

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 12, 2024

NEW ISSUE - FULL BOOK ENTRY

See "Rating" herein

In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions and subject to the conditions described herein under "TAX MATTERS," interest on the Series 2024 Bonds is (a) excludable from gross income of the owners thereof for federal income tax purposes except as otherwise described herein under the caption "TAX MATTERS," and (b) not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, interest on the Series 2024 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. Such interest, however, may be subject to other federal income tax consequences referred to herein under "TAX MATTERS." See "TAX MATTERS" herein for a general discussion of Bond Counsel's opinion and other tax considerations.



\$6,260,000*
CITY OF NEWBERRY, FLORIDA
CAPITAL IMPROVEMENT REVENUE BONDS,
SERIES 2024

DAC Bond

Dated: Date of Delivery

Due: September 1, as shown on the inside cover

The City of Newberry, Florida Capital Improvement Revenue Bonds, Series 2024, (the "Series 2024 Bonds") shall be issued by the City of Newberry, Florida (the "City") as fully registered bonds in the name of Cede & Co., as registered owner and securities depository nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of beneficial interests in the Series 2024 Bonds will be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2024 Bonds ("Beneficial Owners") will not receive physical delivery of certificates. Transfers of beneficial interests in the Series 2024 Bonds will be effected through the DTC book-entry system as described herein. Interest on the Series 2024 Bonds is payable on March 1, 2025 and semiannually on each March 1 and September 1 thereafter. Principal of the Series 2024 Bonds is payable on September 1 of the years and in the amounts set forth on the inside cover page. As long as Cede & Co. is the registered owner as nominee of DTC, payment of principal of and interest with respect to the Series 2024 Bonds will be made directly to such registered owner which, in turn, is to remit such payments to Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See "DESCRIPTION OF THE SERIES 2024 BONDS - Book-Entry-Only System" herein. UMB Bank, N.A. will serve as the initial Registrar and Paying Agent for the Series 2024 Bonds.

The Series 2024 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, particularly Chapter 166, Florida Statutes, the City Charter of the City and other applicable provisions of law (collectively, the "Act"), and Resolution No. 2024-23 adopted by the City Commission on May 28, 2024 (the "Resolution") for the purpose of (i) the acquisition, construction and equipping of a new city hall (the "Project") and (ii) paying certain costs of issuance of the Series 2024 Bonds.

The Series 2024 Bonds are subject to optional redemption prior to maturity as provided herein. In accordance with the Official Notice of Sale, the successful bidder of the Series 2024 Bonds may designate certain maturities of the Series 2024 Bonds as term bonds, and any such term bonds will be subject to mandatory sinking fund redemption. See "DESCRIPTION OF THE SERIES 2024 BONDS - Redemption Provisions" herein.

The Series 2024 Bonds are payable from the Non-Ad Valorem Revenues budgeted and appropriated for purposes of payment of the debt service on the Series 2024 Bonds in the manner and to the extent provided in the Resolution and until applied in accordance with the provisions of the Resolution. "Non-Ad Valorem Revenues" means all Governmental Funds Revenues other than revenues generated from ad valorem taxation on real or personal property, and which are legally available to make the payments required under the terms of the Resolution. "Governmental Funds Revenues" means total revenues of the City derived from any source whatsoever and that are allocated to and accounted for in the Governmental Funds (as defined in the Resolution) as shown in the Annual Audit (as defined in the Resolution). The City has covenanted and agreed in the Resolution to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues, amounts sufficient to pay the principal of and interest on the Series 2024 Bonds when due in the manner and to the extent provided in the Resolution.

THE SERIES 2024 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY, THE STATE OF FLORIDA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AMOUNTS BUDGETED AND APPROPRIATED BY THE CITY FROM NON-AD VALOREM REVENUES IN ACCORDANCE WITH THE RESOLUTION. NO HOLDER OF ANY SERIES 2024 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH SERIES 2024 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2024 BOND FROM ANY MONEYS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, EXCEPT FROM THE NON-AD VALOREM REVENUES, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION.

Electronic bids only for the Series 2024 Bonds pursuant to the provisions of the Official Notice of Sale will be received by the City pursuant to the IHS Markit's Parity/Bidcomp® competitive bidding system in the manner and at the time and on the date described in such Official Notice of Sale.

This cover page contains certain information for quick reference only. It is not, nor is it intended to be, a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2024 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval as to legality by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel and certain other conditions. Certain legal matters will be passed on for the City by Folds & Walker, LLC, City Attorney and certain disclosure matters will be passed upon by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, as Disclosure Counsel to the City. PFM Financial Advisors LLC, Orlando, Florida, is acting as Financial Advisor to the City. It is expected that settlement for the Series 2024 Bonds will occur through the facilities of DTC in New York, New York on or about July 24, 2024.

Dated: _____, 2024

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

MATURITY SCHEDULE

\$6,260,000*

CITY OF NEWBERRY, FLORIDA CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2024

\$6,260,000* Serial Series 2024 Bonds

Maturity (September 1)[†]	Principal Amount*	Interest Rate	Yield	Price	Initial CUSIP Numbers**
2025	\$55,000				
2026	90,000				
2027	95,000				
2028	100,000				
2029	105,000				
2030	115,000				
2031	120,000				
2032	125,000				
2033	130,000				
2034	140,000				
2035	145,000				
2036	155,000				
2037	165,000				
2038	175,000				
2039	185,000				
2040	195,000				
2041	205,000				
2042	215,000				
2043	225,000				
2044	240,000				
2045	250,000				
2046	265,000				
2047	280,000				
2048	300,000				
2049	315,000				
2050	335,000				
2051	350,000				
2052	375,000				
2053	395,000				
2054	415,000				

* Preliminary, subject to change.

** The City is not responsible for the use of the CUSIP Numbers referenced herein, nor is any representation made by the City as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Official Statement.

† Any two or more consecutive maturity dates after September 1, 2045 may be combined into term bonds by a bidder in accordance with the provisions of the Official Notice of Sale. See "SUMMARY TABLE" in the Official Notice of Sale.

CITY OF NEWBERRY, FLORIDA

Mayor

Jordan Marlowe

City Commission

Mark Clark

Rick Coleman

Monty Farnsworth

Tim Marden

Tony Mazon

City Manager

Mike New, P.E.

Assistant City Manager/Chief Finance Officer

Dallas Lee

City Attorney

Folds & Walker, LLC

City Clerk

Judy S. Rice, MMC

Certified Public Accountants

Purvis, Gray and Company, LLP

Gainesville, Florida

Bond and Disclosure Counsel

Nabors, Giblin & Nickerson, P.A.

Tampa, Florida

Financial Advisor

PFM Financial Advisors LLC

Orlando, Florida

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No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement neither constitutes an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been furnished by the City, The Depository Trust Company (as to itself and its book-entry only system), and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of, the City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the affairs of the City since the date hereof.

THE SERIES 2024 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2024 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2024 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2024 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement they may be obtained from the City as provided in the final paragraph under "INTRODUCTION" herein.

Any statements made in this Official Statement involving matters of opinion, forecasts or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the forecasts or estimates

will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "anticipate," "intend," "project," "forecast," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR IN PRINTED FORMAT ("ORIGINAL BOUND FORMAT"), OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED ON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT, OR IF IT IS PRINTED OR SAVED IN FULL DIRECTLY FROM SUCH WEBSITE OR WWW.EMMA.MSRB.ORG.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

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OFFICIAL STATEMENT
Relating To

\$6,260,000*
CITY OF NEWBERRY, FLORIDA
CAPITAL IMPROVEMENT REVENUE BONDS,
SERIES 2024

INTRODUCTION

General

This introduction is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement and should not be considered to be a complete statement of the facts material to making an informed investment decision. The offering by the City of Newberry, Florida (the "City") of its \$6,260,000* Capital Improvement Revenue Bonds, Series 2024 (the "Series 2024 Bonds") to potential investors is made only by means of the entire Official Statement, including the cover page, inside cover page and all appendices attached hereto.

Authority for the Series 2024 Bonds

The Series 2024 Bonds are being issued pursuant to Resolution No. 2024-23 adopted by the City Commission on May 28, 2024 (the "Resolution"). The Series 2024 Bonds are being issued under the authority of Constitution and laws of the State of Florida (the "State"), particularly Chapter 166, Florida Statutes, the Charter of the City, and other applicable provisions of law (the "Act"). Capitalized terms used but not defined herein have the same meaning as ascribed in the Resolution unless the context would clearly indicate otherwise.

Purpose of the Series 2024 Bonds

The Series 2024 Bonds are being issued for the purposes of (i) the acquisition, construction and equipping of a new city hall within the City, and certain other capital projects as designated by the City Council (the "Project") and (ii) paying certain costs of issuance of the Series 2024 Bonds.

Continuing Disclosure

The City has agreed to provide certain annual financial information and operating data, including audited financial statements, and notice of the occurrence of certain

* Preliminary, subject to change.

enumerated events to the municipal marketplace. See "CONTINUING DISCLOSURE" herein.

Additional Information

This Official Statement speaks only as of its date and the information contained herein is subject to change. This Official Statement contains certain information concerning The Depository Trust Company (the "DTC") and its book-entry-only system of registration. Such information has been provided by DTC and the City and the Underwriter (as defined below) do not certify as to the accuracy or sufficiency of the disclosure practices or content of information provided by DTC and are not responsible for the information provided by such parties.

Descriptions of certain terms and conditions of the Series 2024 Bonds are set forth in the Resolution, a copy of which is contained in "APPENDIX C - FORM OF RESOLUTION." The descriptions of the Series 2024 Bonds, the Resolution and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from Dallas Lee, Assistant City Manager/Chief Finance Officer, City of Newberry, City Hall, 25440 West Newberry Road, Newberry, Florida 32669.

THE CITY

The City is geographically located in North Central Florida's Alachua County. The City's boundaries encompass 58 square miles and is west of the city of Gainesville. State Road 41 passes directly through the City. The City is the third largest municipality in Alachua County. As of September 1, 2023, the City's population was estimated to be 8,503 people.

The City was established in 1895 on a railroad line and began as a phosphate mining town. The City was incorporated as a municipality in 1906. The City has a charter government structure approved by a referendum of the electors pursuant to the Constitution and laws of the State. The City operates under the City Manager form of government with a Commission comprised of five elected commissioners and an elected non-voting Mayor. Elections are nonpartisan and each elected official represents the entire City.

The City is a full-service municipality and provides a wide variety of community services including general government; planning, zoning and building; public works (construction and maintenance of roads, rights of way and other infrastructure; street

lighting; and storm water drainage); electric, water and sewer utilities; and solid waste collection and recycling.

Certain general information with respect to the City is set forth in APPENDIX A hereto.

DESCRIPTION OF THE SERIES 2024 BONDS

General

The Series 2024 Bonds are issuable only in the form of fully registered bonds in denominations of \$5,000 principal amount or any integral multiple thereof. The Series 2024 Bonds will be dated their date of delivery and will bear interest at the rates and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2024 Bonds is payable semiannually on each March 1 and September 1, commencing on March 1, 2025 (each an "Interest Date"). Principal of and interest on the Series 2024 Bonds will be payable in the manner described under "BOOK-ENTRY ONLY SYSTEM" herein. UMB Bank, N.A., will act as Paying Agent and Registrar for the Series 2024 Bonds (the "Paying Agent" or "Registrar").

Book-Entry-Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each Series of the Series 2024 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic

computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants" and together with the Direct Participants, "Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them,

subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as defaults, and proposed amendments to the Series 2024 Bond documents. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Distributions and payments on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions, and payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Paying Agent for the Series 2024 Bonds. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the City or its agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024 Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bonds will be printed and delivered to DTC.

Interchangeability, Negotiability and Transfer

So long as the Series 2024 Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to registration, transfer and exchange of Series 2024 Bonds do not apply to the Series 2024 Bonds.

Series 2024 Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Series 2024 Bonds of the same maturity of any other authorized denominations.

The Series 2024 Bonds issued under the Resolution shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code of the State, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2024 Bonds. So long as any of the Series 2024 Bonds shall remain Outstanding, the City shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Series 2024 Bonds.

Each Series 2024 Bond shall be transferable only upon the books of the City, at the office of the Registrar, under such reasonable regulations as the City may prescribe, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or his duly authorized attorney. Upon the transfer of any such Series 2024 Bond, the City shall issue, and cause to be authenticated, in the name of the transferee a new Series 2024 Bond or Bonds of the same aggregate principal amount, interest rate, and maturity as the surrendered Series 2024 Bond. The City, the Registrar and any Paying Agent or fiduciary of the City may deem and treat the Person in whose name any Outstanding Series 2024 Bond shall be registered upon the books of the City as the absolute owner of such Series 2024 Bond, whether such Series 2024 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, redemption premium, if any, and interest on such Series 2024 Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Series 2024 Bond to the extent of the sum or sums so paid and neither the City nor the Registrar nor any Paying Agent or other fiduciary of the City shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging Series 2024 Bonds or transferring Series 2024 Bonds is exercised, the City shall execute and deliver Series 2024 Bonds and the Registrar shall authenticate such Bonds in accordance with the provisions of this Resolution. Execution of Series 2024 Bonds by the City Manager and Clerk for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Series 2024 Bonds. All Series 2024 Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by the

City to be cancelled by the Registrar. For every such exchange or transfer of Series 2024 Bonds, the City or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The City and the Registrar shall not be obligated to make any such exchange or transfer of Series 2024 Bonds during the 15 days next preceding an Interest Date on the Bonds, or, in the case of any proposed redemption of Bonds, then, for the Bonds subject to redemption, during the 15 days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

Series 2024 Bonds Mutilated, Destroyed, Stolen or Lost

In case any Series 2024 Bond shall become mutilated, or be destroyed, stolen or lost, the City may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Series 2024 Bond of like tenor as the Series 2024 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2024 Bond upon surrender and cancellation of such mutilated Series 2024 Bond or in lieu of and substitution for the Series 2024 Bond destroyed, stolen or lost, and upon the Holder furnishing the City and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the City or the Registrar may prescribe and paying such expenses as the City and the Registrar may incur. All Series 2024 Bonds so surrendered shall be cancelled by the Registrar. If any of the Series 2024 Bonds shall have matured or be about to mature, instead of issuing a substitute Series 2024 Bond, the City may pay the same or cause the Series 2024 Bond to be paid, upon being indemnified as aforesaid, and if such Series 2024 Bonds be lost, stolen or destroyed, without surrender thereof.

Redemption Provisions

Optional Redemption. The Series 2024 Bonds maturing on or prior to September 1, 2032 are not subject to redemption prior to maturity. The Series 2024 Bonds maturing on or after September 1, 2033 are subject to redemption prior to their respective dates of maturity on or after September 1, 2032 in whole or in part at any time, in any order of maturity selected by the City and by lot within a maturity at a redemption price of 100% of the principal amount of the Series 2024 Bonds to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption. The Series 2024 Bonds maturing on September 1, 20[] are subject to mandatory redemption in part prior to maturity by lot at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, beginning on September 1, 20[] and on each September 1 thereafter in

the years and in the principal amounts corresponding to the Amortization Installments as follows:

Year	Amortization Installments
*	\$

*Final Maturity.

Notice of Redemption. Notice of redemption, which shall specify the Series 2024 Bond or Series 2024 Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the City, and (A) shall be filed with the Paying Agent of such Bonds, and (B) shall be mailed first class, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar as of the date of mailing of such notice. Failure to mail such notice to the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the proceedings for redemption of Bonds as to which no such failure or defect has occurred. Failure of any Holder to receive any notice mailed as herein provided shall not affect the proceedings for redemption of such Holder's Bonds.

Each notice of redemption shall state: (1) the CUSIP numbers and any other distinguishing number or letter of all Bonds being redeemed, (2) the original issue date of such Bonds, (3) the maturity date and rate of interest borne by each Bond being redeemed, (4) the redemption date, (5) the Redemption Price, (6) the date on which such notice is mailed, (7) if less than all Outstanding Bonds are to be redeemed, the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed, (8) that on such redemption date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the designated office of the Registrar at an address specified, (10) the name and telephone number of a person designated by the Registrar to be responsible for such redemption, (11) unless sufficient funds have been set aside by the City for such purpose prior to the mailing of the notice of redemption, that such redemption is conditioned upon the deposit of sufficient funds for such purpose on or prior to the date set for redemption, and (12) any other conditions that must be satisfied prior to such redemption.

The City may provide that a redemption may be contingent upon the occurrence of certain conditions and that if such conditions do not occur the notice of redemption will be

rescinded, provided notice of rescission shall be mailed in the manner described above to all affected Bondholders not later than three business days prior to the date of redemption.

Notwithstanding the foregoing, so long as Cede & Co. or any subsequent securities depository is the registered owner of the Series 2024 Bonds, such notice of redemption shall only be sent to Cede & Co. or such subsequent securities depository. Notices are to be provided to the Beneficial Owners pursuant to arrangements established between the Participants and Beneficial Owners. See "DESCRIPTION OF THE SERIES 2024 BONDS - Book-Entry-Only System" herein. Upon the discontinuance of the book-entry-only registration system for the Series 2024 Bonds, the foregoing provisions shall apply with respect to the Beneficial Owners of the Series 2024 Bonds.

Redemption of Portions of Bonds. The Series 2024 Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The City shall, at least 35 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than 45 days and not less than 35 days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the City by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof. If less than all of a Term Bond is to be redeemed the aggregate principal amount to be redeemed shall be allocated to the Amortization Installments on a pro-rata basis unless the City, in its discretion, designates a different allocation.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the City and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Selection of Bonds to be Redeemed. Any Series 2024 Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the City shall execute and the Registrar shall authenticate and deliver to the Holder of such Series 2024 Bond, without service charge, a new Series 2024 Bond or Series 2024 Bonds, of any authorized denomination, as requested by such Holder in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2024 Bonds so surrendered.

Purchase in Lieu of Redemption

Notwithstanding anything in the Resolution to the contrary, at any time the Series 2024 Bonds are subject to optional redemption pursuant to the Resolution, all or a portion of the Series 2024 Bonds to be redeemed as specified in the notice of redemption, may be purchased by the Paying Agent, as trustee, at the direction of the City, on the date which would be the redemption date if such Series 2024 Bonds were redeemed rather than purchased in lieu thereof, at a purchase price equal to the Redemption Price which would have been applicable to such Series 2024 Bonds on the redemption date for the account of and at the direction of the City who shall give the Paying Agent, as trustee, notice at least ten (10) days prior to the scheduled redemption date accompanied by an opinion of Bond Counsel to the effect that such purchase will not adversely affect the exclusion from gross income for federal income tax purposes of interest on such Series 2024 Bonds. In the event the Paying Agent, as trustee, is so directed to purchase Series 2024 Bonds in lieu of optional redemption, no notice to the holders of the Series 2024 Bonds to be so purchased (other than the notice of redemption otherwise required under the Resolution) shall be required, and the Paying Agent, as trustee, shall be authorized to apply to such purchase the funds which would have been used to pay the Redemption Price for such Series 2024 Bonds if such Series 2024 Bonds had been redeemed rather than purchased. Each Series 2024 Bond so purchased shall not be canceled or discharged and shall be registered in the name of the City. Series 2024 Bonds to be purchased under the Resolution in the manner set forth above which are not delivered to the Paying Agent, as trustee, on the purchase date shall be deemed to have been so purchased and not optionally redeemed on the purchase date and shall cease to accrue interest as to the former holder thereof on the purchase date.

SECURITY FOR THE SERIES 2024 BONDS

Covenant to Budget and Appropriate

The Series 2024 Bonds are payable from the Non-Ad Valorem Revenues budgeted and appropriated for purposes of payment of the debt service on the Series 2024 Bonds in the manner and to the extent provided in the Resolution, and, until applied in accordance with the provisions of the Resolution. "Non-Ad Valorem Revenues" means all Governmental Funds Revenues other than revenues generated from ad valorem taxation on real or personal property, and which are legally available to make payments as required in the Resolution. "Governmental Funds Revenues" means total revenues of the City derived from any source whatsoever and that are allocated to and accounted for in the Governmental Funds as shown in the Annual Audit.

The City, in the Resolution, has covenanted and agreed to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues amounts sufficient to (A) pay principal of and interest on the Series 2024 Bonds when due, and (B) pay all required deposits to the Rebate Fund, all in the manner and to the extent provided in the

Resolution. Such covenant and agreement on the part of the City to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. Notwithstanding this covenant of the City, the City does not covenant to maintain any services or programs, now provided or maintained by the City, which generate Non-Ad Valorem Revenues.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the City from pledging in the future its Non-Ad Valorem Revenues, nor does it require the City to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Series 2024 Bondholders a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the City. Such covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate for the purposes and in the manner stated in the Resolution shall have the effect of making available for the payment of the Series 2024 Bonds, in the manner described in the Resolution, Non-Ad Valorem Revenues and placing on the City a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations in the Resolution; subject, however, in all respects to the restrictions of Section 166.241(2), Florida Statutes, which generally provide that the governing body of each municipality may only make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject, further, to the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the City or which are legally mandated by applicable law.

The City has covenanted and agreed to transfer to the Paying Agent for the Series 2024 Bonds, solely from funds budgeted and appropriated as described in the Resolution, on or before the date designated for payment of any principal of or interest on the Series 2024 Bonds, sufficient moneys to pay such principal or interest. The Registrar and Paying Agent shall utilize such moneys for payment of the principal and interest on the Series 2024 Bonds when due.

Series 2024 Bonds Not General Obligation

THE SERIES 2024 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AMOUNTS BUDGETED AND APPROPRIATED BY THE CITY FROM NON-AD VALOREM REVENUES IN

ACCORDANCE WITH THE RESOLUTION. NO HOLDER OF ANY SERIES 2024 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH SERIES 2024 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2024 BOND FROM ANY MONEYS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, EXCEPT FROM THE NON-AD VALOREM REVENUES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION.

Construction Fund

The City has covenanted and agreed in the Resolution to establish a separate fund, to be known as the "City of Newberry, Florida Capital Improvement Revenue Bonds, Series 2024 Construction Fund," which shall be used only for payment of the Costs of the Project. Moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project in the manner hereinafter provided, shall be held in trust by the Issuer and shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Resolution or a Supplemental Resolution.

Notwithstanding any of the other provisions of the Resolution, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal and interest on Series 2024 Bonds when due.

No Debt Service Reserve Fund

The Series 2024 Bonds are not secured by a debt service reserve fund.

Annual Budget

The City shall annually prepare and adopt, prior to the beginning of each Fiscal Year, an Annual Budget in accordance with applicable law.

If for any reason the City shall not have adopted the Annual Budget before the first day of any Fiscal Year, the preliminary budget for such year shall be deemed to be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year is adopted.

The City shall also provide the Annual Budget and amendments thereto to any Holder or Holders of Series 2024 Bonds upon written request. The City shall be permitted to make a reasonable charge for furnishing such information to such Holder or Holders.

Annual Audit

The City shall, immediately after the close of each Fiscal Year, cause the books, records and accounts relating to the City to be properly audited by a recognized independent firm of certified public accountants, and shall require such accountants to

complete their report of such Annual Audit in accordance with applicable law. Each Annual Audit shall be in conformity with generally accepted accounting principles as applied to governmental entities.

The City shall also provide the Annual Audit to any Holder or Holders of Series 2024 Bonds upon written request. The City shall be permitted to make a reasonable charge for furnishing such information to such Holder or Holders.

Anti-Dilution Test

During such time as the Series 2024 Bonds are Outstanding under the Resolution, the City agrees and covenants under the Resolution with the Series 2024 Bondholders that upon the issuance of any subsequent Debt, (A) Non-Ad Valorem Revenues shall cover projected Maximum Annual Debt Service on the Series 2024 Bonds and maximum annual debt service on Debt by at least 1.5 times; and (B) projected Maximum Annual Debt Service on the Series 2024 Bonds and maximum annual debt service for all Debt will not exceed twenty percent (20%) of Governmental Funds Revenues, exclusive of (i) ad valorem tax revenues restricted to payment of debt service on any Debt and (ii) any proceeds of the Series 2024 Bonds or Debt. The calculations required by clauses (A) and (B) above shall be determined using the average of actual receipts for the prior two Fiscal Years based on the City's Annual Audits. For purposes of the calculations required by clauses (A) and (B) above, Maximum Annual Debt Service on the Series 2024 Bonds and maximum annual debt service on Debt shall be calculated on an aggregate basis whereby the annual debt service for each is combined and the overall maximum is determined.

For the purposes of the Resolution, Debt means at any date (without duplication) all of the following to the extent that they are secured by or payable in whole or in part from any Non-Ad Valorem Revenues: (A) all obligations of the City for borrowed money or evidenced by bonds, debentures, notes or other similar instruments; (B) all obligations of the City to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (C) all obligations of the City as lessee under capitalized leases; and (D) all indebtedness of other Persons to the extent guaranteed by, or secured by, Non-Ad Valorem Revenues of the City; provided, however, if with respect to any obligation contemplated in (A), (B) or (C) above, the City has covenanted to budget and appropriate sufficient Non-Ad Valorem Revenues to satisfy such obligations but has not secured such obligations with a lien on or pledge of any Non-Ad Valorem Revenues then, and with respect to any obligations contemplated in (D) above, such obligations shall not be considered "Debt" for purposes of the Resolution unless the City has actually used Non-Ad Valorem Revenues to satisfy such obligation during the immediately preceding Fiscal Year or reasonably expects to use Non-Ad Valorem Revenues to satisfy such obligation in the current or immediately succeeding Fiscal Year. After an obligation is considered "Debt" as a result of the proviso set forth in the immediately preceding sentence, it shall continue to be considered "Debt"

until the City has not used any Non-Ad Valorem Revenues to satisfy any portion of such obligation for two consecutive Fiscal Years.

For the purposes of the anti-dilution covenant contained in the Resolution and described above, maximum annual debt service on Debt means, with respect to Debt that bears interest at a fixed interest rate, the actual maximum annual debt service, and with respect to Debt which bears interest at a variable interest rate, maximum annual debt service on such Debt shall be determined assuming that interest accrues on such Debt at the current "Bond Buyer Revenue Bond Index" as published in *The Bond Buyer* no more than two weeks prior to any such calculation; provided, however, if any Debt, whether bearing interest at a fixed or variable interest rate (the City currently does not have any variable interest Debt), constitutes Balloon Indebtedness, as defined in the immediately following sentence, maximum annual debt service on such Debt shall be determined assuming such Debt is amortized from its date of issuance over 25 years on an approximately level debt service basis. For purposes of the foregoing sentence, "Balloon Indebtedness" means Debt, 25% or more of the original principal of which matures during any one Fiscal Year. In addition, with respect to debt service on any Debt which is subject to a Qualified Hedge Agreement, interest on such Debt during the term of such Qualified Hedge Agreement shall be deemed to be the Hedge Payments coming due during such period of time. With respect to debt service on any Debt with respect to which the City elects to receive or is otherwise entitled to receive direct subsidy payments from the United States Department of Treasury, when determining the interest on such Debt for any particular interest payment date the amount of the corresponding subsidy payment shall be deducted from the amount of interest which is due and payable with respect to such Debt on the interest payment date, but only to the extent that the City reasonably believes that it will be in receipt of such subsidy payment on or prior to such interest payment date. See "APPENDIX C – FORM OF RESOLUTION" hereto for the definition of the capitalized terms above.

Pursuant to the Resolution, "Debt Service" shall mean, at any time, the aggregate amount in the then applicable period of time of (1) interest required to be paid on the Outstanding Series 2024 Bonds during such period of time, except to the extent that such interest is to be paid from Series 2024 Bond proceeds, (2) principal of Outstanding Serial Series 2024 Bonds maturing in such period of time, and (3) the Amortization Installments herein designated with respect to Outstanding Term Series 2024 Bonds maturing in such period of time.

Rebate Fund

The City has created and established pursuant to the Resolution a special fund to be known as the "City of Newberry, Florida Capital Improvement Revenue Bonds, Series 2024 Rebate Fund." Moneys in the Rebate Fund are not subject to a lien and charge in favor of the holders of the Series 2024 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Series 2024 Bonds are expected to be applied as follows:

	Series 2024 Bonds
SOURCES OF FUNDS	
Par Amount	\$
[Plus/Less] [Net] Original Issue [Premium/Discount]	\$
TOTAL SOURCES	\$
 USES	
Deposit to Construction Fund ⁽¹⁾	\$
Costs of Issuance ⁽²⁾	\$
TOTAL USES	\$

⁽¹⁾ To be applied to pay the costs of the Project.

⁽²⁾ Includes Underwriter's discount, financial advisory fees, legal fees and expenses and other miscellaneous costs of issuance.

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DEBT SERVICE SCHEDULE FOR THE SERIES 2024 BONDS

Year Ending September 1	Principal	Interest	Total
	\$	\$	\$
Totals*			

*Totals may not add due to rounding.

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GENERAL INFORMATION REGARDING CERTAIN NON-AD VALOREM REVENUES

General

The City generally receives two primary sources of revenue, ad valorem tax revenues and non-ad valorem revenues. Pursuant to the State Constitution, ad valorem tax revenues may not be pledged for the payment of debt obligations of the City that have a maturity greater than one year without approval of the electorate of the City. *The ad valorem tax revenues of the City are not pledged as security for the payment of the Series 2024 Bonds, and the City is not obligated to budget and appropriate ad valorem tax revenues for the payment of the Series 2024 Bonds. Currently the City does not have any debt outstanding that is secured by ad valorem tax revenues.*

Non-ad valorem revenues of the City may be pledged or applied, subject to certain limitations disclosed herein, for the payment of debt obligations of the City. Such non-ad valorem revenues include a broad category of revenues, including, but not limited to, certain taxes, revenues received from the State, investment income and income produced from certain services and facilities of the City, as described below. Not all non-ad valorem revenues of the City constitute Non-Ad Valorem Revenues pursuant to the Resolution. For purposes of the Resolution and the City's obligations with respect to the Series 2024 Bonds, under the City's current financial classification system Non-Ad Valorem Revenues generally include all revenues of the City that are deposited or allocated to the governmental funds of the City (the "Governmental Funds"), other than revenues generated from ad valorem taxation on real or personal property, which are legally available to make the payments required under the Resolution.

As more fully described above under "SECURITY FOR THE SERIES 2024 BONDS," the City has covenanted and agreed in the Resolution, subject to certain restrictions and limitations, to appropriate in its annual budget, by amendment if necessary, from Non-Ad Valorem Revenues, amounts sufficient to pay principal of, redemption premium, if any, and interest on the Series 2024 Bonds when due, in the manner and to the extent provided in the Resolution and described herein. The holders of the Series 2024 Bonds do not have a lien on any specific Non-Ad Valorem Revenues of the City. The City may in the future specifically pledge Non-Ad Valorem Revenues to secure additional debt issued by the City. The City's covenant and agreement to appropriate Non-Ad Valorem Revenues to pay the Series 2024 Bonds is subject to the payment of any such debt obligations that are secured by a pledge of or lien on all or any portion of Non-Ad Valorem Revenues. Currently, the City has no such debt obligations outstanding but could, subject to certain conditions, issue such debt obligations in the future.

The City utilizes fund accounting to demonstrate and ensure compliance with legal, legislative, contractual, and other finance-related provisions. All of the City's funds may

be divided into two categories: governmental and proprietary (also referred to as enterprise and internal service funds). The Non-Ad Valorem Revenues that may be legally available to pay debt service on the Series 2024 Bonds will be accounted for within the City's Governmental Funds, the largest operating fund of which is the General Fund.

Historical Non-Ad Valorem Revenues

The following table sets forth, for the City's Fiscal Years ended September 30, 2018 through and including September 30, 2023, the Non-Ad Valorem Revenues accounted for in the City's Governmental Funds which may be legally available to pay all or a portion of the debt service on the Series 2024 Bonds, subject to the conditions and restrictions described herein. The amounts shown for Fiscal Years 2018-2023 are derived from audited financial statements. Certain of such revenues may hereinafter be specifically pledged to secure other indebtedness of the City. Any such debt would be payable from such specific revenue sources prior to payment of debt service on the Series 2024 Bonds or any other indebtedness that is similarly payable from a covenant of the City to budget and appropriate sufficient Non-Ad Valorem Revenues to pay debt service. Additionally, as noted previously and described under "SECURITY FOR THE SERIES 2024 BONDS," the City's covenant and agreement to appropriate Non-Ad Valorem Revenues to pay the Series 2024 Bonds is also subject to other conditions, including the payment of essential services related to the health, welfare and safety of the inhabitants of the City or which are mandated by applicable law, and the obligation of the City to have a balanced budget. Certain categories of Non-Ad Valorem Revenues may cease to exist altogether and new sources may come about from time to time.

Continued consistent receipt of Non-Ad Valorem Revenues is dependent upon a variety of factors, including continuing compliance with eligibility requirements and formulas specified under State law for the distribution of certain of such funds which take into consideration the ratio of residents in the City to total County residents. Greater growth in the unincorporated areas of the County or in other municipalities as compared to the City could have an adverse effect on certain non-ad valorem revenues. The amounts and availability of any of the Non-Ad Valorem Revenues to the City are also subject to change, including reduction or elimination by change of State law or changes in the facts or circumstances according to which certain of the Non-Ad Valorem Revenues are allocated. In addition, the amount of certain of the Non-Ad Valorem Revenues collected by the City is directly related to the general economy of the State and the City. Accordingly, adverse economic conditions could have a material adverse effect on the amount of Non-Ad Valorem Revenues collected by the City. The City has and may in the future specifically pledge certain of the Non-Ad Valorem Revenues or covenant to budget and appropriate Non-Ad Valorem Revenues of the County to its obligations. In the case of a specific pledge, such Non-Ad Valorem Revenues would be required to be applied to such obligations prior to paying the principal of and interest on the Series 2024 Bonds.

