CITY OF SOUTHPORT
BOARD OF ALDERMEN
SPECIAL BOARD WORKSHOP

INDIAN TRAIL MEETING HALL
113 W. MOORE STREET
March 1, 2023
9:00 AM

Agenda

Please turn off all cell phones

Meetings are open to the public. Face masks and social distancing may be used at the discretion of each individual. The Board of Aldermen reserve the right to make changes to this policy, as needed to help prevent the spread of the Coronavirus.

If you are not able to attend the Board of Aldermen meetings in person, the meeting will be available for you to watch via live-stream on the City of Southport website (https://cityofsouthport.com/board-of-aldermen-meetings/), Facebook page, and YouTube channel.

A. Call to Order

B. Invocation

C. Pledge of Allegiance

D. Approval of Agenda

E. Agenda

1. Introduction of Financial Advisors (B. Therrien)
2. First Tryon Advisors (Walter Goldsmith and David Cheatwood)
    a. Role of Financial Advisors
    b. Financial Analysis and Plan Development
3. Options for Financing the Expansion of the Wastewater Treatment Plant

F. Board Comments and Questions

G. Mayor's Comments

H. Adjourn

The City of Southport

March 1, 2023

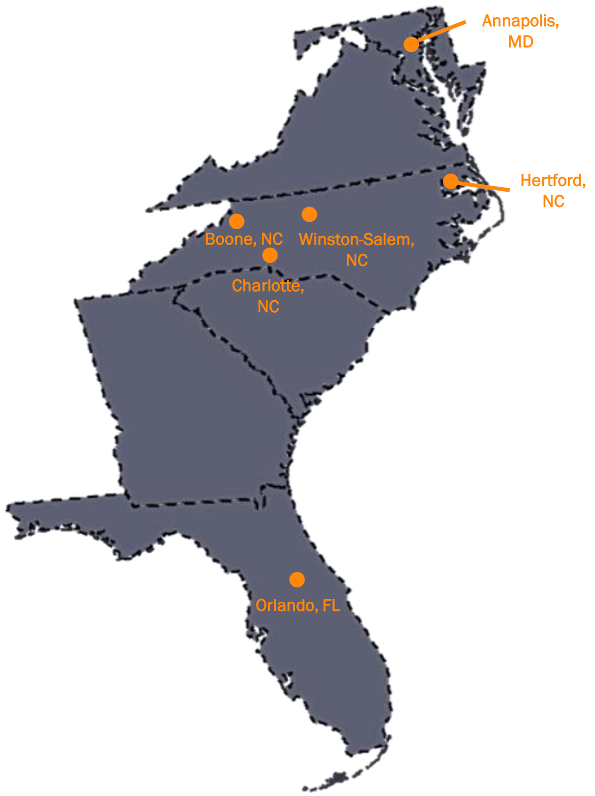
Water & Sewer Expansion Overview

First Tryon Advisors

SIMPLIFYING PUBLIC FINANCE

Introduction to First Tryon Advisors

- Practice Overview
  - First Tryon Advisors ("First Tryon") is a full-service financial advisory practice serving the needs of state and local governments, utility systems, independent K-12 schools, colleges & universities, charter schools, healthcare organizations, senior living communities, and not-for-profit foundations & associations.
  - While we are focused in the Southeast and Mid-Atlantic regions, in total we serve over 380 clients nationwide.
  - Our combined team consists of 23 motivated professionals.
  - We do not serve as an underwriter and only provide financial advisory services to our clients.
  - The practice is registered with both the Municipal Securities Rulemaking Board and the Securities and Exchange Commission as First Tryon Advisors, LLC.
- Mission
  - Our mission is to give our clients peace of mind by delivering expert advice, innovative planning strategies and tailored financing solutions.
- Office Locations
  - The practice's primary offices are located in Charlotte, NC and Annapolis, MD.
  - Local offices are shown below.



North Carolina Experience

North Carolina Counties
Alexander County (2020)
Bladen County (2017)
Burke County (2016)
Caldwell County (2017)
Camden County (2017)
Catawba County (2016)
Columbus County (2015)
Craven County (2019)
Duplin County (2015)
Forsyth County (2022)
Franklin County (2015)
Guilford County (2016)
Halifax County (2016)
Haywood County (2015)
Iredell County (2014)
Mecklenburg County (2022)
New Hanover County (2016)
Pitt County (2016)
Polk County (2016)
Rowan County (2016)
Scotland County (2016)
Stanly County (2017)
Transylvania County (2016)
Wake County (2021)

North Carolina Cities
Aberdeen, Town of (2020)
Albemarle, City of (2016)
Bald Head Island, Village of (2021)
Beech Mountain, Town of (2020)
Belmont, City of (2021)
Blowing Rock, Town of (2015)
Carolina Beach, Town of (2015)
Carrboro, Town of (2015)
Chadbourn, Town of (2020)

North Carolina Cities
Concord, City of (2014)
Cornelius, Town of (2014)
Davidson, Town of (2016)
Dunn, City of (2017)
Durham, City of (2018)
Fayetteville, City of (2015)
Fletcher, Town of (2017)
Gastonia, City of (2014)
Greensboro, City of (2018)
Greenville, City of (2022)
Hendersonville, City of (2017)
Hertford, City of (2022)
Knightdale, Town of (2019)
Leland, Town of (2018)
Lincolnton, City of (2015)
Lowell, City of (2020)
Matthews, Town of (2014)
Marvin, Village of (2020)
Monroe, City of (2016)
Mooresville, Town of (2016)
Mount Holly, City of (2016)
Sanford, City of (2022)
Shelby, City of (2021)
Thomasville, City of (2018)
Winston-Salem, City of (2021)
Weaverville, Town of (2015)
Woodfin, Town of (2016)

