Town of Carolina Beach

Water, Wastewater & Stormwater Revenue Bond Financial Analysis

November 12, 2025

Willdan Financial Services

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TOWN OF CAROLINA BEACH
NORTH CAROLINA

Financial Analysis Goals & Objectives

The primary goals and objectives of the analysis include:

- **Full cost recovery** of utility expenditures
  - Operating Expenses
  - Debt Service
  - Other
- Incorporate new debt service payments
- 5-Year financial plan
- Meet/Exceed financial policy requirements

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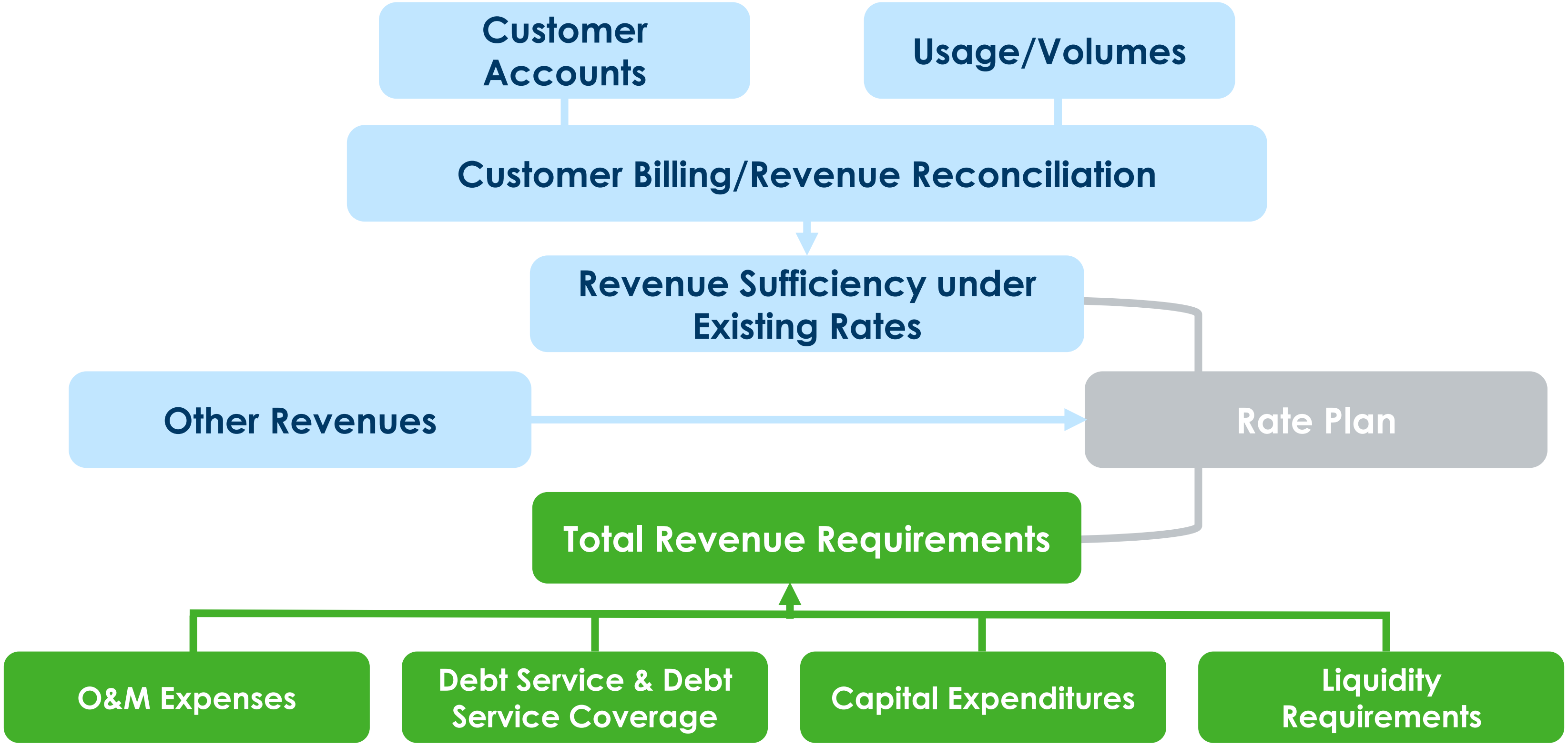
Financial Analysis Methodology