CITY OF NEWBERRY, FLORIDA
HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES

	Fiscal Year Ended September 30,				
	2019	2020	2021	2022	2023
Program Revenues:					
Governmental activities:					
Charges for services:					
General government	\$25,610	\$58,701	\$103,967	\$93,257	\$51,443
Public safety	980,542	1,082,788	1,044,370	1,381,715	1,749,648
Physical Environment	596,764	636,315	710,301	824,803	859,160
Health and Welfare	15,808	-	-	-	-
Transportation	29,613	30,473	31,356	33,663	36,066
Culture and recreation	239,224	222,512	279,693	283,187	302,620
Operating grants and contributions	270,774	742,437	282,733	296,125	305,119
Capital grants and contributions	569,648	296,316	327,208	1,997,083	1,674,250
Total governmental activities program revenues	\$2,727,983	\$3,069,542	\$2,779,628	\$4,909,833	\$4,978,306
Taxes:					
Discretionary Sales Surtax	\$390,555	\$355,631	\$430,470	\$521,012	\$955,387
Sales Tax	521,864	505,014	614,884	748,448	824,553
Utility taxes- Public Service Taxes	797,823	819,318	976,302	1,075,783	1,213,991
Communications services taxes	176,431	182,305	178,484	208,651	235,232
Business license tax	31,092	28,937	43,976	23,131	54,432
Unrestricted investment earnings	83,014	27,087	14,336	75,931	343,631
Electric & Gas Franchise Fees	275,468	256,301	262,649	288,708	261,802
Other	64,691	84,425	42,869	133,203	371,303
Total governmental activities	\$2,340,938	\$2,259,018	\$2,563,970	\$3,074,867	\$4,260,331
Total primary government	\$5,068,921	\$5,328,560	\$5,343,598	\$7,984,700	\$9,238,637

Source: City of Newberry Financial Reports.

The following includes a general description of some of the sources of Non-Ad Valorem Revenues that are likely to be legally available to pay debt service on the Series 2024 Bonds.

Taxes

Utility Service Tax. The "Utility Service Tax" is imposed by the City pursuant to the Constitution of the State, Section 166.231, Florida Statutes, and Chapter 86, Article II of the City's Code of Ordinances, and other applicable provisions of law. State law authorizes any municipality in the State to levy the Utility Service Tax on the purchase within such municipality of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. Services competitive with those enumerated in the previous sentence, as defined by ordinance, shall be taxed on a comparable basis at the same rates. The Utility Service Tax rate cannot exceed ten percent (10%) of the payments received by the seller of the taxable item from the purchaser for the purchase of such service. Fuel oil shall be taxed at a rate not to exceed 4 cents per gallon. The Utility Service Tax shall not be applied against any fuel adjustment charge. The term "fuel adjustment charge" means all increases in the cost of utility services

to the ultimate consumer resulting from an increase in the cost of fuel to the utility subsequent to October 1, 1973.

Pursuant to Ordinance No. 6-27 enacted by the City on July 10, 1972, as amended by Ordinance No. 2021-49 enacted on September 27, 2021, the City levies (i) a utility service tax on the purchase of electricity, metered or bottled gas (natural, liquefied petroleum gas, or manufactured), telephone service, and fuel oil within the City limits at a rate of ten percent (10%) of the payments received by the seller of such taxable item from the purchaser of such taxable item or service, (ii) a utility service tax on the purchase of fossil fuel oil within the City limits at a rate of four cents (\$0.04) per gallon, and (iii) a utility service tax on the purchase of water service shall be six percent (6%). The term "fuel oil" includes fuel oil grade nos. 1, 2, 3, 4, 5, and 6, kerosene and coal oil.

State law provides that a municipality may exempt from the utilities tax the first 500 kilowatts of electricity per month purchased for residential use; metered or bottled gas or fuel oil for agricultural purposes; purchases of electricity, natural gas, liquefied petroleum gas or manufactured gas by industrial customers for use in industrial manufacturing or processing facilities in the municipality and electrical energy used in a facility located in a designated enterprise zone. The City has exempted United States of America, the State, and all political subdivisions, agencies, boards, commissions and instrumentalities thereof, and all recognized churches of the State from the payment of the tax. In addition, the City has excluded from the taxes levied and imposed by Section 86-37 of the City Code: (a) purchases of "special fuels" as defined in Section 206.86, Florida Statutes; (b) the purchase of not more than five (5) gallons of fuel oil delivered at the seller's place of business into the purchaser's container of not more than five gallon capacity; (c) the purchase of fuel oil for use in the propulsion of ships, motor vessels, motorboats, aircraft, railroad trains and other media of transportation; (d) the purchase of fuel oil by a public or private utility, including municipal corporations and rural electric cooperative associations, either for resale or for use as fuel in the generation of electricity and (e) the purchase of fuel oil or utility services where said fuel oil or utility service is used in strict agricultural pursuits.

The Utility Service Tax must be collected by the seller from purchasers at the time of sale and remitted to the City on a monthly basis. Taxes on most utility services are separately itemized on the bill rendered to customers, but separate disclosure is not required. A failure by a consumer to pay that portion of the bill attributable to the Utility Service Tax may result in a suspension of the service involved in the same fashion as the failure to pay that portion of the bill attributable to the particular utility service.

The amount of Utility Service Tax collected by the City may fluctuate as the price of taxable services fluctuates and a sustained increase in the price thereof may have an adverse effect on the amount of tax collected. The amount of Utility Service Tax revenues received by the City is also subject to increase or decrease due to legislative changes. The amount of the Utility Service Tax revenues collected within the City may be adversely

affected by changes in population within the City. Such changes in population could decrease the number of purchasers of taxable services within the City.

Local Communications Services Tax. The Communications Services Tax Simplification Act, codified as Chapter 202, Florida Statutes, became effective October 1, 2001 (the "CSTA"). Pursuant to the CSTA, the structure and imposition of taxes on telecommunications and other communications services were significantly revised. Section 202.19, Florida Statutes, authorizes counties and municipalities to levy a local tax on communications services (the "Local Communications Services Tax") as defined in Section 202.11, Florida Statutes, and as of the same date, repealed Section 166.231(9), Florida Statutes, which had previously granted municipalities the authority to levy a utilities tax on the purchase of telecommunication services. Although the Local Communications Services Tax is levied locally, the Florida Department of Revenue ("FDOR") collects the tax on behalf of the local governments.

Pursuant to the CSTA, the City imposes a local communications services tax at a rate of 5.22% for all taxable sales of communications services charged to a service address within the City. The proceeds of said Local Communication Services Tax, less FDOR's cost of administration which may not exceed 1% of the total revenue generated, are deposited in the Local Communications Services Tax Clearing Trust Fund (the "CST Trust Fund") and distributed monthly to the appropriate jurisdiction.

"Communication services" under the CSTA are defined as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including video services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. The term does not include:

- (a) Information services.
- (b) Installation or maintenance of wiring or equipment on a customer's premises.
- (c) The sale or rental of tangible personal property.
- (d) The sale of advertising, including, but not limited to, directory advertising.
- (e) Bad check charges.
- (f) Late payment charges.
- (g) Billing and collection services.
- (h) Internet access service, electronic mail service, electronic bulletin board service, or similar online computer services.

However, such services have historically been taxed if the charges for such services are not stated separately from the charges for communications services on a customer's bill.

The sale of communications services to the following are exempt from the Local Communications Services Tax: (i) the federal government or any instrumentality or agency thereof, or any entity that is exempt from state taxes under federal law, (ii) the State or any county, municipality or political subdivision of the State when payment is made directly to the dealer by the governmental entity, and (iii) any home for the aged, educational institution (which includes state tax-supported and nonprofit private schools, colleges and universities and nonprofit libraries, art galleries and museums, among others) or religious institutions (which includes, but is not limited to, organizations having an established physical place for worship at which nonprofit religious services and activities are regularly conducted) that is exempt from federal income tax under Section 501(c)(3) of the Code. In addition, the Local Communication Services Tax does not apply to any direct-to-home satellite service.

The CSTA provides that, to the extent that a provider of communications services is required to pay to a local taxing jurisdiction a tax, charge, or other fee under any franchise agreement or ordinance with respect to the services or revenues that are also subject to the Local Communications Services Tax, such provider is entitled to a credit against the amount of such Local Communications Services Tax payable to the State in the amount of such tax, charge, or fee with respect to such service or revenues. The amount of such credit is deducted from the amount that such local taxing jurisdiction is entitled to receive under Section 202.18(3), Florida Statutes.

Under the CSTA, local governments must work with the FDOR to properly identify service addresses within each municipality and county. If a jurisdiction fails to provide the FDOR with accurate service address information, the local government risks losing tax proceeds that it should properly receive. The City believes it has provided the FDOR with all information that the FDOR has requested as of the date hereof and that such information is accurate.

Providers of communications services collect the Local Communications Services Tax and may deduct 0.75% as a collection fee (or 0.25% in the case of providers who do not employ an enhanced zip code database or a database that is either supplied or certified by the FDOR). The communications services providers remit the remaining proceeds to the FDOR for deposit into the CST Trust Fund. The FDOR then makes monthly distributions from the CST Trust Fund to local governments after deducting up to 1% of the total revenues generated as an administrative fee.

The amount of Local Communications Services Tax revenues received by the City is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the City, (ii) legislative changes, and/or (iii) technological advances which could affect consumer preferences.

Local Business Tax. Section 205.032, Florida Statutes, authorizes counties to levy a business tax (formerly known as the "local occupational license tax") for the privilege of engaging in or managing any business, profession or occupation within their jurisdictions (the "Local Business Tax"). Section 205.042 extends authority to levy the Local Business Tax to municipalities.

Any Local Business Tax levied must be based on reasonable classifications, must be uniform throughout any class, and must comply with various additional limitations and adoption procedures contained in Sections 205.0315 and 205.0535, Florida Statutes. Under Chapter 18, Article II of the City's Code of Ordinances, the City levies a Local Business Tax on various services.

The State Legislature has exempted certain individuals and activities from the Local Business Tax. In 2012, the Legislature considered legislation repealing the Local Business Tax, but this legislation failed to pass. It is possible that the Legislature may consider similar bills in the future or may consider bills providing for additional exemptions from or limitations on the Local Business Tax and that such bills may pass. The amount of Local Business Tax revenues received by the City is subject to further increase or decrease based on the number of persons choosing in any given year to engage in or manage any business, profession or occupation within its jurisdiction.

Other Non-Ad Valorem Taxes. The City receives proceeds of certain other non-ad valorem taxes including excise taxes on insurance premiums and a local fuel tax, the uses of which are limited. The proceeds of these other taxes generally are not legally available to pay debt service on the Series 2024 Bonds.

Intergovernmental Revenues

All revenues received by a local government unit from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes are included in the intergovernmental revenues category. The category is further classified into eight subcategories: federal grants, federal payments in lieu of taxes ("PILOT"), state grants, state shared revenues, state PILOT, if any, local grants, local shared revenue, and local PILOT. If a particular grant is funded from separate intergovernmental sources, then the revenue is recorded proportionately. The largest of these sources is the "Local Government Half-Cent Sales Tax."

Local Government Half-Cent Sales Tax. Chapter 212, Florida Statutes, authorizes the levy and collection by the State of sales tax upon, among other things, the sales price of each item or article of tangible personal property sold at retail in the State, subject to certain exceptions and dealer allowances. In 1982, the State Legislature created the Local Government Half-Cent Sales Tax Program (the "Half-Cent Sales Tax Program"), which distributes a portion of the sales tax revenue and money from the State's General Revenue Fund to counties and municipalities that meet certain eligibility requirements. In 1982,

when the Half-Cent Sales Tax Program was created, the general rate of sales tax in the State was increased from 4% to 5%, and one-half of the fifth cent was devoted to the Half-Cent Sales Tax Program, thus giving rise to the name "Half-Cent Sales Tax." Although the amount of sales tax revenue deposited into the Half-Cent Sales Tax Program is no longer one-half of the fifth cent of every dollar of the sales price of an item subject to sales tax, the name "Half-Cent Sales Tax" has continued to be utilized.

Section 212.20, Florida Statutes, provides for the distribution of sales tax revenues collected by the State. Over the years, the proportion of sales tax revenues deposited in the Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury (the "Sales Tax Trust Fund") has decreased from time to time. Prior to September 1, 2015, the percentage of sales tax proceeds deposited in the Sales Tax Trust Fund after certain required deposits to other State funds was 8.8854%. Commencing September 1, 2015, the percentage of sales tax proceeds deposited in the Sales Tax Trust Fund after certain required deposits to other State funds is 8.9744%. The general rate of sales tax in the State is now 6.00%. The sales tax proceeds deposited in the Sales Tax Trust Fund (the "Half-Cent Sales Tax Revenues") are earmarked for distribution to the governing body of each county and each participating municipality within a county pursuant to a statutory distribution formula described below. The Half-Cent Sales Tax Revenues are distributed from the Sales Tax Trust Fund on a monthly basis to participating units of local government in accordance with Chapter 218, Part VI, Florida Statutes.

To be eligible to participate in the Half-Cent Sales Tax Program, each municipality and county is required to comply with a variety of state-mandated requirements. The City has always complied with such requirements.

The Half-Cent Sales Tax Revenues collected within a county and deposited in the Sales Tax Trust Fund are distributed among the county and the eligible municipalities therein in accordance with the following formula:

$$\begin{array}{l}
 \text{County Share} \\
 \text{(percentage of total} \\
 \text{Half-Cent Sales} \\
 \text{Tax Revenues)} \\
 \end{array}
 =
 \frac{\text{unincorporated} \\
 \text{area population}}{\text{total county} \\
 \text{population}}
 +
 \frac{\text{2/3 incorporated} \\
 \text{area population}}{\text{2/3 incorporated} \\
 \text{area population}}$$

$$\begin{array}{l}
 \text{Each Municipality Share} \\
 \text{(percentage of total} \\
 \text{Half-Cent Sales Tax} \\
 \text{Revenues)} \\
 \end{array}
 =
 \frac{\text{municipality population}}{\text{total county} \\
 \text{population}}
 +
 \frac{\text{2/3 incorporated} \\
 \text{area population}}{\text{2/3 incorporated} \\
 \text{area population}}$$

For purposes of the foregoing formula, "population" is based upon the latest official State estimate of population certified prior to the beginning of the local government Fiscal Year. Should any unincorporated area of the County become incorporated as a

municipality, the share of the Half-Cent Sales Tax Revenues received by the City would be reduced. Should the City annex any area or should any area of the City de-annex from the City, the share of the Half-Cent Sales Tax Revenues received by the City would be respectively increased or decreased according to the foregoing formula.

Below are the approximate distribution percentages of the Half-Cent Sales Tax Revenues for the County, the City and the other municipalities within the County for the Fiscal Year ending September 30, 2023:

**Local Government
Half-Cent Sales Tax Revenues
for Fiscal Year Ending
September 30, 2023**

<u>County/Municipality</u>	<u>Distribution</u>
Newberry	1.9%
Alachua County	56.7
Gainesville	35.9
Alachua	2.7
High Springs	1.6
Hawthorne	0.4
Archer	0.3
Other Cities ⁽¹⁾	0.5

⁽¹⁾ Consists of 3 other cities.

Source: State of Florida Department of Revenue.

The amount of Half-Cent Sales Tax Revenues distributed to the City is subject to increase or decrease due to (1) more or less favorable economic conditions, (2) increases or decreases in the dollar volume of taxable sales within the County, (3) legislative changes relating to the Half-Cent Sales Tax Program, which may include changes in the scope of taxable sales, changes in the tax rate and changes in the amount of sales tax revenue deposited into the sales tax trust fund, (4) the relative population of the City compared to the population of the unincorporated areas of the County and of the other municipalities therein, and (5) other factors which may be beyond the control of the City, including but not limited to the increasing use of electronic commerce and other internet-related sales activity that could have a material adverse impact upon the amount of sales tax collected by the State and then distributed to the City.

Infrastructure Sales Surtax. Pursuant to Chapter 212, Florida Statutes, counties are authorized to levy a local discretionary sales surtax (also commonly known as the infrastructure sales surtax) of an additional one-half percent (1/2%) or one percent (1%) pursuant to an ordinance enacted by a majority of the members of the board of county commissioners and approved by referendum. Chapter 212, Florida Statutes, provides that

the levy on such surtax may be extended upon approval of a majority of the electors of the County voting in a referendum on the discretionary sales surtax.

The infrastructure sales surtax revenues are amounts paid to the City pursuant to the one percent (1%) sales surtax imposed by the County on residents within the County ("Sales Surtax Revenues") and approved at a referendum held in November 2022. The Sales Surtax Revenues are to be distributed among the municipalities within the County pursuant to the Interlocal Agreement, as described below. Unless extended pursuant to another referendum, said sales surtax expires December 31, 2032. The City's Sales Surtax Revenues are restricted legally or by City Commission policy for specific capital improvement projects, and thus may only be used with respect to certain capital projects.

Generally, the proceeds of the infrastructure sales surtax may only be expended to finance, plan and construct "infrastructure," which is defined as including fixed capital expenditures or fixed capital costs associated with the construction, reconstruction or improvement of public facilities which have a life expectancy of five or more years and any land acquisition, land improvement, design and engineering costs related thereto. Pursuant to Section 212.055(2)(e), Florida Statutes, as amended, counties receiving discretionary sales surtax proceeds may pledge such proceeds for the purpose of servicing new bond indebtedness incurred pursuant to law.

Section 212.055(2)(d), Florida Statutes, expressly states that neither the proceeds from the infrastructure sales surtax nor the interest accrued thereon shall be used for operational expenses of any infrastructure. Further restrictions prohibit counties from using the infrastructure sales surtax to replace or supplant user fees or to reduce ad valorem taxes. The surtax applies to all transactions in the County that are subject to State sales tax imposed on sales, use, rentals, admissions, and other transactions under Chapter 212, Florida Statutes, and on communication services. The surtax does not apply to the sales amount of tangible personal property greater than \$5,000 or to long distance telephone service.

FDOR has the responsibility to administer, collect, and enforce the discretionary sales surtax. Pursuant to Section 212.054(4)(b), Florida Statutes, the proceeds of the County's discretionary sales surtax collections are transferred to the Discretionary Sales Surtax Clearing Trust Fund. A separate account in the trust fund is established for each county imposing such a surtax. FDOR is authorized to deduct up to 3% of the total revenue generated for all counties levying a surtax for administrative costs. The amount deducted for administrative costs is required to be used only for those costs solely and directly attributable to the surtax. The total administrative costs are prorated among those counties levying the surtax on the basis of the amount collected for a particular county to the total amount collected for all counties. Historically, FDOR has deducted less than 1.0% for administrative costs.

Pursuant to Section 212.15, Florida Statutes, vendors are required to remit sales tax receipts (including proceeds of any discretionary sales surtax) by the twentieth (20th) day of the month immediately following the month of collection. No statute prescribes a deadline for remitting surtax proceeds from FDOR to the local governing bodies. However, according to the accounting division of FDOR, FDOR consistently remits the surtax proceeds to such local governing bodies by the end of the month immediately following receipt by FDOR.

Pursuant to Chapter 212, Part I, Florida Statutes, the Sales Surtax Revenues are to be distributed by FDOR among the County and all of the municipalities within the County (collectively, the "Municipalities"), either (i) in accordance with the formula provided under Section 218.62, Florida Statutes, or (ii) pursuant to an interlocal agreement between the County and the governing bodies of the municipalities representing a majority of the population of the County. The County currently distributes the Sales Surtax Revenues to the Municipalities in accordance with the formula provided under Section 218.62, Florida Statutes.

The total amount of Sales Surtax Revenues collected within the County and distributed to the City is subject to increase or decrease due to increases or decreases in the dollar volume of taxable sales within the County, which, in turn, is subject to among other things, (i) legislative changes which may include or exclude from taxation sales of particular goods or services, and (ii) changes in the dollar volume of purchases in the County, which is affected by changes in population and economic conditions. The potential for increased use of electronic commerce and other internet-related sales activity could have a material adverse impact upon the amount of Sales Surtax Revenues collected by the County and distributed to the City.

The Sales Surtax Revenues received by the City are deposited into the City's Infrastructure Sales Surtax Fund (a Governmental Fund of the City) used to account for revenues which are restricted legally or by City Commission policy to be used for specific capital improvement projects. The City Commission has budgeted the City's Sales Surtax Revenues to pay debt service on the Series 2024 Bonds.

The infrastructure sales surtax, unless renewed, expires prior to the final maturity of the Series 2024 Bonds. There can be no assurance that the extension of the infrastructure sales surtax will be enacted and approved at referendum.

State Revenue Sharing Funds. "State Revenue Sharing" consists of amounts levied and collected by the State and shared with local governments under the provisions of Section 218.215, Florida Statutes. The amount deposited by FDOR into the State Revenue Trust Fund for Municipalities is 1.3653% of available sales and use tax collections after certain required distributions, and the net collections from the one-cent municipal fuel tax.

The amount of revenues from the State Revenue Sharing Trust Fund for Municipalities distributed to any one municipality is the average of three factors: an adjusted population factor; a sales tax collection factor, which is the proportion of the local municipality's ordinary sales tax distribution the municipality would receive if the distribution were strictly population based; and a relative revenue raising ability factor, which measures the municipality's ability to raise revenue relative to other qualifying municipalities in the State.

Brief descriptions of the sources of revenues that are deposited into the State Revenue Sharing Fund for Municipalities are set forth below.

Sales Tax Revenues. Prior to July 1, 2000, a state tax was levied on cigarette packages at varying rates, depending on the length and number of cigarettes in a package and, pursuant to Section 210.20(2)(a), Florida Statutes, certain amounts derived from such cigarette taxes were deposited to the Revenue Sharing Trust Fund for Municipalities after deducting therefrom certain charges for administration and collection. Effective July 1, 2000, the cigarette tax revenues were eliminated from distribution to the Revenue Sharing Trust Fund for Municipalities and replaced with sales and use tax proceeds. Currently, 1.3653% of the available proceeds of the sales and use tax imposed pursuant to Chapter 212, Florida Statutes, is transferred monthly to the Revenue Sharing Trust Fund for Municipalities after certain other transfers have been made and certain charges for administration and collection have been deducted therefrom.

The sales and use tax provides the majority of the receipts for the Revenue Sharing Trust Fund for Municipalities. For the State's Fiscal Year ending 2023, approximately 81% of the deposits of the Revenue Sharing Trust Fund for Municipalities were from the sales and use tax, and approximately 19% were from the municipal fuel tax.

Municipal Fuel Tax. The proceeds of the municipal fuel tax imposed pursuant to Section 206.41(1)(c), Florida Statutes, after deducting certain service charges and administrative costs, is transferred into the Revenue Sharing Trust Fund for Municipalities. Funds derived from the municipal fuel tax on motor fuel may only be used to pay debt service allocable to transportation facilities. **The municipal fuel tax portion of the distribution is not available to pay debt service on the Series 2024 Bonds.**

To be eligible for State Revenue Sharing funds beyond the minimum entitlement (defined as the amount necessary to meet obligations to which a municipality has pledged amounts received from the State Revenue Sharing Trust Fund for Municipalities), a local government must have satisfied certain eligibility requirements set forth under State law. If the City fails to comply with the eligibility requirements, FDOR may utilize the best information available to it, if such information is available, or take any necessary action

including disqualification, either partial or entire, and the City shall further waive any right to challenge the determination of FDOR as to its distribution, if any. Eligibility is retained if the local government has met eligibility requirements for the previous three years, even if the local government reduces its millage or utilities taxes because of the receipt of State Revenue Sharing funds. The City has continuously maintained its eligibility to receive State Revenue Sharing funds.

Not all of State Revenue Sharing revenues are for general governmental use. A portion is comprised of fuel taxes and restricted for transportation related expenses. The range varies annually but over the past several years has not exceeded 23% of the total State Revenue Sharing. According to the FOR municipalities may assume that 19% of their estimated 2022-23 fiscal year distribution is derived from the municipal fuel tax. The proceeds of the fuel tax portion of the State Revenue Sharing is not available to pay debt service on the Series 2024 Bonds.

Mobile Home Licenses. Section 320.08, Florida Statutes, imposes an annual license tax in lieu of ad valorem taxes upon mobile homes which are not permanently affixed to real property. The annual license taxes are remitted by the Tax Collector to the State. Pursuant to Section 320.081 Florida Statutes, after deduction of a service charge for each license issued, the State remits to the City one-half of the balance of such taxes derived from licenses issued to mobile homes located within the City. The State remits such funds to the City on a monthly basis.

Alcoholic Beverage Licenses. Pursuant to Sections 561.14(6), 563.02, 564.02, 565.02(1), (4) and (5) and 565.03, Florida Statutes, the State levies license taxes on vendors, manufacturers and distributors of beer, wine and liquor. Section 561.342, Florida Statutes, requires that 38% of such taxes collected within the City be returned to the City. Distributions are made to the City on a monthly basis.

Permits and Fees

Franchise Fees. The City's Franchise Fees consist of all monies and fees received by the City as a result of franchises granted by the City to utility companies to be providers of its services within the City. The City currently has franchise agreements for electricity and gas. Presently, the City receives a majority of its Franchise Fee revenues from Clay Electric Cooperative ("Clay Electric") pursuant to a 30-year franchise granted by the City to Clay Electric pursuant to Ordinance No. 2016-10 enacted by the City on October 10, 2016 (the "Clay Electric Agreement"). Additionally, the City receives gas Franchise Fee revenues from City of Gainesville, d/b/a Gainesville Regional Utilities, pursuant to Ordinance No. 2018-02 enacted by the City on January 22, 2018, that expires on February 1, 2048 with two additional 5-year renewal periods and from Florida Public Utilities Company, pursuant to Ordinance No. 2018-03 enacted by the City on January 22, 2018, that expires on February 1, 2048 with two additional 5-year renewal periods.

The Clay Electric Agreement is scheduled to terminate in October 2046 prior to the final maturity of the Series 2024 Bonds. Although the City currently intends to take all action necessary to extend or renew the Clay Electric Agreement prior to its expiration, or to seek a new or additional franchisees for the provision of such services, there is no assurance that such franchises will be extended or renewed or that the City will be successful in seeking new or additional franchisees. There is also no guarantee that either of these services will continue to be provided by private entities in the future rather than by governmental entities, including the City, in which case no Franchise Fees would be received. Additionally, continued receipt of all of the Franchise Fees is dependent upon the continued financial viability of the City's franchisees and the continued need by the City's citizens for the services provided.

Franchise fees received by the City are deposited to the credit of the General Fund and may be used for any lawful purpose.

Impact Fees. The City Commission established separate trust funds for impact fees collected for transportation and general government buildings (collectively, the "Impact Fees"). The trust fund created for the Impact Fees is maintained separate and apart from each of the other trust funds and from all other funds of the City. The funds deposited into each of the Impact Fees trust funds are to be used solely for the purpose of providing growth necessitated improvements and additions to the specific public facility for which such Impact Fees were received. The City began collecting Impact Fees in November 2023.

Impact Fees are charged on new construction. The use of Impact Fees is limited under State law to (i) payment for expansion facilities or (ii) paying debt service on obligations issued to acquire or construct or refinance expansion facilities to the extent the debt service is attributable to expansion facilities. The use of Impact Fees is further limited to facility expansions related to the purpose of the Impact Fee itself. Under State law, investment earnings with respect to Impact Fees are subject to the same restrictions on use as the Impact Fees themselves. Revenues from Impact Fees fluctuate with the amount of new construction or development that occurs within the City. As a result, no assurance can be provided that such revenue will not decrease or be eliminated altogether in the event that new construction, for whatever reason, decreases or ceases within the City.

Portions of the Project for which the Series 2024 Bonds are being issued are to finance and refinance growth related improvements and additions for which Impact Fees legally can be used to pay the cost of such projects. Specifically, a portion of the Impact Fees deposited into the Public Buildings Impact Fee Trust Account for growth related improvements in the City's general government buildings, are included in Non-Ad Valorem Revenues. Such portion of the Non-Ad Valorem Revenues may be used to pay debt service on the portion of the Series 2024 Bonds allocable to the construction of the Project.

In 2021 the State adopted a law that prevents local governments from increasing impact fees more than once every four (4) years and limits the increases to fifty percent

(50%). Increases between twenty-five percent (25%) and fifty percent (50%) are required to be spread over four (4) years. Smaller increases may be phased in over a two (2) year period. A local governmental entity is allowed to exceed such limits if the governmental entity (i) obtains a study that describes "the extraordinary circumstances requiring the additional increase," (ii) holds at least two (2) workshops relating to the increase and (iii) approves the increases by at least a two-thirds vote of its governing body. The limitation on impact fee increases became effective retroactively and applies to any impact fee increase made since January 1, 2021. The 2021 impact fee law is not expected to have any impact on the ability of the City to pay Debt Service on the Series 2024 Bonds.

Other Permits and Fees. The City receives revenues that are that are derived from charges imposed and collected with respect to a variety of permits and fees granted within the City, including but not limited to application, inspection and permit fees for site plan reviews, construction and renovation projects, landscaping, plumbing, electrical and other improvements.

The City also imposes special assessments for various capital projects and operations, the use of such fees are limited to the capital project and/or operations for which they were levied. None of the revenues received from special assessments will be available to pay debt service on the Series 2024 Bonds.

Charges for Services

Revenues resulting from the City's charges for services are reflected in this category and include those charges received from private individuals or other governmental units. The revenues received from these charges for services are typically used to support related services. The City generally divides these charges for services into four general categories: general government, public safety, culture and recreation and administrative.

Miscellaneous Revenues

This category includes a variety of revenues including recoveries, reimbursements and sales of assets.

Ad Valorem Taxes

The Series 2024 Bonds are secured by the City's covenant to budget and appropriate Non-Ad Valorem Revenues in the manner and to the extent provided in the Resolution, as described under "SECURITY FOR THE SERIES 2024 BONDS" herein, and are not payable from ad valorem taxation. However, the ability of the City to pay the Series 2024 Bonds is subject to a variety of factors, including the obligation of the City to provide governmental services and the provisions of State law which require the City to have a balanced budget. The holders of the Series 2024 Bonds do not have a lien on any specific Non-Ad Valorem Revenues of the City.

Although the Series 2024 Bonds are not payable from ad valorem taxation, approximately 30% of governmental fund revenues which were collected by the City in Fiscal Year 2023 were derived from ad valorem taxes. To the extent that the future collection of ad valorem tax revenues is adversely affected, a larger portion of Non-Ad Valorem Revenues would be required to balance the budget and provide governmental services. This could impact the City's ability to pay debt service on the Series 2024 Bonds.

The City is permitted by the State Constitution to levy ad valorem taxes at a rate of up to \$10 per \$1,000 of assessed valuation for general governmental expenditures. The City's General Fund ad valorem tax millage rate for the Fiscal Year ending September 30, 2024 is 5.9000 per \$1,000. The City is also permitted by the State Constitution to levy ad valorem taxes above the \$10 per \$1,000 limitation to pay debt service on general obligation long-term debt if approved by a voter referendum. The City currently does not have any general obligation debt outstanding.

Budget Process

The City begins the budget process each February for the ensuing Fiscal Year (October 1 to September 30) with the distribution of budget request forms and instructions to departments and division heads. City division heads and elected officers submit their proposed expenditures beginning in April for compilation no later than July 1 of each year and each submission is matched against available revenues. A balanced, proposed budget is presented to the City Commission for review within 15 days of receipt of an assessed value certification from the County's Property Appraiser which is due by July 1. A tentative budget is thereupon adopted within 15 days.

Subsequent to public hearings, a final budget is adopted. The final budget for the Fiscal Year ending September 30, 2023 was adopted by the City Commission on September 25, 2024. Final millage rates are adopted, usually by late September, and the County's Tax Collector prepares tax bills for mailing on or after November 1. Upon valid adoption, all expenditures in the budget constitute appropriations, and amendments to the budget can be made only in accordance with the provisions of Chapter 129, Florida Statutes, as amended, and such chapter provides that expenditures in excess of total fund budgets are unlawful.

Historical Revenues and Expenditures of Governmental Funds

The following table shows information regarding total revenues and expenditures within the Governmental Funds for the City's Fiscal Years ended September 30, 2018 through and including September 30, 2023. The amounts shown for Fiscal Years 2018-2023 are derived from audited financial statements. The table is not intended to represent revenues of the City which would necessarily be available to pay debt service on the Series 2024 Bonds. The table is intended to provide general historical information regarding the City's Governmental Funds, from which the City is obligated to budget and appropriate

sufficient Non-Ad Valorem Revenues to pay debt service on the Series 2024 Bonds, subject to the conditions set forth in the Resolution and described herein. See "SECURITY FOR THE SERIES 2024 BONDS" herein.

The table includes both Non-Ad Valorem Revenues, ad valorem property taxes and non-ad valorem revenues that are restricted or otherwise not available to pay debt service on the Series 2024 Bonds that are accounted for in the Governmental Funds of the City. As noted previously, the Series 2024 Bonds are only payable from Non-Ad Valorem Revenues budgeted and appropriated in accordance with the applicable provisions of the Resolution. While the Series 2024 Bonds are not secured by or payable from ad valorem property taxes, such taxes may be used to pay for expenditures allocable to the Governmental funds. To the extent ad valorem taxes are negatively impacted, the City may be required to use more Non-Ad Valorem Revenues to pay for expenditures, including those for essential public purposes. Future legislative or constitutional changes adversely impacting ad valorem tax collections could require the City to use more Non-Ad Valorem Revenues for payment of expenditures.

The ability of the City to appropriate Non-Ad Valorem Revenues in sufficient amounts to pay the principal of and the interest on the Series 2024 Bonds is subject to a variety of factors, including the City's responsibility to provide for the payment of essential services relating to the health, welfare and safety of the inhabitants of the City or which are mandated by applicable law and the obligation of the City to have a balanced budget. No representation is being made by the City that any particular Non-Ad Valorem Revenue source will be available in future years, or if available, will be budgeted to pay debt service on the Series 2024 Bonds.