North Carolina Utilities
Charlotte, City of (2020)
Cleveland County Water (2019)
Fayetteville PWC (2014)
Greenville Utilities Commission (2022)
Orange W&S Authority (2016)
Piedmont Triad Regional Water Authority (2021)
Yadkin Valley Sewer Authority (2019)

Carolinas Not-For-Profit
Albemarle Alliance for Children and Families (2020)
Economic Development Partnership of NC (2019)
New City Church (2020)
YMCA of Western NC (2014)

Healthcare
Cape Fear Valley Health Sys (2014)
Galloway Ridge at Fearrington (2019)
Pardee UNC Health Care (2018)

Higher Education - Publics
Appalachian State University (2018)
East Carolina University (2015)
Elizabeth City State University (2017)
Fayetteville State University (2014)
North Carolina A&T State University (2014)
North Carolina Central University (2016)
North Carolina Community College System (2014)
North Carolina State University (2020)
North Carolina School of Science & Math (2015)
Stanly Community College (2018)
UNC Asheville (2015)
UNC Charlotte (2022)
UNC Greensboro (2021)
UNC Pembroke (2014)
UNC School of the Arts (2015)
UNC System (2016)
UNC Wilmington (2017)
Western Carolina University (2014)

Higher Education - Privates
Belmont Abbey College (2021)
Brevard College (2019)
Campbell University (2021)
Davidson College (2015)
Elon University (2019)
Guilford College (2015)
Lenoir-Rhyne (2014)
Meredith College (2015)
Methodist University (2014)
Mount Olive (2020)
Pfeiffer University (2016)
Queens University of Charlotte (2016)
William Peace University (2018)
Wingate University (2017)

Private K-12
Bradford Prepatory School (2019)
Charlotte Country Day School (2018)
Community School of Davidson (2017)
The Burlington School (2021)
The Fletcher School (2018)

Team Bio

David Cheatwood

Managing Director

Office: 704-926-2447
Direct: 704-582-9887
Email: dcheatwood@firsttryon.com

Current Role | Senior Banker
Sectors Covered | General Government, Utility Systems, Healthcare
Years in Public Finance | 17 (since April 2006)
Joined First Tryon | May 2015
Representative Issuer Experience

- Bald Head Island
- City of Albemarle
- Town of Davidson
- City of Greensboro
- City of Charlotte
- Town of Carolina Beach
- Town of Beech Mountain
- City of Monroe
- City of Fayetteville
- City of Durham

David Cheatwood is a financial advisor who has harnessed his background in finance and law to serve municipal clients across the Carolinas and Georgia. Prior to joining First Tryon, he worked with major issuers in the Carolinas as a public finance investment banker with Wells Fargo Securities from 2009 to 2015 and with Bank of America Securities from 2006 to 2009. From 2004 to 2006, David was an attorney who practiced corporate law with then-Kilpatrick Stockton LLP.

EDUCATION

B.S. in Business Administration from UNC Chapel Hill; J.D. from UNC Chapel Hill

HOBBIES/AFFILIATIONS

Running, golfing and coaching soccer

LICENSES

Series 50 (Municipal Advisor Rep)

Team Bio

Walter Goldsmith

President & COO

Office: 704-926-2453
Direct: 704-785-5777
Email: wgoldsmith@firsttryon.com

Current Role | Senior Banker
Sectors Covered | General Government, Non-Profits, Healthcare, Utility Systems, Higher Education
Years in Public Finance | 24 (since September 1999)
Joined First Tryon | February 2014
Representative Issuer Experience

- City of Albemarle
- Town of Davidson
- Mecklenburg County
- City of Durham
- Franklin County
- Fayetteville PWC

Walter Goldsmith is a financial advisor who has devoted his career to serving tax-exempt borrowers in the Southeast. His expertise spans across multiple sectors and includes capital planning, credit rating strategy, plans of finance and financing execution. Prior to joining First Tryon, he opened and managed Davenport and Company's Charlotte public finance office from 2010 to 2014. From 2002 to 2010, Walter worked with then-First Southwest Company's public finance group.