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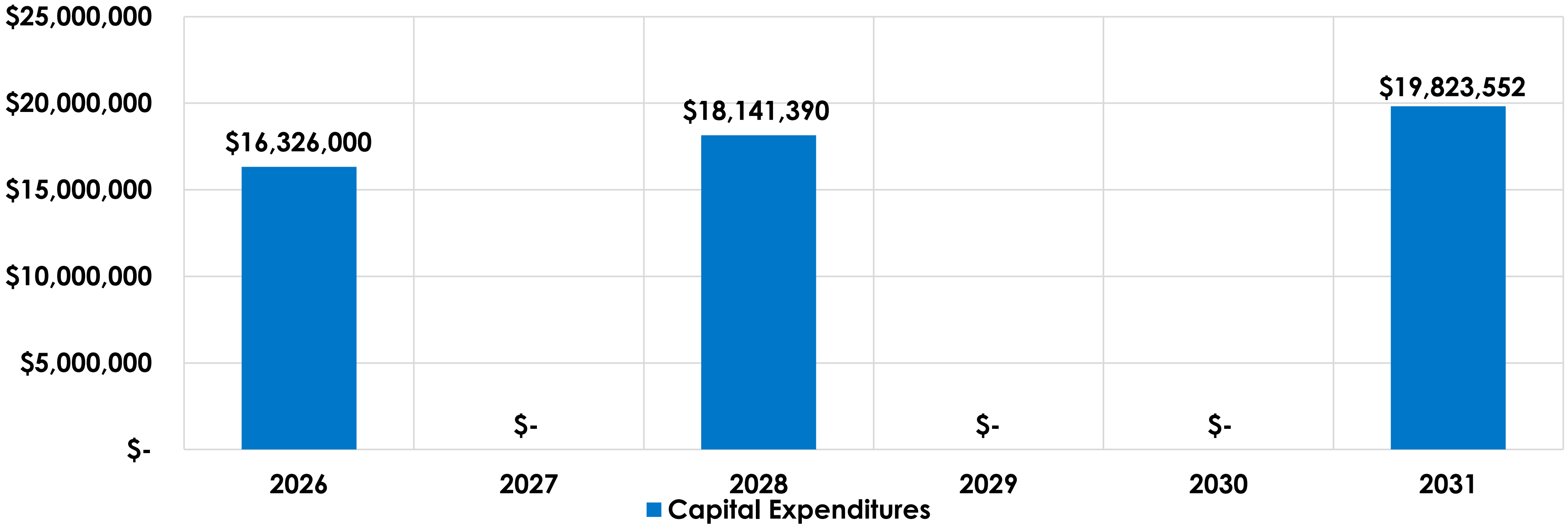
Issues Driving The Financial Plan

- Rising operating costs (supplies, equipment, etc.)
- Rising personnel costs (labor, benefits, etc.)
- Major capital expenditures
  - New Water Treatment Plant # 3
  - New 2 million GPM Tank
  - WWTP Headworks Project
  - Force Main from CB Lake to Henniker's Ditch
  - Water, Sewer & Stormwater Line Replacements

FINANCIAL PROJECTIONS

Capital Improvement Program – 6 Years



6 – Year Total = $54.2 Million

Capital Improvement Program By System

Description	Fiscal Year Ending June 30				
	2026	2027	2028	2029	2030
Capital Projects:					
Water Projects	$ 8,600,000	$ -	$ 11,669,900	$ -	$ -
Wastewater Projects	4,026,000	-	6,471,490	-	-
Stormwater Projects	3,700,000	-	-	-	-
Total Projects	**$16,326,000**	**$ -**	**$18,141,390**	**$ -**	**$ -**