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**CITY OF NEWBERRY, FLORIDA
HISTORICAL REVENUES AND EXPENDITURES**

	Fiscal Year Ended September 30,				
	2019	2020	2021	2022	2023
Revenues					
Taxes	\$4,013,059	\$4,254,379	\$4,712,526	\$5,258,009	\$6,177,197
Permits, fees, and special assessments	1,112,294	1,199,226	1,247,573	1,543,516	1,845,890
Intergovernmental revenues	913,475	1,149,602	1,011,453	1,878,690	1,352,807
Charges for services	828,987	1,081,510	946,473	1,365,432	1,422,740
Fines and forfeitures	8,854	8,926	4,751	6,658	4,629
Investment earnings	83,014	27,087	14,336	75,931	343,631
Other	57,366	77,786	33,536	115,424	169,774
Interfund charges	105,152	124,451	113,807	141,820	152,062
Total revenues	<u>\$7,122,201</u>	<u>\$7,922,967</u>	<u>\$8,084,455</u>	<u>\$10,385,480</u>	<u>\$11,468,730</u>
Expenditures					
General government	\$1,503,230	\$1,639,851	\$1,811,314	\$2,353,693	\$2,792,764
Public safety	2,454,617	2,570,642	2,730,983	3,056,688	3,336,445
Physical environment	528,235	578,879	634,038	713,528	747,293
Transportation	546,487	561,294	604,128	765,423	871,382
Health and welfare	28,995	-	-	15,000	-
Economic environment	147,360	714,307	257,003	206,572	223,597
Culture and recreation	1,866,555	845,900	934,474	1,034,459	1,239,157
Debt service:					
Principal	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Interest on long-term debt	3,637	2,744	-	-	-
Capital Outlay	835,282	356,905	434,363	398,429	1,136,837
Total expenditures	<u>\$7,914,398</u>	<u>\$7,270,522</u>	<u>\$7,406,303</u>	<u>\$8,543,792</u>	<u>\$10,347,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$(792,197)</u>	<u>\$652,445</u>	<u>\$678,152</u>	<u>\$1,841,688</u>	<u>\$1,121,255</u>
Other Financing Sources (Uses)					
Leases	-	-	-	\$19,384	-
Proceeds from sale of general fixed assets	-	-	-	-	-
Proceeds of debt issuance	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Transfers in	\$220,480	\$222,360	\$219,852	295,123	\$1,137,581
Transfers out	-	-	-	(984,195)	(812,581)
Total other financing sources (uses)	<u>\$220,480</u>	<u>\$222,360</u>	<u>\$219,852</u>	<u>\$ (669,688)</u>	<u>\$325,000</u>
Net change in fund balances	<u>\$ (571,717)</u>	<u>\$874,805</u>	<u>\$898,004</u>	<u>\$1,172,000</u>	<u>\$1,446,255</u>
Debt service as a percentage of non-capital expenditures	0.1%	0.0%	0.0%	0.0%	0.0%

Source: City of Newberry, Florida Annual Comprehensive Financial Report for the Fiscal Year ended September 30, 2023.

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EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Plan descriptions

The City participates in two defined benefit pension plans that are administered by the State, Department of Management Services, and Division of Retirement. The plans provide retirement, disability, or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the State Legislature. The State issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System ("FRS") Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program ("DROP") available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Senate Bill 7024 increased the level of monthly benefits from \$5.00 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently in pay and members not yet in pay.

The contribution requirements of plan members and the employer are established and may be amended by the State Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2023, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular Class	11.57%	2.00%
Special Risk Class	30.67	2.00
Senior Management Service Class	32.52	2.00
Elected Officials	56.68	2.00
DROP from FRS	19.13	2.00

The City's contributions for the year ended September 30, 2023, were \$655,822 to the FRS Pension Plan and \$82,810 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2023, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>	<u>Investment Plan</u>
Net Pension Liability Proportion at:	\$5,121,564	\$1,804,131	N/A
Current Measurement Date	0.0128531262%	0.0113600723%	N/A
Prior Measurement Date	0.0127558412%	0.0106794752%	N/A
Pension Expense	\$1,113,271	\$724,178	\$219,675

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Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions After Measurement Date	\$194,222	-	\$26,553	-
Difference Between Expected and Actual Experience	480,871	-	26,411	\$4,235
Change of Assumptions	333,866	-	47,430	156,333
Changes of Proportion and Difference Between City Contributions and Proportionate Share of Contributions	165,630	\$38,896	184,794	3,491
Net Difference Between Projected and Actual Earnings on Pension Investments	213,890	-	932	-
Total	<u>\$1,388,479</u>	<u>\$38,896</u>	<u>\$286,120</u>	<u>\$164,059</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2023. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30	FRS Amount	HIS Amount
2024	\$170,858	\$28,923
2025	(28,507)	31,156
2026	883,824	23,316
2027	104,747	5,151
2028	24,439	4,509
Thereafter	-	2,453
Total	<u>\$1,155,361</u>	<u>\$95,508</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2023. The total pension liability for the HIS Program was determined by an actuarial valuation dated July 1, 2022.

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary Increases including inflation	3.25	3.25
Long-Term Expected Rate of Return	6.70	N/A
Discount Rate	6.70	3.65

Mortality assumptions for FRS Pension Plan and HIS Plan were based on the PUB-2010 base table varying by member category and sex, projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8	4.5	4.4	3.4
Global Equity	54.0	8.7	7.1	18.1
Real Estate	10.3	7.6	6.6	14.8
Private Equity	11.1	11.9	8.8	26.3
Strategic Investments	3.8	6.3	6.1	7.7
Assumed Inflation – Mean	-	-	2.4	1.4

⁽¹⁾ As Outlined in the Plan's Investment Policy.

Discount Rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability for the HIS Pension Plan was 3.65%. In general, the discount rate for calculating the total pension liability is

equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

The following changes in actuarial assumptions occurred in 2023:

- HIS—The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.54% to 3.65%.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

FRS

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's Proportionate Share of the Net Pension Liability	<u>\$8,748,674</u>	<u>\$5,121,564</u>	<u>\$2,087,052</u>

HIS

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
City's Proportionate Share of the Net Pension Liability	<u>\$2,058,232</u>	<u>\$1,804,131</u>	<u>\$1,593,498</u>

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

FRS - Defined Contribution Pension Plan

Pursuant to Chapter 121, Florida Statutes, the State Legislature created the Florida Retirement Investment Plan (the "FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the FRS in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined

contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2023, totaled \$219,675.

OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City's Retiree Health Care Plan (the "Plan") is a single employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue health insurance coverage as a participant in the City's plan. For purposes of applying Paragraph 4 under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Plan does not meet the requirements for an OPEB plan administered through a trust.

Benefits Provided

A retired employee and his or her spouse and eligible dependents are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable retirement plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. Medicare is assumed to become primary upon attainment of age 65. This conforms to the minimum required of State governmental employers per Chapter 112.0801, Florida Statutes. The OPEB Plan does not issue a stand-alone report.

At October 1, 2021, the date of the latest actuarial valuation, plan participation consisted of:

Active Employees	57
Retirees and Beneficiaries Receiving Benefits	-
	57

Funding Policy

For the OPEB Plan, contribution requirements of the City are established and may be amended through action from the City Commission. To-date, the City has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit cost and expenses. There is no separate Trust fund or equivalent into which the City would make contributions to advance-fund the obligation. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the City, which are invested in very short-term fixed income instruments according to its current investment policy. The discount rate is based on the S&P

Municipal 20 Year High Grade Rate Index. The discount rate is 4.87% as of the September 30, 2023, value of the index.

Total OPEB Liability

The City's total OPEB liability of \$319,766 was measured as of September 30, 2023. The actuarial valuation date was October 1, 2021.

Changes in the Total OPEB Liability

Total OPEB Liability, Beginning of Year	\$287,637
Service Cost	22,244
Interest on Total OPEB Liability	14,739
Change of Assumptions	(3,068)
Benefit Payments	(1,786)
Net Change in Total OPEB Liability	32,129
Total OPEB Liability, End of Year	\$319,766

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.87%	4.87%	5.87%
Total OPEB Liability	<u>\$351,462</u>	<u>\$319,766</u>	<u>\$290,371</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare	1% Increase
	Cost Trend Rate	Cost Trend Rate	Cost Trend Rate
Total OPEB Liability	<u>\$271,894</u>	<u>\$319,766</u>	<u>\$376,781</u>

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OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended September 30, 2023, the City recognized OPEB expense of \$27,234. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions and Other Inputs	\$39,128	\$80,828
Difference Between Expected and Actual Experience	109,991	183,280
Total	\$149,119	\$264,108

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30	Amount
2024	\$(11,449)
2025	(11,449)
2026	(11,449)
2027	(11,146)
2028	(41,541)
Thereafter	(27,955)
Total	\$(114,989)

Actuarial methods and assumptions include the following:

Actuarial valuation date:	October 1, 2021
Measurement Date:	September 30, 2023
Reporting Date:	September 30, 2023
Actuarial Cost Method:	Entry Age Normal Cost
Discount Rate:	4.87%
Projected Salary Increases:	2.00%
Retirement Age:	General Employees are assumed to retire at age 62 and Special Risk employees at age 55
Mortality:	Mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. Rates are based on those outlined in Milliman's July 1, 2021 FRS Valuation
Healthcare Cost Trend Rate:	Initial Trend Rate 7.50% Ultimate Trend Rate 4.00%
Expenses:	Included in the premiums used

Changes of Assumptions reflect a change in the discount rate from 4.77% for the reporting period ended September 30, 2022, to 4.87% for the reporting period ended September 30, 2023.

RISK FACTORS

The purchase of the Series 2024 Bonds involves a degree of risk, as is the case with all investments. Factors that could affect the City's ability to perform its obligations under the Resolution, including the timely payment of principal of and interest on the Series 2024 Bonds, include, but are not limited to, the following:

1. There is no assurance that any rating assigned to the Series 2024 Bonds by the rating agencies will continue for any given period of time or that it will not be lowered or withdrawn entirely by such rating agency, if in its judgment, circumstances warrant. A downgrade change in or withdrawal of any rating may have an adverse effect on the market price of the Series 2024 Bonds.

2. In the event of a default in the payment of principal of and interest on the Series 2024 Bonds, the remedies of the owners of the Series 2024 Bonds are limited under the Resolution and may be further limited under State law.

3. The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on communities including the City. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change, generally discussed below), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the City. The economic impacts resulting from such extreme weather events could include a loss of revenue, interruption of service, and escalated recovery costs. While the City is not located on the coast of the State but more centrally in the State, the City has experienced damage from hurricanes in the past. Most recently, Hurricane Idalia made landfall in the State as a Category 3 hurricane in August 30, 2023 near Keaton Beach, Florida, known as the Big Bend area, moved northeast through the State, and the City experienced minor damage to residential, commercial and governmental property.

4. Numerous scientific studies on climate change show that, among other effects on the global ecosystem, sea levels may rise, extreme temperatures may become more common, and extreme weather events may become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. Sea levels may continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the ocean. The City is unable to predict whether sea level rise or other impacts of climate change will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the City. Additionally, climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels (including but not limited to air, water, hazardous substances and waste regulations) that could have a material adverse effect on the

operations and/or financial condition of the City. As noted previously, the City is not located on the coast of the State but more centrally in the State, and sea level rise is less of a concern to the City than communities in the State which are located closer to the coast.

5. Computer networks and systems used for data transmission and collection are vital to the efficient operations of the City. City systems provide support to departmental operations and constituent services by collecting and storing sensitive data, including intellectual property, security information, proprietary business process information, information applying to suppliers and business partners, and personally identifiable information of customers, constituents and employees. The secure processing, maintenance and transmission of this information is critical to department operations and the provision of citizen services. Increasingly, governmental entities are being targeted by cyberattacks (including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems) seeking to obtain confidential data or disrupt critical services or to receive significant ransom payments. A rapidly changing cyber risk landscape may introduce new vulnerabilities and avenues that attackers/hackers can exploit in attempts to cause breaches or service disruptions. Employee error and/or malfeasance may also contribute to data loss or other system disruptions. Additionally, the City's computer networks and systems routinely interface and rely on third party systems that are also subject to the risks previously described. Any such breach could compromise networks and the confidentiality, integrity and availability of systems and the information stored there. The potential disruptions, access, modification, disclosure or destruction of data could result in interruption of the efficiency of City commerce, initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruptions in operations and the services provided, expenditures to repair and restore service and/or for ransom payments and the loss of confidence in City operations, ultimately adversely affecting City revenues.

6. The outbreak of the highly contagious COVID-19 pandemic in the United States in March 2020 generally had a disruptive financial impact on local, state and national economies around the country, including without limitation fueling inflation and creating supply chain issues. There can be no guarantee that State and/or local shutdowns or closures similar to those implemented in 2020 will not happen in the future. It is possible the United States, including the State and the City, may experience increased COVID-19 cases, hospitalizations, and deaths as a result of current or future variants, or may experience a new viral pandemic, which could, in turn, impact State and local government finances.

Prospective purchasers of the Series 2024 Bonds should review carefully all of the provisions of the Resolution the form of which is included in APPENDIX C attached to this Official Statement.

LITIGATION

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2024 Bonds or questioning or affecting the validity of the Series 2024 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence of the City, nor the title of the present Commissioners or other officials of the City to their respective offices is being contested. There is no litigation pending which in any manner questions the right of the City to implement its plan of finance in accordance with the provisions of the Resolution, the City Charter, and the laws of the State.

The City experiences routine litigation and claims incidental to the conduct of its affairs and the operations of the City. The City is self-insured for general comprehensive liability, workers compensation, automobile liability, and certain risks associated with public officials liability. These exposures and pending claims are defended by experienced defense counsel and, if necessary, are anticipated to be paid by the self-insurance fund, which is adequate for satisfying customary claims. In the opinion of the City Attorney, there are no lawsuits presently pending or threatened, which would impair the City's ability to perform its obligations, financial or otherwise, with respect to the Series 2024 Bonds.

LEGAL MATTERS

Certain legal matters in connection with the authorization and issuance of the Series 2024 Bonds are subject to the approval of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters with respect to the City will be passed upon by Folds & Walker, LLC, City Attorney and certain disclosure matters will be passed upon by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, as Disclosure Counsel to the City.

The proposed text of the legal opinion of Bond Counsel is set forth in APPENDIX D. The actual legal opinion may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that subsequent to the date of the opinion Bond Counsel has reviewed or expresses any opinion concerning any matters referenced in the opinion. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement the opinion to reflect any facts or circumstances, including changes in law, that may thereafter occur or become effective.

The legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of

professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, the form of which is included as APPENDIX D attached hereto, the interest on the Series 2024 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not a specific item of tax preference for federal income tax purposes under existing statutes, regulations, rulings and court decisions; provided, however, with respect to certain corporations, interest on the Series 2024 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. Failure by the City to comply subsequently to the issuance of the Series 2024 Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including but not limited to requirements regarding the use, expenditure and investment of Series 2024 Bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2024 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Series 2024 Bonds for purposes of federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2024 Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Series 2024 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2024 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series 2024 Bonds being included in gross income for federal income tax purposes retroactive to their date of issuance.

Collateral Tax Consequences

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2024 Bonds. Prospective purchasers of the Series 2024 Bonds should be aware that the ownership of the Series 2024 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2024 Bonds may result in collateral tax consequences to various types of corporations relating

to (1) denial of interest deduction to purchase or carry such Series 2024 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2024 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2024 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2024 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE SERIES 2024 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Series 2024 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2024 Bonds should consult their own tax advisors as to the income tax status of interest on the Series 2024 Bonds in their particular state or local jurisdictions.

The Inflation Reduction Act, H.R. 5376 (the IRA), was passed by both houses of the U.S. Congress and was signed by the President on August 16, 2022. As enacted, the IRA includes a 15 percent alternative minimum tax to be imposed on the "adjusted financial statement income," as defined in the IRA, of certain corporations for tax years beginning after December 31, 2022. Interest on the Series 2024 Bonds will be included in the "adjusted financial statement income" of such corporations for purposes of computing the corporate alternative minimum tax. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential tax consequences of owning the Series 2024 Bonds.

During prior years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2024 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2024 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2024 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2024 Bonds.

Tax Treatment of Original Issue Discount

Certain of the Series 2024 Bonds (the "Discount Bonds") may be offered and sold to the public at an original issue discount, which is the excess of the principal amount of the Discount Bonds over the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which initial offering price a substantial amount of the Discount Bonds of the same maturity was sold. Original issue discount represents interest which is excluded from gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded semi-annually. An initial purchaser who acquires a Discount Bond at the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period such purchaser holds such Discount Bonds and will increase the adjusted basis in such Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds. The federal income tax consequences of the purchase, ownership and prepayment, sale or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, prepayment or other disposition of such Discount Bonds and with respect to the state and local tax consequences of owning and disposing of such Discount Bonds.

Tax Treatment of Bond Premium

Certain of the Series 2024 Bonds (the "Premium Bonds") may be offered and sold to the public at an initial offering price in excess of the principal amount of such Premium Bond, which excess constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of the Premium Bonds which term ends on the earlier of the maturity or call date for each Premium Bond which minimizes the yield on said Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. The federal income tax consequences of the purchase, ownership and sale or other disposition of Premium Bonds which are not purchased in the initial offering at the initial offering price may be

determined according to rules which differ from those described above. Owners of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2024 Bonds upon a monetary or covenant default under the Resolution are in many respects based upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Federal bankruptcy code, the Resolution and the Series 2024 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments, by limitations imposed by general principles of equity, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

RATING

Moody's Ratings has assigned its municipal bond rating of "Aa3" (positive outlook) with respect to the Series 2024 Bonds. The rating reflects only the view of said rating agency, and an explanation of the significance of the rating may be obtained only from said rating agency at the following address: Moody's Ratings, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by said rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2024 Bonds. Neither the City nor the Underwriter (as defined below) has any obligation or duty to oppose any proposed downward revision or withdrawal of such rating.

UNDERWRITING

The Series 2024 Bonds are being purchased by [_____] (the "Underwriter"), at a purchase price of \$[_____.] (par amount of the Series 2024 Bonds of \$[_____.], less an Underwriter's discount of \$[_____.] and [plus original issue premium] of \$[_____.]). The offer of the Underwriter to purchase the Series 2024 Bonds, as accepted by the City, provides for the Underwriter to purchase all of the Series 2024 Bonds. The Series 2024 Bonds may be offered and sold to certain dealers and others at prices lower than such offering prices and such public offering prices may be changed, from time to time, by the Underwriter.

INVESTMENT POLICY OF THE CITY

Pursuant to the requirements of Section 218.415, Florida Statutes, the City enacted Ordinance No. 2024-13 on April 22, 2024, as amended from time to time, establishing the City's present written investment policy which applies to all funds held by or for the benefit of the City (except for City pension funds or any other monies invested under separate ordinance, resolution, policy or agreement).

The investment policy limits the types of investments eligible for inclusion in the City's portfolio. To enhance safety, the investment policy requires the diversification of the portfolio to reduce the risk of loss resulting from over-concentration of assets in a specific class of security. The responsibility for the administration of the investment program is granted to the City Clerk.

The investment policy may be modified by the City Commission from time to time. A copy of the investment policy of the City can be obtained directly from the City. See "MISCELLANEOUS" herein.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Series 2024 Bondholders to provide certain financial information and operating data relating to the City and the Series 2024 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The City has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the Securities and Exchange Commission (the "SEC") to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934 (the "Rule"). Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The City has agreed to file notices of certain enumerated material events, when and if they occur, with the Repository.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E – FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT" attached hereto. The Disclosure Dissemination Agent Agreement shall be executed by the City upon the issuance of the Series 2024 Bonds.

The City's obligations under the Disclosure Dissemination Agent Agreement shall only apply so long as the Series 2024 Bonds remain outstanding under the Resolution and shall also cease upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action. The City did not have any continuing disclosure undertakings to comply with in the past five years.

FINANCIAL ADVISOR

PFM Financial Advisors LLC, Orlando, Florida (the "Financial Advisor") is employed as the Financial Advisor to the City in connection with the issuance of the Series 2024 Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2024 Bonds is contingent upon the issuance and delivery of the Series 2024 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

FINANCIAL STATEMENTS

The financial statements of the City as of and for the Fiscal Year ended September 30, 2023, included in the City's Annual Comprehensive Financial Report (Fiscal Year ended September 30, 2023) attached to this Official Statement as APPENDIX B, have been audited by Purvis, Gray and Company, LLP, independent auditors, as stated in their report included in APPENDIX B. The Annual Comprehensive Financial Report, including such financial statements and auditor's report, has been included in this Official Statement as a public document and the consent of the City's auditors was not requested. The auditors have not performed any services related to, and therefore are not associated with, the preparation of the Official Statement or the issuance of the Series 2024 Bonds.

The Series 2024 Bonds are payable solely from a covenant and agreement to appropriate in its annual budget for each Fiscal Year, by amendment if necessary, from Non-Ad Valorem Revenues, subject to certain restrictions and limitations, amounts sufficient to pay principal of and interest on the Series 2024 Bonds when due in the manner and to the extent provided in the Resolution, and are not otherwise secured by a specific lien on any general revenues of the City. See "SECURITY FOR THE SERIES 2024 BONDS" herein. The audited financial statements are presented for general information purposes only.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder require that the City make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time after December 31, 1975, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not since December 31, 1975 been in default as to principal and interest on its bonds or other debt obligations for which the City was obligated to repay from its own revenues or funds. The City believes that payment defaults, if any, with respect to bonds

or debt obligations that the City issued solely as a conduit issuer would not be considered material by a reasonable investor.

CONTINGENT FEES

The City has retained Bond Counsel, the Financial Advisor and Disclosure Counsel with respect to the authorization, sale, execution and delivery of the Series 2024 Bonds. Payment of the fees of such professionals are each contingent upon the issuance of the Series 2024 Bonds.

CERTIFICATE CONCERNING THE OFFICIAL STATEMENT

Concurrently with the sale of the Series 2024 Bonds, the Mayor and the City Manager (or such other duly authorized City officials) will furnish a certificate to the effect that (1) they have reviewed the Official Statement and that to the best of their knowledge and belief the statements therein are true and correct; and (2) nothing has come to their attention which would lead them to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact which should be included therein for the purpose for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; provided, however, that such certification shall not include the information contained in the sections entitled "DESCRIPTION OF THE SERIES 2024 BONDS - Book-Entry-Only System" and "UNDERWRITING."

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2024 Bonds, the security for, and the sources for repayment for the Series 2024 Bonds, and the rights and obligations of the Holders thereof. Copies of such documents may be obtained from the City as provided in the last paragraph under "INTRODUCTION" herein.

[Signature page to follow]

[SIGNATURE PAGE TO PRELIMINARY OFFICIAL STATEMENT]

CITY OF NEWBERRY, FLORIDA

By: _____
Mayor

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APPENDIX A

GENERAL INFORMATION REGARDING CITY OF NEWBERRY, FLORIDA

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**GENERAL INFORMATION REGARDING THE
CITY OF NEWBERRY, FLORIDA**

The City of Newberry (the "City") is geographically located in North Central Florida's Alachua County (the "County"). The City's boundaries encompass 58 square miles. The City was established in 1895 on a railroad line and began as a phosphate mining town. The City was incorporated as a municipality in 1906. According to the University of Florida Bureau of Economic and Business Research, the City's population was approximately 8,503 as of September 30, 2023. The City has a charter government structure approved by a referendum of the electors pursuant to the Constitution and laws of the State of Florida (the "State"). The City operates under the City Manager form of government with a Commission comprised of five elected commissioners and an elected non-voting Mayor. Elections are nonpartisan and each elected official represents the entire City.

The City Commission appoints the City Manager who is the Chief Administrative and Executive Officer and who directs the business and operations of the City and its various departments. The City Commission determines policy, adopts legislation, approves the budget, sets taxes and fees, and appoints the Attorney and Clerk and members of various boards and committees.

The City is a full-service municipality and provides a wide variety of community services including general government; planning, zoning and building; public works (construction and maintenance of roads, rights of way and other infrastructure; street lighting; and storm water drainage); electric, water and sewer utilities; and solid waste collection and recycling. The public safety program includes providing fire and rescue services and contracting law enforcement services from the County Sheriff's Office. The City's recreation program includes neighborhood parks, community centers, and a wide variety of programs for youth, adults and senior citizens.

The County

The County was established by an Act of the Florida Legislature in 1824 when Duval County was split to form Alachua, Duval and Nassau Counties. Subsequent Legislatures further divided the County to establish Levy, Gilchrist, Marion, Putnam and Clay Counties.

Since the 1920's, the County has contained approximately 977 square miles and is included within the Gainesville Metropolitan Statistical Area. The County is located in North Central Florida, midway between the Atlantic and Gulf Coasts. It is approximately 145 miles southeast of the State Capital, Tallahassee, 100 miles north of Orlando and 70 miles southwest of Jacksonville. In addition to Gainesville, which is the county seat and

primary population center, there are eight other incorporated municipalities located within the County: Alachua, Archer, Hawthorne, High Springs, LaCrosse, Micanopy, Newberry and Waldo.

City Commission

The City Commission is the principal governing body of the City. The City Commission consists of five City Commissioners all of which are elected on an at-large basis for terms of four years each. The current members of the City Commission and their expiration of terms of office are:

<u>Commissioner</u>	<u>Office</u>	<u>Term Expires</u>
Jordan Marlowe	Mayor	April 2025
Mark Clark	Commissioner	April 2026
Rick Coleman	Commissioner	April 2026
Monty Farnsworth	Commissioner	April 2026
Tim Marden	Commissioner	April 2025
Tony Mazon	Commissioner	April 2025

Budget Process

The annual budget serves as the foundation of the City's financial planning and control. The City adopts fiscal year budgets for all funds and maintains budgetary controls with the objective being to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Commission. All departments of the City are required to submit requests for appropriations to the City's Finance & Administration Department. The City Manager submits to the City Commission a proposed operating budget by fund for the fiscal year commencing the following October 1st. The City Commission holds two public hearings, and the budget is legally enacted through the passage of two resolutions.

Budgets are monitored at varying levels of detail; however, budgetary control is legally maintained at the fund level. The City Manager or designee is authorized to transfer budgeted amounts within departments of any fund, while revisions that alter the budgeted totals of any fund require the approval of the City Commission. Monthly budget reports are prepared in detail for each department, with actual revenues and expenditures being compared with appropriated revenues and estimated expenditures. Corrective actions are initiated as necessary to maintain budgetary compliance.

Annual Audit

State law requires that an annual post audit of each City's accounts and records be completed by a firm of independent certified public accountants retained and paid for by

such City. Purvis, Gray and Company, LLP prepared the audit for the Fiscal Year ended September 30, 2023.

Population

The City's 2023 population was 8,503, an increase of 437, compared to an increase of 382 in 2022 and an increase of 342 in 2021. The County's population in 2023 was estimated at 293,040, an increase of 5,168 compared to an increase of 3,265 in 2022, and approximately 6,139 in 2021. The following table reflects the average annual percentage of growth in the population of the City as compared to the population of the County and the State.

POPULATION TRENDS 1990-2023 City of Newberry, Florida; Alachua County, Florida; and State of Florida

Year	City of Newberry	Percentage Increase (Decrease)	Alachua County	Percentage Increase	Florida	Percentage Increase
1990	1,644	--	181,596	--	12,938,071	--
2000	3,316	101.70%	217,955	20.02%	15,982,378	23.53%
2010	4,950	49.28	247,336	13.48	18,801,310	17.64
2020	7,342	48.32	278,468	12.59	21,538,187	14.56
2021	7,684	4.66	284,607	2.20	21,898,945	1.67
2022	8,066	4.97	287,872	1.15	22,276,132	1.72
2023	8,503	5.42	293,040	1.80	22,634,867	1.58

Source: United States Census; Office of Economic and Demographic Research; Bureau of Economic and Business Research: *Florida Estimates of Population*.

Economics

The area's economy continues to show growth through increasing growth indicators including building permits and infrastructure (water and wastewater) connections. This growth comes as a result of increased demand for utility services. The City is actively pursuing increasing it's commercial, agricultural, and industrial customer base by attracting firms to locate within the City limits. This helps create additional jobs and provides for a stable tax base. The City Commission has been committed to this cause through its funding of the Economic Development Department.

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Employment

ALACHUA COUNTY, FLORIDA LABOR FORCE AND UNEMPLOYMENT ESTIMATES 2014-2023

Year	Labor Force	Employment	Unemployment	Unemployment Rates		
				Alachua County	Florida	U.S.
2014	129,301	122,367	6,934	5.4	6.4	6.2
2015	129,993	123,941	6,052	4.7	5.5	5.3
2016	133,055	127,302	5,753	4.3	4.9	4.9
2017	134,348	129,134	5,214	3.9	4.3	4.4
2018	136,443	131,878	4,565	3.3	3.6	3.9
2019	138,129	133,983	4,146	3.0	3.2	3.7
2020	134,721	127,085	7,636	5.7	8.1	8.1
2021	138,216	132,947	5,269	3.8	4.6	5.3
2022	141,466	137,497	3,969	2.8	2.9	3.6
2023	143,954	139,514	4,440	3.1	2.9	3.6

Source: Florida Commerce (formerly Florida Department of Economic Opportunity).

CITY OF NEWBERRY, FLORIDA PRINCIPAL EMPLOYERS

Fiscal Year ended September 30, 2023 and Ten Years Ago

Employer	2023		2014*	
	Employees	Rank	Employees	Rank
School Board of Alachua County	258	1	241	1
Argos	123	2	-	-
Inspired Energy	98	3	-	-
City of Newberry	87	4	61	3
Bounds Heating and Air	70	5	72	2
Hitchcocks	61	6	-	-
Southern Fuelwood	30	7	49	4
Stone House Neighborhood Grill	43	8	-	-
Greenfield Preschools	41	9	-	-
Tropic Traditions	31	10	-	-
Watson Construction	-	-	21	5

*Unable to obtain additional historical data.

Source: City of Newberry, Florida Annual Comprehensive Financial Report for the Fiscal Year ended September 30, 2023.

Education

Public schools are administered by The School Board of Alachua County ("School Board") for the county-wide school district. There are 28 elementary, nine middle, 11 senior high and five combination in the County. Combination schools comprise of charter schools and virtual instruction.

University of South Florida ("UF"), a four-year college, is located in Gainesville, Florida. UF is home of the Florida Gators football team and is ranked as the number one public university in the *Wall Street Journal*. The County also boasts Santa Fe Community College ("SF") with 4 campuses located in Gainesville and Archer, Florida. UF admits more students from SF than from any of the other 27 State colleges. The majority of SF students who apply to UF each semester are admitted, including 88 percent of students in the SF honors program.

Sources: Office of Economic and Demographic Research.

Florida Department of Education <http://fldoe.org>

University of Florida <http://ufl.edu>

Santa Fe Community College <http://sfcollege.edu>

Transportation

Transportation facilities that service the City include Gainesville Regional Airport; Gainesville Regional Transit System; Interstate Highway 75; State Road 301; State Road 41, and other Federal and State primary highways and toll roads. American Airlines, Delta Airlines and Silver Airways provide service at Gainesville Regional Airport.

Sources: Gainesville Regional Airport
RTS

<https://gra-gnv.com/flygainesville.com/>
<https://go-rt.com/>

Legal Millage and Ad Valorem Taxes

The City is limited by the State Constitution to imposing an ad valorem tax not exceeding 10 mills (\$10 per \$1,000) on taxable property within the City. For Fiscal Years ended September 30, 2018 through 2022, the millage rate was 5.9999. For Fiscal Year ended September 30, 2023, the millage rate was 5.9244. NO AD VALOREM TAXES ARE PLEDGED FOR THE PAYMENT OF THE SERIES 2024 BONDS.

During recent years, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in the State. Many of these proposals sought to provide for new or increased exemptions to ad valorem taxation, limit the amount of revenues that local governments could generate from ad valorem taxation or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent,

historical levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the City or its finances.

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**CITY OF NEWBERRY, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES**

Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year Ended September 30	Direct			Overlapping							
	Basic Rate	General Obligation Debt Service	Total City	Alachua BOCC	Alachua BOCC GO Debt	Children's Trust of Alachua County	Alachua County Library District	Library Capital Outlay	Library Debt Service	School Board	Suwannee River Water Management District
2014	3.8084	0.0000	3.8084	8.7990	0.2500	0.0000	1.3638	0.0000	0.0950	8.4020	0.4143
2015	3.9113	0.0000	3.9113	8.7990	0.2500	0.0000	1.3638	0.0000	0.0950	8.4100	0.4141
2016	3.9500	0.0000	3.9500	8.7950	0.1595	0.0000	1.3638	0.0000	0.0900	8.3420	0.4104
2017	5.9089	0.0000	5.9089	8.9290	0.0000	0.0000	1.3371	0.0000	0.0750	7.9360	0.4093
2018	5.9999	0.0000	5.9999	8.4648	0.0000	0.0000	1.2655	0.0000	0.0000	7.6250	0.4027
2019	5.9999	0.0000	5.9999	8.2829	0.0000	0.0000	1.2303	0.0000	0.0000	7.2640	0.3948
2020	5.9999	0.0000	5.9999	8.2729	0.0000	0.0000	1.2303	0.0000	0.0000	7.1440	0.3840
2021	5.9999	0.0000	5.9999	7.8935	0.0000	0.5000	1.1289	0.0000	0.0000	6.9150	0.3696
2022	5.9999	0.0000	5.9999	7.8662	0.0000	0.5000	1.0856	0.0000	0.0000	6.8430	0.3615
2023	5.9244	0.0000	5.9244	7.7662	0.0000	0.4612	1.0565	0.0000	0.0000	6.4980	0.3368

Source: City of Newberry, Florida Annual Comprehensive Financial Report for the Fiscal Year ended September 30, 2023.

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CITY OF NEWBERRY, FLORIDA
ASSESSED VALUATIONS AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended September 30	Taxable Value Real Property for Operating Purposes	Personal Property for Operating Purposes	Centrally Assessed Property for Operating Purposes	Gross Taxable Value	New Construction Taxable Value	Adjusted Taxable Value	Final Taxable Value	Millage Rate
2014	\$184,014,110	\$164,068,361	\$851,514	\$348,933,985	(\$7,302,362)	\$341,631,623	\$349,764,767	3.8084
2015	187,723,126	147,383,150	929,178	336,035,454	(6,551,530)	329,483,924	337,176,963	3.9113
2016	196,220,126	136,956,523	941,359	334,118,008	(4,688,980)	329,429,028	334,295,760	3.9500
2017	205,113,150	163,218,847	2,102,281	370,434,278	(13,534,578)	356,899,700	373,402,916	5.9089
2018	225,503,073	140,506,668	2,098,176	368,107,917	(11,594,270)	356,513,647	422,385,827	5.9999
2019	257,417,663	170,781,145	2,253,187	430,451,995	(17,087,647)	413,364,348	430,451,995	5.9999
2020	286,754,126	153,517,653	2,032,911	442,304,690	(20,091,017)	422,213,673	464,618,207	5.9999
2021	320,126,713	171,865,376	2,106,375	494,098,464	(21,052,088)	473,046,376	492,929,695	5.9999
2022	363,228,468	183,991,003	2,619,984	549,839,455	(21,189,291)	528,650,164	546,998,439	5.9999
2023	441,972,379	171,660,932	3,022,546	616,655,857	(34,808,437)	581,847,420	601,477,427	5.9244

Notes: Property in the City is reassessed each year. Property is assessed at actual value; therefore, assessed values are equal to actual value and a separate table to assessed and actual data is not presented. Tax rates are per \$1,000 of assessed value

Source: City of Newberry, Florida Annual Comprehensive Financial Report for the Fiscal Year ended September 30, 2023.