EDUCATION

B.S. in Construction Science & Management from Clemson University

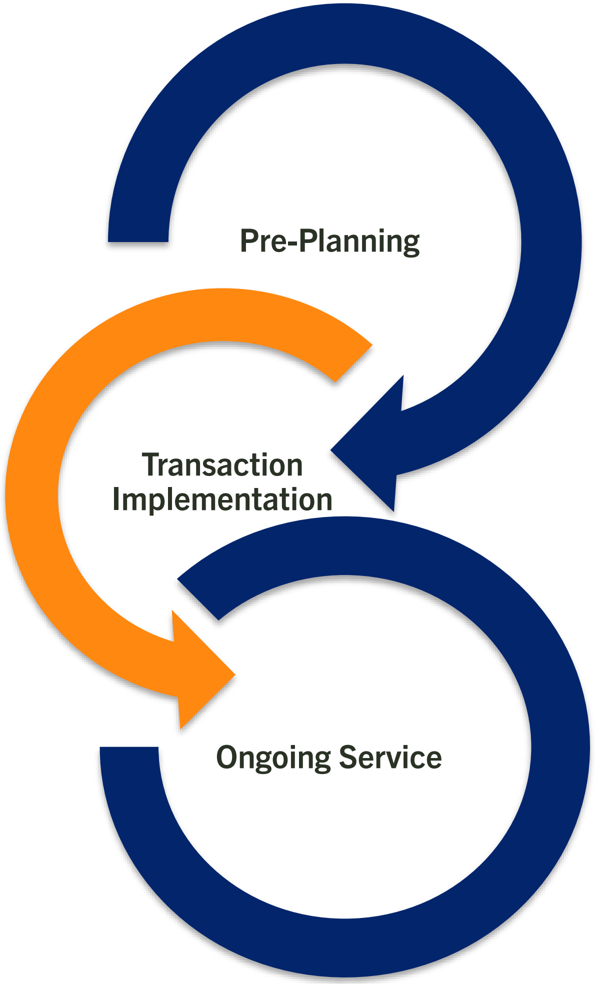
HOBBIES/AFFILIATIONS

Board Member for the Woodlands at Furman (a not-for-profit retirement community)

LICENSES

Series 50 (Municipal Advisor Rep)
Series 524 (Municipal Securities Principal)

First Tryon's Approach / Role of a Financial Advisor



- First Tryon takes a three-pronged approach to servicing its clients needs:
  - Pre-Planning
    - Understanding the Town's short and long-term objectives
    - Debt Capacity/Affordability
    - Debt Modeling and Capital Planning
    - Evaluation of Financing Alternatives
    - Credit Strategy
    - Monitor Refinancing Opportunities
    - Apprise Town of market conditions
  - Transaction Implementation
    - Develop timeline / assist with procurement of additional professionals (underwriters, trustees, verification agents, etc.)
    - Coordinate meetings with the working group and LGC
    - Document review and comment
    - Coordinate meetings/calls with rating agencies, prepare materials
    - Evaluate bond proceeds investments
    - Coordinate sale/pricing (public market or bank loan)
  - Ongoing Service
    - Rating surveillance and credit matters
    - Monitor refinancing opportunities
    - Keep Town informed of new regulations, economic conditions, and rating agency news that may impact the Town
    - Evaluate underwriter / bank ideas or proposals, as requested
    - Attend or present at meetings as requested

Advisory Assignment for the City

Hired in February 2023, First Tryon's assignment for the City is as follows:

- Develop a plan of finance for the proposed project
- Assist the City leadership team in determining the necessary rate increase required to fund the proposed project
- Develop a detailed Capital Planning Model to consider the following:
    - Proposed wastewater treatment plant project
    - Ongoing capital needs of the system
    - Future expense increases
    - Paydown of existing debt
- Develop and present information to the governing body of the City, its staff, representatives or committees as required to enable the City to make informed decisions related to funding the project
- Keep the City informed of the interest rate environment, rating agency methodologies and other credit related topics and the impact that different financing structures would have on these items
- Provide ongoing responses to routine/miscellaneous questions related to the project

Plan of Finance for Proposed Projects

- The total cost of the Mulberry Branch Sewer Plant Expansion is estimated to be $55 million.
- The project would be funded with debt using a State Revolving Fund Loan (“SRF Loan”) and Revenue Bonds with the following assumptions:
  - SRF Loan amount: $30 million
    - 20 year amortization
    - Level annual principal and interest payments
    - Interest rate of 1.30%
  - Revenue Bonds amount: $25 million
    - 25 year amortization
    - Level annual principal and interest payments
    - Interest rate of 5.00%

Estimated Principal & Interest Requirements

Fiscal Year	Principal	Interest	Debt Service
	55,000,000	23,607,591	78,607,591
2025	523,811	1,250,000	1,773,811
2026	1,873,117	1,613,809	3,486,927
2027	1,917,818	1,569,109	3,486,927
2028	1,964,117	1,522,810	3,486,927
2029	2,012,087	1,474,840	3,486,927
2030	2,061,801	1,425,125	3,486,927
2031	2,113,340	1,373,586	3,486,927
2032	2,166,786	1,320,140	3,486,927
2033	2,222,226	1,264,701	3,486,927
2034	2,279,749	1,207,178	3,486,927
2035	2,339,452	1,147,474	3,486,927
2036	2,401,435	1,085,492	3,486,927
2037	2,465,801	1,021,125	3,486,927
2038	2,532,662	954,264	3,486,927
2039	2,602,133	884,794	3,486,927
2040	2,674,334	812,593	3,486,927
2041	2,749,392	737,535	3,486,927
2042	2,827,440	659,486	3,486,927
2043	2,908,619	578,308	3,486,927
2044	2,993,073	493,853	3,486,927
2045	3,080,958	405,968	3,486,927
2046	1,459,319	314,492	1,773,811
2047	1,532,285	241,526	1,773,811
2048	1,608,899	164,912	1,773,811
2049	1,689,344	84,467	1,773,811

Key Assumptions in Capital Planning Model

- Revenue Assumptions
  - Water and Sewer sales projections incorporate assumptions for customer growth rates, growth in base rates, and growth in volumetric rates.
  - Tap fees, service charges, credit card fees, and miscellaneous revenues are projected to remain flat from the 2023 budget.
  - Availability fees are projected to remain flat at approximately $781,000.
- Expense Assumptions
  - Most operating expense line items are projected to increase by 2.5% per year from the 2023 budget.
  - Sewer system repairs, which are budgeted to be approximately $676,000 in 2023, are projected at $600,000 per year in future years.
  - Water purchases are projected to increase by 2.00% per year.
  - Contract services are projected to remain at approximately $1.4 million in 2024 and 2025, before decreasing to $700,000 in 2026 and in future years.
  - The model also assumes $1,000,000 per year of capital expenditures for capital reserve and depreciation replacement.
- Key Financial Ratio Assumptions
  - Debt Service Coverage Ratio ("DSCR"): A metric used to assess the ability to generate enough cash to cover debt service obligations. The target DSCR for the Water & Sewer system is 1.20x.
  - Days' Cash on Hand ("DCOH"): A metric used to estimate the number of days that an entity can sustain its operations using only cash on hand. The target DCOH for the Water & Sewer system is 180 days.