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New Debt – Series 2025

Description	Project Totals
Projects:	
Automated Meter Integration System	$ 4,000,000
Alabama Avenue / 15H Water Upgrades	3,100,000
Stormwater Force Main	3,000,000
Phase C W&S Line Rehab / Replacement	3,000,000
Street Sweeper	700,000
Engineering for WWTP headworks and water tank	2,526,000
Project Totals:	**$ 16,326,000**

Existing & Future Debt

Description	Projected for Fiscal Year Ending June 30,				
	2026	2027	2028	2029	2030
Existing Debt Service					
2010 SRF	$ 40,934	$ 40,934	$ 40,934	$ 40,934	$ 40,934
2011 SRF	20,563	20,563	20,563	20,563	20,563
2014 SRF	77,902	77,902	77,902	77,902	77,902
Revenue Bonds (Senior Lien) - Series 2016	1,966,300	1,971,300	1,968,050	1,966,800	1,312,300
Existing Debt Subtotal	**$ 2,105,699**	**$ 2,110,699**	**$ 2,107,449**	**$ 2,106,199**	**$ 1,451,699**
Future Debt Service					
Enterprise System Revenue Bonds, Series 2025	$ 190,791	$ 789,481	$ 1,144,481	$ 1,146,731	$ 1,147,980
Enterprise System Revenue Bonds, Series 2028	0	0	0	0	1,420,750
Future Debt Subtotal	**$ 190,791**	**$ 789,481**	**$ 1,144,481**	**$ 1,146,731**	**$ 2,568,730**
Total Annual Debt Service	**$ 2,296,490**	**$ 2,900,180**	**$ 3,251,930**	**$ 3,252,930**	**$ 4,020,429**

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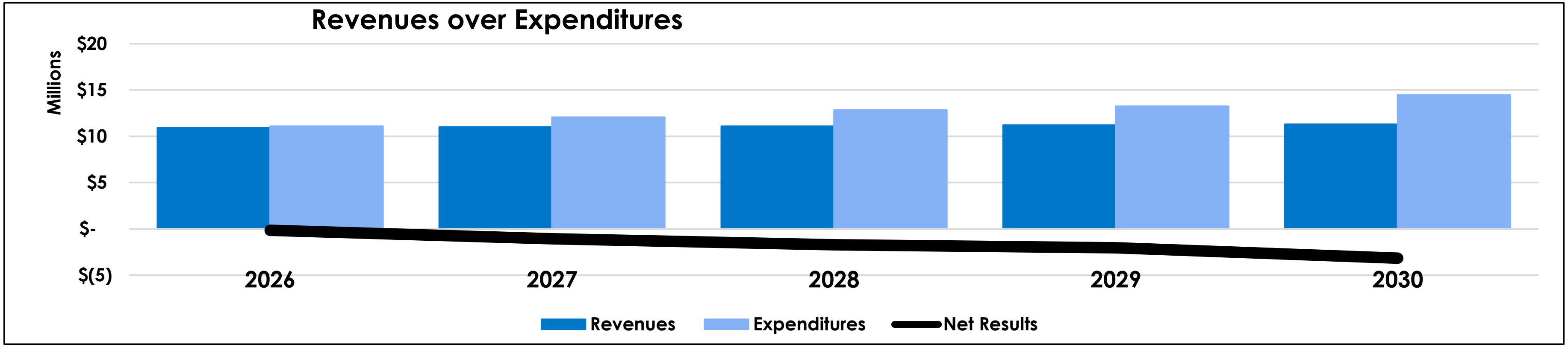
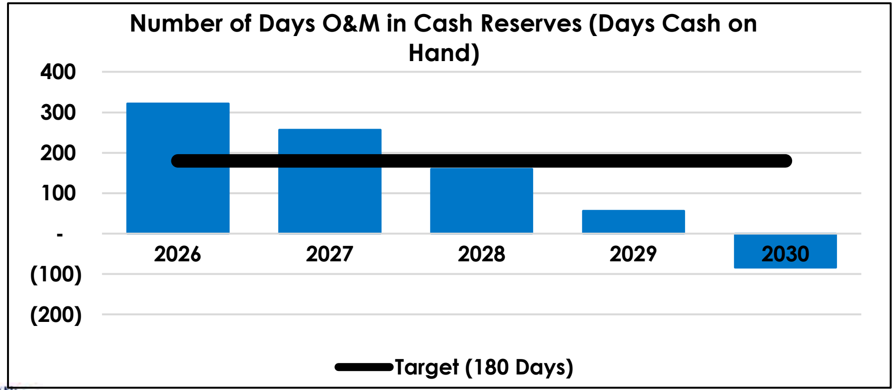
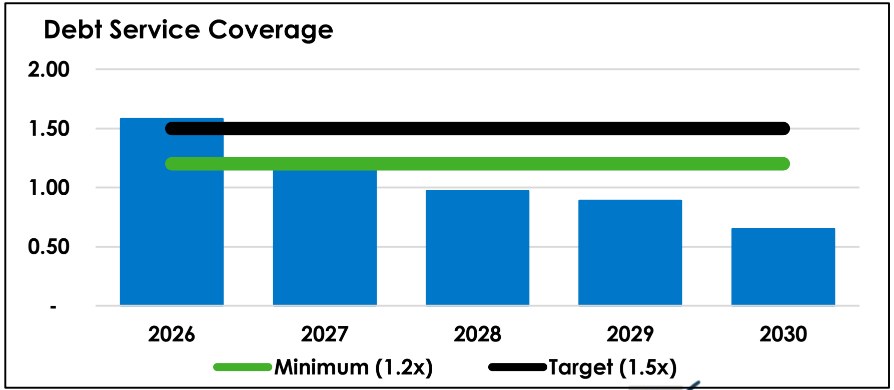
STATUS QUO FINANCIAL PROJECTIONS

