(28,093)
Right-to-Use Asset - Building	(57,838)	(15,088)	-	(72,926)
Total Accumulated Depreciation/Amortization	(115,006)	(45,093)	-	(160,099)
Capital Assets, Net	<u>\$ 112,354</u>	<u>\$ 78,013</u>	<u>\$ -</u>	<u>\$ 190,367</u>

NOTE 7 BOND LIABILITY ACTIVITY

Bond liability activity for the year ended December 31, 2025, was as follows:

	January 1, 2025	Additions	Reductions	December 31, 2025	Amounts Due Within One Year
Bonds and Notes Payable Plus Unamortized Premium (Discount)	\$ 715,297,010	\$ 217,593,000	\$ (129,759,228)	\$ 803,130,782	\$ 55,485,085
Total Bonds and Notes Payable	49,091,210	13,582,851	(11,852,891)	50,821,170	-
Accrued Arbitrage Rebate	764,388,220	231,175,851	(141,612,119)	853,951,952	55,485,085
Total	49,419	270,552	(15,976)	303,995	-
Total	<u>\$ 764,437,639</u>	<u>\$ 231,446,403</u>	<u>\$ (141,628,095)</u>	<u>\$ 854,255,947</u>	<u>\$ 55,485,085</u>

VERMONT BOND BANK
(A COMPONENT UNIT OF THE STATE OF VERMONT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 BONDS PAYABLE

Bonds payable as of December 31, 2025 consist of the following:

Issuance	Maturity Date	Interest Rate (%)	Outstanding at January 1, 2025	Issued	Redeemed	Outstanding at December 31, 2025
Term Bonds:						
2008 Series 2 Bonds	12/01/32	6.25%	\$ 4,445,000	\$ -	\$ (330,000)	\$ 4,115,000
2010 Series 2 Bonds	12/01/25	5.12%	450,000	-	(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	12/01/35	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%	-	-	-	-
2015 Series 1 Bonds	12/01/37	3.75%	695,000	-	(695,000)	-
2015 Series 2 Bonds	12/01/45	4.00%	1,445,000	-	295,000	1,740,000
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%	7,065,000	-	(436,000)	6,629,000
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	5.25%	6,950,000	-	-	6,950,000
2024 Series 1 Bonds	12/01/54	4.13%	6,830,000	-	-	6,830,000
2024 Series 2 Bonds	12/01/49	4.00%	725,000	-	-	725,000
2024 Series 2 Bonds	12/01/54	4.00%	1,215,000	-	-	1,215,000
2025 Series 1 Bonds	12/01/50	5.00%	-	8,405,000	-	8,405,000
2025 Series 1 Bonds	12/01/55	4.38%	-	9,475,000	-	9,475,000
2025 Series 2 Bonds	12/01/50	5.00%	-	7,355,000	-	7,355,000
2025 Series 2 Bonds	12/01/55	5.00%	-	3,470,000	-	3,470,000
Serial Bonds:						
2010 Series 5 Bonds	12/01/25	5.454 - 5.604%	1,185,000	-	(1,185,000)	-
2014 Series 3 Bonds	12/01/34	5.00%	-	-	-	-
2015 Series 2 Bonds	12/01/35	2.00 - 5.00%	3,955,000	-	(3,235,000)	720,000
2016 Series 1 Bonds	12/01/36	2.00 - 5.00%	22,565,000	-	(1,780,000)	20,785,000

VERMONT BOND BANK
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NOTE 8 BONDS PAYABLE (CONTINUED)