Required revenue increase

- Historically, the System has generated revenues from $3.5 million to $6.9 million, as shown below:

	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022
Revenues:					
Total - Operating Revenues	3,353,709	3,891,154	4,751,467	4,931,434	5,512,436
Total - Proposed Operating Revenues	-	-	-	-	-
Total - Non-Operating Revenues (Expenses)	240,798	767,518	600,400	842,669	1,438,899
Total Revenues	3,594,507	4,658,672	5,351,867	5,774,103	6,951,335

- In order to meet the DSCR and DCOH target ratios, we estimate that the System's revenues would need to grow from approximately $6.8 million in 2023 to $9.0 million in 2027.

	Budget 2023	Projection 2024	Projection 2025	Projection 2026	Projection 2027
Revenues:					
Operating Revenues					
Water Sales	2,055,672	2,389,225	2,597,413	2,825,531	2,906,116
Sewer Sales	3,850,000	4,088,146	4,496,759	4,949,131	5,128,400
Water and sewer tap fees	105,885	105,885	105,885	105,885	105,885
Service charges	26,095	26,095	26,095	26,095	26,095
Credit card fees	-	-	-	-	-
Miscellaneous	22,925	22,925	22,925	22,925	22,925
Total - Operating Revenues	6,060,577	6,632,276	7,249,077	7,929,567	8,189,421
Total - Proposed Operating Revenues	-	-	-	-	-
Non-Operating Revenues (Expenses)					
Availability fees	780,984	780,984	780,984	780,984	780,984
Total - Non-Operating Revenues (Expenses)	780,984	780,984	780,984	780,984	780,984
Total Revenues	6,841,561	7,413,260	8,030,061	8,710,551	8,970,405

Required revenue increase (continued)

- In order to meet the revenue goals shown on the previous page, a certain degree of customer growth and rate growth (base and volumetric) would need to be assumed going forward.
- We estimate that the customer growth below would allow the System to achieve its revenue goals:
  - Water Inside City/Residential & Sewer Inside City/Residential: 1.5% per year until 2028 and 0.5% per year thereafter
  - All other customer classes: No annual growth
- We estimate that the rate increases below would allow the System to achieve its revenue goals (Base Rates & Volumetric Rates):
  - 10.00% annual increases from 2024 through 2026
  - 3.00% annual increases from 2027 through 2028
  - 1.00% annual increases from 2029 and thereafter
  - Note: In 2024, there would be a higher increase for volumetric rates for Water Outside City/Residential, Water Outside City/Commercial, and Irrigation Outside City since growth is tied to Water Inside City/Residential, Water Inside City/Commercial, and Irrigation Inside City, respectively (150% of inside City rates).

Required revenue increase (continued)

	Budget 2023	Projection 2024	Projection 2025	Projection 2026	Projection 2027
Revenues:					
Total - Operating Revenues	6,060,577	6,632,276	7,249,077	7,929,567	8,189,421
Total - Proposed Operating Revenues	-	-	-	-	-
Total - Non-Operating Revenues (Expenses)	780,984	780,984	780,984	780,984	780,984
Total Revenues	6,841,561	7,413,260	8,030,061	8,710,551	8,970,405
Expenditures:					
Total - Operating Expenses	4,853,047	4,840,682	4,906,200	4,272,359	4,340,969
Total - Supplemental Budget Expenditures	193,043	-	-	-	-
Total - Proposed Operating Expenses	-	-	-	-	-
Total - Debt service (existing)	109,424	107,918	106,412	104,907	35,117
Total - Debt service (proposed)	-	-	2,017,969	3,731,084	3,731,084
Total expenditures	5,155,514	4,948,600	7,030,581	8,108,350	8,107,170
Actual growth	36.80%	-4.01%	42.07%	15.33%	-0.01%
Revenues over (under) expenditures	1,686,047	2,464,660	999,480	602,201	863,235
Other Financing Sources (Uses):					
Total other financing sources (uses)	-	-	(24,416)	(24,416)	(24,416)
Net earnings	1,686,047	2,464,660	975,064	577,785	838,819
Debt Service Coverage (Total)					
Adjusted Net Earnings	1,795,471	2,572,578	3,123,861	4,438,192	4,629,436
Debt Service	109,424	107,918	2,124,381	3,835,991	3,766,201
Coverage Ratio	16.41	23.84	1.47	1.16	1.23
Target Coverage Ratio	1.20	1.20	1.20	1.20	1.20
Amount over (under) DSC target	15.21	22.64	0.27	(0.04)	0.03
Debt Service Coverage (Senior Lien)					
Adjusted Net Earnings	1,795,471	2,572,578	3,099,445	4,413,777	4,605,020
Debt Service (Proposed)	-	-	2,017,969	2,017,969	2,017,969
Debt Service (Existing)	-	-	-	-	-
Coverage Ratio	N/A	N/A	1.54	2.19	2.28
Target Coverage Ratio	1.20	1.20	1.20	1.20	1.20
Days Cash on Hand					
Beginning unrestricted cash	4,311,063	5,275,610	6,740,270	6,715,334	6,293,120
Cash Funded Projects (Historical)	-	-	-	-	-
Cash Funded Projects (Dashboard)	-	-	-	-	-
Cash Funded Projects (CIP)	(721,500)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Ending unrestricted cash	5,275,610	6,740,270	6,715,334	6,293,120	6,131,939
Operating Expense	5,046,090	4,840,682	4,906,200	4,272,359	4,340,969
Days Cash on Hand	382	508	500	538	516
Days Cash on Hand Target	180	180	180	180	180