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**CITY OF NEWBERRY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$1,281,311	\$1,238,473	96.7%	\$882	\$1,238,786	96.7%
2015	1,317,312	1,272,857	96.6	788	1,273,096	96.7
2016	1,321,096	1,275,872	96.6	1,111	1,276,070	96.6
2017	2,229,962	2,150,778	96.4	5,306	2,151,592	96.5
2018	2,369,571	2,321,570	98.0	2,771	2,324,341	98.0
2019	2,648,528	2,445,196	94.7	3,888	2,445,196	94.7
2020	2,792,045	2,684,664	96.2	13,287	2,697,951	96.6
2021	2,957,529	2,844,220	96.2	3,145	2,847,365	96.3
2022	3,281,936	3,162,721	96.4	8,775	3,171,496	96.6
2023	3,563,393	3,406,516	95.6	10,251	3,416,767	95.9

Source: City of Newberry, Florida Annual Comprehensive Financial Report for the Fiscal Year ended September 30, 2023.

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**CITY OF NEWBERRY, FLORIDA
PRINCIPAL PROPERTY TAX PAYERS**

Fiscal Year ended September 30, 2023 and Ten Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Argos USA	\$138,880,297	1	23.09%	-		-
Sabal Trail Transmission LLC	12,316,483	2	2.05	-		-
Watson Construction Co LLC	6,562,169	3	1.09	\$1,296,960	9	0.37%
Florida Rock Properties Inc	3,372,925	4	0.56	5,095,400	2	1.46
Norfleet-Green Development II LLC	3,272,391	5	0.54	-		-
Community Properties USA Inc	3,203,400	6	0.53	-		-
Davis Heritage LTD	2,829,617	7	0.47	2,016,800	4	0.58
Bella-Rue LLC	2,368,100	8	0.39	-		-
Norfleet Construction Group LLC	2,308,827	9	0.38	-		-
PetCo Animal Supplies Inc	2,188,115	10	0.36	-		-
Florida Rock Industries Inc	-		-	139,683,130	1	39.94
Hitchcock Enterprises Inc	-		-	2,596,700	3	0.74
Watson Equipment LLC	-		-	1,802,170	5	0.52
Bellsouth Telecommunications	-		-	1,702,650	6	0.49
Brant Properties	-		-	1,563,400	7	0.45
Watson Landholdings LLC	-		-	1,367,600	8	0.39
Newberry LTD	-		-	1,246,300	10	0.36
	<u>\$177,302,324</u>		<u>29.46%</u>	<u>\$158,371,110</u>		<u>45.30%</u>

Source: City of Newberry, Florida Annual Comprehensive Financial Report for the Fiscal Year ended September 30, 2023.

APPENDIX B

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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2023

City of Newberry, Florida

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2023

CITY OF NEWBERRY, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Prepared by:
Finance and Administrative Services

CITY OF NEWBERRY, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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CITY OF NEWBERRY, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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CITY OF NEWBERRY, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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INTRODUCTORY SECTION

**CITY OF NEWBERRY, FLORIDA
LIST OF PRINCIPAL OFFICIALS**

MAYOR

Jordan Marlowe

CITY COMMISSIONERS

Mark Clark

Rick Coleman

Monty Farnsworth

Tim Marden

Tony Mazon

CITY MANAGER

Mike New, P.E.

CITY ATTORNEY

S. Scott Walker, Esq.

CITY CLERK

Judy S. Rice, MMC

DEPARTMENT HEADS

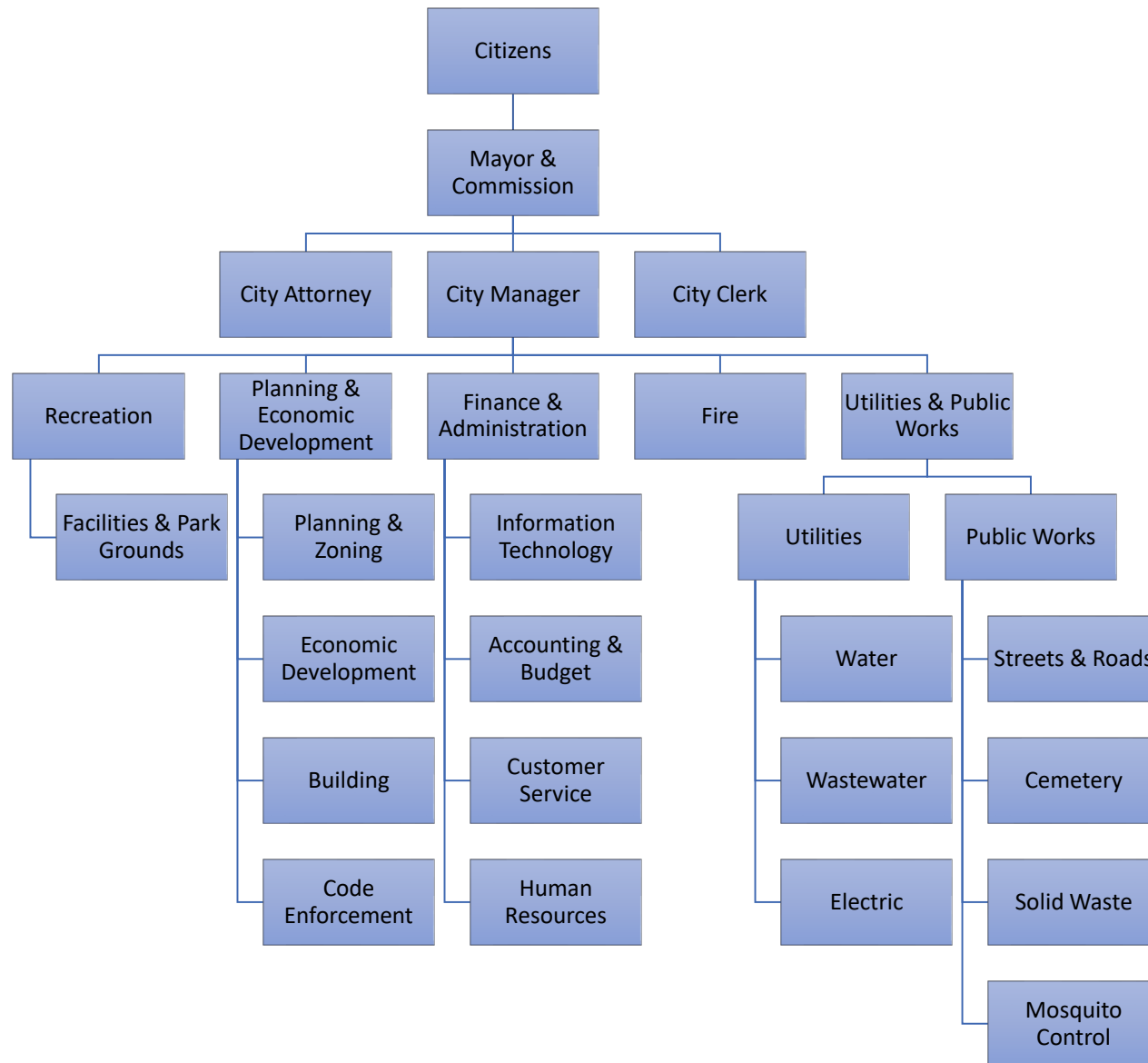
Dallas Lee, CGFO, Assistant City Manager for Finance & Administration/CFO

Jamie Jones, Assistant City Manager for Public Works & Utilities

Mike Vogel, Fire Chief

Travis Parker, CPRP, Director of Parks & Recreation

Bryan Thomas, AICP, Director of Planning & Economic Development



April 2, 2024

The Honorable Mayor
Members of the City of Newberry Commission
Residents of the City of Newberry, Florida

Dear Honorable Mayor Marlowe:

It is with pleasure that we submit to you the Annual Comprehensive Financial Report of the City of Newberry (“Newberry”) for the year ended September 30, 2023. This report was prepared by the Department of Finance and Administration and the City’s Independent Auditors in accordance with the Newberry Charter, State Statutes, and U.S. generally accepted accounting principles for governments. In addition to meeting legal requirements, this report reflects Newberry’s commitment to full financial disclosure. We encourage you to thoroughly read this report and some of the important items it addresses.

Independent Audit

State law requires that a complete set of financial statements reporting Newberry’s financial position and results of activities are published within nine months of fiscal year end. This report is to be presented in conformance with the U.S. generally accepted accounting principles (GAAP) as applicable to governmental entities and audited by an independent firm of certified public accountants in accordance with the U.S. generally accepted auditing standards.

Purvis Gray and Company, independent auditors, have issued an unmodified opinion on the City of Newberry’s financial statements for the fiscal year ended September 30, 2023. The goal of an independent audit is to provide reasonable assurance that the financial statement of the City are free of material misstatement and are presented fairly and in conformity with GAAP. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the basic financial statements; assessing accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor’s report is located at the front of the financial section of this report.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the data, as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of Newberry on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of Newberry’s financial activities have been included.

We believe the report will assist in making economic, social and political decisions and in assessing accountability to the residents by:

- comparing actual financial results with the legally adopted budget, where appropriate;
- assessing financial condition and results of operations;
- assisting in determining compliance with fiscally-oriented laws, rules, and regulations; and
- assisting in evaluating the efficiency and effectiveness of Newberry’s operations.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. The remainder of this letter provides an overview of the City government, as well as local economic conditions.

Profile of the Government

The City of Newberry is geographically located in North Central Florida. The City’s boundaries encompass 58 square miles. Newberry was established in 1895 on a railroad line and began as a phosphate mining town. Newberry was incorporated as a municipality in 1906. According to the University of Florida Bureau of Economic and Business Research (BEBR), the City’s population was approximately 8,503 as of September 30, 2023. The City has a charter government structure approved by a referendum of the electors pursuant to the Constitution and laws of the State of Florida. The City operates under the City Manager form of government with a Commission comprised of five elected commissioners and an elected non-voting Mayor. Elections are non-partisan and each elected official represents the entire City.

The Newberry Commission appoints the Manager who is the Chief Administrative and Executive Officer and who directs the business and operations of Newberry and its various departments. The Newberry Commission determines policy, adopts legislation, approves the budget, sets taxes and fees, and appoints the Attorney and Clerk and members of various boards and committees.

Newberry is a full-service municipality and provides a wide variety of community services including general government; planning, zoning and building; public works (construction and maintenance of roads, rights of way and other infrastructure; street lighting; and storm water drainage); electric, water and sewer utilities; and solid waste collection and recycling. The public safety program includes providing fire and rescue services and contracting law enforcement services from the Alachua County Sheriff’s Office. The City’s recreation program includes neighborhood parks, community centers, and a wide variety of programs for youth, adults and senior citizens.

Administrative support services include the Human Resources Division, which is responsible for recruitment, compensation and benefits, employee relations, workers’ compensation, property, casualty and liability insurance. The Finance Department handles the City’s debt, revenue collections, annual budget planning and preparation, financial reporting, the annual financial audit, cash and investment management, grant management and accounting, capital assets accounting, payroll and other disbursements, and utility billing and collection.

Local Economy

The area's economy continues to show growth through increasing growth indicators including building permits and infrastructure (water and wastewater) connections. This growth comes as a result of increased demand for utility services. The City is actively pursuing increasing its commercial, agricultural, and industrial customer base by attracting firms to locate within the City limits. This helps create additional jobs and provides for a stable tax base. The Commission has been committed to this cause through its funding of the Economic Development Department.

The City's major challenges, like most cities, are to provide the infrastructure and services needed to maintain the high quality of life, which has attracted considerable growth to our community. History has shown that great emphasis on support systems such as transportation, potable water, wastewater, and electric capacity must be equally balanced with quality of life amenities such as parks, recreation and cultural opportunities to maintain the natural beauty and attractiveness of a community.

Accomplishments and Future Projects

The progress towards achievement of Newberry's vision and mission is also measured by the completed multi-department projects and individual accomplishments of each of the City departments and divisions.

Below are some of the selected accomplishments over the last 18 months:

- Road milling and resurfacing program
- Newberry Lane watermain and forcemain Extensions
- Water system expansion along CR337
- Replacement of artificial turf on all 16 fields at Champions Park
- Completion of Advanced Metering Infrastructure (AMI) implementation and deployment
- Renovation and enhancements of Jimmy Durden Park
- Establishment of the Newberry Community Redevelopment Agency (CRA)
- Replacement of the fire quint engine
- Construction of gateway monument sign
- Substantial completion of design phase of the regional wastewater treatment plant

The following capital projects are planned for the next 18 months:

- Easton Newberry Sports Complex multi-purpose field expansions and sports lighting
- Forcemain realignment projects
- Continuing the road resurfacing program
- Reconstruction and extension of SW 15th Avenue
- Installation of accessible playground equipment at Easton Newberry Sports Complex
- Construction of an expansion to City Hall
- Construction of a gymnasium expansion at Easton Newberry Sports Complex
- Bid and construction phases of the regional wastewater treatment plant
- Construction of an elevated water storage tower
- Construction of a Veterans Memorial Park

Financial Information & Relevant Financial Policies

Accounting and Administrative Controls

Newberry's internal control structure is designed to ensure that Newberry's assets are protected against loss from theft, unauthorized use, or disposition and to ensure that adequate and reliable financial records are available for preparing financial statements in conformity with U.S. generally accepted accounting principles. The internal controls provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework and it is our belief that Newberry's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Control

The annual budget serves as the foundation of the City's financial planning and control. Newberry adopts fiscal year budgets for all funds and maintains budgetary controls with the objective being to ensure compliance with legal provisions contained in the annual appropriated budget approved by the Commission. All departments of the City are required to submit requests for appropriations to the City's Finance & Administration Department. The City Manager submits to the Commission a proposed operating budget by fund for the fiscal year commencing the following October 1st. The City Commission holds two public hearings, and the budget is legally enacted through the passage of two resolutions.

Budgets are monitored at varying levels of detail; however, budgetary control is legally maintained at the fund level. The City Manager or designee is authorized to transfer budgeted amounts within departments of any fund, while revisions that alter the budgeted totals of any fund require the approval of the Commission. Monthly budget reports are prepared in detail for each department, with actual revenues and expenditures being compared with appropriated revenues and estimated expenditures. Corrective actions are initiated as necessary to maintain budgetary compliance.

As demonstrated by the budgetary comparison schedules included in the required supplementary information and other supplementary information sections of this Annual Financial Report, Newberry continues to meet its responsibility for sound financial management practices.

Capital Financing

The City has been working diligently on an array of capital projects that encompass 1) economic development, 2) infrastructure improvement/replacement and 3) expansion of existing facilities. The number and magnitude of City capital projects will continue in the upcoming years. Most City capital projects are financed by the use of accumulated fund balance cash; however, the City's large utility infrastructure improvements have primarily used loans from the State Department of Environmental Protection – State Revolving Fund (SRF loans).

In conjunction with the operating budget, the City Manager annually presents a program to provide for improvements to Newberry's public facilities for the ensuing fiscal year and next four years,

along with proposals for the financing of these improvements. This five-year plan is called the Capital Improvement Program. The first year of the program constitutes the capital budget for the coming fiscal year; the remaining years are used as a planning guide. The program allocates funding over five years for Newberry's roads, park development, public works projects, and new equipment.

Debt Service Administration

In Florida, there is no legal debt limit. All general obligation debt pledging payment from ad valorem taxes must be approved by referendum unless it is to refund outstanding debt. Article VII, Section 12, of the Florida State Constitution states "Counties, school districts, municipalities, special districts, and local governmental bodies with taxing powers may issue bonds, certificates of indebtedness, or any form of tax anticipation certificates payable from ad valorem taxes and maturing more than twelve months after issuance only to finance or refinance capital projects authorized by law and only when approved by vote of the electors ...". During the year ended September 30, 2023, Newberry issued a loan agreement to finance the new quint fire engine and issued a bond to finance the extension of a watermain. No ad valorem taxes have been pledged for repayment of these debts.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newberry for its Annual Comprehensive Financial Report for the year ended September 30, 2022. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that the September 30, 2023, Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report could not have been accomplished without the dedicated efforts of the entire staff of the Finance & Administration Department. Their technical expertise and concerted efforts were truly evident in the audit process. Their assistance and cooperation have allowed us to prepare, on a timely basis, a report which gives its readers a comprehensive view of Newberry's financial and economic position. We also extend our sincere appreciation to the independent certified public accounting firm of Purvis Gray and Company for the professionalism and cooperation shown during the performance of the engagement and the expertise shown in financial reporting for government entities. We believe that this report reflects the sound financial position of Newberry.

We would like to thank the Mayor, the Commission, Department Heads, City Staff, and the residents of Newberry for their interest and support in ensuring the planning and administration of the financial operations of Newberry are in a responsible, progressive manner. With this support,

we have been able to maintain a high degree of fiscal health and responsibility for Newberry.

Respectfully submitted,



G. Mike New, P.E.
City Manager



Dallas M. Lee, CGFO
Assistant City Manager/ CFO



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Newberry
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Commissioners
City of Newberry, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberry, Florida (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

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An Independent Member of the BDO Alliance USA

To the Mayor and City Commissioners
City of Newberry, Florida

INDEPENDENT AUDITOR'S REPORT

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 City'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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 City'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 City'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, budgetary comparison information, and pension and other postemployment benefit schedules on pages 5-17 and 48-55 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 who considers it to be an

To the Mayor and City Commissioners
City of Newberry, Florida

INDEPENDENT AUDITOR'S REPORT

essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual non-major fund financial statements and schedules, the statement of revenues, expenses, and changes in fund net position - water and sewer fund, combining and individual internal service funds financial statements, and schedule of expenditures of state financial assistance, as required by Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules, the statement of revenues, expenses, and changes in fund net position - water and sewer fund, combining and individual internal service funds financial statements, and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Mayor and City Commissioners
City of Newberry, Florida

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2024, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

PUEVIS GRAY

April 2, 2024
Gainesville, Florida

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

As management of the City of Newberry, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. The Management's Discussion and Analysis (MD&A) is designed to: assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Financial Highlights

- The City of Newberry's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources on September 30, 2023, by \$50.5 million. Unrestricted net position was at \$3.0 million.
- The City of Newberry's total long-term debt (loans and notes payable) increased by \$2,484,287 during the current fiscal year primarily driven by debt issued for the City's utility system expansion and purchase of a new quint fire engine.
- Total net position of \$50.5 million is comprised of the following:
 - The \$42.3 million net investments in capital assets includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of those capital assets.
 - \$5.2 million of net position is restricted by constraints imposed from outside of the City such as debt covenants, grantors, laws, or regulations, or by enabling legislation.
 - \$3.0 million of unrestricted net position.
- On September 30, 2023, the City's governmental funds reported combined ending fund balances of \$6.3 million, an increase of \$1.4 million, in comparison with the prior fiscal year.
- Governmental fund revenues (excluding interfund transfers) were \$11,468,775 or \$1.1 million more than the previous fiscal year.

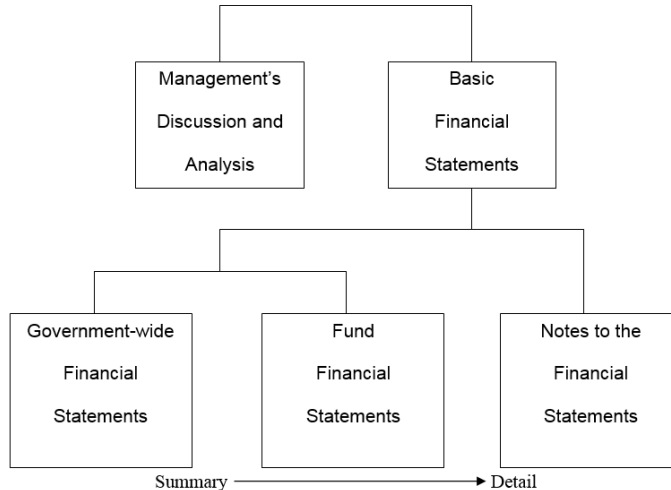
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves that will enhance the reader's understanding of the financial condition of the City.

The graph on the following page is provided to assist in understanding the component parts of the financial statements:

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Required Components of Annual Financial Report



Government-wide financial statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. A schedule of the City's net position over the last ten years can be found in the statistical section of this document.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, physical environment, transportation, culture and recreation, economic development, and health and welfare. The business-type activities of the City include physical environment (electric, water, and sewer utilities) and human services (mosquito control).

The government-wide financial statements can be found on pages 18 and 19 of this report.

CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

Fund financial statements. The fund financial statements provide a more detailed look at the City's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, and the *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Such information may be useful in evaluating a government's near-term financing requirements. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's *near-term* financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the American Rescue Plan fund, which are considered to be major funds. The non-major governmental funds include the Champions Park, Wild Spaces and Public Places, Infrastructure Sales Surtax, Community Development Block Grant, Opioid Settlement Proceeds, and Community Redevelopment Agency special revenue funds, and a Capital Improvement fund to account for the financial resources to be used for the construction of capital improvement projects, such as the expansion of the City's gymnasium and sports complex.

The City adopts an annual appropriated budget for its general fund, special revenue funds, and capital improvement fund. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Commission about which services to

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. A budgetary comparison schedule has been provided for the general fund, special revenue funds, and capital improvement fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20 and 22 of this report.

Proprietary funds—The City maintains two different types of proprietary funds. *Enterprise funds* are used to report business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, and mosquito control operations. *Internal Service Funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its customer service, vehicle and equipment replacement, and utility administration functions. The customer service and utility administration services have been included within the government-wide financial statements as business-type activities, and the vehicle and equipment replacement internal service fund has been included in governmental activities.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The Enterprise Fund financial statements provide separate information for each individual Enterprise Fund. The Internal Service Fund is also presented in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 24-28.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-47 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budgetary information and pension and other postemployment benefits. Required supplementary information can be found on pages 48-55 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$50,514,235 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (84%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

City of Newberry - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 9,380,802	\$ 7,756,973	\$ 10,045,837	\$ 8,817,975	\$ 19,426,639	\$ 16,574,948
Capital Assets	20,222,346	17,920,467	26,879,990	21,838,511	47,102,336	39,758,978
Total Assets	29,603,148	25,677,440	36,925,827	30,656,486	66,528,975	56,333,926
Deferred Outflows of Resources	1,542,217	1,641,281	281,501	308,778	1,823,718	1,950,059
Long-Term Liabilities	7,224,779	5,503,581	5,271,499	3,410,105	12,496,278	8,913,686
Other Liabilities	2,749,417	2,844,523	1,967,621	975,769	4,717,038	3,820,292
Total Liabilities	9,974,196	8,348,104	7,239,120	4,385,874	17,213,316	12,733,978
Deferred Inflows of Resources	417,399	355,920	207,743	225,777	625,142	581,697
Net Position:						
Net Investment in Capital Assets	19,340,346	17,901,083	22,984,630	19,538,269	42,324,976	37,439,352
Restricted	2,560,304	968,479	2,621,814	1,619,946	5,182,118	2,588,425
Unrestricted	(1,146,880)	(254,865)	4,154,021	5,195,398	3,007,141	4,940,533
Total Net Position	\$ 20,753,770	\$ 18,614,697	\$ 29,760,465	\$ 26,353,613	\$ 50,514,235	\$ 44,968,310

The balance of *unrestricted net position*, \$3,007,141, may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the City reports positive balances in net position, for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net position, \$5,182,118, represents resources that are subject to external restrictions on how they may be used. A large portion of this is related to Water and Wastewater Development fees, which are restricted to defray the cost of new facilities to the extent that new usage requires new facilities. Additionally, accumulated funds from the Wild Spaces Public Places and Infrastructure surtax have contributed to the increase in restricted position. These funds are to be used for future enhancements to the City's parks system.

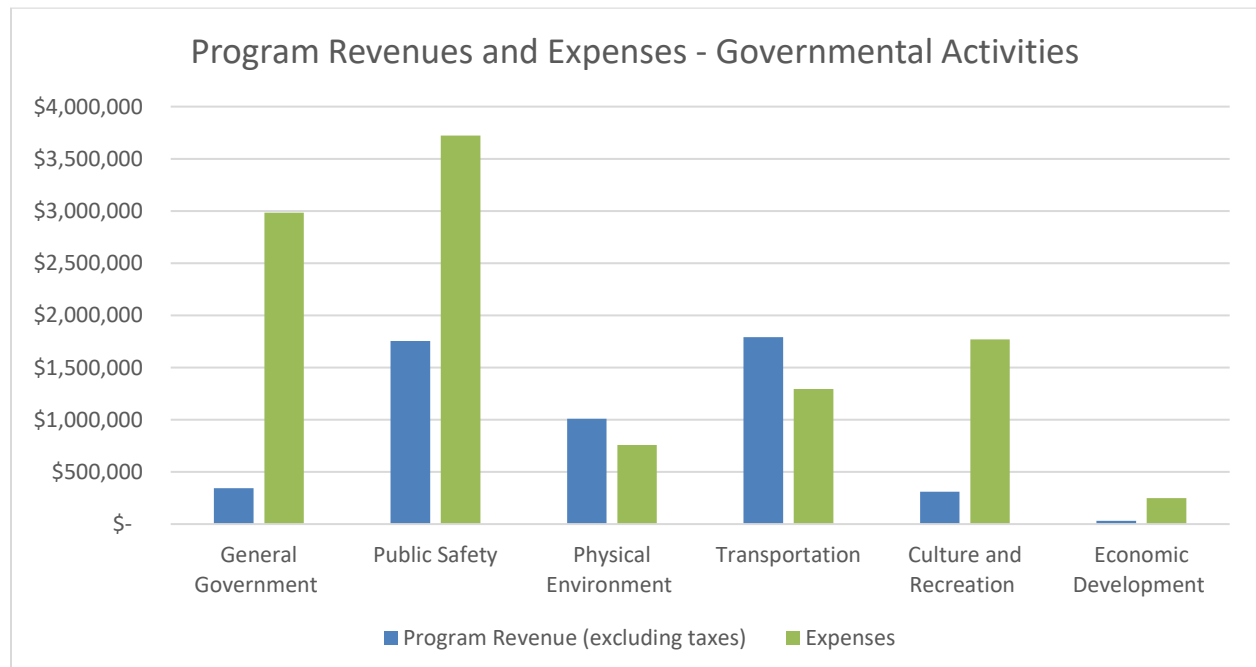
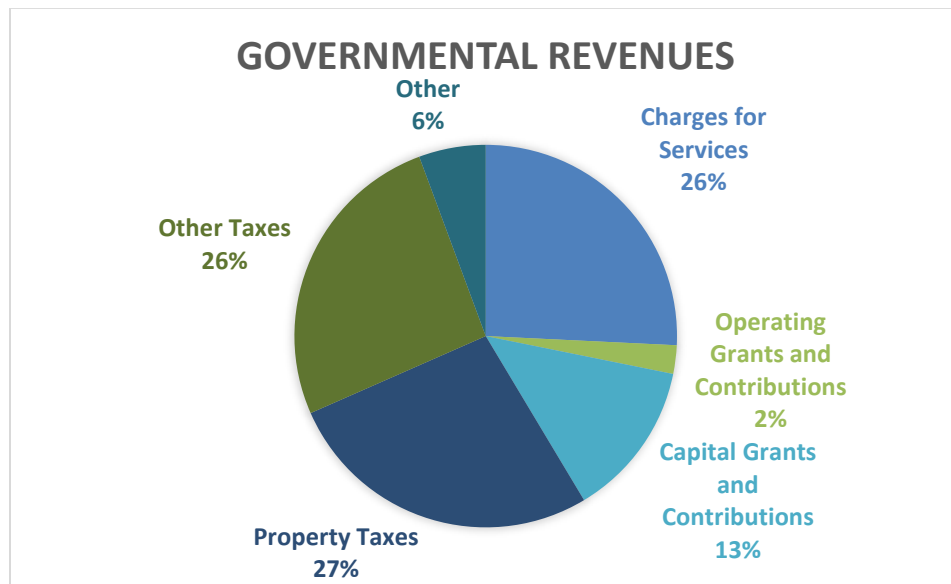
**City of Newberry
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$ 3,260,739	\$ 2,905,333	\$ 8,715,517	\$ 8,652,706	\$ 11,976,256	\$ 11,558,039
Operating Grants and Contributions	305,119	296,125	-	-	305,119	296,125
Capital Grants and Contributions	1,674,250	1,997,083	3,859,154	3,085,221	5,533,404	5,082,304
General Revenues:						
Property Taxes	3,416,767	3,168,059	-	-	3,416,767	3,168,059
Other Taxes	3,283,595	2,577,026	-	-	3,283,595	2,577,026
Other	714,934	209,133	314,735	66,605	1,029,669	275,738
Total Revenues	12,655,404	11,152,759	12,889,406	11,804,532	25,544,810	22,957,291
Expenses						
General Government	2,983,857	2,351,649	-	-	2,983,857	2,351,649
Public Safety	3,721,718	3,149,445	-	-	3,721,718	3,149,445
Physical Environment	757,933	722,422	-	-	757,933	722,422
Transportation	1,359,315	1,197,045	-	-	1,359,315	1,197,045
Culture and Recreation	1,768,728	1,431,049	-	-	1,768,728	1,431,049
Health and Welfare	-	15,000	-	-	-	15,000
Economic Development	249,780	210,260	-	-	249,780	210,260
Unallocated Interest on Long-Term Debt	-	35	-	-	-	35
Electric Utility	-	-	6,018,802	6,253,048	6,018,802	6,253,048
Water and Sewer Utilities	-	-	3,098,020	2,435,546	3,098,020	2,435,546
Mosquito Control	-	-	40,732	29,383	40,732	29,383
Total Expenses	(10,841,331)	(9,076,905)	(9,157,554)	(8,717,977)	(19,998,885)	(17,794,882)
Increase in Net Position						
Before Transfers	1,814,073	2,075,854	3,731,852	3,086,555	5,545,925	5,162,409
Transfers	325,000	(689,072)	(325,000)	689,072	-	-
Change in Net Position	2,139,073	1,386,782	3,406,852	3,775,627	5,545,925	5,162,409
Net Position, Beginning of Year	18,614,697	17,227,915	26,353,613	22,577,986	44,968,310	39,805,901
Net Position, End of Year	\$ 20,753,770	\$ 18,614,697	\$ 29,760,465	\$ 26,353,613	\$ 50,514,235	\$ 44,968,310

**CITY OF NEWBERRY, FLORIDA
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SEPTEMBER 30, 2023**

Governmental activities—Governmental activities increased the City’s net position by \$2,139,073 in 2023, compared with an increase of \$1,386,782 in 2022.

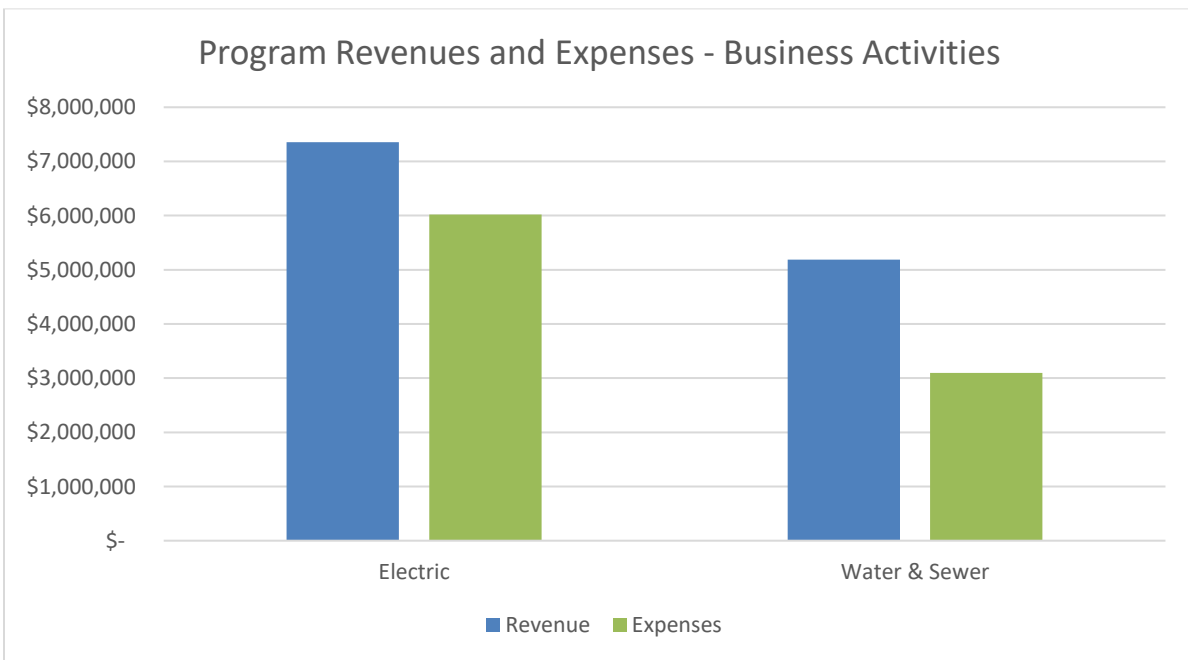
Overall, governmental activities reported an increase in revenues of 13.47% \$(1,502,645) and an increase in expenses of 19.4% \$(1,764,426) in comparison with the prior year. This increase in revenues is primarily due to the passing of a one-cent Wild Spaces Public Places and Infrastructure sales surtax. The increase in expenditures is related to increased investment in infrastructure, as well as cost increases due to inflation and personnel expenses.



**CITY OF NEWBERRY, FLORIDA
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SEPTEMBER 30, 2023**

Business-type activities—Business-type activities increased the City’s net position, before transfers, by \$3,731,852 while in 2022 net position increased by \$3,086,555.

- The Electric Utility of the City operates at 7.2/12.47 kV. The City purchases power from Florida Municipal Power Association (FMPA) through its all-requirements project (ARP).
- The Water Utility obtains its water supply from 4 wells that pump from the upper portion of the Floridian Aquifer. Three wells with depths of approximately 280 feet withdraw water from the Ocala limestone and discharge it into the City’s distribution system. The quality of the City’s water supply is such that chlorination is the only treatment the water requires prior to distribution. The system’s wells range in age from 9 to 51 years old.
- Wastewater generated through the utility is collected through a gravity sewer system and pumped to the City’s wastewater treatment plant. The collected wastewater is treated in an activated sludge treatment facility, which has a current capacity of 560,000 gallons per day. The effluent from the treatment facility is chlorinated and land applied as spray irrigation for hay crop production.