Status Quo Projections – Existing Rates







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Doing nothing is **NOT** an option

FINANCIAL PROJECTIONS WITH RATE ADJUSTMENTS

Projected 5 – Year Rates - Water

Description	Existing 2026 Rates	Projected For Fiscal Year Ending June 30:			
		2027	2028	2029	2030
Monthly Fixed Charge: [1]					
3/4 Inch	$ 24.89	$ 27.10	$ 29.60	$ 32.30	$ 35.20
1.0 Inch	$ 58.52	$ 64.72	$ 71.78	$ 79.53	$ 88.00
1.5 Inch	$ 76.27	$ 96.16	$ 119.36	$ 145.88	$ 176.00
2.0 Inch	$ 120.60	$ 152.69	$ 190.13	$ 232.96	$ 281.60
3.0 Inch	$ 227.94	$ 287.77	$ 357.57	$ 437.37	$ 528.00
4.0 Inch	$ 392.03	$ 489.49	$ 603.09	$ 732.77	$ 880.00
6.0 Inch	$ 1,070.19	$ 1,212.67	$ 1,376.36	$ 1,558.47	$ 1,760.00
Volumetric Rates Per 1,000 Gallons - Water Customers:					
Tier 1 (0 - 3,000 Gallons)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Tier 2 (Over 3,000 Gallons)	$ 7.02	$ 7.65	$ 8.34	$ 9.09	$ 9.91
Irrigation Monthly Minimum Charge:					
All Meter Sizes	$ 3.23	$ 3.52	$ 3.84	$ 4.19	$ 4.57
Volumetric Rates Per 1,000 Gallons - Irrigation Customers:					
Tier 1 (0 - 1,000 Gallons)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Tier 2 (Over 1,000 Gallons)	$ 7.02	$ 7.65	$ 8.34	$ 9.09	$ 9.91
Notes:					
[1] Charges for water service outside the town limits shall be twice (200%) those of similar services inside the town limits.					