Conclusions & Next Steps

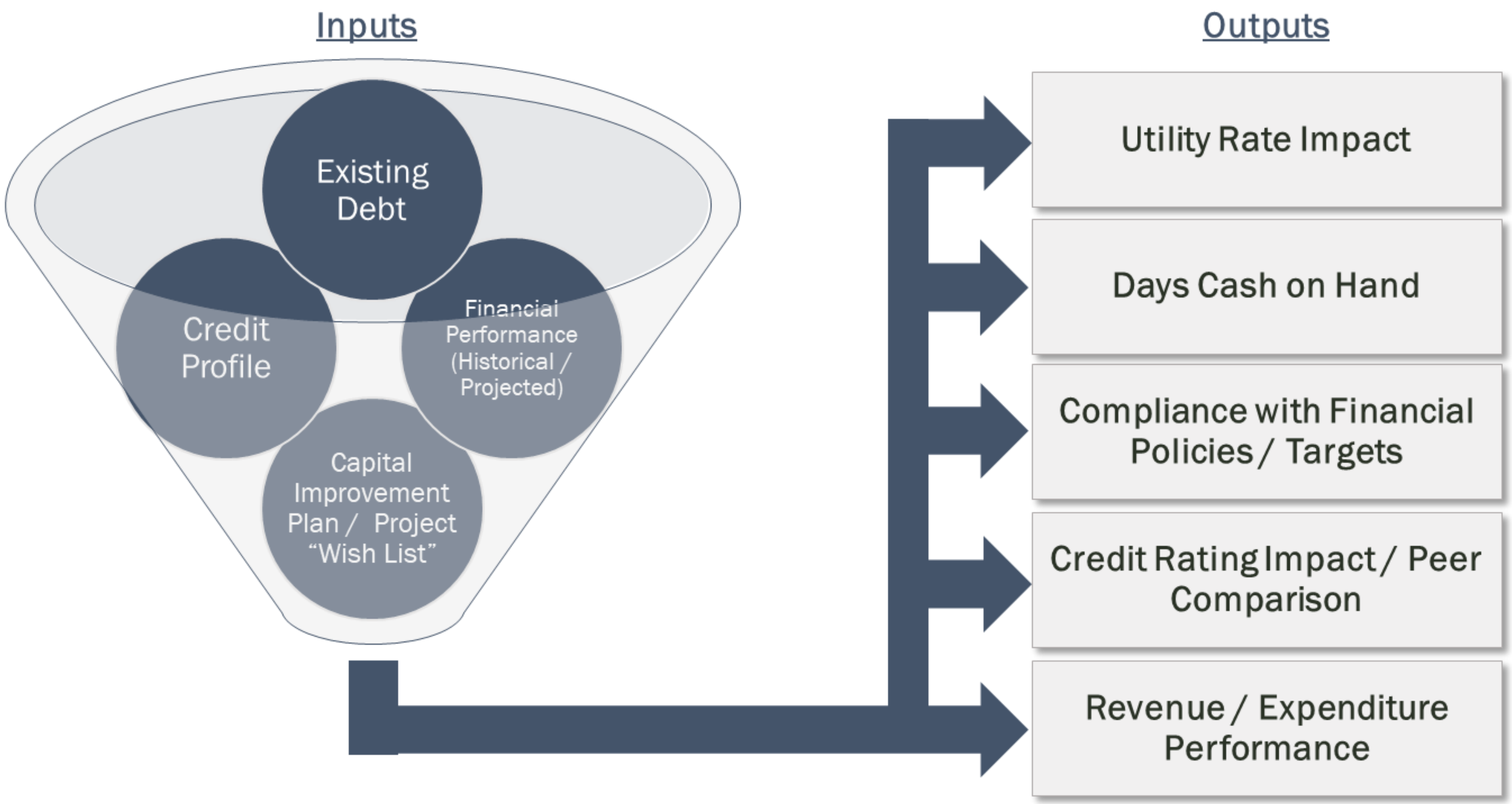
- The City would not be able to afford the funding of the expansion project without an increase in water and sewer sales.
- First Tryon projects that with rate increases (both base rates and volumetric rates) of approximately 10.00% from 2024 through 2026, followed by rate increases of 3.00% from 2027 through 2028, followed by increases of 1.00% in the future, the City would likely be able to fund the projects and maintain its target debt service coverage and days cash on hand ratios.
- If the City decides to move forward with the project, First Tryon would work with the City to implement a more specific rate increase plan which may vary among customers tiers.

