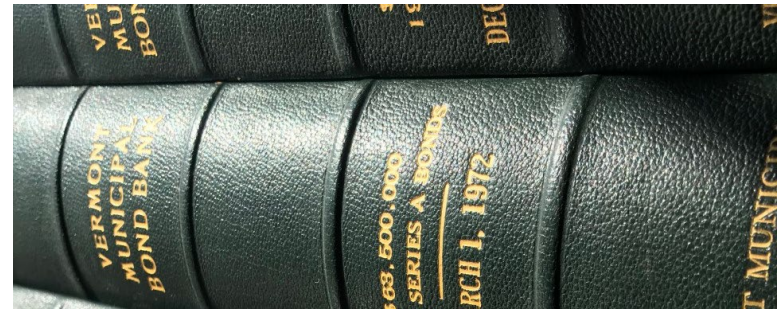




Vermont
Bond Bank



2020 VERMONT BOND BANK PORTFOLIO DEBT MEDIANS

Released August 12th, 2020

Median Methodology & Related Limitations

- Financial statement results are regularly entered into database while reviewing loan applications and conducting annual portfolio review
- More entries occur during the loan review process, so medians are bias towards entities planning for new debt issuance and related capital spending
- Entries over last 2 years selected to be included in medians
 - As a result, medians will change over time as more recent entries are included
- Only one entry per entity and fund type (governmental activities vs water fund) used to calculate median; most recent statement of entity used in median calculation
- Not all borrowers within portfolio regularly have third party financial audit and comparable data is sometimes incomplete
- No attempt was made to combine the financial statements of consolidated school districts
- Database is evolving and new categories of data are added over time

Shortcomings of Debt Benchmarking

Medians may or may not represent an appropriate peer group

Medians may reflect unique circumstances or characteristics of Bond Bank borrowers

Medians provide starting point for affordability analysis but are silent on community values

Medians do not help prioritize or inform the type of projects that are financed with debt

Governmental Activities Ratio Definitions

Unassigned GF Balance as % of Revenue	Unassigned general fund balance divided by total general fund revenues
Cash as % of Revenue	Cash and investments for the general fund, divided by total general fund revenues
Total Long-Term Debt	Bonded debt and similar obligations reported for Governmental Activities only (i.e. no enterprise or business type activities); debt associated with pending loan applications included
Debt Service as % of Operating Expenses	Debt service expenditures (principal and interest) for all operating funds combined divided by operating expenditures (including expenditure of debt service funds); debt service associated with pending loan applications included
Debt Service as % of Revenue	Debt service expenditures (principal and interest) for all operating funds (including debt service funds) combined divided by operating revenues including expenditure of debt service funds; debt service associated with pending loan applications included
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)
10 Year Debt Payoff	Amount of principal that will be amortized in next ten years divided by total long-term debt (debt associated with pending loan applications not included)
Long Term Debt to Full Value (Grand List)	Long term debt outstanding (including capital leases) divided by full value (actual value of Grand List) for the most recent year available (expressed as a percent)
Government Activity LTD per Capita	Total long-term debt (including capital leases) divided by population for the most recent year available

Adopted from Moody's Investor Services definitions

School District Ratio Definitions

Unassigned / assigned GF Balance as % of Revenue	Combined unassigned and assigned general fund balance divided by total general fund revenues
Cash as % of Revenue	Cash and investments for the general fund, divided by total general fund revenues
Total Long-Term Debt	Bonded debt and similar obligations reported for Governmental Activities only (i.e. no enterprise or business type activities); debt associated with pending loan applications included
Debt Service as % of Operating Expenses	Debt service expenditures (principal and interest) for all operating funds combined divided by operating expenditures (including expenditure of debt service funds); debt service associated with pending loan applications included
Debt Service as % of Revenue	Debt service expenditures (principal and interest) for all operating funds (including debt service funds) combined divided by operating revenues including expenditure of debt service funds; debt service associated with pending loan applications included
10 Year Debt Payoff	Amount of principal that will be amortized in next ten years divided by total long-term debt (debt associated with pending loan applications not included)
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent)

Adopted from Moody's Investor Services definitions

Water & Sewer Enterprise Activities Ratio Definitions

Reserves to Operations & Maintenance Expenses	Unrestricted reserves divided by Total Operating & Maintenance Expenses; unrestricted net position used as proxy for available financial resources at Bond Bank discretion when amount of reserves is not otherwise available; capital reserves included if not limited for use in specific project
Days Cash on Hand	Days of cash on hand is calculated by dividing unrestricted cash and cash equivalents by the system's average daily cost of operations, excluding depreciation (annual operating expenses, excluding depreciation, divided by 365)
Total Long-Term Debt	Bonded debt and similar obligations reported for individual funds; debt associated with pending loan applications included at Bond Bank discretion on pro forma basis
Maximum Annual Debt Service Coverage(x)	Gross Revenues minus Total Operating & Maintenance Expenses (O&M) divided by maximum annual debt service; debt service associated with pending loan applications included at Bond Bank discretion on pro forma basis
Debt Ratio	Total debt divided by Net Working Capital and Net Fixed Assets
Debt Service as % of Operating Expenses	Debt service expenditures (principal and interest) divided by operating expenditures
Debt Service as % of Revenue	Debt service expenditures (principal and interest) divided by all operating revenues
Long Term Debt to Revenue	Long-term debt (including current portion and capital leases) divided operating revenues (expressed as a percent); debt associated with pending loan applications included at Bond Bank discretion on pro forma basis
Operating Ratio	Operating Ratio is the ratio of operating expenses to operating revenues

Adopted from Moody's Investor Services definitions

2020 Bond Bank Medians

Governmental Activities			School Districts			Water & Sewer Enterprise ¹		
	Median	Count		Median	Count		Median	Count
Unassigned Balance as % of Revenue	9.31%	47	(Un)assigned Balance as % of Revenue	3.81%	42	Operating Ratio	66.84%	38
Cash as % of Revenue	51.32%	44	Cash as % of Revenue	11.28%	42	Reserves as % of Operating Expenses	68.46%	34
Long Term Debt (LTD)	\$1,503,004	48	Long Term Debt (LTD)	\$2,567,500	42	Days Cash on Hand	270	34
Debt Service as % of Operating Expenses	8.70%	45	Debt Service as % of Operating Expenses	2.79%	42	Long Term Debt (LTD)	\$1,576,848	38
Debt Service as % of Revenue	8.75%	45	Debt Service as % of Revenue	2.63%	42	Debt Service Coverage Ratio	1.12x	37
LTD as % of Revenue	57.65%	47	LTD as % of Revenue	17.88%	42	Debt Ratio	54.15%	23
LTD as % of Value	0.42%	48	10 Year Debt Payoff	95.55%	41	Debt Service as % of Operating Expenses	31.77%	37
10 Year Debt Payoff	69.92%	38				Debt Service as % of Revenue	29.44%	37
LTD per Capita	\$513	48				LTD as % of Revenue	384.16%	38
<i>N = 48</i>			<i>N = 42</i>			<i>N = 38</i>		

¹ Includes special districts; medians for each fund type (i.e. does not combine water and sewer funds)



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