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Projected 5 – Year Rates – Wastewater & Stormwater

Description	Existing 2026 Rates	Projected For Fiscal Year Ending June 30: 2027	2028	2029	2030
Monthly Fixed Charge: [1]					
3/4 Inch	$ 44.99	$ 49.10	$ 53.50	$ 58.30	$ 63.60
1.0 Inch	$ 122.81	$ 131.20	$ 139.88	$ 149.07	$ 159.00
1.5 Inch	$ 161.73	$ 193.75	$ 229.91	$ 271.02	$ 318.00
2.0 Inch	$ 266.62	$ 316.45	$ 372.53	$ 436.18	$ 508.80
3.0 Inch	$ 503.83	$ 596.52	$ 700.81	$ 819.09	$ 954.00
4.0 Inch	$ 881.50	$ 1,028.40	$ 1,192.88	$ 1,378.71	$ 1,590.00
6.0 Inch	$ 2,405.42	$ 2,582.61	$ 2,767.70	$ 2,965.50	$ 3,180.00
Volumetric Rates Per 1,000 Gallons:					
Tier 1 (0 - 3,000 Gallons)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Tier 2 (Over 3,000 Gallons)	$ 11.92	$ 12.99	$ 14.16	$ 15.43	$ 16.82
Stormwater Drainage Fee - Per ERU					
All Customers	$ 19.13	$ 20.00	$ 21.00	$ 22.00	$ 23.00

Notes:

[1] Charges for wastewater service outside the town limits shall be twice (200%) those of similar services inside the town limits.

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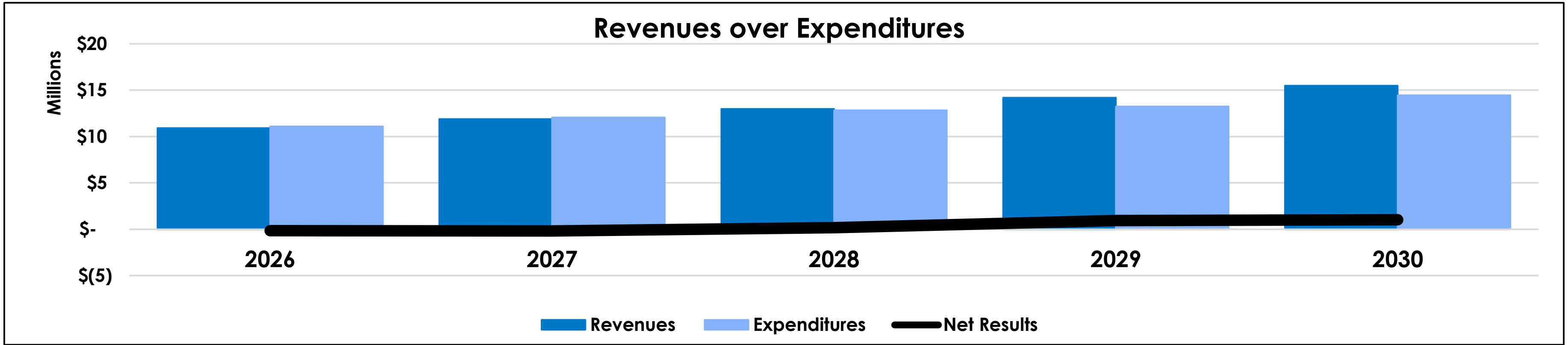
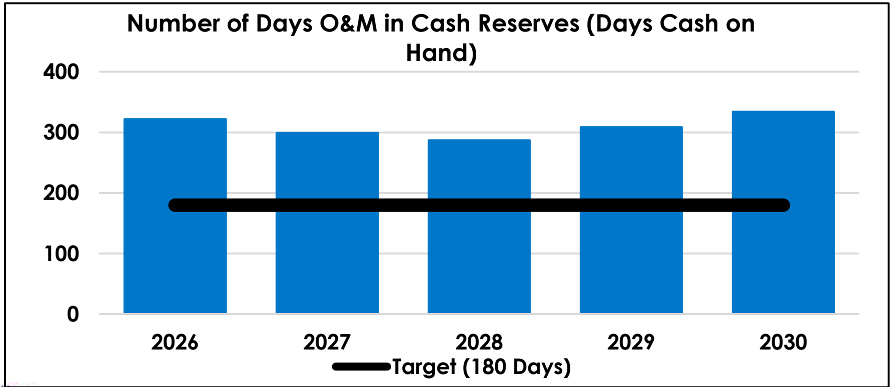
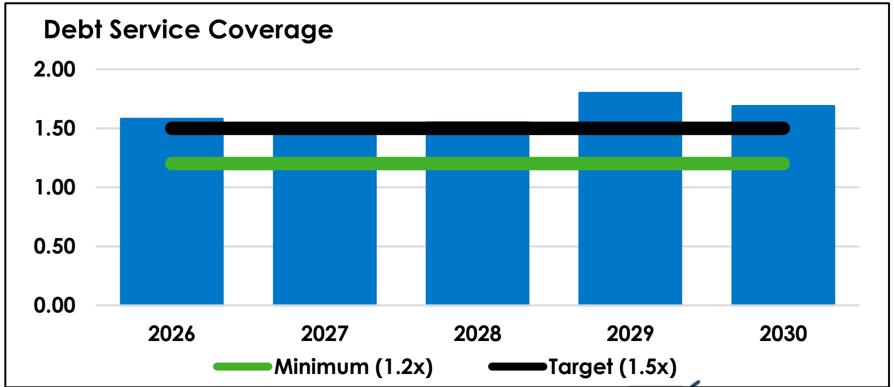
Adjusted Financial Metrics