Appendix

SAMPLE

Overview of First Tryon's Capital Planning Model

- The Capital Planning Model (the "model") is a tool developed by First Tryon that gives entities the ability to forecast the impact of funding proposed capital projects over both a near-term and a long-term horizon.
- The model is designed to be interactive and to allow an entity to run multiple scenarios with different assumptions in a timely manner.
- The model is not a "one size fits all" model but instead tailored to the individual needs and goals of the client.



SAMPLE

Inputs: Historical Financials

- An initial step in the construction of a model is to input an entity's historical revenues, expenditures, and other financing sources.
- Historical financial results allows First Tryon to determine trends and help to project results in future years.
- First Tryon has entered the City's historical financials from FY 2018 through FY 2022 and budgeted financials for FY 2023.

	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Budget 2023
Revenues:						
Total - Operating Revenues	3,353,709	3,891,154	4,751,467	4,931,434	5,512,436	6,060,577
Total - Proposed Operating Revenues	-	-	-	-	-	-
Total - Non-Operating Revenues (Expenses)	240,798	767,518	600,400	842,669	1,438,899	780,984
Total Revenues	3,594,507	4,658,672	5,351,867	5,774,103	6,951,335	6,841,561
Expenditures:						
Total - Debt service (existing)	116,952	115,446	113,941	112,435	110,929	109,424
Total - Debt service (proposed)	-	-	-	-	-	-
Total Expenditures	3,200,340	4,078,002	4,599,590	3,768,711	3,823,879	5,155,514
Actual growth				-18.06%		36.80%
Revenues over (under) expenditures	394,167	580,670	752,277	2,005,392	3,127,456	1,686,047
Other Financing Sources (Uses):						
Total - Other Financing Sources (Uses)	-	-	491,450	(1,003,595)	158,916	-
Total other financing sources (uses)	-	-	491,450	(1,003,595)	158,916	-
Net earnings	394,167	580,670	1,243,727	1,001,797	3,286,372	1,686,047

SAMPLE

Inputs: Existing Debt

- Similar to the input of historical financials, a key first step in construction of a model also includes the input of an entity's existing debt.
- <u>First Tryon has entered the City's 2005 and 2009 revolving loans and has also estimated the amortization of its approximately $6 million USDA Loan.</u>

Total				Series 2005		Payable from	Water and Sew	Series 2009		Payable from	Water and Sewer Fund			Payable from	Water and Sew
				Revolving Loan		Revenue Bond?	No	Revolving Loan		Revenue Bond?	No	USDA Loan		Revenue Bond?	Yes
Year	Principal	Interest	Debt Service	Coupon	Principal	Interest	Debt Service	Coupon	Principal	Interest	Debt Service	Coupon	Principal	Interest	Debt Service
Total	6,694,590	3,746,361	10,440,951	2.205%	517,005	22,585	539,590	0.000%	175,585	-	175,585	2.224%	6,002,000	3,723,776	9,725,776
2022	103,401	7,528	110,929	2.205%	103,401	7,528	110,929			-	-				-
2023	103,401	6,023	109,424	2.205%	103,401	6,023	109,424			-	-				-
2024	103,401	4,517	107,918	2.205%	103,401	4,517	107,918			-	-				-
2025	186,401	117,674	304,075	2.205%	103,401	3,011	106,412			-	-	2.625%	83,000	114,663	197,663
2026	192,401	156,880	349,281	2.205%	103,401	1,506	104,907			-	-	2.625%	89,000	155,374	244,374
2027	126,117	153,038	279,155				-	0.000%	35,117	-	35,117	2.625%	91,000	153,038	244,038
2028	129,117	150,649	279,766				-	0.000%	35,117	-	35,117	2.625%	94,000	150,649	244,649
2029	131,117	148,181	279,298				-	0.000%	35,117	-	35,117	2.625%	96,000	148,181	244,181
2030	134,117	145,661	279,778				-	0.000%	35,117	-	35,117	2.625%	99,000	145,661	244,661
2031	136,117	143,063	279,180				-	0.000%	35,117	-	35,117	2.625%	101,000	143,063	244,063
2032	104,000	140,411	244,411				-				-	2.625%	104,000	140,411	244,411
2033	107,000	137,681	244,681				-				-	2.625%	107,000	137,681	244,681
2034	109,000	134,873	243,873				-				-	2.625%	109,000	134,873	243,873
2035	112,000	132,011	244,011				-				-	2.625%	112,000	132,011	244,011
2036	115,000	129,071	244,071				-				-	2.625%	115,000	129,071	244,071

SAMPLE

Inputs: Capital Improvement Plan and Funding Assumptions

- As shown below, the entity can input its entire capital improvement plan / project wish list and specifies the relevant assumptions on a project-by-project basis.
- Existing debt service payable by fund is inputted into the model (not shown), allowing the paydown of existing debt over time to be incorporated into the results of the model.
- Each project can be turned on/off (column 1) with the resulting financial impact calculated immediately.
- The City has provided First Tryon with its CIP for Water & Sewer. First Tryon is actively working with City staff to estimate timing, funding type, and structure (if debt) of each project.