Issuance	Maturity Date	Interest Rate (%)	Outstanding at January 1, 2025	Issued	Redeemed	Outstanding at December 31, 2025
2017 Series 1 Bonds	12/01/37	2.50 - 5.00%	\$ 20,145,000	\$ -	\$ (1,320,000)	\$ 18,825,000
2017 Series 2 Bonds	12/01/30	2.25 - 5.00%	2,030,000	-	(335,000)	1,695,000
2017 Series 3 Bonds	12/01/37	5.00%	16,195,000	-	(1,260,000)	14,935,000
2018 Series 1 Bonds	12/01/34	4.00 - 5.00%	3,335,000	-	(3,335,000)	-
2018 Series 2 Bonds	12/01/38	2.25 - 5.00%	23,920,000	-	(19,315,000)	4,605,000
2019 Series 1 Bonds	12/01/39	3.00 - 5.00%	13,215,000	-	(760,000)	12,455,000
2019 Series 2 Bonds	12/01/39	3.00 - 5.00%	22,615,000	-	(1,710,000)	20,905,000
2020 Series 1 Bonds	12/01/40	2.00 - 5.00%	15,700,000	-	(915,000)	14,785,000
2020 Series 2 Bonds	12/01/40	2.00 - 5.00%	12,935,000	-	(755,000)	12,180,000
2021 Series 1 Bonds	12/01/41	2.125 - 5.00%	23,580,000	-	(1,255,000)	22,325,000
2021 Series 3 Bonds	12/01/35	4.00 - 5.00%	9,710,000	-	(815,000)	8,895,000
2022 Series 2 Bonds	12/01/43	3.50 - 5.00%	19,470,000	-	(945,000)	18,525,000
2023 Series 1 Bonds	12/01/46	4.00 - 5.00%	12,275,000	-	(95,000)	12,180,000
2023 Series 2 Bonds	12/01/40	5.00%	20,070,000	-	(1,540,000)	18,530,000
2024 Series 1 Bonds	12/01/44	5.00%	52,235,000	-	(1,510,000)	50,725,000
2024 Series 2 Bonds	12/01/44	5.00%	46,540,000	-	(2,130,000)	44,410,000
2025 Series 1 Bonds	12/01/45	5.00%	-	49,445,000	(1,005,000)	48,440,000
2025 Series 2 Bonds	12/01/45	5.00%	-	63,475,000	(740,000)	62,735,000
Refunding Bonds:						
2014 Series 4 Bonds	12/01/26	3.00 - 5.00%	-	-	-	-
2015 Series 1 Bonds	12/01/27	1.875 - 5.00%	8,015,000	-	(8,015,000)	-
2015 Series 3 Bonds	12/01/25	2.00 - 3.00%	110,000	-	(110,000)	-
2015 Series 5 Bonds	12/01/35	2.00 - 5.00%	24,730,000	-	(24,155,000)	575,000
2016 Series 2 Bonds	12/01/36	5.00%	36,375,000	-	(4,130,000)	32,245,000
2017 Series 4 Bonds	12/01/33	3.125 - 5.00%	23,215,000	-	(2,340,000)	20,875,000
2021 Series 4 Bonds	12/01/33	4.00 - 5.00%	915,000	-	(105,000)	810,000
2022 Series 3 Bonds	12/01/33	4.00 - 5.00%	16,555,000	-	(1,875,000)	14,680,000
2023 Series 3 Bonds	12/01/33	5.00%	17,685,000	-	(2,730,000)	14,955,000
2024 Series 3 Bonds	12/01/38	5.00%	28,150,000	-	(4,095,000)	24,055,000
2025 Series 3 Bonds	12/01/37	5.00%	-	52,580,000	(5,605,000)	46,975,000
Special Obligation Bonds - VSCS:						
2017 Series A Bonds	12/01/37	4.00 - 5.00%	56,365,000	-	(3,195,000)	53,170,000
2020 Series A Bonds	12/01/37	3.00 - 5.00%	22,640,000	-	(1,195,000)	21,445,000
MCRF Fund - OST Loan (1)						
5 Year Loan	04/01/29	1.00%	9,436,900	-	(9,436,900)	-
7 Year Loan	04/01/31	1.50%	5,563,100	-	(5,563,100)	-
5 Year Loan	04/01/30	1.00%	-	12,583,000	-	12,583,000
7 Year Loan	04/01/32	1.50%	-	7,417,000	-	7,417,000
EPPF Fund - USDA Loan (1)						
Special Advance	10/01/44	0.00%	1,600,000	-	-	1,600,000
Loan Draw 1	12/18/34	0.00%	282,010	-	(28,438)	253,572
Loan Draw 2	06/16/35	0.00%	-	2,475,000	(124,790)	2,350,210
Loan Draw 3	12/11/35	0.00%	-	518,000	-	518,000
Loan Draw 4	12/19/35	0.00%	-	395,000	-	395,000
Subtotal Long-Term Debt			715,297,010	217,593,000	(129,759,228)	803,130,782
Unamortized Premium			49,091,210	13,582,851	(11,852,891)	50,821,170
Total			<u>\$ 764,388,220</u>	<u>\$ 231,175,851</u>	<u>\$ (141,612,119)</u>	<u>\$ 853,951,952</u>

(1) Bonds from direct borrowing

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NOTE 8 BONDS PAYABLE (CONTINUED)

The annual requirements to amortize bonds payable as of December 31, 2025 are as follows:

<u>Year Ending December 31,</u>	Total	
	Principal	Interest
2026	\$ 55,485,085	\$ 35,959,794
2027	60,938,085	33,264,626
2028	57,943,085	30,393,710
2029	57,132,085	27,662,180
2030	55,390,085	24,983,200
2031 to 2035	237,503,357	88,439,155
2036 to 2040	144,886,000	45,324,470
2041 to 2045	74,116,000	22,563,358
2046 to 2050	38,322,000	9,566,552
2051 to 2055	21,415,000	2,699,381
Total	803,130,782	318,157,046
Unamortized Premium	50,821,170	-
Total	\$ 853,951,952	\$ 318,157,046

The deferred outflow at December 31, 2025 consists of the deferred loss on refunding of debt related to the following issuances:

Refundings:	
2016 Series 2	\$ 4,465,334
2017 Series 4	1,645,001
Total	\$ 6,110,335