Financial Analysis of the Government’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the City’s governmental funds is to provide information on *near-term* inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

As of the end of the current fiscal year, the City's general fund, which is a major governmental fund, reported an ending fund balance of \$4,262,790, an increase of \$17,107. Of the ending fund balance, \$171,998 are funds that have been allocated for use in the subsequent budget year, all of these funds are related to on-going projects or purchases not completed in fiscal year 2023. The restricted fund balance includes \$578,817 for building department expenses which the City plans to expend enforcing the Florida Building Code per state statute 553.80, and \$125,617 of restricted funds from unspent local option fuel taxes. The general fund also reported \$240,856 in advances to other funds. This advance was made to the Wild Spaces Public Places (WSPP) Special Revenue fund as discussed below. The remaining balance includes \$3,137,991 in unassigned fund balance, and \$7,511 in prepaid items. The City has adopted a policy of retaining two months or 17% of operating expenses on hand as its emergency fund. For fiscal year 2023, \$1,832,139 met that requirement; an additional \$538,865 is set aside within the unassigned category as the City's Stabilization Fund to mitigate against unforeseen events and diminished revenues during economic downturns. The excess \$766,987 was available for any other expenditure.

A special revenue fund is used to account for tracking the proceeds received from the *American Rescue Plan Act* (ARPA). These funds are recorded as unearned revenue until allowable expenditures are made. At the end of the current fiscal year, unearned revenues of \$1,921,178 exist, which will be used to fund the gymnasium expansion at the Eastern Newberry Sports Complex and the new elevated water tower. Both projects are projected to be completed in fiscal year 2025.

A special revenue fund is used to account for tracking the proceeds received from the lease and other operations of Champions Park. These funds are held for future renewal and replacement of the park's assets. In fiscal year 2023, the City utilized these funds to repair artificial turf on all 16 fields at the park. At the end of the current fiscal year, the Champions Park special revenue fund reported a balance of \$8,549. More information may be found on page 58.

A special revenue fund is used to account for tracking the proceeds received from the Wild Spaces Public Places (WSPP) half-cent sales surtax. As of the end of the current fiscal year, this fund reported a balance of \$1,133,213. Fund balance increased due to the City accumulating funds for future projects. WSPP half-cent sales taxes increased by \$28,664 or 5% from the prior year, while expenditures increased by \$34,934 or 131% from the prior year. In the fiscal year 2024 adopted budget, these funds have been allocated towards construction of additional fields and installation of sports lighting at the Easton Newberry Sports Complex, improvements at Jimmy Durden Park, and construction of tennis and pickleball courts. More information on these funds can be found on page 59.

A special revenue fund is used to account for tracking the proceeds received from the Infrastructure half-cent sales surtax that was voter approved in November 2022 with tax distributions beginning in March 2023. As of end of the current fiscal year, this fund reported a balance of \$409,033. In the fiscal year 2024 adopted budget, these funds have been allocated towards construction of a new city hall building and road reconstruction projects. More information on these funds can be found on page 62.

A special revenue fund is used to account for tracking the proceeds received from the Community Redevelopment Agency. In 2021, the City and the Alachua County Board of County Commissioners entered an interlocal agreement to establish a community redevelopment agency within the downtown area of the City. The first payments from the City and County were made in fiscal year 2023 totaling

**CITY OF NEWBERRY, FLORIDA
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\$324,148. At the end of the current fiscal year, this fund reported a balance of \$303,888. In the fiscal year 2024 adopted budget, these funds have been allocated in accordance with the community redevelopment agency plan. More information on these funds can be found on page 60.

Proprietary Funds—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The electric, water and sewer funds are reported as major funds. Internal service funds are also presented which provide services to both the proprietary and governmental funds.

The various utility system funds are used to account for the operations of the City's electric, water, sewer, and mosquito control utilities. Internal Services Funds are used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its Customer Service and Utility Administration divisions, as well as its Vehicle & Equipment Replacement Fund (VERF). The Customer Service and Utility Administration Internal Service Fund services have been included within the government-wide financial statements as business-type activities. The Vehicle & Equipment Replacement Fund services have been included within the government-wide financial statements as governmental activities. Each utility operates like a business, where the rates established by the City generally generate sufficient funds to pay the costs of current operations and provide for long-term asset acquisitions.

Total assets and deferred outflows as of September 30, 2023, for enterprise funds were \$37,310,544, total liabilities and deferred inflows were \$7,334,592, and net position was \$29,975,952 before an adjustment for consolidation of internal service fund activity of \$(215,487). The statement of net position of the proprietary funds can be found on pages 24 and 25 of this report.

The unrestricted net position of the electric, water and sewer, and mosquito control funds at the end of the year were \$3,564,331, \$832,085, and \$(12,036), respectively. The internal service funds reported an unrestricted net position of \$(68,528). The internal service funds net position has been allocated among the various funds on the government-wide statements as business-type activities and governmental activities. The total change in net position for the electric, water and sewer, and mosquito control funds was \$1,193,459, \$2,351,274, and \$(6,466), respectively. The internal service fund reported a total change of \$(21,883) in net position.

The primary driver of the increase in net position for both electric and the water/sewer fund is capital contributions from developers and development charges. The combined charges for services for electric, water/sewer, and mosquito control funds increased by \$62,811. In the electric fund, purchased power costs decreased in the current year which resulted in decreased charges to customers and a reduced power cost adjustment. Charges for services in the electric fund decreased by \$(203,372). In the water/sewer fund, charges for services increased by \$264,629 due to increased operating costs. Business-type expenses increased by \$439,577 largely due to inflation and personnel expenses.

More information on the changes in net position of the proprietary funds can be found on page 26 of this report.

**CITY OF NEWBERRY, FLORIDA
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SEPTEMBER 30, 2023**

General Fund Budgetary Highlights

On September 30, 2023, the City's General Fund experienced a positive variance between its final operating revenue budget and actual operating revenue in the amount of \$229,299. This variance was primarily driven by increased distribution of interlocal revenues and increased investment earnings, resulting from an increase in federal funds rate. Building permit activity also increased as the City continues to experience a high growth level.

The City's General Fund experienced a positive variance between its final operating expenditure budget and actual operating expenditures in the amount of \$679,304. As noted earlier at the end of the year a portion of these underutilized funds \$(171,998) were carried forward into the next fiscal year for expenditure. The largest budget variance of \$444,627 in transportation is mainly related to a road project that is underway but unable to be completed by fiscal year end and related to a dump truck order that has a long lead time for delivery. Dump truck was ordered in fiscal year 2022 and is expected to be delivered in fiscal year 2025.

The schedule of revenues, expenditures, and changes in fund balance budget and actual can be found on page 48 of this report.

Capital Asset and Debt Administration

Capital Assets—The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$47,102,336 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and roads. The total increase in the City's investment in capital assets for the current fiscal year was 18.47%. During the year ended 2023, the City purchased a new quint fire engine to replace the previous quint which had met its end of life. The City also completed several utility system extensions and accepted several subdivision utility system. Additionally, the City continues to make significant investments in the design and future construction of the regional wastewater treatment plant.

Capital Assets

(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,592,938	\$ 1,592,938	\$ 1,625,781	\$ 1,625,922	\$ 3,218,719	\$ 3,218,860
Construction in Process	629,339	1,122	1,588,187	1,972,511	2,217,526	1,973,633
Buildings and Improvements	8,079,146	8,179,049	-	-	8,079,146	8,179,049
Equipment, Utility Systems, and Improvements	1,640,286	810,917	23,666,022	18,233,108	25,306,308	19,044,025
Infrastructure	8,280,637	7,317,595	-	-	8,280,637	7,317,595
Lease Assets	-	18,846	-	6,970	-	25,816
Total	\$ 20,222,346	\$ 17,920,467	\$ 26,879,990	\$ 21,838,511	\$ 47,102,336	\$ 39,758,978

Additional information on the City's capital assets can be found on pages 35 and 36 of this report.

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Long-term debt—At the end of the current fiscal year, the City had total long-term debt outstanding of \$4,777,360. The full amount represents notes payables in both the governmental and the business-type activities. In the governmental activities, the debt is related to a vehicle purchase loan agreement for purchase of the new quint fire engine. In the business-type activities, the debt is related to expansion of the water system and expansion of the wastewater treatment plant.

**Outstanding Debt
Loans**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Loans	\$ 882,000	\$ -	\$ 3,895,360	\$ 2,293,073	\$ 4,777,360	\$ 2,293,073
Total	\$ 882,000	\$ -	\$ 3,895,360	\$ 2,293,073	\$ 4,777,360	\$ 2,293,073

The City’s total debt increased by \$2,484,287 (108.34%) during the current fiscal year. The increased debt is due to issuing a loan agreement used to finance the new quint fire engine, issuing a bond used to finance the extension of a watermain, and the City’s State Revolving Fund Loans used to finance design costs of the regional wastewater treatment plant expansion and design costs of the new water tower.

Additional information on the City’s long-term debt can be found on pages 37-39 of this report.

Economic Factors and Next Year’s Budgets and Rates

Due to the impact of current economic trends on both governmental and business-type activities, all the initiatives listed below were considered in preparing the City’s budget for the 2024 fiscal year:

■ **Generally**

The final certified citywide taxable value of property increased to \$690 million, representing an increase of 15%.

The population is estimated to be 8,503 on September 30, 2023, which is a 5% increase from the previous fiscal year.

The unemployment rate for the Gainesville MSA at December 31, 2023, was 3.0%, which includes the City of Newberry. This is an increase from the previous fiscal year’s rate of 2.4%.

In the fiscal year 2023, the City Commission approved Ordinance 2023-14 adopting impact fees for transportation and general government buildings. By adopting impact fees, the City has a new dedicated funding source for expansion of existing infrastructure to accommodate new growth. The City began collecting impact fees in November 2023.

In 2021, the City and the Alachua County Board of County Commissioners entered an interlocal agreement to establish a community redevelopment agency within the downtown area of the City. The first payments from the City and County were made in fiscal year 2023. The City will utilize these funds in accordance with the community redevelopment plan in effort to revitalize the downtown area.

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

■ **Culture and Recreation**

Wild Spaces & Public Places ½ cent sales surtax—In 2022 the voters of Alachua County passed an extension of the half-cent Wild Spaces & Public Places sales surtax for the funding of recreational and conservation programs. The sales tax will be levied for ten years through 2032. The City has adopted a long-term projects plan for the expenditure of these funds on a variety of recreation facilities including an expansion to the gymnasium and construction of additional fields at the Easten Newberry Sports Complex.

■ **Infrastructure**

Infrastructure ½ cent sales surtax—In 2022 the voters of Alachua County passed a half-cent Infrastructure sales surtax for the funding of roads, fire stations, public buildings and other infrastructure. The sales tax will be levied for ten years through 2032 with distributions beginning in March 2023. The City has adopted a long-term projects plan for the expenditure of these funds on a variety of infrastructure projects throughout the City including road reconstruction and funding towards a new city hall building.

■ **Public Safety**

The City has a negotiated contract with the Alachua County Sheriff's Office for law enforcement services. The level of service and cost of the contract does not significantly change during the fiscal year.

The City in fiscal year 2023 purchased a new quint fire engine to replace the previous quint which had met its end of life. The City Commission increased the City's Fire Assessment rates to fund this replacement.

In fiscal year 2023, the City entered into a new collective bargaining agreement which resulted in increased personnel costs in the fire department.

■ **Electric Utility**

The power cost adjustment (PCA) will continue to be evaluated monthly instead of quarterly to ensure that proper recovery of current costs is occurring. Over the last year, natural gas prices have leveled and dropped slightly reducing the cost of purchased power. The cost of the fuel is passed on to customers and included in the power cost adjustment (PCA) on their bill. Due to the decreased cost of purchased power, the City was able to decrease its PCA while still making efforts to restore the rate stabilization fund which is used to help offset price increases in the event of rising natural gas prices.

The City's electric system requires several million dollars of upcoming capital improvements due to the Florida Department of Transportation's plan to reconstruct State Road 26. In preparation, the Commission increased rates in fiscal year 2023 to increase the electric fund's debt capacity.

In fiscal year 2023, the City completed the process of implementing an Advanced Metering Infrastructure system that enables two-way communication between utilities and customers. This provides customers with the ability to see their usage in real-time and provides the City more accurate usage data.

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

■ **Water and Sewer Utilities**

Water and sewer rates are structured to encourage conservation of natural resources and to provide adequate revenues to offset operational expenditures. The City makes incremental adjustments to these rates every year in accordance with the Public Service Commission's Annual Water Price Index. The rates provide for adequate revenues and are reviewed annually in the budget process. The City Commission adopted increases in water and wastewater rates this year. These rate increases were driven by increase in permitting requirements by the State, related to the disposal of effluent from the utility systems, as well as increasing costs of running the utility.

The City is currently ending the design phase and entering the bid phase of a wastewater treatment plant expansion to increase the City's total treatment capacity and to enhance the level of treatment. In January 2024, the City of Archer entered an interlocal agreement with the City for a regional wastewater treatment plant. The City of Archer will cost share in the construction of the plant and once it is operational, will become a wholesale customer. The City is actively seeking grant funding and legislative appropriations for this project and as of the time of this report has been awarded approximately \$12 million in grant funding.

The City is also working to construct a new elevated water storage tank along State Road 26 to enhance fire flow and allow for economic expansion along this key corridor. The City has received grant funding towards this project and is utilizing the SRF program to fund the project.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Finance Officer, City of Newberry, 25440 West Newberry Road, Newberry, Florida 32669.

BASIC FINANCIAL STATEMENTS

CITY OF NEWBERRY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 8,578,267	\$ 4,827,944	\$ 13,406,211
Accounts Receivable	67,657	1,532,317	1,599,974
Lease Receivable	157,805	-	157,805
Due from Other Governments	478,234	948,466	1,426,700
Due from Others	89,454	-	89,454
Prepaid Items	7,511	85	7,596
Internal Balances	1,874	(1,874)	-
Restricted Assets:			
Cash and Cash Equivalents	-	2,738,899	2,738,899
Capital Assets Not Being Depreciated	2,222,277	3,213,968	5,436,245
Capital Assets Being Depreciated, Net of Accumulated Depreciation	18,000,069	23,666,022	41,666,091
Total Assets	29,603,148	36,925,827	66,528,975
Deferred Outflows of Resources			
Pension Related	1,434,520	240,079	1,674,599
OPEB Related	107,697	41,422	149,119
Total Deferred Outflows of Resources	1,542,217	281,501	1,823,718
Liabilities			
Accounts Payable	516,280	1,660,763	2,177,043
Accrued Expenses	255,062	85,093	340,155
Accrued Interest Payable	-	4,756	4,756
Unearned Revenue	1,958,996		1,958,996
Customer Deposits	19,079	103,827	122,906
Power Costs Overrecovery	-	113,182	113,182
Non-Current Liabilities:			
Due Within One Year	435,830	361,149	796,979
Due in More than One Year	6,788,949	4,910,350	11,699,299
Total Liabilities	9,974,196	7,239,120	17,213,316
Deferred Inflows of Resources			
Leases	158,079	-	158,079
Pension Related	68,575	134,380	202,955
OPEB Related	190,745	73,363	264,108
Total Deferred Inflows of Resources	417,399	207,743	625,142
Net Position			
Net Investment in Capital Assets	19,340,346	22,984,630	42,324,976
Restricted for:			
Building Department	578,817	-	578,817
Transportation	125,617	-	125,617
Infrastructure	409,033	2,621,814	3,030,847
Culture and Recreation	1,141,762	-	1,141,762
Community Redevelopment	303,888	-	303,888
Public Safety	1,187	-	1,187
Unrestricted	(1,146,880)	4,154,021	3,007,141
Total Net Position	\$ 20,753,770	\$ 29,760,465	\$ 50,514,235

See accompanying notes.

**CITY OF NEWBERRY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 2,983,857	\$ 313,245	\$ 30,941	\$ -	\$ (2,639,671)	\$ -	\$ (2,639,671)
Public Safety	3,721,718	1,749,648	1,050	4,800	(1,966,220)	-	(1,966,220)
Physical Environment	757,933	859,160	-	149,962	251,189	-	251,189
Transportation	1,359,315	36,066	242,628	1,512,563	431,942	-	431,942
Culture and Recreation	1,768,728	302,620	-	6,925	(1,459,183)	-	(1,459,183)
Economic Development	249,780	-	30,500	-	(219,280)	-	(219,280)
Total Governmental Activities	10,841,331	3,260,739	305,119	1,674,250	(5,601,223)	-	(5,601,223)
Business-Type Activities							
Electric	6,018,802	6,167,822	-	1,189,981	-	1,339,001	1,339,001
Water and Sewer	3,098,020	2,515,596	-	2,669,173	-	2,086,749	2,086,749
Mosquito Control	40,732	32,099	-	-	-	(8,633)	(8,633)
Total Business-Type Activities	9,157,554	8,715,517	-	3,859,154	-	3,417,117	3,417,117
Total Government	\$ 19,998,885	\$ 11,976,256	\$ 305,119	\$ 5,533,404	(5,601,223)	3,417,117	(2,184,106)
		General Revenues					
		Property Taxes			3,416,767	-	3,416,767
		Sales Taxes			1,779,940	-	1,779,940
		Utility Service Taxes			1,213,991	-	1,213,991
		Communication Services Taxes			235,232	-	235,232
		Business License Taxes			54,432	-	54,432
		Investment Earnings			343,631	301,038	644,669
		Other			371,303	13,697	385,000
		Transfers			325,000	(325,000)	-
		Total General Revenues			7,740,296	(10,265)	7,730,031
		Change in Net Position			2,139,073	3,406,852	5,545,925
		Net Position, Beginning of Year			18,614,697	26,353,613	44,968,310
		Net Position, End of Year			\$ 20,753,770	\$ 29,760,465	\$ 50,514,235

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	American Rescue Plan	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 4,110,656	\$ 2,065,516	\$ 2,110,040	\$ 8,286,212
Accounts Receivable	67,657	-	-	67,657
Lease Receivable	157,805	-	-	157,805
Due from Other Governments	265,569	-	212,665	478,234
Due from Others	89,454	-	-	89,454
Prepaid Items	7,511	-	-	7,511
Due from Other Funds	119,706	-	-	119,706
Advances to Other Funds	240,856	-	-	240,856
Total Assets	5,059,214	2,065,516	2,322,705	9,447,435
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	327,224	42,678	133,986	503,888
Accrued Expenditures	254,224	-	838	255,062
Unearned Revenue	37,818	1,921,178	-	1,958,996
Deposits	19,079	-	-	19,079
Advances from Other Funds	-	-	240,856	240,856
Total Liabilities	638,345	1,963,856	375,680	2,977,881
Deferred Inflows of Resources				
Lease Related	158,079	-	-	158,079
Total Deferred Inflows of Resources	158,079	-	-	158,079
Fund Balances				
Non-Spendable:				
Prepays	7,511	-	-	7,511
Advances to Other Funds	240,856	-	-	240,856
Restricted for:				
Building Department	578,817	-	-	578,817
Transportation	125,617	-	-	125,617
Culture and Recreation	-	-	1,141,762	1,141,762
Infrastructure	-	-	409,033	409,033
Community Redevelopment	-	-	303,888	303,888
Public Safety	-	-	1,187	1,187
Assigned for:				
Subsequent Year Budget	171,998	-	-	171,998
Capital Projects	-	101,660	91,155	192,815
Unassigned	3,137,991	-	-	3,137,991
Total Fund Balances	4,262,790	101,660	1,947,025	6,311,475
Total Liabilities and Fund Balances	\$ 5,059,214	\$ 2,065,516	\$ 2,322,705	\$ 9,447,435

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Fund Balance - Total Governmental Funds \$ 6,311,475

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental Funds:

Cost of Assets, Excluding \$1,571,691 of Capital Assets Reported in the Internal Service Fund	\$ 32,374,334	
(Accumulated Depreciation, Excluding \$371,326 of Accumulated Depreciation Reported in the Internal Service Fund)	(13,352,353)	19,021,981

Deferred outflows and inflows of resources in governmental activities are not current financial resources and, therefore, are not reported in governmental funds:

Deferred Outflows on Pension Liability	1,434,520	
Deferred Outflows on OPEB Liability	107,697	
Deferred Inflows on Pension Liability	(68,575)	
Deferred Inflows on OPEB Liability	(190,745)	1,282,897

Long-term liabilities are not due and payable in the current period, and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year-end consist of:

Compensated Absences	(321,398)	
Total Other Postemployment Benefits Liability	(230,942)	
Net Pension Liability	(5,790,439)	(6,342,779)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are reported with governmental activities.

480,196

Net Position of Governmental Activities \$ 20,753,770

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>American Rescue Plan</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 5,221,810	\$ -	\$ 955,387	\$ 6,177,197
Permits, Fees, and Special Assessments	1,845,890	-	-	1,845,890
Intergovernmental	961,874	221,934	168,999	1,352,807
Fines and Forfeitures	4,629	-	-	4,629
Charges for Services	1,391,580	-	31,160	1,422,740
Investment Earnings	206,618	87,227	49,786	343,631
Miscellaneous	158,149	-	11,625	169,774
Interfund Charges	152,062	-	-	152,062
Total Revenues	<u>9,942,612</u>	<u>309,161</u>	<u>1,216,957</u>	<u>11,468,730</u>
Expenditures				
Current:				
General Government	2,736,176	3,000	53,588	2,792,764
Public Safety	3,336,445	-	-	3,336,445
Physical Environment	747,293	-	-	747,293
Transportation	807,342	64,040	-	871,382
Culture and Recreation	1,239,157	-	-	1,239,157
Economic Development	211,621	-	11,976	223,597
Capital Outlay	359,890	154,762	622,185	1,136,837
(Total Expenditures)	<u>(9,437,924)</u>	<u>(221,802)</u>	<u>(687,749)</u>	<u>(10,347,475)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>504,688</u>	<u>87,359</u>	<u>529,208</u>	<u>1,121,255</u>
Other Financing Sources (Uses)				
Transfers In	325,000	-	812,581	1,137,581
Transfers (Out)	(812,581)	-	-	(812,581)
Total Other Financing Sources (Uses)	<u>(487,581)</u>	<u>-</u>	<u>812,581</u>	<u>325,000</u>
Net Change in Fund Balances	17,107	87,359	1,341,789	1,446,255
Fund Balances, Beginning of Year	<u>4,245,683</u>	<u>14,301</u>	<u>605,236</u>	<u>4,865,220</u>
Fund Balances, End of Year	<u>\$ 4,262,790</u>	<u>\$ 101,660</u>	<u>\$ 1,947,025</u>	<u>\$ 6,311,475</u>

See accompanying notes.

**CITY OF NEWBERRY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net Change in Fund Balance - Total Governmental Funds \$ 1,446,255

**Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for Capital Assets	\$ 1,136,837	
Net Book Value of Disposals	(18,846)	
Donated Assets	1,319,319	
(Less Current Year Depreciation, Excluding \$86,330 of Depreciation Reported in the Internal Service Fund)	(983,433)	1,453,877

The net change in net pension liability and pension related deferred outflows and inflows of resources is reported in the statement of activities, but not in the governmental fund statements. (855,650)

The net change in total other postemployment benefit obligation liability and related deferred outflows and inflows of resources is reported in the statement of activities, but not in the governmental fund statements. (11,143)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Termination of Lease	19,384	
Change in Compensated Absences Liability	(23,217)	
Change in Accrued Interest	35	(3,798)

Internal service funds are used by management to charge the cost of certain activities, such as the costs of the central garage, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 109,532

Change in Net Position of Governmental Activities \$ 2,139,073

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>				
	<u>Major Funds</u>		<u>Non-Major</u>	<u>Total</u>	
		<u>Water</u>	<u>Fund</u>	<u>Enterprise</u>	<u>Internal</u>
	<u>Electric</u>	<u>and Sewer</u>	<u>Mosquito</u>	<u>Funds</u>	<u>Service Funds</u>
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 3,322,530	\$ 1,505,414	\$ -	\$ 4,827,944	\$ 292,055
Accounts Receivable	1,104,353	423,872	2,559	1,530,784	1,533
Due from Other Governments	-	948,466	-	948,466	-
Prepays	-	-	-	-	85
Total Current Assets	4,426,883	2,877,752	2,559	7,307,194	293,673
Non-Current Assets:					
Restricted Cash and Cash					
Equivalents	83,812	2,655,087	-	2,738,899	-
Advances to Other Funds	117,832	-	-	117,832	-
Capital Assets:					
Land	66,263	1,559,518	-	1,625,781	-
Construction in Progress	130,808	1,457,379	-	1,588,187	-
Property, Plant and Equipment	8,834,346	30,531,328	37,183	39,402,857	1,605,372
(Accumulated Depreciation)	(3,827,371)	(11,910,414)	(13,922)	(15,751,707)	(390,135)
Capital Assets, Net	5,204,046	21,637,811	23,261	26,865,118	1,215,237
Total Non-Current Assets	5,405,690	24,292,898	23,261	29,721,849	1,215,237
Total Assets	9,832,573	27,170,650	25,820	37,029,043	1,508,910
Deferred Outflows of Resources					
Pension Related	105,549	132,576	1,954	240,079	-
OPEB Related	16,569	24,853	-	41,422	-
Total Deferred Outflows of Resources	122,118	157,429	1,954	281,501	-

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023
(Concluded)

	<u>Business-Type Activities - Enterprise Funds</u>				
	<u>Major Funds</u>		<u>Non-Major</u>	<u>Total</u>	
		<u>Water</u>	<u>Fund</u>	<u>Enterprise</u>	<u>Internal</u>
	<u>Electric</u>	<u>and Sewer</u>	<u>Mosquito</u>	<u>Funds</u>	<u>Service Funds</u>
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 335,489	\$ 1,316,284	\$ 23	\$ 1,651,796	\$ 21,359
Accrued Expenses	1,537	69,106	199	70,842	14,251
Due to Other Funds	-	-	492	492	119,214
Compensated Absences	26,288	27,655	-	53,943	50,541
Power Costs Overrecovery	113,182	-	-	113,182	-
Accrued Interest Payable	-	4,756	-	4,756	-
Current Portion of Long-Term Debt	-	256,665	-	256,665	153,000
Total Current Liabilities	476,496	1,674,466	714	2,151,676	358,365
Non-Current Liabilities:					
Customer Deposits	83,812	20,015	-	103,827	-
Compensated Absences	6,166	2,405	-	8,571	39,004
Advances from Other Funds	-	-	-	-	117,832
Long-Term Debt	-	3,638,695	-	3,638,695	729,000
Total OPEB Liability	35,530	53,294	-	88,824	-
Net Pension Liability	486,434	634,418	14,404	1,135,256	-
Total Non-Current Liabilities	611,942	4,348,827	14,404	4,975,173	885,836
Total Liabilities	1,088,438	6,023,293	15,118	7,126,849	1,244,201
Deferred Inflows of Resources					
Pension Related	68,531	64,418	1,431	134,380	-
OPEB Related	29,345	44,018	-	73,363	-
Total Deferred Inflows of Resources	97,876	108,436	1,431	207,743	-
Net Position					
Net Investment in Capital Assets	5,204,046	17,742,451	23,261	22,969,758	333,237
Restricted for Infrastructure	-	2,621,814	-	2,621,814	-
Unrestricted	3,564,331	832,085	(12,036)	4,384,380	(68,528)
Total Net Position	\$ 8,768,377	\$ 21,196,350	\$ 11,225	29,975,952	\$ 264,709
Adjustment to Reflect the Consolidation of Internal Service Fund Activity				(215,487)	
Net Position of Business-Type Activities				\$ 29,760,465	

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds				
	Major Funds		Non-Major Fund	Total Enterprise Funds	Internal Service Funds
	Electric	Water and Sewer	Mosquito Control		
Operating Revenues					
Charges for Services	\$ 6,119,422	\$ 2,509,025	\$ 32,099	\$ 8,660,546	\$ -
Fees, Rentals, and Other	48,400	6,571	-	54,971	43,367
Interfund Charges	-	-	-	-	1,052,907
Total Operating Revenues	6,167,822	2,515,596	32,099	8,715,517	1,096,274
Operating Expenses					
Purchased Power	4,351,000	-	-	4,351,000	-
Personnel Services	558,658	709,545	16,186	1,284,389	878,813
Materials, Supplies, and Other	368,135	852,683	4,265	1,225,083	165,867
Billing and Administration	329,325	557,510	13,200	900,035	-
Depreciation	363,599	837,204	5,154	1,205,957	89,829
(Total Operating Expenses)	(5,970,717)	(2,956,942)	(38,805)	(8,966,464)	(1,134,509)
Operating Income	197,105	(441,346)	(6,706)	(250,947)	(38,235)
Non-Operating Revenues (Expenses)					
Gain (Loss) on Disposal of Capital Asset	(1,033)	14,730	-	13,697	22,160
Interest Income	132,406	168,392	240	301,038	9,096
Interest Expense	-	(59,675)	-	(59,675)	(14,904)
Total Non-Operating Revenues (Expenses)	131,373	123,447	240	255,060	16,352
Income Before Capital Contributions and Transfers	328,478	(317,899)	(6,466)	4,113	(21,883)
Capital Contributions and Grants					
Development Charges	-	1,107,813	-	1,107,813	-
Developer Contributions	1,189,981	1,138,329	-	2,328,310	-
Capital Grants	-	423,031	-	423,031	-
Total Capital Contributions and Grants	1,189,981	2,669,173	-	3,859,154	-
Transfers (Out)	(325,000)	-	-	(325,000)	-
Change in Net Position	1,193,459	2,351,274	(6,466)	3,538,267	(21,883)
Net Position, Beginning of Year	7,574,918	18,845,076	17,691	26,437,685	286,592
Net Position, End of Year	\$ 8,768,377	\$ 21,196,350	\$ 11,225	\$ 29,975,952	\$ 264,709
Change in Net Position - Above				\$ 3,538,267	
Internal Service Fund Activities in the Enterprise Funds				(131,415)	
Change in Net Position of Business-Type Activities				\$ 3,406,852	

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds				
	Major Funds		Non-Major Fund		Internal Service Funds
	Electric	Water and Sewer	Mosquito Control	Total Enterprise Funds	
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 6,475,172	\$ 2,475,933	\$ 32,534	\$ 8,983,639	\$ -
Receipts from Interfund Services Provided	-	-	-	-	1,054,903
Cash Received from Other Sources	48,400	6,571	-	54,971	43,367
Cash Payments to Suppliers for Goods and Services	(4,870,368)	(890,684)	(4,260)	(5,765,312)	(164,327)
Cash Payments to Employees for Services	(465,155)	(543,185)	(14,347)	(1,022,687)	(864,996)
Cash Payments for Interfund Charges	(329,325)	(557,510)	(13,200)	(900,035)	-
Net Cash Provided by Operating Activities	858,724	491,125	727	1,350,576	68,947
Cash Flows from Non-Capital Financing Activities					
Loans/Advances (to) and Repayments from Other Funds	58,477	19,487	492	78,456	61,101
Transfer from (to) Other Funds	(325,000)	-	-	(325,000)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	(266,523)	19,487	492	(246,544)	61,101
Cash Flows from Capital and Related Financing Activities					
Proceeds from New Debt	-	1,788,841	-	1,788,841	882,000
Principal Paid on Long-Term Debt	(1,062)	(186,554)	-	(187,616)	(2,921)
Interest Paid on Long-Term Debt	(2)	(59,681)	-	(59,683)	(14,909)
Acquisition and Construction of Capital Assets	(457,158)	(971,833)	(28,114)	(1,457,105)	(934,331)
Proceeds from Sale of Capital Assets	-	17,828	-	17,828	25,000
Net Cash Provided By (Used in) Capital and Related Financing Activities	(458,222)	588,601	(28,114)	102,265	(45,161)
Cash Flows from Investing Activities					
Interest Earned on Investments	132,406	168,392	240	301,038	9,096
Net Cash Provided by Investing Activities	132,406	168,392	240	301,038	9,096
Net Increase (Decrease) in Cash and Cash Equivalents	266,385	1,267,605	(26,655)	1,507,335	93,983
Cash and Cash Equivalents, Beginning of Year	3,139,957	2,892,896	26,655	6,059,508	198,072
Cash and Cash Equivalents, End of Year	\$ 3,406,342	\$ 4,160,501	\$ -	\$ 7,566,843	\$ 292,055
Presented on the Statement of Net Position as					
Cash and Cash Equivalents	\$ 3,322,530	\$ 1,505,414	\$ -	\$ 4,827,944	\$ 292,055
Restricted Cash and Cash Equivalents	83,812	2,655,087	-	2,738,899	-
Total Cash and Cash Equivalents	\$ 3,406,342	\$ 4,160,501	\$ -	\$ 7,566,843	\$ 292,055

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(Concluded)

	<u>Business-Type Activities - Enterprise Funds</u>				
	<u>Major Funds</u>		<u>Non-Major Fund</u>		
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Mosquito Control</u>	<u>Total Enterprise Funds</u>	
<u>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</u>					
Operating Income	\$ 197,105	\$ (441,346)	\$ (6,706)	\$ (250,947)	\$ (38,235)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	363,599	837,204	5,154	1,205,957	89,829
(Increase) Decrease in:					
Accounts Receivable	331,645	(33,337)	435	298,743	1,996
Accrued Interest Receivable	21,129	-	-	21,129	-
Increase (Decrease) in:					
Accounts Payable	(289,808)	(38,001)	5	(327,804)	1,540
Power Cost Overrecovery	138,575	-	-	138,575	-
Compensated Absences	(15,967)	23,542	(250)	7,325	13,817
Customer Deposits	2,976	245	-	3,221	-
OPEB/Net Pension Liability and Related Deferred Inflows and Outflows	109,470	142,818	2,089	254,377	-
Total Adjustments	<u>661,619</u>	<u>932,471</u>	<u>7,433</u>	<u>1,601,523</u>	<u>107,182</u>
Net Cash Provided by Operating Activities	<u>\$ 858,724</u>	<u>\$ 491,125</u>	<u>\$ 727</u>	<u>\$ 1,350,576</u>	<u>\$ 68,947</u>
<u>Supplemental Disclosure of Non-Cash Activities</u>					
Capital Contributions	<u>\$ 1,189,981</u>	<u>\$ 2,669,173</u>	<u>\$ -</u>	<u>\$ 3,859,154</u>	<u>\$ -</u>

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Newberry, Florida (the City) was established in 1895 under the laws of the State of Florida, Florida Statutes, Section 165.031(4). The City operates under a Manager-Council form of government and provides the following services as authorized by its charter: public safety, transportation, sanitation, parks and recreation, public improvements, public utilities, and general administrative services.