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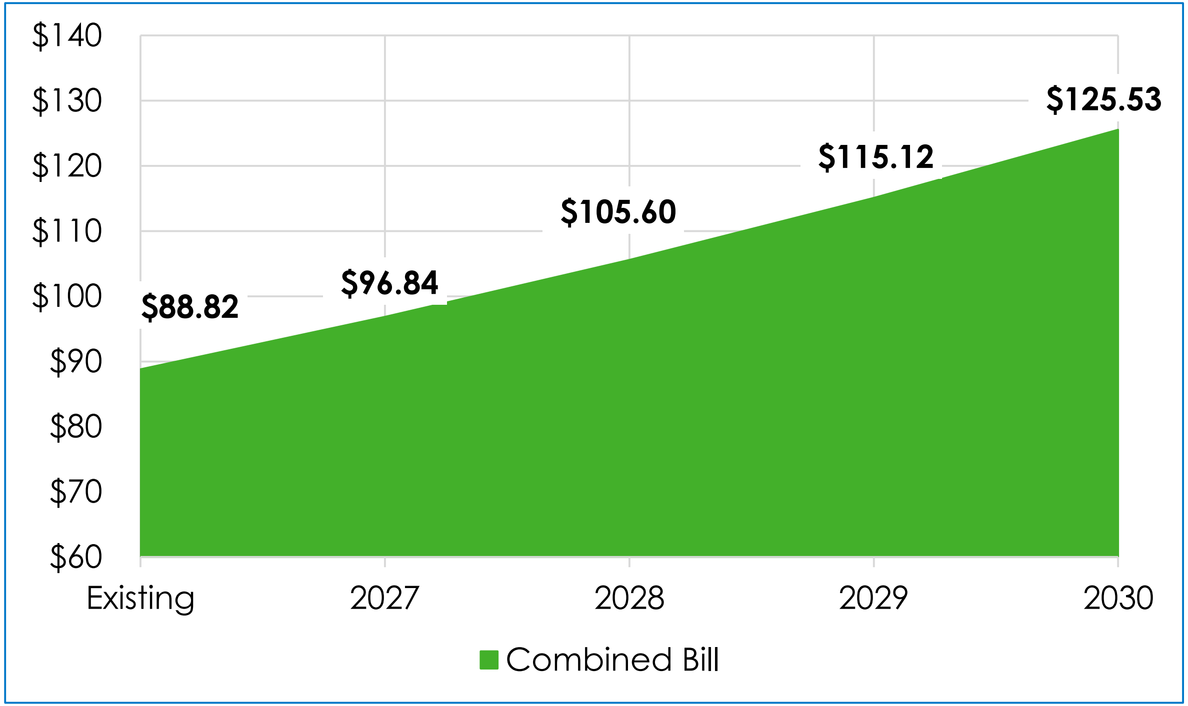