2025 Refunding

The Bond Bank issued \$52,580,000 of 2025 Series 3 General Obligation Refunding Bonds, dated December 1, 2025, for the purpose of refunding of \$3,335,000 of the 2018 Series 1 Bonds, \$19,315,000 of 2018 Series 2 Bonds, \$8,710,000 of 2015 Series 1 Refunding Bonds, \$2,940,000 of the 2015 Series 2 Bonds, and \$24,155,000 of 2015 Series 5 Refunding Bonds. The interest rate on the bonds is 5%. Payments to bondholders are scheduled to commence on December 1, 2025, and terminate on December 1, 2037. As a result of the refunding transaction, the Bond Bank reduces its total debt service payments over the next 20 years by \$4,952,800 and achieves an economic gain of \$1,803,768.

A deferred inflow related to the gain on the 2025 Series 3 refunding of bonds payable of \$1,522,699 is reported as of December 31, 2025.

**VERMONT BOND BANK
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NOTE 8 BONDS PAYABLE (CONTINUED)

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, 2025, the VSCS outstanding bonds payable were \$53,170,000 of 2017 VSCS Series A Bonds and \$21,445,000 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, 2025, outstanding notes totaled \$20,000,000.

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, 2025, outstanding notes totaled \$5,116,782.

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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	\$ 59,408,430
Reserve Requirement	<u>50,838,218</u>
Excess Above Requirement	<u><u>\$ 8,570,212</u></u>

The value includes amortization of premium or discount and accrued interest on securities held in the reserve funds. Restricted cash of \$1,318,417 is included in the amortized value at December 31, 2025.

NOTE 10 INTERFUND ACTIVITY

Interfund transfer activity for the year ended December 31, 2025 is presented as follows:

Transfers Out:	Transfers In:		
	Operating Fund	Municipal Climate Recovery Fund	Total
Bond Fund	\$ 677,475	\$ -	\$ 677,475 (1)
Operating Fund	-	4,064	4,064 (2)
Energy Efficiency Program Fund	<u>17,623</u>	-	<u>17,623 (3)</u>
Total	<u><u>\$ 695,098</u></u>	<u><u>\$ 4,064</u></u>	<u><u>\$ 699,162</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.
- (3) Represents the return of interest earnings on previous cash advances from the operating fund.

As of December 31, 2025, the Operating Fund reports a "Due from other funds" in the amount of \$140,461; which was advanced to the EEPF (\$41,354) and SCRPF (\$99,107) funds for program implementation expenses which are expected to be reimbursed.

**VERMONT BOND BANK
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NOTE 11 LEASES

Lessee

In 2025, the Vermont Bond Bank renewed its five-year lease agreement as lessee for the use of office space. The renewal period is effective March 1, 2026 and continues through July 2031. The right-to-use lease asset and related accumulated amortization are detailed in Note 6.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending December 31,</u>	Operating Fund Activities	
	Principal	Interest
2026	\$ 17,924	\$ 2,566
2027	21,730	2,858
2028	22,390	2,198
2029	23,071	1,517
2030	23,773	815
2031	14,218	142
Total Minimum Lease Payments	\$ 123,106	\$ 10,096

Total occupancy expense was \$18,857 for the fiscal year ended December 31, 2025.

Lessor

In 2022, the Vermont Bond Bank began contract leasing a portion of its leased office space to a third party. The original five-year lease was renewed through July 2031 with the first monthly payment to occur in March 2026. The Vermont Bond Bank recognized \$12,256 in lease revenue during the year related to this lease; which includes revenue from variable components of the lease totaling \$6,810. As of December 31, 2025, the balance of the deferred inflow of resources was \$48,286. 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, 2025, the Bond Bank had a simplified employee pension (SEP) plan for regular employees. In 2025, 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 2025, the Bond Bank contributed to retirement plans in the amount of \$42,340.

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DECEMBER 31, 2025**

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 \$347,622 for the year ended December 31, 2025. The total amount receivable in the Operating Fund as of December 31, 2025 was \$159,958 from these related parties.

NOTE 14 DEFICIT FUND NET POSITION

At December 31, 2025, the Special Obligation Fund reported a deficit net position of \$4,587,551. 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, 2025, the Energy Efficiency Program Fund reported a deficit net position of \$437,166. 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 has requisitioned \$5,116,782 from USDA as of December 31, 2025. 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 5, 2026, the Vermont Bond Bank issued the 2026 Series 1 and 2 Bonds in the amount of \$39,175,000 and \$17,630,000 with an interest rate of 5% and a maturity date of December 1, 2046 and December 1, 2056 respectively. The bonds were issued under the Amended and Restated General Bond Resolution, as adopted on May 3, 1988, as amended and restated as of December 1, 2025; and are designated as Community Revenue Bonds to make loans to Governmental Units through the purchase of Municipal Bonds issued by such Governmental units.

The Bond Bank has evaluated subsequent events through April 17, 2026, the date on which the financial statements were available to be issued.



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