The Newberry Community Redevelopment Agency (the CRA) was established in 2021 to provide a method of eliminating blighted areas designated by Resolution 2021-13, and promote the economic health, safety, and welfare of the citizens of the City. The City Commission serves as the governing board of the CRA. In addition, the City has operational responsibility for the CRA. Therefore, it was determined that the CRA should be treated as a blended component unit and included as part of the primary government for financial reporting purposes.

B. Government-Wide and Fund Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment benefits, and claims and judgments are recorded only when payment is due.

Taxes, special assessments, intergovernmental revenues, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *American Rescue Plan fund* is a special revenue fund. It accounts for restricted federal stimulus revenues to facilitate the ongoing recovery from the COVID-19 pandemic.

The City reports the following major proprietary funds:

- The *electric fund* accounts for the activities of the City's electric distribution operations.
- The *water and sewer fund* accounts for the activities of the City's water distribution operations and sewer collection operations.

In addition, the City reports the following fund type:

- The internal service funds account for utility billing and administration services provided to the electric, water and sewer, mosquito control, and sanitation departments, as well as vehicle and equipment replacement services provided to other departments of the City.

Proprietary funds distinguish *operating revenues and expenses* from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Florida Statutes authorize the City to invest in local government surplus trust funds, Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified public depositories, and direct obligations of the U.S. Treasury.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables are recorded at their net realizable value. Accounts considered to be uncollectible are charged directly to expense. The result of the direct write-off method is not materially different from the reserve method.

Inventories and Prepaid Items

Inventories of governmental and proprietary funds are recorded as expenditures when purchased rather than when consumed. The result of the purchase method is not materially different from the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Certain resources are set aside for debt repayment, customer deposits, and other purposes. These resources are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, ordinances, or regulations.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20-50
Public Domain Infrastructure	30-50
System Infrastructure	30-50
Vehicles	5
Office Equipment	10
Computer Equipment	3-5

Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred with the exception of bond insurance, which is amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

Fund balance classifications comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components as follows:

- *Non-Spendable*—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- *Restricted*—amounts constrained to specific purposes either: (a) externally by third parties (creditors, grantors, contributors, or law or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

- *Committed*—amounts constrained to specific purposes by the City’s governing authority, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint. The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance.
- *Assigned*—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commission or by an official or body to which the City Commission delegates the authority. The City Commission has not delegated this authority. Assigned fund balance is established by the City Commission through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or for other purposes). In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.
- *Unassigned*—amounts within the general fund that are not restricted, committed, or assigned, or deficit unrestricted fund balances in any governmental fund.

When both restricted and unrestricted resources are available for use, the City will use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources are available for use, committed resources are used first, then assigned, and then unassigned.

Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. Deferred outflows have a positive effect on net position, similar to assets, while deferred inflows have a negative effect on net position, similar to liabilities. The City reports deferred outflows of resources and inflows of resources related to leases, pensions and other postemployment benefits (OPEB).

Pension and OPEB Related—the differences between expected and actual earnings on plan investments and expected and actual experience with regard to economic or demographic factors in the measurement of total pension and OPEB liability are reported as deferred inflows or outflows of resources, to be recognized in expense as disclosed in Notes 7 and 8. Employer contributions made between the net pension and OPEB liability measurement date and the employer’s fiscal year-end are recognized as deferred outflows of resources, to be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Leases—the City is a lessor for a lease and, therefore, has recorded a receivable and deferred inflow of resources in the government-wide and fund financial statements. The deferred inflow is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

E. Property Tax Calendar

The assessment of all properties and the collection of all property taxes are made through the Property Appraiser and Tax Collector of Alachua County, Florida (the County). General property taxes are recorded as received, in cash, which approximates taxes levied less discounts for the current fiscal year.

**CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Property values are assessed on January 1 of each year and the assessment roll is validated July 1. The City's property tax becomes a lien on October 1, and the tax is levied by the County each November 1. Property taxes are due before April 1 of the subsequent year, with discounts available for early payment.

If payment remains delinquent, a tax certificate for the full amount of any unpaid taxes is sold no later than June 1.

F. Change in Accounting Principle

Governmental Accounting Standards Board (GASB) Statement No. 96

The GASB issued Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements (SBITAs)*, in June of 2020. This statement is effective for the current fiscal year ended September 30, 2023. The City reviewed the provisions of GASB 96 and compiled an inventory of agreements that would potentially be impacted by the implementation of this statement. An evaluation of each agreement was made, based on materiality to the City's financial statements. Based on this evaluation, the impact of the provisions of GASB 96 to the City was deemed not significant for SBITAs to which the City is a party and acts as an end user. All agreements were evaluated as of the implementation date of October 1, 2022. As such, no restatement of prior period balances related to affected agreements was required and no current year financial impact occurred.

Note 2 - Deposits and Investments

At year-end, the entire bank balance was covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held by the City's custodial bank, which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the *Florida Security for Public Deposits Act*, Chapter 280, Florida Statutes.

The *Florida Security for Public Deposits Act* (the Act) establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 25% of the average monthly balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral up to a maximum of 125% may be required if deemed necessary under conditions set forth in the Act.

The City's investment practices are governed by Section 218.415, Florida Statutes. Authorized investments include the Local Government Surplus Funds Trust Fund (the State Pool) or similar intergovernmental investment pools, money market funds registered with the Securities and Exchange Commission, interest-bearing time deposits or savings accounts in qualified public depositories as described in Section 280.02, Florida Statutes, direct obligations of the United States Treasury, federal agencies and instrumentalities, securities of, or interests in, any open-end or closed-end management-type investment company or investment trust, or other investments authorized by law or ordinance of the City.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 3 - Capital Assets

Capital Asset Activity for the Year Ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,592,938	\$ -	\$ -	\$ 1,592,938
Construction in Progress	1,122	628,217	-	629,339
Total Capital Assets, Not Being Depreciated	<u>1,594,060</u>	<u>628,217</u>	<u>-</u>	<u>2,222,277</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	11,753,809	208,986	-	11,962,795
Equipment, Furniture, Fixtures, and Vehicles	3,196,867	1,061,218	(91,554)	4,166,531
Infrastructure	14,102,355	1,492,068	-	15,594,423
Lease Assets	19,384	-	(19,384)	-
Total Capital Assets, Being Depreciated	<u>29,072,415</u>	<u>2,762,272</u>	<u>(110,938)</u>	<u>31,723,749</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,574,760)	(308,889)	-	(3,883,649)
Equipment, Furniture, Fixtures, and Vehicles	(2,385,950)	(231,849)	91,554	(2,526,245)
Infrastructure	(6,784,760)	(529,026)	-	(7,313,786)
Lease Assets	(538)	-	538	-
Total Accumulated Depreciation	<u>(12,746,008)</u>	<u>(1,069,764)</u>	<u>92,092</u>	<u>(13,723,680)</u>
Total Capital Assets Being Depreciated, Net	<u>16,326,407</u>	<u>1,692,508</u>	<u>(18,846)</u>	<u>18,000,069</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,920,467</u>	<u>\$ 2,320,725</u>	<u>\$ (18,846)</u>	<u>\$ 20,222,346</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,625,922	\$ -	\$ (141)	\$ 1,625,781
Construction in Progress	1,972,511	2,217,239	(2,601,563)	1,588,187
Total Capital Assets, Not Being Depreciated	<u>3,598,433</u>	<u>2,217,239</u>	<u>(2,601,704)</u>	<u>3,213,968</u>
Capital Assets, Being Depreciated:				
Electric Distribution System	6,037,690	1,467,108	-	7,504,798
Water and Sewer Distribution System	24,959,051	4,551,331	-	29,510,382
Vehicles and Equipment	1,797,425	623,931	-	2,421,356
Lease Assets	7,169	-	(7,169)	-
Total Capital Assets, Being Depreciated	<u>32,801,335</u>	<u>6,642,370</u>	<u>(7,169)</u>	<u>39,436,536</u>
Less Accumulated Depreciation:				
Electric Distribution System	(2,880,796)	(237,758)	-	(3,118,554)
Water and Sewer Distribution System	(10,841,667)	(756,203)	-	(11,597,870)
Vehicles and Equipment	(838,595)	(215,495)	-	(1,054,090)
Lease Assets	(199)	-	199	-
Total Accumulated Depreciation	<u>(14,561,257)</u>	<u>(1,209,456)</u>	<u>199</u>	<u>(15,770,514)</u>
Total Capital Assets Being Depreciated, Net	<u>18,240,078</u>	<u>5,432,914</u>	<u>(6,970)</u>	<u>23,666,022</u>
Business-Type Activities Capital Assets, Net	<u>\$ 21,838,511</u>	<u>\$ 7,650,153</u>	<u>\$ (2,608,674)</u>	<u>\$ 26,879,990</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 66,816
Public Safety	159,887
Physical Environment	2,904
Transportation	460,063
Culture and Recreation	380,094
Total	<u>\$ 1,069,764</u>

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Business-Type Activities		
Electric	\$	363,599
Water and Sewer		837,204
Mosquito Control		5,154
Internal Service Funds		<u>3,499</u>
Total		<u><u>\$ 1,209,456</u></u>

Note 4 - Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at September 30, 2023:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 240,856
General Fund	Internal Service Funds	119,214
General Fund	Non-Major Enterprise Fund	492
Electric Fund	Internal Service Funds	<u>117,832</u>
Total		<u><u>\$ 478,394</u></u>

The outstanding balance between the general fund and the non-major governmental funds is mainly with the Wild Spaces Public Places fund that resulted from a loan to aid in funds provided to the County to assist with the purchase and development of land located within the City to create the Canterbury Equestrian Center. The loan is not expected to be repaid within one year from the Wild Spaces Public Places fund and is reported as a long-term advance in the general fund.

The outstanding balance between the general fund and the internal service funds resulted from a short-term advance to cover a deficit cash balance in the internal service funds. The balance is expected to be repaid within one year.

The outstanding balance between the general fund and the non-major enterprise fund resulted from a short-term advance to cover a deficit cash balance in the non-major enterprise fund. The balance is expected to be repaid within one year.

The outstanding balance between the electric and the internal service funds resulted from a loan to the internal service funds to purchase a new fire truck. The loan is not expected to be repaid within one year and is reported as a long-term advance.

Interfund Transfers

The City makes transfers among its funds in the course of the fiscal year. A summary of interfund transfers follows:

<u>Transfers (Out)</u>	<u>Transfers In</u>	
	<u>General Fund</u>	<u>Non-Major Funds</u>
General Fund	\$ -	\$ 812,581
Electric Fund	<u>325,000</u>	<u>-</u>
Total	<u><u>\$ 325,000</u></u>	<u><u>\$ 812,581</u></u>

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Transfers are normally recurring and are approved by the City Commission during the budget process. Transfers from the electric fund to the general fund are to recover costs provided by the general fund and to support general fund operations. Transfers from the general fund to the capital project fund were for capital-related projects.

Note 5 - Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities					
Fire Truck Purchase, Series 2023	\$ -	\$ 882,000	\$ -	\$ 882,000	\$ 153,000
Compensated Absences	298,181	51,513	(28,296)	321,398	282,830
Total OPEB Liability	211,943	18,999	-	230,942	-
Net Pension Liability	4,974,073	816,366	-	5,790,439	-
Lease Liability	19,384	-	(19,384)	-	-
Governmental Activity Long-Term Liabilities	<u>\$ 5,503,581</u>	<u>\$ 1,768,878</u>	<u>\$ (47,680)</u>	<u>\$ 7,224,779</u>	<u>\$ 435,830</u>
Business-Type Activities					
State Revolving Fund Loans	\$ 2,293,073	\$ 873,841	\$ (128,554)	\$ 3,038,360	\$ 176,665
Water/Sewer Rev. Bond, Series 2022	-	915,000	(58,000)	857,000	80,000
Compensated Absences	130,917	37,109	(15,967)	152,059	104,484
Total OPEB Liability	75,694	13,130	-	88,824	-
Net Pension Liability	903,252	232,004	-	1,135,256	-
Lease Liability	7,169	-	(7,169)	-	-
Business-Type Activity Long-Term Liabilities	<u>\$ 3,410,105</u>	<u>\$ 2,071,084</u>	<u>\$ (209,690)</u>	<u>\$ 5,271,499</u>	<u>\$ 361,149</u>

Compensated absences, net pension, and total OPEB liabilities reported in governmental activities are liquidated primarily by the general fund.

The City's loans payable are comprised of the following:

Governmental Activities

■ **Fire Truck Purchase, Series 2023**

In August 2023, the City entered into a loan agreement with Flagstar Public Funding Corporation to finance the acquisition of vehicles and equipment for the City's Fire Department for the amount of \$882,000. Interest accrues at an annual rate of 4.873%. Principal and interest are paid annually, commencing August 1, 2024.

Business-Type Activities

■ **Clean Water State Revolving Fund Loan, Direct Borrowing**

In September 2006, the City entered into a loan agreement with the Florida Department of Environmental Protection to finance the cost of improvements to the wastewater treatment plant for a total amended amount of \$2,539,208. Interest accrues at annual rates ranging from 1.83% to 2.33%. Principal and interest are due semiannually on August 15 and February 15 of each year until maturity on August 15, 2034.

**CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

■ **Clean Water State Revolving Fund Planning Loan, Direct Borrowing**

In June 2019, the City entered into a loan agreement with the Florida Department of Environmental Protection to finance the cost of planning and administrative work necessary for the City to qualify for Clean Water State Revolving Fund financing for construction of wastewater transmission, collection, reuse, and treatment facilities for a total amended amount of \$3,879,600. The loan is structured so that 50% of the loan is eligible for principal forgiveness in the form of a capital grant and the remaining 50% is debt of the City. Interest accrues at annual rates ranging from 0.14% to 2.12%. Principal and interest payments in the amount of \$56,718 are due semiannually on August 15 and February 15 of each year until all amounts due under the agreement have been fully paid, beginning August 15, 2024. The total amount drawn down as of September 30, 2023, is \$1,861,758 of which \$1,367,783 is recorded as a loan payable.

■ **Drinking Water State Revolving Fund Planning Loan, Direct Borrowing**

In October 2022, the City entered into a loan agreement with the Florida Department of Environmental Protection to finance the cost of planning or administrative work necessary to qualify for Drinking Water State Revolving Fund financing for construction of drinking water facilities for a total amended amount of \$176,500. Interest accrues at an annual rate of 2.00%. Principal and interest payments in the amount of \$10,154 are due semiannually on August 15 and February 15 each year until all amounts due under the agreement have been fully paid, beginning August 15, 2025.

■ **Water and Sewer Revenue Bond, Series 2022**

In November 2022, the City issued a bond to Truist Bank to finance the acquisition, construction and equipping of additions and extensions to existing water and sewer system for a total of \$915,000. Interest is payable semiannually on each September 1 and March 1, commencing March 1, 2023, at an annual rate equal to 4.23%. Principal payments, paid annually, commence September 1, 2023, for \$58,000 increasing each year until final payment on principal is made in 2032 for \$112,000. The bond is callable at anytime at 100%.

Annual Debt Service

Annual debt service requirements to maturity for the City's outstanding loans are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 153,000	\$ 40,592	\$ 256,665	\$ 75,397
2025	170,000	35,524	354,338	76,615
2026	178,000	27,240	408,434	65,563
2027	186,000	18,566	376,696	56,644
2028	195,000	9,502	340,607	48,749
2029-2033	-	-	1,705,395	123,681
2034-2037	-	-	453,225	7,484
Total	\$ 882,000	\$ 131,424	\$ 3,895,360	\$ 454,133

**CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Debt Covenants

The City has covenanted to establish, maintain, and collect fees from users of the water and sewer system, which, after payment of the costs of operation and maintenance, result in net revenues equal to or exceeding 115% of the bond service requirements of the State Revolving Fund Loans. As of September 30, 2023, the City has met its debt covenants.

Default Provisions

■ **State Revolving Fund Loans**

The outstanding loans contain a provision that in the event of default, the Florida Department of Environmental Protection may enforce its rights by accelerating the repayment schedule, increasing the interest rate on the unpaid principal of the loans to as much as 1.667 times the loan interest rate, or by other methods brought by action or suit.

■ **Water and Sewer Revenue Bond, Series 2022**

Any holder of the bond may either at law or in equity, by action or suit, protect and enforce any and all rights under the Laws of the State of Florida, or granted and contained in the related Resolution, and may enforce and compel the performance of all duties required by the Resolution.

■ **Fire Truck Purchase, Series 2023**

In the event of default, the lender may demand and sue for compensatory damages, including the accelerated payment of amounts due, require the City voluntarily return the equipment, and/or exercise any legal right or remedy through court action.

Interest Expense

The total interest cost incurred by the City during the current fiscal year was \$74,578.

Note 6 - Pledged Revenues

The City has pledged certain revenues to repay loans outstanding as of September 30, 2023. The following table reports the revenues, sometimes net of related operating expenses, pledged for each debt issue, the amounts of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the loans at September 30, 2023:

Pledged Revenue	Description of Debt	Revenue Received	Principal and Interest Paid	Estimated Percentage Pledged	Outstanding Principal and Interest	Pledged Through
Net Water and Sewer System Revenues	Drinking Water SRF Loan, Clean Water SRF Loan, Revenue Bond	\$ 564,250	\$ 246,235	43.75%	\$ 4,349,493	2037

**CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Note 7 - Retirement Plans

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability, or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Senate Bill 7024 increased the level of monthly benefits from \$5.00 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently in pay and members not yet in pay.

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2023, were as follows:

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

	<u>FRS</u>	<u>HIS</u>
Regular Class	11.57%	2.00%
Special Risk Class	30.67%	2.00%
Senior Management Service Class	32.52%	2.00%
Elected Officials	56.68%	2.00%
DROP from FRS	19.13%	2.00%

The City's contributions for the year ended September 30, 2023, were \$655,822 to the FRS Pension Plan and \$82,810 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2023, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>	<u>Investment Plan</u>
Net Pension Liability	\$ 5,121,564	\$ 1,804,131	N/A
Proportion at:			
Current Measurement Date	0.0128531262%	0.0113600723%	N/A
Prior Measurement Date	0.0127558412%	0.0106794752%	N/A
Pension Expense	\$ 1,113,271	\$ 724,178	\$ 219,675

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions After Measurement Date	\$ 194,222	\$ -	\$ 26,553	\$ -
Difference Between Expected and Actual Experience	480,871	-	26,411	4,235
Change of Assumptions	333,866	-	47,430	156,333
Changes of Proportion and Difference Between City Contributions and Proportionate Share of Contributions	165,630	38,896	184,794	3,491
Net Difference Between Projected and Actual Earnings on Pension Investments	<u>213,890</u>	<u>-</u>	<u>932</u>	<u>-</u>
Total	<u>\$ 1,388,479</u>	<u>\$ 38,896</u>	<u>\$ 286,120</u>	<u>\$ 164,059</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2023. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

<u>Fiscal Year Ending</u>	<u>FRS Amount</u>	<u>HIS Amount</u>
2024	\$ 170,858	\$ 28,923
2025	(28,507)	31,156
2026	883,824	23,316
2027	104,747	5,151
2028	24,439	4,509
Thereafter	-	2,453
Total	<u>\$ 1,155,361</u>	<u>\$ 95,508</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2023. The total pension liability for the HIS Program was determined by an actuarial valuation dated July 1, 2022.

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary Increases including inflation	3.25%	3.25%
Long-Term Expected Rate of Return	6.70%	N/A
Discount Rate	6.70%	3.65%

Mortality assumptions for FRS Pension Plan and HIS Plan were based on the PUB-2010 base table varying by member category and sex, projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Assumed Inflation – Mean			2.4%	1.4%

Note: (1) As Outlined in the Plan's Investment Policy.

**CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Discount Rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability for the HIS Pension Plan was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

The following changes in actuarial assumption occurred in 2023:

- HIS—The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.54% to 3.65%.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer’s proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

FRS	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City’s Proportionate Share of the Net Pension Liability	\$ 8,748,674	\$ 5,121,564	\$ 2,087,052
HIS	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
City’s Proportionate Share of the Net Pension Liability	\$ 2,058,232	\$ 1,804,131	\$ 1,593,498

Pension Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

FRS - Defined Contribution Pension Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2023, totaled \$219,675.

**CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Note 8 - Other Postemployment Benefits

Plan Description

The City's Retiree Health Care Plan (the Plan) is a single employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue health insurance coverage as a participant in the City's plan. For purposes of applying Paragraph 4 under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Plan does not meet the requirements for an OPEB plan administered through a trust.

Benefits Provided

A retired employee and his or her spouse and eligible dependents are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable retirement plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. Medicare is assumed to become primary upon attainment of age 65. This conforms to the minimum required of Florida governmental employers per Chapter 112.0801, Florida Statutes. The OPEB Plan does not issue a stand-alone report.

At October 1, 2021, the date of the latest actuarial valuation, plan participation consisted of:

Active Employees	57
Retirees and Beneficiaries Receiving Benefits	<u>-</u>
	<u>57</u>

Funding Policy

For the OPEB Plan, contribution requirements of the City are established and may be amended through action from the City Commission. To-date, the City has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit cost and expenses. There is no separate Trust fund or equivalent into which the City would make contributions to advance-fund the obligation. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the City, which are invested in very short-term fixed income instruments according to its current investment policy. The discount rate is based on the S&P Municipal 20 Year High Grade Rate Index. The discount rate is 4.87% as of the September 30, 2023, value of the index.

Total OPEB Liability

The City's total OPEB liability of \$319,766 was measured as of September 30, 2023. The actuarial valuation date was October 1, 2021.

Changes in the Total OPEB Liability

Total OPEB Liability, Beginning of Year	<u>\$ 287,637</u>
Service Cost	22,244
Interest on Total OPEB Liability	14,739
Change of Assumptions	(3,068)
Benefit Payments	<u>(1,786)</u>
Net Change in Total OPEB Liability	<u>32,129</u>
Total OPEB Liability, End of Year	<u>\$ 319,766</u>

**CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.87%	4.87%	5.87%
Total OPEB Liability	\$ 351,462	\$ 319,766	\$ 290,371

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 271,894	\$ 319,766	\$ 376,781

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2023, the City recognized OPEB expense of \$27,234. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions and Other Inputs	\$ 39,128	\$ 80,828
Difference Between Expected and Actual Experience	109,991	183,280
Total	\$ 149,119	\$ 264,108

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	Amount
2024	\$ (11,449)
2025	(11,449)
2026	(11,449)
2027	(11,146)
2028	(41,541)
Thereafter	(27,955)
Total	\$ (114,989)

**CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Actuarial methods and assumptions include the following:

Actuarial Valuation Date:	October 1, 2021	
Measurement Date:	September 30, 2023	
Reporting Date:	September 30, 2023	
Actuarial Cost Method:	Entry Age Normal Cost	
Discount Rate:	4.87%	
Projected Salary Increases:	2.00%	
Retirement Age:	General Employees are assumed to retire at age 62 and Special Risk employees at age 55	
Mortality:	Mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. Rates are based on those outlined in Milliman’s July 1, 2021 FRS Valuation	
Healthcare Cost Trend Rate:	Initial Trend Rate	7.50%
	Ultimate Trend Rate	4.00%
Expenses:	Included in the premiums used	

Changes of Assumptions reflect a change in the discount rate from 4.77% for the reporting period ended September 30, 2022, to 4.87% for the reporting period ended September 30, 2023.

Note 9 - Leases

Lessor

The City is a lessor for a facility rental and a land lease. The key terms are noted below.

The facility rental is a 60-month lease beginning August 12, 2023. An initial lease receivable was recorded in the amount of \$160,305. As of September 30, 2023, the value of the lease receivable is \$157,805. The lessee is required to make monthly fixed payments of \$2,500 through August 15, 2025, and \$2,550 thereafter. The lease has an interest rate of 4.45%. The value of the deferred inflow as of September 30, 2023, was \$158,079 and the City recognized lease revenue of \$2,226 during the fiscal year.

Note 10 - Commitments and Contingencies

A. Commitments

Interlocal Agreement

During 2011, the City signed an interlocal agreement with the County, in which the County agreed to provide to the City tourist development tax revenues in exchange for the City securing financing and arranging for the construction of a 16-field youth baseball park (the Park). Additionally, the City covenanted to own, maintain, and operate the Park in a manner that will attract tourists to attend multiday baseball and fast-pitch softball tournaments conducted at least 12 weeks each year. If the City fails to meet the requirements in the agreement, the County may request that the Park, together with all improvements, be transferred to the County, at which time the City will have the option of transferring the property or paying to the County the fair market value at the time of request.

**CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Construction Commitments

As of September 30, 2023, the City had various construction projects in progress that were not completed with remaining balances that totaled approximately \$3,168,634.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects amounts, if any, to be immaterial.

The City is a defendant in lawsuits which arise in the ordinary course of the City’s business. These cases are either in the early stages of litigation or are not expected to have a material effect on the financial position or results of operation of the City.

Note 11 - Stewardship, Compliance and Accountability

Deficit Fund Balances or Net Positions

At September 30, 2023, the following funds had deficit fund balances or net positions:

Fund	Type	Deficit
Customer Service	Internal Service	(59,066)
Utility Administration	Internal Service	(156,421)

Note 12 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; for which the City carries commercial insurance. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The City’s coverage for workers’ compensation is under a retrospectively rated policy.

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF NEWBERRY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,191,500	\$ 5,221,500	\$ 5,221,810	\$ 310
Permits, Fees, and Special Assessments	1,495,980	1,825,980	1,845,890	19,910
Intergovernmental	808,550	888,550	961,874	73,324
Fines and Forfeitures	5,000	4,500	4,629	129
Charges for Services	1,396,730	1,396,730	1,391,580	(5,150)
Investment Earnings and Other	80,500	227,000	364,767	137,767
Interfund Charges	149,098	149,098	152,062	2,964
Total Revenues	<u>9,127,358</u>	<u>9,713,358</u>	<u>9,942,612</u>	<u>229,254</u>
Expenditures				
General Government:				
Legislative	130,750	163,600	147,306	16,294
Executive	616,850	610,663	602,753	7,910
Finance and Administrative	775,750	844,999	835,234	9,765
Legal Counsel	109,200	124,832	119,635	5,197
Comprehensive Planning	422,100	466,004	436,290	29,714
Other General Government Services	806,395	808,943	763,118	45,825
Public Safety:				
Fire Control	1,881,305	1,932,329	1,919,569	12,760
Law Enforcement	936,530	936,530	934,032	2,498
Building and Zoning	390,222	441,702	422,815	18,887
Code Enforcement	116,560	123,560	121,000	2,560
Transportation	1,071,215	1,282,744	838,117	444,627
Culture and Recreation	1,297,088	1,362,008	1,339,141	22,867
Economic Environment	204,831	267,964	211,621	56,343
Physical Environment	738,150	751,350	747,293	4,057
(Total Expenditures)	<u>(9,496,946)</u>	<u>(10,117,228)</u>	<u>(9,437,924)</u>	<u>679,304</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(369,588)</u>	<u>(403,870)</u>	<u>504,688</u>	<u>908,558</u>
Other Financing Sources (Uses)				
Transfers In	325,000	325,000	325,000	-
Transfers (Out)	(749,300)	(811,800)	(812,581)	(781)
Total Other Financing Sources (Uses)	<u>(424,300)</u>	<u>(486,800)</u>	<u>(487,581)</u>	<u>(781)</u>
Net Change in Fund Balance	(793,888)	(890,670)	17,107	907,777
Fund Balances, Beginning of Year	<u>3,145,166</u>	<u>3,145,166</u>	<u>4,245,683</u>	<u>1,100,517</u>
Fund Balances, End of Year	<u>\$ 2,351,278</u>	<u>\$ 2,254,496</u>	<u>\$ 4,262,790</u>	<u>\$ 2,008,294</u>

**CITY OF NEWBERRY, FLORIDA
 AMERICAN RESCUE PLAN FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 221,934	\$ 221,934
Investment Earnings	1,500	81,500	87,227	5,727
Total Revenues	<u>1,500</u>	<u>81,500</u>	<u>309,161</u>	<u>227,661</u>
Expenditures				
General Government	-	-	3,000	(3,000)
Public Safety	70,000	10,000	4,800	5,200
Physical Environment	1,194,000	364,000	149,962	214,038
Transportation	-	130,000	64,040	65,960
(Total Expenditures)	<u>(1,264,000)</u>	<u>(504,000)</u>	<u>(221,802)</u>	<u>282,198</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,262,500)	(422,500)	87,359	509,859
Net Change in Fund Balance	(1,262,500)	(422,500)	87,359	509,859
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>14,301</u>	<u>14,301</u>
Fund Balances, End of Year	<u>\$ (1,262,500)</u>	<u>\$ (422,500)</u>	<u>\$ 101,660</u>	<u>\$ 524,160</u>

CITY OF NEWBERRY, FLORIDA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023

Note 1 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. No budget was adopted for the Community Development Grant or Opioid Settlement Proceeds funds. All annual appropriations lapse at fiscal year-end.

The City of Newberry, Florida (the City) follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is at the fund level. The City Manager, or designee, is authorized to make budget adjustments within a fund that do not change the total budget of a fund.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

CITY OF NEWBERRY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2023

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City of Newberry's Proportion of the FRS Net Pension Liability	0.012853126%	0.012755841%	0.011969186%	0.012017108%
City of Newberry's Proportionate Share of the FRS Net Pension Liability	\$ 5,121,564	\$ 4,746,198	\$ 904,136	\$ 5,208,392
City of Newberry's Covered Payroll (for the Year Ended June 30)	4,282,464	3,892,771	3,384,396	3,176,145
City of Newberry's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	119.59%	121.92%	26.71%	163.98%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.38%	82.89%	96.40%	78.85%

Note: The amounts shown above, as reported on the date indicated, have a measurement date three months prior.

* Additional years will be added to this schedule annually until 10 years of data are presented.

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City of Newberry's Proportion of the HIS Net Pension Liability	0.011360072%	0.010679475%	0.009558714%	0.009149382%
City of Newberry's Proportionate Share of the HIS Net Pension Liability	\$ 1,804,131	\$ 1,131,127	\$ 1,172,520	\$ 1,117,125
City of Newberry's Covered Payroll (for the Year Ended June 30)	4,282,464	3,892,771	3,384,396	3,176,145
City of Newberry's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	42.13%	29.06%	34.64%	35.17%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.12%	4.81%	3.56%	3.00%

Note: The amounts shown above, as reported on the date indicated, have a measurement date three months prior.

* Additional years will be added to this schedule annually until 10 years of data are presented.

FLORIDA RETIREMENT SYSTEM PENSION PLAN

2019	2018	2017	2016	2015
0.012387818%	0.012419319%	0.011896231%	0.010542663%	0.009341129%
\$ 4,266,192	\$ 3,740,763	\$ 3,518,825	\$ 2,662,031	\$ 1,206,552
3,120,843	2,986,205	2,816,687	2,408,663	2,471,327
136.70%	125.27%	124.93%	110.52%	48.82%
82.61%	84.26%	83.89%	84.88%	92.00%

HEALTH INSURANCE SUBSIDY PENSION PLAN

2019	2018	2017	2016	2015
0.009222925%	0.009140888%	0.008834977%	0.008752638%	0.007939591%
\$ 1,031,953	\$ 967,482	\$ 944,676	\$ 1,020,084	\$ 809,713
3,120,843	2,986,205	2,816,687	2,408,663	2,471,327
33.07%	32.40%	33.54%	42.35%	32.76%
2.63%	2.15%	1.64%	0.97%	0.50%

CITY OF NEWBERRY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2023

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 655,822	\$ 564,167	\$ 490,926	\$ 411,646
FRS Contribution in Relation to the Contractually Required Contribution	<u>(655,822)</u>	<u>(564,167)</u>	<u>(490,926)</u>	<u>(411,646)</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (for the Year Ended September 30)	\$ 4,745,559	\$ 4,054,398	\$ 3,562,892	\$ 3,241,145
FRS Contributions as a Percentage of Covered Payroll	13.82%	13.91%	13.78%	12.70%

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 82,810	\$ 67,303	\$ 59,144	\$ 53,803
HIS Contribution in Relation to the Contractually Required Contribution	<u>(82,810)</u>	<u>(67,303)</u>	<u>(59,144)</u>	<u>(53,803)</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (for the Year Ended September 30)	\$ 4,745,559	\$ 4,054,398	\$ 3,562,892	\$ 3,241,145
HIS Contributions as a Percentage of Covered Payroll	1.74%	1.66%	1.66%	1.66%

FLORIDA RETIREMENT SYSTEM PENSION PLAN

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 388,567	\$ 359,768	\$ 312,743	\$ 256,615	\$ 228,396
<u>(388,567)</u>	<u>(359,768)</u>	<u>(312,743)</u>	<u>(256,615)</u>	<u>(228,396)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,130,392	\$ 2,975,542	\$ 2,874,096	\$ 2,647,212	\$ 2,471,327
12.41%	12.09%	10.88%	9.69%	9.24%

HEALTH INSURANCE SUBSIDY PENSION PLAN

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 51,806	\$ 49,394	\$ 47,710	\$ 43,895	\$ 33,584
<u>(51,806)</u>	<u>(49,394)</u>	<u>(47,710)</u>	<u>(43,895)</u>	<u>(33,584)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,130,392	\$ 2,975,542	\$ 2,874,096	\$ 2,647,212	\$ 2,471,327
1.65%	1.66%	1.66%	1.66%	1.36%

CITY OF NEWBERRY, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service Cost	\$ 22,244	\$ 33,363	\$ 40,104	\$ 31,649	\$ 13,163	\$ 12,905
Interest on the Total OPEB Liability	14,739	9,038	9,779	12,940	16,549	14,955
Changes of Assumptions	(3,068)	(92,446)	(13,214)	51,192	-	-
Difference Between Expected and Actual Experience	-	(113,315)	-	(176,929)	18,943	16,977
Benefit Payments	(1,786)	(1,735)	(1,652)	(3,803)	(1,273)	(797)
Net Change in Total OPEB Liability	<u>32,129</u>	<u>(165,095)</u>	<u>35,017</u>	<u>(84,951)</u>	<u>47,382</u>	<u>44,040</u>
Total OPEB Liability - Beginning	<u>287,637</u>	<u>452,732</u>	<u>417,715</u>	<u>502,666</u>	<u>455,284</u>	<u>411,244</u>
Total OPEB Liability - Ending	<u>\$ 319,766</u>	<u>\$ 287,637</u>	<u>\$ 452,732</u>	<u>\$ 417,715</u>	<u>\$ 502,666</u>	<u>\$ 455,284</u>
Covered-Employee Payroll	<u>\$ 3,525,571</u>	<u>\$ 3,456,442</u>	<u>\$ 2,689,420</u>	<u>\$ 2,636,687</u>	<u>\$ 2,338,750</u>	<u>\$ 2,292,892</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	9.07%	8.32%	16.83%	15.84%	21.49%	19.86%

Notes to the Schedule:

10 years of data will be presented as available.