Projects Under Consideration

1	2	3	4	5	6	7	8	9	10
On/Off	Description	Amount	Par Amount / Project Fund	Timing (FY)	Funding Type	Structure	Term	Principal Deferral	Rate
On	Pump Station Rehab	2,800,000		2024	Grant				
On	Sewer Replacement	4,498,000		2024	Grant				
On	Sewer Replacement	6,002,000		2024	Revenue Bond	Level D/S	40	0	2.625%
On	Merger Feasibility Study	100,000		2024	Grant				
On	Mulberry Branch Sewer Plant Expansion	30,000,000		2025	SRF	Level D/S	20	0	1.30%
On	Mulberry Branch Sewer Plant Expansion	25,000,000		2024	Revenue Bond	Level D/S	25	0	5.00%
On	Find and Fix (I&I) Project	400,000		2024	Cash				
On	Lead/Copper Rule Revision (Inventory)								
Off									
Off									
Off									
Off									
Off									
Off									

SAMPLE

Outputs: Projected Financials

- Following the input of historical financials, existing debt, and the capital improvement plan, an entity can then begin to project revenues and expenditures in future years.
- An entity has the ability to apply growth rates to each line item of an entity's budget/audit.
- First Tryon is actively working with the City to identify historical trends and apply growth rates to line items for projection purposes.

			Budget	Projection	Projection	Projection	Projection
			2023	2024	2025	2026	2027
		Revenues:					
		Operating Revenues					
		Water Sales	2,055,672	2,508,139	2,603,848	2,658,301	2,714,111
		Sewer Sales	3,850,000	3,850,924	3,987,833	4,099,561	4,214,237
Growth (%)	*1.0%*	Water and sewer tap fees	105,885	106,944	108,013	109,093	110,184
Growth (%)	*2.0%*	Service charges	26,095	26,617	27,149	27,692	28,246
Growth (%)	*1.0%*	Credit card fees	-	-	-	-	-
Growth (%)	*1.0%*	Miscellaneous	22,925	23,154	23,386	23,620	23,856
		Total - Operating Revenues	6,060,577	6,515,778	6,750,229	6,918,267	7,090,634
		Proposed Operating Revenues					
		Recurring Annually	-	-	-	-	-
		Structured	-	-	-	-	-
		Total - Proposed Operating Revenues	-	-	-	-	-
		Non-Operating Revenues (Expenses)					
Growth (%)	*0.0%*	Investment earnings	-	-	-	-	-
Growth (%)	*1.0%*	Availability fees	780,984	788,794	796,682	804,649	812,695
Growth (%)	*0.0%*	FEMA reimbursement	-	-	-	-	-

SAMPLE

Outputs: Water and Sewer Sales

- Water and sewer sales tend to be the primary revenue sources for a utility system and those sales are driven by the following variables:
  - Number of customers
  - Base rates
  - Volumetric rates
  - Consumption
- First Tryon has the ability to set up a tab in its model that allows an entity to control each of these variables in order to ultimately project water and sewer sales.
- The City has provided First Tryon with its Water & Sewer rate structure and projections, and First Tryon is actively working with the City on projecting its water and sewer sales in the City's model.

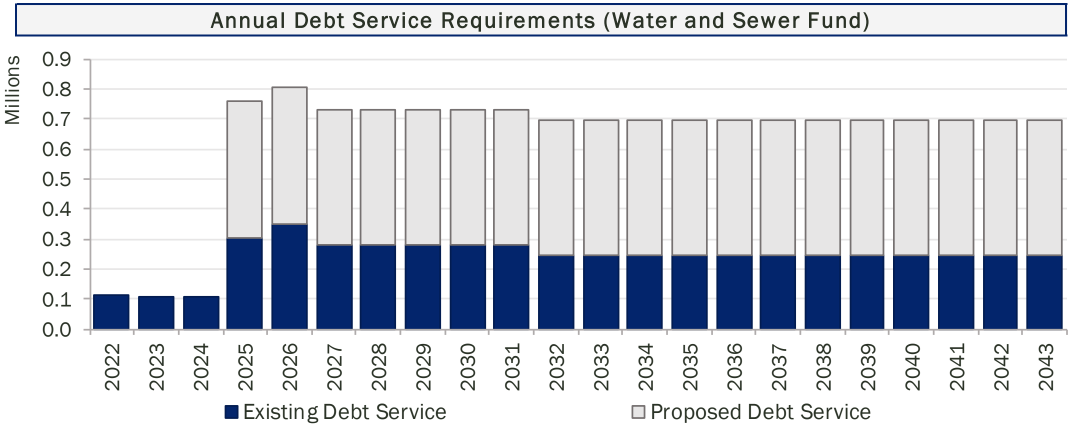
Revenues Generated	2022	2023	2024	2025	2026	2027	2028
Water - Base Revenue	963,716	1,025,460	1,056,126	1,087,608	1,120,257	1,153,777	1,188,533
Water - Consumption Revenue	840,048	1,376,827	1,452,013	1,516,240	1,538,045	1,560,334	1,583,167
Sewer - Base Revenue	2,596,318	2,775,490	2,864,929	2,956,835	3,052,252	3,150,304	3,252,076
Sewer - Consumption Revenue	875,231	943,007	985,995	1,030,998	1,047,308	1,063,933	1,080,880
Total Revenue	5,275,312	6,120,784	6,359,063	6,591,681	6,757,862	6,928,348	7,104,656