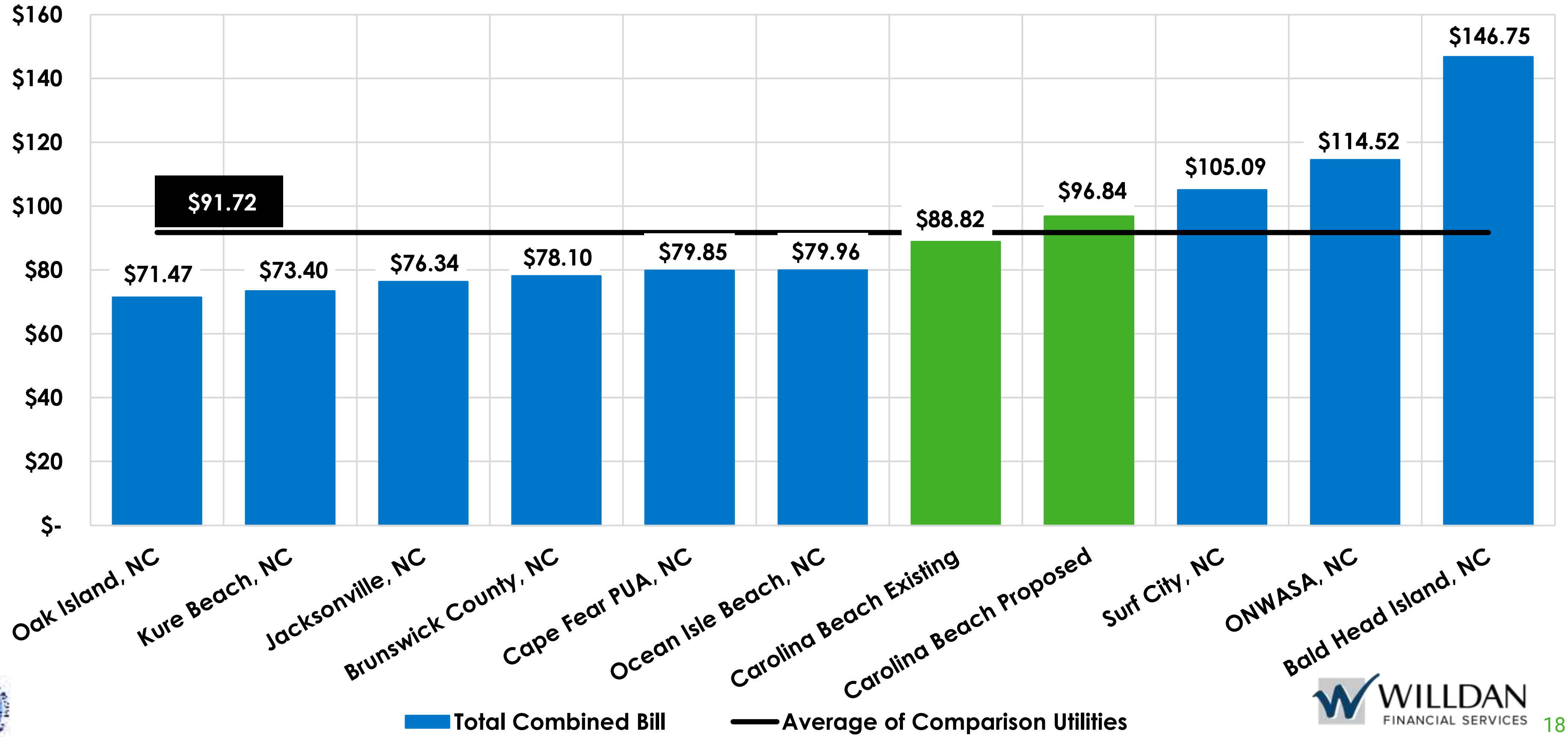
Projected Bill @ 4,000 Gallons Per Month – Water & Wastewater