Covered Employee Payroll was projected two years forward from the valuation date of the reporting period ending September 30, 2023.

Difference Between Expected and Actual Experience - reflects the impact of changes to the census data from the prior valuation to the current valuation, as applicable.

Changes of Assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate period.

The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2023	4.87%
Fiscal Year Ending September 30, 2022	4.77%
Fiscal Year Ending September 30, 2021	2.43%
Fiscal Year Ending September 30, 2020	2.14%
Fiscal Year Ending September 30, 2019	3.64%
Fiscal Year Ending September 30, 2018	3.64%

SUPPLEMENTARY INFORMATION

**CITY OF NEWBERRY, FLORIDA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	Special Revenue Funds							Total Non-Major Governmental Funds
	Champions Park Special Revenue Fund	Wild Spaces Public Places	Infrastructure Sales Surtax	Community Development Block Grant	Opioid Settlement Proceeds	Community Redevelopment Agency	Capital Improvement Fund	
	Assets							
Cash and Cash Equivalents	\$ 8,549	\$ 1,300,778	\$ 306,163	\$ -	\$ 1,187	\$ 303,888	\$ 189,475	\$ 2,110,040
Due from Other Governments	-	109,795	102,870	-	-	-	-	212,665
Total Assets	8,549	1,410,573	409,033	-	1,187	303,888	189,475	2,322,705
Liabilities and Fund Balance								
Liabilities:								
Accounts Payable	-	36,504	-	-	-	-	97,482	133,986
Accrued Expenses	-	-	-	-	-	-	838	838
Advances from Other Funds	-	240,856	-	-	-	-	-	240,856
Total Liabilities	-	277,360	-	-	-	-	98,320	375,680
Fund Balance:								
Restricted for:								
Culture and Recreation	8,549	1,133,213	-	-	-	-	-	1,141,762
Infrastructure	-	-	409,033	-	-	-	-	409,033
Community Redevelopment	-	-	-	-	-	303,888	-	303,888
Public Safety	-	-	-	-	1,187	-	-	1,187
Assigned for:								
Capital Projects	-	-	-	-	-	-	91,155	91,155
Total Fund Balance	8,549	1,133,213	409,033	-	1,187	303,888	91,155	1,947,025
Total Liabilities and Fund Balance	\$ 8,549	\$ 1,410,573	\$ 409,033	\$ -	\$ 1,187	\$ 303,888	\$ 189,475	\$ 2,322,705

**CITY OF NEWBERRY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Special Revenue Funds						Total Non-Major Governmental Funds
	Champions Park Special Revenue Fund	Wild Spaces Public Places	Infrastructure Sales Surtax	Community Development Block Grant	Opioid Settlement Proceeds	Community Redevelopment Agency	
Revenues							
Taxes	\$ -	\$ 549,676	\$ 405,711	\$ -	\$ -	\$ -	\$ 955,387
Intergovernmental	-	6,925	-	-	-	162,074	168,999
Charges for Services	31,160	-	-	-	-	-	31,160
Investment Earnings	1,561	44,611	3,322	-	50	242	49,786
Miscellaneous	-	-	-	6,499	5,126	-	11,625
Total Revenues	<u>32,721</u>	<u>601,212</u>	<u>409,033</u>	<u>6,499</u>	<u>5,176</u>	<u>162,316</u>	<u>1,216,957</u>
Expenditures							
Current:							
General Government	-	-	-	-	4,278	-	53,588
Economic Development	-	-	-	-	-	11,976	11,976
Capital Outlay	92,368	61,666	-	-	-	5,848	622,185
(Total Expenditures)	<u>(92,368)</u>	<u>(61,666)</u>	<u>-</u>	<u>-</u>	<u>(4,278)</u>	<u>(17,824)</u>	<u>(687,749)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,647)	539,546	409,033	6,499	898	144,492	529,208
Other Financing Sources							
Transfers from Other Funds	-	-	-	7,000	289	162,074	812,581
Net Change in Fund Balances	(59,647)	539,546	409,033	13,499	1,187	306,566	1,341,789
Fund Balance, Beginning of Year	68,196	593,667	-	(13,499)	-	(2,678)	605,236
Fund Balance, End of Year	<u>\$ 8,549</u>	<u>\$ 1,133,213</u>	<u>\$ 409,033</u>	<u>\$ -</u>	<u>\$ 1,187</u>	<u>\$ 303,888</u>	<u>\$ 1,947,025</u>

**CITY OF NEWBERRY, FLORIDA
 CHAMPIONS PARK SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Charges for Services	\$ 25,000	\$ 31,160	\$ 6,160
Investment Earnings	-	1,561	1,561
Total Revenues	<u>25,000</u>	<u>32,721</u>	<u>7,721</u>
Expenditures			
Culture and Recreation	78,000	92,368	(14,368)
(Total Expenditures)	<u>(78,000)</u>	<u>(92,368)</u>	<u>(14,368)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(53,000)</u>	<u>(59,647)</u>	<u>(6,647)</u>
Net Change in Fund Balance	(53,000)	(59,647)	(6,647)
Fund Balance, Beginning of Year	<u>69,781</u>	<u>68,196</u>	<u>(1,585)</u>
Fund Balance, End of Year	<u>\$ 16,781</u>	<u>\$ 8,549</u>	<u>\$ (8,232)</u>

CITY OF NEWBERRY, FLORIDA
WILD SPACES PUBLIC PLACES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes	\$ 535,000	\$ 549,676	\$ 14,676
Intergovernmental	-	6,925	6,925
Investment Earnings	40,000	44,611	4,611
Total Revenues	<u>575,000</u>	<u>601,212</u>	<u>26,212</u>
Expenditures			
Culture and Recreation	181,864	61,666	120,198
(Total Expenditures)	<u>(181,864)</u>	<u>(61,666)</u>	<u>120,198</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>393,136</u>	<u>539,546</u>	<u>146,410</u>
Net Change in Fund Balance	393,136	539,546	146,410
Fund Balances, Beginning of Year	<u>593,666</u>	<u>593,667</u>	<u>1</u>
Fund Balances, End of Year	<u>\$ 986,802</u>	<u>\$ 1,133,213</u>	<u>\$ 146,411</u>

CITY OF NEWBERRY, FLORIDA
INFRASTRUCTURE SALES SURTAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes	\$ 300,000	\$ 405,711	\$ 105,711
Investment Earnings	-	3,322	3,322
Total Revenues	<u>300,000</u>	<u>409,033</u>	<u>109,033</u>
(Total Expenditures)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>300,000</u>	<u>409,033</u>	<u>109,033</u>
Net Change in Fund Balance	300,000	409,033	109,033
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 300,000</u>	<u>\$ 409,033</u>	<u>\$ 109,033</u>

**CITY OF NEWBERRY, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 162,074	\$ 162,074	\$ -
Investment Earnings	-	242	242
Total Revenues	<u>162,074</u>	<u>162,316</u>	<u>242</u>
Expenditures			
Economic Environment	100,200	17,824	82,376
(Total Expenditures)	<u>(100,200)</u>	<u>(17,824)</u>	<u>82,376</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>61,874</u>	<u>144,492</u>	<u>82,618</u>
Other Financing Sources			
Transfers In	162,074	162,074	-
Total Other Financing Sources	<u>162,074</u>	<u>162,074</u>	<u>-</u>
Net Change in Fund Balance	223,948	306,566	82,618
Fund Balance, Beginning of Year	<u>(2,678)</u>	<u>(2,678)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 221,270</u></u>	<u><u>\$ 303,888</u></u>	<u><u>\$ 82,618</u></u>

**CITY OF NEWBERRY, FLORIDA
CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues	\$ -	\$ -	\$ -
Expenditures			
General Government	508,800	417,447	91,353
Transportation	168,750	94,166	74,584
(Total Expenditures)	<u>(677,550)</u>	<u>(511,613)</u>	<u>165,937</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(677,550)</u>	<u>(511,613)</u>	<u>165,937</u>
Other Financing Sources			
Transfer In	634,800	643,218	8,418
Total Other Financing Sources	<u>634,800</u>	<u>643,218</u>	<u>8,418</u>
Net Change in Fund Balance	(42,750)	131,605	174,355
Fund Balance, Beginning of Year	<u>(40,450)</u>	<u>(40,450)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (83,200)</u>	<u>\$ 91,155</u>	<u>\$ 174,355</u>

**CITY OF NEWBERRY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
WATER AND SEWER FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Charges for Services	\$ 2,509,025	\$ 2,250,061
Fees, Rentals, and Other	6,571	906
Total Operating Revenues	<u>2,515,596</u>	<u>2,250,967</u>
Operating Expenses		
Personnel Services	709,545	471,345
Materials, Supplies, and Other	852,683	578,463
Billing and Administration	557,510	485,180
Depreciation	837,204	757,581
(Total Operating Expenses)	<u>(2,956,942)</u>	<u>(2,292,569)</u>
Operating Income	<u>(441,346)</u>	<u>(41,602)</u>
Non-Operating Revenues (Expenses)		
Interest Income	168,392	31,404
Interest Expense	(59,675)	(32,955)
Loss on Disposal of Capital Assets	14,730	(88,033)
Total Non-Operating Revenues (Expenses)	<u>123,447</u>	<u>(89,584)</u>
Income Before Contributions and Transfers	<u>(317,899)</u>	<u>(131,186)</u>
Capital Contributions and Grants		
Development Charges	1,107,813	684,598
Developer Contributions	1,138,329	1,183,218
Capital Grants	423,031	374,367
Total Capital Contributions and Grants	<u>2,669,173</u>	<u>2,242,183</u>
Transfers in	<u>-</u>	<u>944,687</u>
Change in Net Position	2,351,274	3,055,684
Net Position, Beginning of Year	<u>18,845,076</u>	<u>15,789,392</u>
Total Net Position, End of Year	<u>\$ 21,196,350</u>	<u>\$ 18,845,076</u>

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

CITY OF NEWBERRY, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2023

	Customer Service Fund	Vehicle Replacement Fund	Utility Administration Fund	Total Internal Service Funds
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 292,055	\$ -	\$ 292,055
Accounts Receivable	1,533	-	-	1,533
Prepays	85	-	-	85
Total Current Assets	1,618	292,055	-	293,673
Non-Current Assets:				
Property, Plant and Equipment	17,897	1,571,691	15,784	1,605,372
(Accumulated Depreciation)	(11,443)	(371,326)	(7,366)	(390,135)
Capital Assets, Net	6,454	1,200,365	8,418	1,215,237
Total Non-Current Assets	6,454	1,200,365	8,418	1,215,237
Total Assets	8,072	1,492,420	8,418	1,508,910
Liabilities				
Current Liabilities:				
Accounts Payable	6,750	12,392	2,217	21,359
Accrued Expenses	4,658	-	9,593	14,251
Due to Other Funds	28,395	-	90,819	119,214
Compensated Absences	16,948	-	33,593	50,541
Current Portion of Long-Term Debt	-	153,000	-	153,000
Total Current Liabilities	56,751	165,392	136,222	358,365
Non-Current Liabilities:				
Compensated Absences	10,387	-	28,617	39,004
Advances from Other Funds	-	117,832	-	117,832
Long-Term Debt	-	729,000	-	729,000
Total Non-Current Liabilities	10,387	846,832	28,617	885,836
Total Liabilities	67,138	1,012,224	164,839	1,244,201
Net Position				
Net Investment in Capital Assets	6,454	318,365	8,418	333,237
Unrestricted	(65,520)	161,831	(164,839)	(68,528)
Total Net Position	\$ (59,066)	\$ 480,196	\$ (156,421)	\$ 264,709

CITY OF NEWBERRY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Customer Service Fund	Vehicle Replacement Fund	Utility Administration Fund	Total Internal Service Funds
Operating Revenues				
Fees, Rentals, and Other	\$ 25,951	\$ -	\$ 17,416	\$ 43,367
Interfund Charges	363,000	176,670	513,237	1,052,907
Total Operating Revenues	<u>388,951</u>	<u>176,670</u>	<u>530,653</u>	<u>1,096,274</u>
Operating Expenses				
Personnel Services	278,997	-	599,816	878,813
Materials, Supplies, and Other	134,295	-	31,572	165,867
Depreciation	1,921	86,330	1,578	89,829
(Total Operating Expenses)	<u>(415,213)</u>	<u>(86,330)</u>	<u>(632,966)</u>	<u>(1,134,509)</u>
Operating Income (Loss)	<u>(26,262)</u>	<u>90,340</u>	<u>(102,313)</u>	<u>(38,235)</u>
Non-Operating Revenues (Expenses)				
Gain (Loss) on Disposal of				
Capital Asset	-	25,000	(2,840)	22,160
Interest Income	-	9,096	-	9,096
Interest Expense	-	(14,904)	-	(14,904)
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>19,192</u>	<u>(2,840)</u>	<u>16,352</u>
Change in Net Position	(26,262)	109,532	(105,153)	(21,883)
Net Position, Beginning of Year	<u>(32,804)</u>	<u>370,664</u>	<u>(51,268)</u>	<u>286,592</u>
Total Net Position, End of Year	<u>\$ (59,066)</u>	<u>\$ 480,196</u>	<u>\$ (156,421)</u>	<u>\$ 264,709</u>

**CITY OF NEWBERRY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Customer Service Fund	Vehicle Replacement Fund	Utility Administration Fund	Total Internal Service Funds
Cash Flows from Operating Activities				
Receipts from Interfund Services Provided	\$ 364,996	\$ 176,670	\$ 513,237	\$ 1,054,903
Cash Received from Other Sources	25,951	-	17,416	43,367
Cash Payments to Suppliers for Goods and Services	(142,981)	12,392	(33,738)	(164,327)
Cash Payments to Employees for Services	(275,162)	-	(589,834)	(864,996)
Net Cash Provided by (Used in) Operating Activities	(27,196)	189,062	(92,919)	68,947
Cash Flows from Non-Capital Financing Activities				
Loans/Advances (to) and Repayments from Other Funds	27,196	(56,914)	90,819	61,101
Net Cash Provided by (Used in) Non-Capital Financing Activities	27,196	(56,914)	90,819	61,101
Cash Flows from Capital and Related Financing Activities				
Principal Paid on Long-Term Debt	-	-	(2,921)	(2,921)
Proceeds from New Debt	-	882,000	-	882,000
Interest Expense	-	(14,904)	(5)	(14,909)
Acquisition and Construction of Capital Assets	-	(934,332)	1	(934,331)
Proceeds from Sale of Capital Assets	-	25,000	-	25,000
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	(42,236)	(2,925)	(45,161)
Cash Flows from Investing Activities				
Interest on Investments	-	9,096	-	9,096
Net Cash Provided by (Used in) Investing Activities	-	9,096	-	9,096
Net Increase (Decrease) in Cash and Cash Equivalents	-	99,008	(5,025)	93,983
Cash and Cash Equivalents, Beginning of Year	-	193,047	5,025	198,072
Cash and Cash Equivalents, End of Year	\$ -	\$ 292,055	\$ -	\$ 292,055
Presented on the Statement of Net Position as				
Cash and Cash Equivalents	\$ -	\$ 292,055	\$ -	\$ 292,055

CITY OF NEWBERRY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(Concluded)

	<u>Customer Service Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Utility Administration Fund</u>	<u>Total Internal Service Funds</u>
<u>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</u>				
Operating Income	\$ (26,262)	\$ 90,340	\$ (102,313)	\$ (38,235)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	1,921	86,330	1,578	89,829
(Increase) Decrease in:				
Accounts Receivable	1,996	-	-	1,996
Increase (Decrease) in:				
Accounts Payable	(8,686)	12,392	(2,166)	1,540
Compensated Absences	3,835	-	9,982	13,817
Total Adjustments	<u>(934)</u>	<u>98,722</u>	<u>9,394</u>	<u>107,182</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (27,196)</u>	<u>\$ 189,062</u>	<u>\$ (92,919)</u>	<u>\$ 68,947</u>

STATISTICAL SECTION

STATISTICAL SECTION (Unaudited)

This part of the City of Newberry, Florida's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends Information	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	68
Revenue Capacity Information	
These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, which is property taxes.	73
Debt Capacity Information	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. The City has no legal debt margin, thus it is not reported in these schedules.	79
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	83
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	85

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.*

FINANCIAL TRENDS INFORMATION

Schedule 1
CITY OF NEWBERRY, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual based accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities										
Net investment in capital assets	\$ 10,484,429	\$ 10,288,387	\$ 12,169,576	\$ 17,069,358	\$ 17,603,706	\$ 18,443,352	\$ 17,985,746	\$ 17,582,337	\$ 17,901,083	\$ 19,340,346
Restricted	143,438	359,734	360,014	361,699	789,730	104,928	158,284	254,770	968,479	2,560,304
Unrestricted	<u>70,143</u>	<u>(1,377,088)</u>	<u>(1,310,479)</u>	<u>(1,016,322)</u>	<u>(1,125,151)</u>	<u>(1,965,452)</u>	<u>(1,760,727)</u>	<u>(609,192)</u>	<u>(254,865)</u>	<u>(1,146,880)</u>
Total governmental activities net position	<u>10,698,010</u>	<u>9,271,033</u>	<u>11,219,111</u>	<u>16,414,735</u>	<u>17,268,285</u>	<u>16,582,828</u>	<u>16,383,303</u>	<u>17,227,915</u>	<u>18,614,697</u>	<u>20,753,770</u>
Business-Type Activities										
Net investment in capital assets	8,056,468	8,340,063	9,303,739	9,929,798	11,913,865	12,501,327	12,882,572	15,252,961	19,538,269	22,984,630
Restricted	9,514	9,340	9,518	9,700	9,885	10,169	11,762	1,377,103	1,619,946	2,621,814
Unrestricted	<u>7,321,146</u>	<u>7,256,727</u>	<u>7,682,231</u>	<u>7,708,661</u>	<u>6,912,238</u>	<u>7,267,982</u>	<u>8,302,467</u>	<u>5,947,922</u>	<u>5,195,398</u>	<u>4,154,021</u>
Total business-type net position	<u>15,387,128</u>	<u>15,606,130</u>	<u>16,995,488</u>	<u>17,648,159</u>	<u>18,835,988</u>	<u>19,779,478</u>	<u>21,196,801</u>	<u>22,577,986</u>	<u>26,353,613</u>	<u>29,760,465</u>
Total Government										
Net investment in capital assets	18,540,897	18,628,450	21,473,315	26,999,156	29,517,571	30,944,679	30,868,318	32,835,298	37,439,352	42,324,976
Restricted	152,952	369,074	369,532	371,399	799,615	115,097	170,046	1,631,873	2,588,425	5,182,118
Unrestricted	<u>7,391,289</u>	<u>5,879,639</u>	<u>6,371,752</u>	<u>6,692,339</u>	<u>5,787,087</u>	<u>5,302,530</u>	<u>6,541,740</u>	<u>5,338,730</u>	<u>4,940,533</u>	<u>3,007,141</u>
Total government net position	<u>\$ 26,085,138</u>	<u>\$ 24,877,163</u>	<u>\$ 28,214,599</u>	<u>\$ 34,062,894</u>	<u>\$ 36,104,273</u>	<u>\$ 36,362,306</u>	<u>\$ 37,580,104</u>	<u>\$ 39,805,901</u>	<u>\$ 44,968,310</u>	<u>\$ 50,514,235</u>

Source: City of Newberry Financial Reports

Schedule 2
CITY OF NEWBERRY, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual based accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses										
Governmental activities:										
General government	\$ 953,180	\$ 993,353	\$ 1,200,185	\$ 1,355,008	\$ 1,336,282	\$ 1,673,641	\$ 1,837,268	\$ 1,719,382	\$ 2,351,649	\$ 2,983,857
Public safety	1,106,462	1,136,809	1,431,214	2,345,314	2,389,694	2,755,444	2,964,167	2,671,992	3,149,445	3,721,718
Physical Environment	-	406,715	524,304	559,465	540,304	541,135	585,667	629,904	722,422	757,933
Transportation	735,308	675,343	730,779	826,538	889,778	948,642	1,007,222	1,021,898	1,197,045	1,359,315
Culture and Recreation	1,304,502	1,301,168	1,239,440	1,281,447	1,248,616	2,305,954	1,263,738	1,284,123	1,431,049	1,768,728
Health and Welfare	41,864	17,975	15,469	35,713	35,474	28,995	-	-	15,000	-
Economic Development	-	-	85,871	87,214	130,980	162,606	781,281	249,142	210,260	249,780
Interest on long-term debt	1,538	7,097	6,248	5,656	14,262	3,637	2,744	-	35	-
Total governmental activities expenses	<u>4,142,854</u>	<u>4,538,460</u>	<u>5,233,510</u>	<u>6,496,355</u>	<u>6,585,390</u>	<u>8,420,054</u>	<u>8,442,087</u>	<u>7,576,441</u>	<u>9,076,905</u>	<u>10,841,331</u>
Business-Type Activities										
Electric	3,887,834	3,916,988	3,854,346	3,933,270	3,887,764	4,340,112	4,176,763	4,325,963	6,253,048	6,018,802
Water and sewer	1,476,559	1,449,549	1,527,571	1,644,813	1,717,709	1,938,281	2,059,466	2,056,316	2,435,546	3,098,020
Mosquito control	-	-	21,153	14,607	18,531	27,591	34,790	21,754	29,383	40,732
Total business-type activities	<u>5,364,393</u>	<u>5,366,537</u>	<u>5,403,070</u>	<u>5,592,690</u>	<u>5,624,004</u>	<u>6,305,984</u>	<u>6,271,019</u>	<u>6,404,033</u>	<u>8,717,977</u>	<u>9,157,554</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	83,107	24,057	27,998	281,634	320,875	301,078	315,002	366,616	381,965	313,245
Public safety	540,334	617,936	736,760	838,564	982,526	980,542	1,082,788	1,044,370	1,381,715	1,749,648
Physical Environment	-	476,581	561,460	545,933	538,545	596,764	636,315	710,301	824,803	859,160
Health and Welfare	18,848	12,235	11,326	17,152	15,496	15,808	-	-	-	-
Transportation	22,447	24,341	26,501	27,294	27,354	29,613	30,473	31,356	33,663	36,066
Culture and recreation	330,225	366,112	336,189	393,786	403,278	239,224	222,512	279,693	283,187	302,620
Operating grants and contributions	803,432	1,014,090	1,691,777	4,590,683	199,598	270,774	742,437	282,733	296,125	305,119
Capital grants and contributions	147,828	91,945	975,527	881,013	639,061	569,648	296,316	327,208	1,997,083	1,674,250
Total governmental activities program revenues	<u>1,946,221</u>	<u>2,627,297</u>	<u>4,367,538</u>	<u>7,576,059</u>	<u>3,126,733</u>	<u>3,003,451</u>	<u>3,325,843</u>	<u>3,042,277</u>	<u>5,198,541</u>	<u>5,240,108</u>
Business-type activities:										
Charges for services:										
Electric	3,976,064	4,040,798	4,084,388	4,008,652	4,099,826	4,559,920	4,443,894	4,687,948	6,371,194	6,167,822
Water and sewer	1,413,314	1,588,494	1,900,800	1,931,674	2,101,204	2,257,349	2,692,876	2,016,666	2,250,967	2,515,596
Mosquito control	-	-	22,917	23,689	24,856	26,085	27,259	28,831	30,545	32,099
Operating grants and contributions	14,117	11,302	1,080	14,348	99,261	57,460	88,434	-	-	-
Capital grants and contributions	-	91,943	1,025,779	437,750	654,990	428,545	594,023	1,243,904	3,085,221	3,859,154
Total business-type activities program revenues	<u>5,403,495</u>	<u>5,732,537</u>	<u>7,034,964</u>	<u>6,416,113</u>	<u>6,980,137</u>	<u>7,329,359</u>	<u>7,846,486</u>	<u>7,977,349</u>	<u>11,737,927</u>	<u>12,574,671</u>
Total Revenues	<u>7,349,716</u>	<u>8,359,834</u>	<u>11,402,502</u>	<u>13,992,172</u>	<u>10,106,870</u>	<u>10,332,810</u>	<u>11,172,329</u>	<u>11,019,626</u>	<u>16,936,468</u>	<u>17,814,779</u>
Net (Expense) Revenue										
Governmental activities	(2,196,633)	(1,911,163)	(865,972)	1,079,704	(3,458,657)	(5,416,603)	(5,116,244)	(4,534,164)	(3,878,364)	(5,601,223)
Business-type activities	39,102	366,000	1,631,894	823,423	1,356,133	1,023,375	1,575,467	1,573,316	3,019,950	3,417,117
Total government net expense	<u>\$ (2,157,531)</u>	<u>\$ (1,545,163)</u>	<u>\$ 765,922</u>	<u>\$ 1,903,127</u>	<u>\$ (2,102,524)</u>	<u>\$ (4,393,228)</u>	<u>\$ (3,540,777)</u>	<u>\$ (2,960,848)</u>	<u>\$ (858,414)</u>	<u>\$ (2,184,106)</u>

Source: City of Newberry Financial Reports

Schedule 2 (Concluded)
CITY OF NEWBERRY, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual based accounting)

General Revenues and Other Changes in Net Position

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:										
Taxes:										
Property taxes	\$ 1,237,900	\$ 1,278,988	\$ 1,276,772	\$ 2,156,399	\$ 2,324,614	\$ 2,445,196	\$ 2,691,642	\$ 2,857,603	\$ 3,168,059	\$ 3,416,767
Sales Tax	357,075	394,874	420,010	693,818	842,390	912,419	860,645	1,045,354	1,269,460	1,779,940
Utility taxes	895,089	733,357	816,835	814,060	761,772	797,823	819,318	976,302	1,075,783	1,213,991
Communications services taxes	151,579	148,453	147,131	153,247	167,616	176,431	182,305	178,484	208,651	235,232
Business license tax	34,172	35,170	32,530	38,117	41,995	31,092	28,937	43,976	23,131	54,432
Unrestricted investment earnings	15	51	4,045	12,084	40,172	83,014	27,087	14,336	75,931	343,631
Other	27,558	31,350	39,478	33,725	61,277	64,691	84,425	42,869	133,203	371,303
Transfers		(195,000)	205,163	214,470	217,080	220,480	222,360	219,852	(689,072)	325,000
Total governmental activities	<u>2,703,388</u>	<u>2,427,243</u>	<u>2,941,964</u>	<u>4,115,920</u>	<u>4,456,916</u>	<u>4,731,146</u>	<u>4,916,719</u>	<u>5,378,776</u>	<u>5,265,146</u>	<u>7,740,296</u>
Business-Type Activities										
Unrestricted investment earnings	3,829	8,367	35,371	43,718	83,313	140,595	64,216	27,721	66,605	301,038
Other	-	-	-	-	-	-	-	-	-	13,697
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	195,000	(205,163)	(214,470)	(217,080)	(220,480)	(222,360)	(219,852)	689,072	(325,000)
Total business-type activities	<u>3,829</u>	<u>203,367</u>	<u>(169,792)</u>	<u>(170,752)</u>	<u>(133,767)</u>	<u>(79,885)</u>	<u>(158,144)</u>	<u>(192,131)</u>	<u>755,677</u>	<u>(10,265)</u>
Total primary government	<u>2,707,217</u>	<u>2,630,610</u>	<u>2,772,172</u>	<u>3,945,168</u>	<u>4,323,149</u>	<u>4,651,261</u>	<u>4,758,575</u>	<u>5,186,645</u>	<u>6,020,823</u>	<u>7,730,031</u>
Change in Net Position										
Governmental activities	506,755	516,080	2,075,992	5,195,624	998,259	(685,457)	(199,525)	844,612	1,386,782	2,139,073
Business-type activities	42,931	569,367	1,462,102	652,671	1,222,366	943,490	1,417,323	1,381,185	3,775,627	3,406,852
Total government	<u>\$ 549,686</u>	<u>\$ 1,085,447</u>	<u>\$ 3,538,094</u>	<u>\$ 5,848,295</u>	<u>\$ 2,220,625</u>	<u>\$ 258,033</u>	<u>\$ 1,217,798</u>	<u>\$ 2,225,797</u>	<u>\$ 5,162,409</u>	<u>\$ 5,545,925</u>

Source: City of Newberry Financial Reports

Schedule 3
CITY OF NEWBERRY, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual based accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Non-spendable	\$ -	\$ 1,957	\$ -	\$ 15,436	\$ 21,781	\$ 602,695	\$ 520,159	\$ 404,639	\$ 328,653	\$ 248,367
Restricted	105,617	141,268	229,484	128,835	194,480	72,763	122,357	112,832	292,315	704,434
Assigned	50,385	173,106	185,484	42,072	45,531	241,444	242,510	408,892	762,888	171,998
Unassigned		428,585	657,935	1,429,098	1,584,781	1,463,052	2,122,515	2,635,145	2,861,827	3,137,991
Total general fund	<u>156,002</u>	<u>744,916</u>	<u>1,072,903</u>	<u>1,615,441</u>	<u>1,846,573</u>	<u>2,379,954</u>	<u>3,007,541</u>	<u>3,561,508</u>	<u>4,245,683</u>	<u>4,262,790</u>
All Other Government Funds										
Non-spendable	-	-	-	-	-	-	-	-	-	-
Restricted	37,821	218,466	130,530	232,864	595,250	32,165	35,927	141,938	676,164	1,855,870
Assigned	250,126	245,071	264,552	142,336	50,305	2,950	2,950	3,273	-	192,815
Unassigned	-	-	-	-	-	(494,658)	(251,202)	(13,499)	(56,627)	-
Total all other governmental funds	<u>\$ 287,947</u>	<u>\$ 463,537</u>	<u>\$ 395,082</u>	<u>\$ 375,200</u>	<u>\$ 645,555</u>	<u>\$ (459,543)</u>	<u>\$ (212,325)</u>	<u>\$ 131,712</u>	<u>\$ 619,537</u>	<u>\$ 2,048,685</u>

Source: City of Newberry Financial Reports

Schedule 4
CITY OF NEWBERRY, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual based accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues										
Taxes	\$ 2,261,009	\$ 2,552,982	\$ 2,439,243	\$ 3,568,507	\$ 3,798,474	\$ 4,013,059	\$ 4,254,379	\$ 4,712,526	\$ 5,258,009	\$ 6,177,197
Permits, fees, and special assessments	383,527	460,828	574,407	877,346	1,101,492	1,112,294	1,199,226	1,247,573	1,543,516	1,845,890
Intergovernmental revenues	1,255,788	1,454,239	2,465,871	5,151,998	864,666	913,475	1,149,602	1,011,453	1,878,690	1,352,807
Charges for services	438,567	885,268	943,522	1,013,101	966,372	828,987	1,081,510	946,473	1,365,432	1,422,740
Fines and forfeitures	5,420	5,865	10,804	11,622	17,856	8,854	8,926	4,751	6,658	4,629
Investment earnings	15	51	4,045	12,084	40,172	83,014	27,087	14,336	75,931	343,631
Other	87,140	89,492	131,826	33,408	52,036	57,366	77,786	33,536	115,424	169,774
Interfund charges	221,506	269,974	95,091	98,622	102,785	105,152	124,451	113,807	141,820	152,062
Total revenues	<u>4,652,972</u>	<u>5,718,699</u>	<u>6,664,809</u>	<u>10,766,688</u>	<u>6,943,853</u>	<u>7,122,201</u>	<u>7,922,967</u>	<u>8,084,455</u>	<u>10,385,480</u>	<u>11,468,730</u>
Expenditures										
General government	1,113,295	1,239,691	1,186,876	1,291,469	1,350,516	1,503,230	1,639,851	1,811,314	2,353,693	2,792,764
Public safety	1,072,336	1,152,480	1,295,294	2,160,332	2,292,888	2,454,617	2,570,642	2,730,983	3,056,688	3,336,445
Physical environment	-	410,032	520,209	550,183	537,445	528,235	578,879	634,038	713,528	747,293
Transportation	425,622	389,589	413,268	447,706	515,524	546,487	561,294	604,128	765,423	871,382
Health and welfare	41,864	17,975	15,469	35,713	35,474	28,995	-	-	15,000	-
Economic environment	-	-	83,395	82,151	123,546	147,360	714,307	257,003	206,572	223,597
Culture and recreation	750,863	775,092	802,517	831,385	896,476	1,866,555	845,900	934,474	1,034,459	1,239,157
Debt service:										
Principal	1,015,372	538,333	1,416,000	4,359,000	395,000	-	-	-	-	-
Bond issuance costs	-	46,796	-	-	-	-	-	-	-	-
Interest on long-term debt	239,972	220,859	84,178	82,954	14,262	3,637	2,744	-	-	-
Capital Outlay	190,840	356,681	793,234	1,012,609	453,315	835,282	356,905	434,363	398,429	1,136,837
Total expenditures	<u>4,850,164</u>	<u>5,147,528</u>	<u>6,610,440</u>	<u>10,853,502</u>	<u>6,614,446</u>	<u>7,914,398</u>	<u>7,270,522</u>	<u>7,406,303</u>	<u>8,543,792</u>	<u>10,347,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(197,192)</u>	<u>571,171</u>	<u>54,369</u>	<u>(86,814)</u>	<u>329,407</u>	<u>(792,197)</u>	<u>652,445</u>	<u>678,152</u>	<u>1,841,688</u>	<u>1,121,255</u>
Other Financing Sources (Uses)										
Leases	-	-	-	-	-	-	-	-	19,384	-
Proceeds from sale of general fixed assets	-	-	-	-	-	-	-	-	-	-
Proceeds of debt issuance	-	5,775,000	-	395,000	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	(5,386,667)	-	-	-	-	-	-	-	-
Transfers in	862,571	6,138,762	1,734,093	4,668,768	762,612	220,480	222,360	219,852	295,123	1,137,581
Transfers out	(862,571)	(6,333,762)	(1,528,930)	(4,454,298)	(590,532)	-	-	-	(984,195)	(812,581)
Total other financing sources (uses)	<u>-</u>	<u>193,333</u>	<u>205,163</u>	<u>609,470</u>	<u>172,080</u>	<u>220,480</u>	<u>222,360</u>	<u>219,852</u>	<u>(669,688)</u>	<u>325,000</u>
Net change in fund balances	<u>\$ (197,192)</u>	<u>\$ 764,504</u>	<u>\$ 259,532</u>	<u>\$ 522,656</u>	<u>\$ 501,487</u>	<u>\$ (571,717)</u>	<u>\$ 874,805</u>	<u>\$ 898,004</u>	<u>\$ 1,172,000</u>	<u>\$ 1,446,255</u>
Debt service as a percentage of non-capital expenditures	39.1%	22.2%	42.6%	101.3%	7.7%	0.1%	0.0%	0.0%	0.00%	0.00%

Source: City of Newberry Financial Reports

REVENUE CAPACITY INFORMATION

Schedule 5

CITY OF NEWBERRY, FLORIDA

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Taxable Value Real Property for Operating Purposes	Personal Property for Operating Purposes	Centrally Assessed Property for Operating Purposes	Gross Taxable Value	New Construction Taxable Value	Adjusted Taxable Value	Final Taxable Value	Millage Rate
2014	\$ 184,014,110	\$ 164,068,361	\$ 851,514	\$ 348,933,985	\$ (7,302,362)	\$ 341,631,623	\$ 349,764,767	3.8084
2015	187,723,126	147,383,150	929,178	336,035,454	(6,551,530)	329,483,924	337,176,963	3.9113
2016	196,220,126	136,956,523	941,359	334,118,008	(4,688,980)	329,429,028	334,295,760	3.9500
2017	205,113,150	163,218,847	2,102,281	370,434,278	(13,534,578)	356,899,700	373,402,916	5.9089
2018	225,503,073	140,506,668	2,098,176	368,107,917	(11,594,270)	356,513,647	422,385,827	5.9999
2019	257,417,663	170,781,145	2,253,187	430,451,995	(17,087,647)	413,364,348	430,451,995	5.9999
2020	286,754,126	153,517,653	2,032,911	442,304,690	(20,091,017)	422,213,673	464,618,207	5.9999
2021	320,126,713	171,865,376	2,106,375	494,098,464	(21,052,088)	473,046,376	492,929,695	5.9999
2022	363,228,468	183,991,003	2,619,984	549,839,455	(21,189,291)	528,650,164	546,998,439	5.9999
2023	441,972,379	171,660,932	3,022,546	616,655,857	(34,808,437)	581,847,420	601,477,427	5.9244

Source: Alachua County Property Appraiser (forms DR-420 and DR-422)

Notes: Property in the City is reassessed each year. Property is assessed at actual value; therefore, assessed values are equal to actual value and a separate table to assessed and actual data is not presented. Tax rates are per \$1,000 of assessed value.