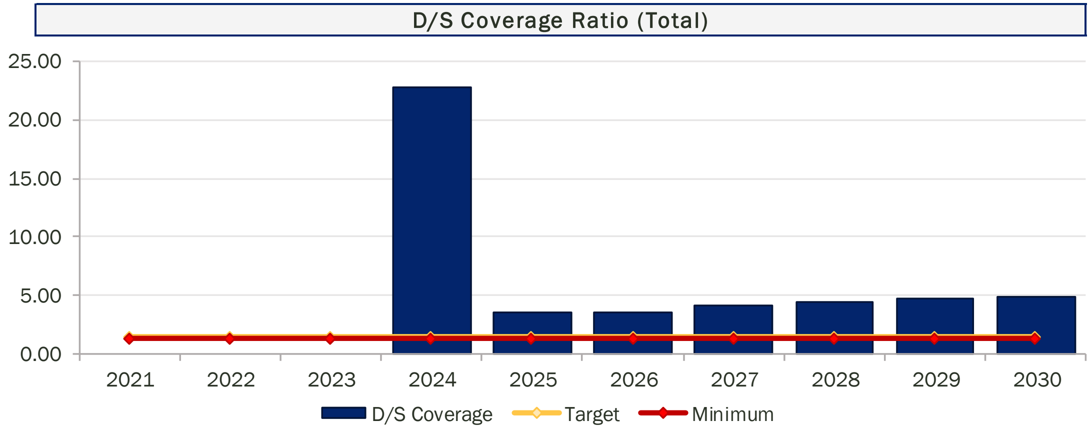
	2022	2023	2024	2025	2026	2027	2028
Number of Customers (Meters)							
Water Inside City/Residential	2,096	2,127	2,159	2,191	2,224	2,257	2,291
Water Inside City/Residential Customer Growth (%) (natural)		1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Water Inside City/Residential Customer Growth (#) (new development)		-	-	-	-	-	-
Water Outside City/Residential	223	223	223	223	223	223	223
Water Outside City/Residential Customer Growth (%) (natural)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water Outside City/Residential Customer Growth (#) (new development)		-	-	-	-	-	-
Water Inside City/Commercial	283	283	283	283	283	283	283
Water Inside City/Commercial Customer Growth (%) (natural)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water Inside City/Commercial Customer Growth (#) (new development)		-	-	-	-	-	-
Water Outside City/Commercial	20	20	20	20	20	20	20
Water Outside City/Commercial Customer Growth (%) (natural)		1.0%	1.0%	1.0%	0.3%	1.0%	2.0%
Water Outside City/Commercial Customer Growth (#) (new development)		-	-	-	-	-	-

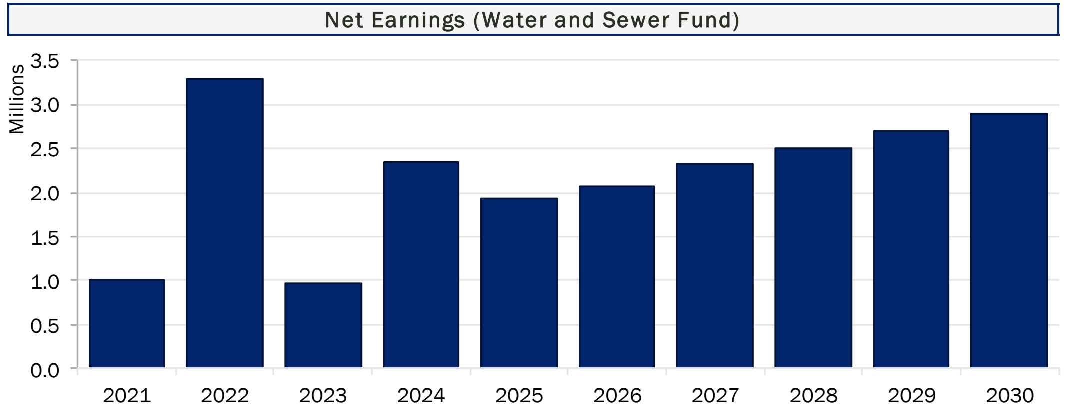
SAMPLE

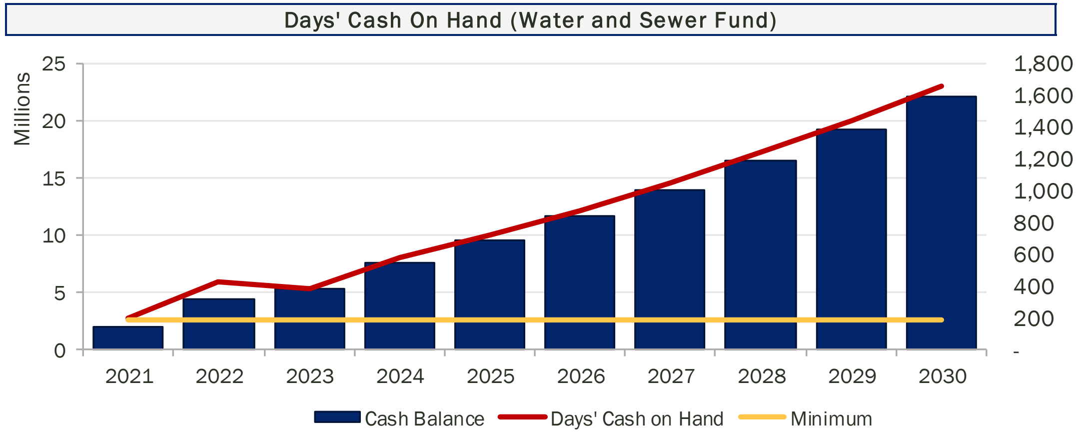
Outputs: Charts and Financial Ratios

- The model's Dashboard contains charts that track existing and proposed debt, net earnings, and key financial ratios that are important to a utility system, such as Debt Service Coverage Ratio and Days' Cash on Hand.
- The charts are dynamic and are updated live based on all of the model's inputs and assumptions.









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