Description	Existing	2027	2028	2029	2030
Total Bill	$88.82	$96.84	$105.60	$115.12	$125.53
Difference		$8.02	$8.76	$9.52	$10.41



Monthly Neighboring Utility Comparison – Water & Wastewater



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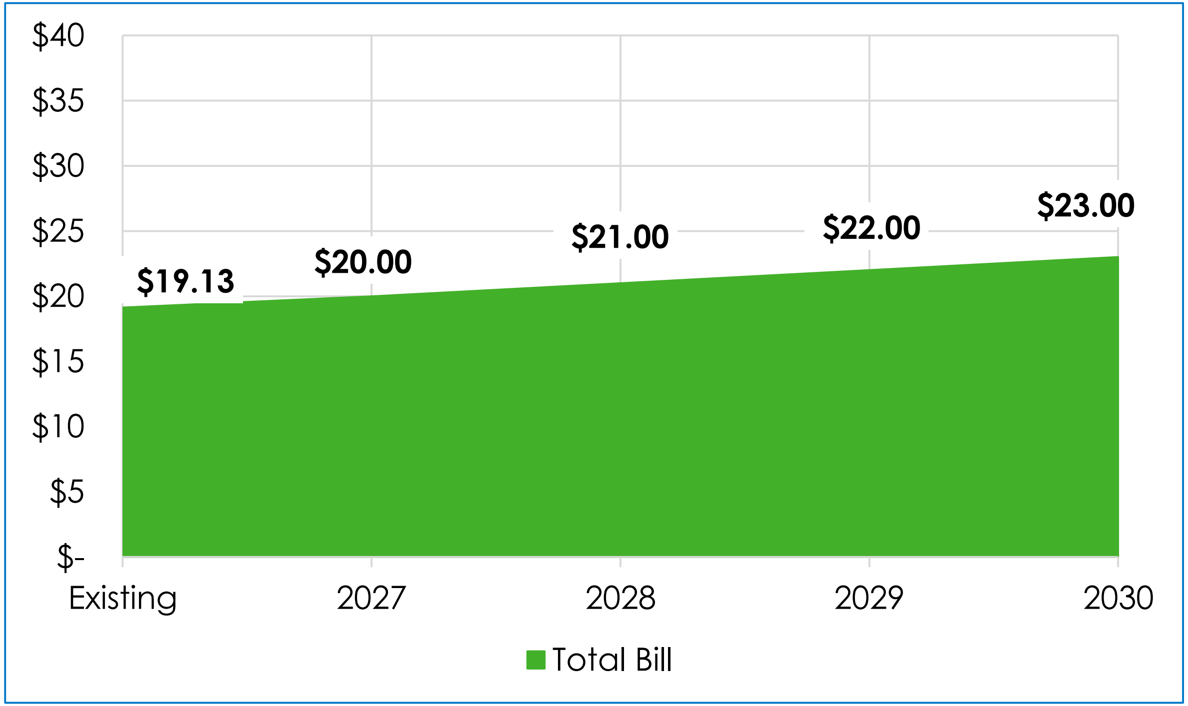
Projected Bill @ 1 ERU Per Month - Stormwater

Description	Existing	2027	2028	2029	2030
Total Bill	$19.13	$20.00	$21.00	$22.00	$23.00
Difference		$0.87	$1.00	$1.00	$1.00



FINAL CONSIDERATIONS

Conclusion

- Sizable capital improvement costs
- Rate adjustments needed to:
  - Pay for increasing utility operating costs
  - New debt service obligations
  - Meet targeted financial metrics:
    - Debt Service Coverage
    - Fund Balance Reserves/Days Cash on Hand

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QUESTIONS

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