Schedule 6
 CITY OF NEWBERRY, FLORIDA
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (rate per \$1,000 of assessed value)

Fiscal Year Ended Sept. 30,	Direct			Overlapping							
	Basic Rate	General Obligation Debt Service	Total City	Alachua BOCC	Alachua BOCC GO Debt	Children's Trust of Alachua County	Alachua County Library District	Library Capital Outlay	Library Debt Service	School Board	Suwannee River Water Management District
2014	3.8084	0.0000	3.8084	8.7990	0.2500	0.0000	1.3638	0.0000	0.0950	8.4020	0.4143
2015	3.9113	0.0000	3.9113	8.7990	0.2500	0.0000	1.3638	0.0000	0.0950	8.4100	0.4141
2016	3.9500	0.0000	3.9500	8.7950	0.1595	0.0000	1.3638	0.0000	0.0900	8.3420	0.4104
2017	5.9089	0.0000	5.9089	8.9290	0.0000	0.0000	1.3371	0.0000	0.0750	7.9360	0.4093
2018	5.9999	0.0000	5.9999	8.4648	0.0000	0.0000	1.2655	0.0000	0.0000	7.6250	0.4027
2019	5.9999	0.0000	5.9999	8.2829	0.0000	0.0000	1.2303	0.0000	0.0000	7.2640	0.3948
2020	5.9999	0.0000	5.9999	8.2729	0.0000	0.0000	1.2303	0.0000	0.0000	7.1440	0.3840
2021	5.9999	0.0000	5.9999	7.8935	0.0000	0.5000	1.1289	0.0000	0.0000	6.9150	0.3696
2022	5.9999	0.0000	5.9999	7.8662	0.0000	0.5000	1.0856	0.0000	0.0000	6.8430	0.3615
2023	5.9244	0.0000	5.9244	7.7662	0.0000	0.4612	1.0565	0.0000	0.0000	6.4980	0.3368

Source: Alachua County Property Appraiser

**Schedule 7
CITY OF NEWBERRY, FLORIDA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO**

Fiscal Year 2023				Fiscal Year 2014			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Argos USA	\$ 138,880,297	1	23.09%	Florida Rock Industries Inc	\$ 139,683,130	1	39.94%
Sabal Trail Transmission LLC	12,316,483	2	2.05%	Florida Rock Properties	5,095,400	2	1.46%
Watson Construction Co LLC	6,562,169	3	1.09%	Hitchcock Enterprises Inc	2,596,700	3	0.74%
Florida Rock Properties Inc	3,372,925	4	0.56%	Davis Heritage Ltd	2,016,800	4	0.58%
Norfleet-Green Development II LLC	3,272,391	5	0.54%	Watson Equipment LLC	1,802,170	5	0.52%
Community Properties USA Inc	3,203,400	6	0.53%	Bellsouth Telecommunications	1,702,650	6	0.49%
Davis Heritage LTD	2,829,617	7	0.47%	Brant Properties	1,563,400	7	0.45%
Bella-Rue LLC	2,368,100	8	0.39%	Watson Landholdings LLC	1,367,600	8	0.39%
Norfleet Construction Group LLC	2,308,827	9	0.38%	Watson Construction Co LLC	1,296,960	9	0.37%
PetCo Animal Supplies Inc	2,188,115	10	0.36%	Newberry LTD	1,246,300	10	0.36%
	<u>\$ 177,302,324</u>		<u>29.46%</u>		<u>\$ 158,371,110</u>		<u>45.30%</u>

Source: Alachua County Property Appraiser

Schedule 8
 CITY OF NEWBERRY, FLORIDA
 PRINCIPAL ELECTRIC CUSTOMERS
 CURRENT YEAR AND TEN YEARS AGO

Electric Customer	2014		2015		2016		2017		2018		2019		2020		2021		2022		2023	
	Kilowatt Hours	Rank	Kilowatt Hours	Rank	Kilowatt Hours	Rank	Kilowatt Hours	Rank	Kilowatt Hours	Rank	Kilowatt Hours	Rank	Kilowatt Hours	Rank	Kilowatt Hours	Rank	Kilowatt Hours	Rank	Kilowatt Hours	Rank
Alachua County School Board	3,402,466	1	3,728,160	1	3,719,752	1	3,672,076	1	4,091,790	1	4,494,990	1	4,096,163	1	4,967,337	1	4,544,042	1	4,496,085	1
City of Newberry	1,214,522	3	1,186,502	3	1,204,130	3	1,103,578	3	1,153,850	3	1,670,222	3	1,631,798	3	1,649,407	3	1,631,263	3	1,763,807	2
Hitchcocks	1,931,002	2	1,931,437	2	1,984,870	2	1,982,031	2	1,979,229	2	1,933,200	2	1,834,000	2	1,852,400	2	1,642,600	2	1,622,800	3
Southern Fuelwood	598,520	4	877,240	4	808,980	4	940,320	4	934,220	4	1,025,258	4	1,331,390	4	1,193,686	4	1,284,819	4	1,261,777	4
Inspired Energy	369,237	7	397,804	9	425,394	8	478,763	7	630,643	5	713,880	5	712,280	6	756,480	6	758,480	5	752,240	5
Circle K Stores, Inc	445,800	5	537,220	6	531,400	5	566,780	6	564,760	6	645,339	6	548,120	7	512,260	7	493,560	7	512,760	6
Hudson Food Stores	338,216	8	450,262	7	456,507	7	449,689	8	432,669	8	418,560	8	430,080	8	452,200	8	443,480	8	426,680	7
Hardees Phase 3 Star	421,100	6	412,500	8	418,001	9	425,302	9	410,000	9	411,500	9	375,700	9	340,400	9	308,400	9	287,700	8
Bellsouth	201,360	10	211,200	10	237,920	10	242,560	10	238,160	10	246,560	10	266,080	10			273,840	10	261,040	9
Pat Post Properties																			238,574	10
The Gourmet Rodent	285,496	9	585,615	5	519,098	6	616,886	5	505,565	7	554,260	7	931,600	5	890,573	5	647,368	6		
Watson Asphalt														325,472	10					

Source: City Utility Records

Schedule 9
 CITY OF NEWBERRY, FLORIDA
 PRINCIPAL WATER CUSTOMERS
 CURRENT YEAR AND TEN YEARS AGO

Water Customer	2014		2015		2016		2017		2018		2019		2020		2021		2022		2023	
	Thousands of Gallons	Rank	Thousands of Gallons	Rank	Thousands of Gallons	Rank	Thousands of Gallons	Rank	Thousands of Gallons	Rank	Thousands of Gallons	Rank	Thousands of Gallons	Rank	Thousands of Gallons	Rank	Thousands of Gallons	Rank	Thousands of Gallons	Rank
Alachua County School Board	11,237	1	8,737	1	6,339	3	7,547	2	9,452	2	11,688	2	10,265	2	8,836	3	8,499	3	13,805	1
Smyrna Ready Mix Concrete					11,955	1	12,047	1	11,425	1	14,420	1	16,479	1	15,451	1	8,873	1	9,816	2
City of Newberry	4,338	2	8,269	2	9,850	2	7,163	3	3,196	3	3,772	3	7,584	3	10,696	2	8,525	2	4,643	3
Scott's Laundry			948	3	1,028	5	616	7	1,088	4	1,242	4	1,016	6	1,070	6	1,291	5	1,490	4
Newberry Car Wash													1,915	4	1,488	4	1,605	4	1,231	5
Argos Ready Mix LLC							509	9	708	7	1,017	7	1,482	5	1,259	5	1,097	7	1,037	6
Newtown Park																	1,068	8	685	7
Norfleet Construction																			546	8
RADDsports																			522	9
Hitchcocks	658	6	445	7					467	9	419	9			964	7			473	10
Gourmet Rodent					1,111	4	539	8	608	8	510	8							1,213	6
Kevin Coleman																			704	9
DR Hortorn																			687	10
McCall Pest Service																	860	7		
Raymond King																			538	8
Woodyard Grill													484	10					507	9
GPS Newberry West																			464	10
Booker T Hunt Funeral	538	8	339	9	575	7	810	5							523	9				
Maronda Homes	684	5													667	8				
Watson Construction			758	4	362	11														
Hardees Phase 3 Star	972	6	415	8	546	8	443	10	969	5	1,078	5								
Inspired Energy									826	6	1,070	6								
Mac Johnson Roofing							616	7	384	10	384	10								
J2 Engineering	325	10																		
Newberry's Backyard BBQ	588	7	686	5	610	6	1,083	4												
B&K Carwash			335	10																
Villaggio's Pizzeria							636	6												
Red Wok Buffet	434	9	568	6	450	9														
Mary Ellen	853	4																		

Source: City Utility Records

Schedule 10
CITY OF NEWBERRY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 1,281,311	\$ 1,238,473	96.7%	\$ 882	\$ 1,238,786	96.7%
2015	1,317,312	1,272,857	96.6%	788	1,273,096	96.7%
2016	1,321,096	1,275,872	96.6%	1,111	1,276,070	96.6%
2017	2,229,962	2,150,778	96.4%	5,306	2,151,592	96.5%
2018	2,369,571	2,321,570	98.0%	2,771	2,324,341	98.0%
2019	2,648,528	2,445,196	94.7%	3,888	2,445,196	94.7%
2020	2,792,045	2,684,664	96.2%	13,287	2,697,951	96.6%
2021	2,957,529	2,844,220	96.2%	3,145	2,847,365	96.3%
2022	3,281,936	3,162,721	96.4%	8,775	3,171,496	96.6%
2023	3,563,393	3,406,516	95.6%	10,251	3,416,767	95.9%

Source: Alachua County Tax Collector

DEBT CAPACITY INFORMATION

Schedule 11
CITY OF NEWBERRY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities			Percent of Personal Income	Debt Per Capita
	General Government	Financing	Utility Revenue		Total Government		
	Bonds	Loans/Leases	Bonds	Loans/Leases			
2014	\$ 5,925,000	\$ -	\$ -	\$ 3,219,265	\$ 9,144,265	1.5%	1,678
2015	5,775,000	-	-	3,078,330	8,853,330	1.4%	1,580
2016	4,359,000	-	1,345,562	-	5,704,562	0.0%	1,262
2017	-	395,000	-	2,787,745	3,182,745	1.1%	536
2018	-	-	-	2,637,973	2,637,973	1.0%	422
2019	-	-	-	2,485,133	2,485,133	0.8%	378
2020	-	-	-	2,329,157	2,329,157	0.7%	339
2021	-	-	-	1,802,850	1,802,850	0.5%	235
2022	-	19,384	-	2,300,242	2,319,626	0.6%	288
2023	-	882,000	857,000	3,038,360	4,777,360	1.1%	562

Sources: City of Newberry Financial System Data
Department of Revenue
Alachua County Property Appraiser
Alachua County Tax Collector

Notes: There are no legal debt limits for Florida Municipalities.
Details regarding the City's per capita personal income can be found on Schedule 15.
Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Personal Income not available for 2022 at the time of issuance.

Schedule 12
CITY OF NEWBERRY, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
Fire Truck Purchase, Series 2023	\$ 882,000	100%	\$ 882,000
Total Direct Debt Outstanding	882,000		882,000
Overlapping:			
Alachua County Board of County Commissioners			
Public Improvement Revenue Note, 2014	2,147,000	3.19%	68,489
Capital Improvement Revenue Note, 2015A	1,230,000	3.19%	39,237
Public Improvement Revenue Refunding Note, 2015B	5,807,000	3.19%	185,243
Public Improvement Revenue Refunding Note, 2016	5,510,000	3.19%	175,769
Public Improvement Revenue Note, 2017	846,000	3.19%	26,987
Local Option Gas Tax Revenue Note, 2018	6,985,000	3.19%	222,822
2020A Capital Improvement Revenue Note	2,695,000	3.19%	85,971
2020B Capital Improvement Revenue Note	3,470,000	3.19%	110,693
2020C Capital Improvement Revenue Bond	9,860,000	3.19%	314,534
Tourist Development Tax Revenue Note, 2021AB	29,770,000	3.19%	949,663
Capital Improvement Revenue Note, 2022	33,310,000	3.19%	1,062,589
Capital Improvement Revenue Note, 2023	8,000,000	3.19%	255,200
School Board of Alachua County			
Bus Purchase 2020	2,749,497	3.19%	87,709
Certificates of Participation, Series 2013 and 2020	85,145,000	3.19%	2,716,126
Qualified School Construction Bonds, Series 2010A	11,211,997	3.19%	357,663
Build America Bonds, Series 2010B	2,486,625	3.19%	79,323
Total Overlapping Debt	211,223,119		6,738,018
Total Government Activities Debt	\$ 212,105,119		\$ 7,620,018

Sources: Alachua County Clerk of the Court
Alachua County School Board

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Newberry. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and, therefore, responsible for repaying the debt of each overlapping government.

Ratio of assessed valuation of taxable property in overlapping unit to that within the City of Newberry.

Schedule 13
 CITY OF NEWBERRY, FLORIDA
 PLEDGED-REVENUE COVERAGE
 GENERAL GOVERNMENT DEBT
 LAST TEN FISCAL YEARS

Series 2008 Revenue Bond

FISCAL YEAR	Pledged Revenue	Principal	Interest	Coverage
2014	\$ 92,504	\$ 78,036	\$ 14,467	1.00
2015	92,504	80,736	11,767	1.00
2016	92,504	83,530	8,974	1.00
2017	92,504	86,420	6,084	1.00
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-

Series 2015 Revenue Bond

FISCAL YEAR	Pledged Revenue	Principal	Interest	Coverage
2014	\$ -	\$ -	\$ -	-
2015	-	-	-	-
2016	1,493,930	1,416,000	77,930	1.00
2017	4,436,298	4,359,000	77,298	1.00
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-

Nations Park Series 2010
Revenue Bond

FISCAL YEAR	Pledged Revenue	Principal	Interest	Coverage
2014	\$ 612,571	\$ 385,000	\$ 227,571	1.00
2015	612,970	400,000	212,970	1.00
2016	5,965,425	5,925,000	40,425	1.00
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-

Source: City of Newberry Financial Reports

Schedule 14
CITY OF NEWBERRY, FLORIDA
PLEDGED-REVENUE COVERAGE
UTILITY BONDS
LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenue (1)	Direct Operating Expenses (2)	Net Available for Debt Service (3)	Debt Service		Coverage
				Principal	Interest	
2014	\$ 1,372,295	\$ 898,759	\$ 473,536	\$ 718,333	\$ 45,770	0.62
2015	1,521,106	797,352	723,754	140,935	64,581	3.52
2016	1,855,182	884,658	970,524	143,820	61,696	4.72
2017	1,862,949	1,046,593	816,356	146,765	58,752	3.97
2018	2,182,661	1,099,122	1,083,539	149,772	55,745	5.27
2019	2,309,052	1,250,893	1,058,159	152,841	52,675	5.15
2020	2,725,329	1,341,269	1,384,060	155,976	49,541	6.73
2021	2,894,862	1,327,159	1,567,703	566,867	42,015	2.57
2022	3,341,336	1,534,988	1,806,348	126,144	32,949	11.35
2023	4,208,261	2,119,738	2,088,523	186,554	59,681	8.48

Sources: City of Newberry Financial Statements (Statements of Revenues, Expenses, and Changes in Fund Net Position)

Notes:

- (1) Operating Revenue includes investment earnings and other miscellaneous income (excludes capital contributions and grants)
- (2) Direct Operating Expenses exclude depreciation and amortization.
- (3) A large portion of Water and Wastewater Development Fees may be used to pay debt service and are included in the Net Available for Debt Service Figure.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Schedule 15
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	City Population	Gainesville MSA Population	Per Capita Personal Income	Total Personal Income	Unemployment Rate
2013	5,309	268,232	38,225	\$ 202,936,525	4.9%
2014	5,450	270,382	38,903	212,021,350	4.6%
2015	5,604	273,377	40,199	225,275,196	4.5%
2016	5,778	277,163	41,008	236,944,224	4.4%
2017	5,942	280,708	41,718	247,888,356	3.1%
2018	6,249	280,715	44,390	277,393,110	2.7%
2019	6,573	285,072	44,880	294,996,240	2.8%
2020	6,873	289,857	45,666	313,862,418	4.3%
2021	7,684	328,517	47,302	363,468,568	3.0%
2022	8,066	351,001	50,623	408,325,118	2.4%
2023	8,503	357,446	50,892	432,734,676	3.0%

Notes: Per Capita Personal Income figures are based on amounts obtained from Bureau of Economic Analysis (BEA).
Unemployment rate figures obtained from Bureau of Labor Statistics.
Population estimates obtained from Bureau of Economic and Business Research, University of Florida.
Per Capital Personal Income and Total Personal Income were not available at the time of this report.

Schedule 16
CITY OF NEWBERRY, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

Employer	2023	
	Number of Employees	Rank
School Board of Alachua County	258	1
Argos	123	2
Inspired Energy	98	3
City of Newberry	87	4
Bounds Heating and Air	70	5
Hitchcocks	61	6
Southern Fuelwood	30	7
Stone House Neighborhood Grill	43	8
Greenfield Preschools	41	9
Tropic Traditions	31	10

Employer	2014	
	Number of Employees	Rank
School Board of Alachua County	241	1
Bounds Heating and Air	72	2
City of Newberry	61	3
Southern Fuelwood	49	4
Watson Construction	21	5

Unable to obtain additional historical data

Sources: Individual Employers, Council for Economic Opportunity, City of Newberry Planning Department

OPERATING INFORMATION

Schedule 17
CITY OF NEWBERRY, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Administration										
City Manager	5.5	2.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
City Clerk	1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.0
Finance	-	2.6	2.6	2.7	2.7	3.0	3.0	4.0	4.0	4.8
Human Resources	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Planning	2.4	3.0	1.6	1.7	1.7	2.2	2.5	2.5	2.5	2.7
Facilities	1.4	2.2	2.7	2.9	2.2	3.0	3.0	3.0	4.5	4.5
Economic Development	-	-	1.0	1.0	1.0	0.5	0.5	0.5	0.5	1.0
Capital Improvement	-	-	-	-	-	-	-	-	0.5	0.5
Public Safety										
Fire	13.0	13.0	13.0	13.0	13.0	13.0	13.0	14.0	14.0	14.0
Building	2.5	2.9	2.2	2.9	3.2	3.2	3.0	3.0	3.5	3.4
Code Enforcement	-	-	1.1	1.0	0.5	0.5	0.5	1.0	1.0	1.0
Physical Environment										
Electric	6.1	5.9	4.7	4.9	4.9	4.9	5.0	5.0	5.0	4.1
Water	3.8	3.6	2.8	2.4	3.0	3.0	3.0	3.0	3.0	3.0
Wastewater	3.7	3.0	2.8	2.4	2.9	3.0	3.0	3.0	3.0	3.0
Utility Administration	-	-	-	3.0	3.0	4.0	4.0	4.0	5.5	6.0
Customer Service	-	-	-	3.5	3.5	3.5	3.5	3.5	4.0	4.0
Public Works										
Cemetery	0.8	0.3	0.3	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Streets & Roads	4.8	4.7	4.4	3.1	2.8	2.8	3.0	3.0	3.0	3.7
Solid Waste	-	-	0.2	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Mosquito Control	-	-	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Culture and Recreation										
Parks & Recreation	9.0	8.4	9.4	9.5	7.2	6.7	6.7	7.5	6.5	7.7
Diamond Sports Park	2.9	2.6	2.5	2.3	1.4	-	-	-	-	-
MLK Community Center	-	0.9	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Parks Maintenance	-	-	-	-	2.2	2.0	2.0	2.0	3.0	3.4
Total	56.9	57.3	57.0	62.9	61.8	61.9	62.3	65.6	70.1	74.0

Source: City of Newberry Annual Budget
*Departments added as needed to accommodate City growth.

Note: Firefighters shown as 1 FTE even though they work in excess of 2,080 hours per year.

Schedule 18
CITY OF NEWBERRY, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Planning and Development:										
Local business tax receipts issued	509	360	485	421	279	278	238	260	286	315
Building permits issued	254	280	323	396	474	573	541	733	633	738
Fire:										
Number of Calls	840	853	937	933	918	1,028	1,035	1,088	1,160	1,204
ISO Rating	3	3	3	3/3x	3/3x	3/3x	3/3x	3/3x	3/3x	3/3x
Culture and Recreation:										
Recreation sports programs	9	10	10	10	10	10	10	14	11	11
Recreation sports programs participants	630	693	655	654	666	859	794	1,003	1,474	1,529
Summer program participants	109	135	106	101	96	-	-	-	175	141
Electric Utility:										
Number of residential customers	1,384	1,409	1,469	1,512	1,587	1,665	1,785	1,913	2,058	2,272
Kilowatts per hour sold-residential	17,134,966	18,187,100	18,706,281	18,473,149	19,770,623	20,734,891	22,034,436	23,816,283	25,135,854	26,188,140
Number of non-residential customers	317	310	311	319	319	303	318	325	338	349
Kilowatts per hour sold- non-residential	14,957,584	15,641,552	15,703,703	15,576,182	16,327,580	16,814,325	16,268,108	17,684,088	17,047,983	16,641,059
Water Utility:										
Number of residential customers	1,528	1,567	1,666	1,729	1,846	1,955	2,072	2,224	2,357	2,546
Gallons sold	118,770,000	119,520,000	123,301,000	125,702,000	125,931,000	134,039,000	153,780,000	151,769,000	161,887,000	170,281,000
Number of non-residential customers	190	190	194	197	198	194	198	205	249	218
Gallons sold	24,639,000	22,387,000	33,511,000	35,226,000	35,718,000	40,289,000	42,619,000	39,264,000	33,679,000	37,976,000
Wastewater Utility:										
Number of residential customers	1,399	1,452	1,539	1,601	1,702	1,815	1,929	2,055	2,607	2,359
Gallons of wastewater billed to customers	109,059,000	110,486,000	112,209,000	113,187,000	113,855,000	121,785,000	139,519,000	140,730,000	148,931,000	156,291,000
Number of non-residential customers	151	155	158	160	162	161	162	168	201	170
Gallons of wastewater billed to customers	19,279,000	17,242,000	17,216,000	17,659,000	19,893,000	20,657,000	18,858,000	18,412,000	18,496,000	20,219,000
Irrigation:										
Number of residential customers	12	11	11	12	13	14	14	15	17	18
Gallons sold to residential customers	1,606,000	1,421,000	1,452,000	1,073,000	1,142,000	1,933,000	1,726,000	1,964,000	1,982,000	1,355,000
Number of non-residential customers	38	44	43	39	38	36	35	36	41	39
Gallons sold to non-residential customers	13,041,000	17,589,000	12,066,000	8,869,000	4,148,000	5,099,000	11,224,000	11,264,000	9,859,000	8,001,000
Solid Waste:										
Number of residential customers	1,501	1,551	1,632	1,696	1,798	1,918	2,033	2,168	2,308	2,488
Number of non-residential customers	0	71	107	109	114	115	122	125	126	138

Source: Various City Departments

*Zeros in solid waste indicate time prior to commercial service.

Schedule 19
 CITY OF NEWBERRY, FLORIDA
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety:										
Fire Station	1	1	1	1	1	1	1	1	1	1
Fire Apparatus	5	5	5	5	5	5	5	5	5	5
Public Services:										
Streets (miles)	38	38	38	38	40	42	42	50	62	64
Culture and Recreation:										
Parks	7	7	7	7	7	7	7	7	7	7
Baseball Fields	33	33	33	33	33	25	23	23	23	23
Community Centers	1	1	1	1	1	1	1	1	1	1
Water Utility:										
Wells	4	4	4	4	4	4	4	4	4	4
Elevated Tanks	2	2	2	2	2	2	2	2	2	2
Wastewater Utility:										
Treatment capacity (millions of gallons per day)	0.499	0.499	0.499	0.499	0.499	0.499	0.499	0.560	0.560	0.560
Lift Stations	25	25	26	26	26	26	26	26	28	28

Source: Various City Departments

Notes:

*Increase in street miles from 2022 to 2020 is mainly due to correction of errors identified in paved and unpaved street mileage reported to the State of Florida.

**OTHER INDEPENDENT AUDITOR'S
REPORTS AND SCHEDULES**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Commissioners
City of Newberry, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberry, Florida (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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To the Mayor and City Commissioners
City of Newberry, Florida

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April 2, 2024
Gainesville, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Mayor and City Commissioners
City of Newberry, Florida

We have examined the City of Newberry, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the fiscal year ended September 30, 2023. City management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor, City Commissioners, and management, and is not intended to be, and should not be, used by anyone other than these specified parties.



April 2, 2024
Gainesville, Florida

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CITY OF NEWBERRY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>State Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Contract/Grant No.</u>	<u>Expenditures</u>
Florida Department of Environmental Protection			
Florida Recreation Development Assistance Program	37.017	A23084	\$ 13,537
Statewide Water Quality Restoration Projects - Newberry			
Regional Advanced Wastewater Treatment Facility	37.039	WG087	95,028
Drinking Water Facility Construction	37.076	DW010810	163,820
Wastewater Treatment Facility Construction	37.077	WW010800	<u>1,069,088</u>
Total Florida Department of Environmental Protection			<u><u>1,341,473</u></u>
Department of State and Secretary of State			
Historic Preservation Grants - City of Newberry Historic Resources Survey Update	37.077	23.h.sm.200.143	<u>30,940</u>
Total Department of State and Secretary of State			<u><u>30,940</u></u>
Total Expenditures of State Financial Assistance			<u><u>\$ 1,372,413</u></u>

**CITY OF NEWBERRY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of the City of Newberry, Florida (the City) and is presented in accordance with the requirements of the *Florida Single Audit Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule is prepared using the modified accrual basis of accounting.

Note 2 - Indirect Costs

The City has not elected to use the 10% de minimis cost rate as covered in the 200.414 indirect (F&A) costs.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Mayor and City Commissioners
City of Newberry, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited City of Newberry Florida's (the City) compliance with the types of compliance requirements described in the Department of Financial Services' State Projects *Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2023. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2023.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards and Chapter 10.550, *Rules of the Auditor General*, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's state projects.

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To the Mayor and City Commissioners
City of Newberry, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, *Rules of the Auditor General*, will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state projects as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Chapter 10.550, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Mayor and City Commissioners
City of Newberry, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



April 2, 2024
Gainesville, Florida

**CITY OF NEWBERRY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Part I - Summary of Auditor's Results

- 1) The auditor's report on the basic financial statements contained unmodified opinions.
- 2) The audit disclosed no material weaknesses or significant deficiencies in internal control over financial reporting.
- 3) No instances of non-compliance considered material to the financial statements were disclosed by the audit.
- 4) The audit did not report significant deficiencies or disclose material weaknesses in internal control over the state projects.
- 5) The auditor's report on compliance for the major state projects was unmodified.
- 6) The audit did not disclose findings relative to the major state projects.
- 7) The City's major project was:

<u>State Projects</u>	<u>CSFA No.</u>
Wastewater Treatment Facility Construction	37.077

- 8) A threshold of \$411,724 was used to distinguish between Type A and Type B projects for state projects.

Part II - Financial Statement Findings

None reported.

Part III - Findings and Questioned Costs - State Projects

None reported.

MANAGEMENT LETTER

To the Mayor and City Commissioners
City of Newberry, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Newberry, Florida (the City) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 2, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 2, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is included in Note 1 to the financial statements.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

To the Mayor and City Commissioners
City of Newberry, Florida

MANAGEMENT LETTER

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we recommend:

■ 23-01 – Building Permits Process

During our testing of building permits we identified 2 of 26 instances where the incorrect rate type was used and 1 of 7 instances where the valuation was significantly understated. We also noted various minor exceptions due to inconsistent rounding of valuation amounts. None of the exceptions identified had a material impact on the City's revenues, but as building permits continue to increase and become a more significant revenue stream for the City, we noted opportunities for improvement to ensure the revenues are accurate and complete. We recommend management establish written policies or standard operating procedures to include verification of square footage or valuations provided by applicant, clear support for calculations of valuations and building permit fees charged, and secondary review of the same.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

Specific information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General* are reported in the separate financial statements of the City of Newberry Community Redevelopment Agency.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

To the Mayor and City Commissioners
City of Newberry, Florida

MANAGEMENT LETTER

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor, City Commissioners, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



April 2, 2024
Gainesville, Florida

April 2, 2024

Auditor General's Office
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

Re: City of Newberry FY22-23 10.550 Report

Dear Sir or Madam,

Pursuant to Auditor General Rule 10.558(1), please find a written statement of explanation and corrective actions related to disclosures noted in internal control over financial reporting and the management letter required by Chapter 10.550.

Recommendations to improve the local governmental entity's financial management accounting procedures and internal controls:

Response:

Staff agrees with the auditor's findings and has taken or will take the following corrective actions:

Incorrect rate applied to permit applications. In the 2023 fiscal year, building permit processing was a manual process, requiring several calculations, which provided an opportunity for error. At the beginning of the 2024 fiscal year, a new permitting software system was launched, which automated much of the process, including checklists to ensure each step of the process is followed correctly, especially confirmation of the building type and square footage on which the valuations are based. Two staff members are now reviewing applications for accuracy. Additional written policies, in the form of standard operating procedures, are being updated to further document processes to ensure staff always has written guidance available.

Valuation is significantly understated. As stated above, the method of calculating permit valuations has been automated to the greatest extent possible to eliminate errors that could result in erroneous valuations. Key to ensuring proper valuation is the correct entry of building type and square footage, which will be initially validated by the Permit Technician and then secondarily reviewed by the Building Official and/or second Permit Technician.



25440 W Newberry Road
Newberry FL 32669
Tel: 352-472-2161
www.NewberryFL.gov

Inconsistent rounding of valuation amounts. Automating the calculation process within the permitting software system should eliminate inconsistencies as the system follows the standard convention for rounding.

Management will continue to monitor and strive to improve this area, fully appreciating its importance in detecting possible errors or irregularities.

Please do not hesitate to contact me with any questions or need any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike New", is written over a light blue background.

Mike New, PE
City Manager

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APPENDIX C

FORM OF RESOLUTION

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CITY OF NEWBERRY, FLORIDA

**CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2024
RESOLUTION**

ADOPTED MAY 28, 2024

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RESOLUTION NO. 2024-23

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF NEWBERRY, FLORIDA AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$6,290,000 IN AGGREGATE PRINCIPAL AMOUNT OF THE CITY OF NEWBERRY, FLORIDA CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2024, TO PROVIDE FUNDS TO FINANCE CERTAIN CAPITAL IMPROVEMENTS WITHIN THE CITY; COVENANTING TO BUDGET AND APPROPRIATE CERTAIN LEGALLY AVAILABLE NON-AD VALOREM REVENUES TO PAY DEBT SERVICE ON THE BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF BONDS ISSUED HEREUNDER; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH BONDS ISSUED HEREUNDER; AUTHORIZING THE AWARDED OF SAID BONDS PURSUANT TO A PUBLIC BID; DELEGATING CERTAIN AUTHORITY TO THE CITY MANAGER FOR THE AWARD OF THE BONDS AND THE APPROVAL OF THE TERMS AND DETAILS OF SAID BONDS; AUTHORIZING THE PUBLICATION OF AN OFFICIAL NOTICE OF SALE FOR THE BONDS OR A SUMMARY THEREOF; APPOINTING THE PAYING AGENT AND REGISTRAR FOR SAID BONDS; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT TO SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE WITH RESPECT TO THE BONDS AND THE APPOINTMENT OF A DISSEMINATION AGENT THERETO; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF NEWBERRY, FLORIDA:

**ARTICLE I
GENERAL**

SECTION 1.01. DEFINITIONS. When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Act" shall mean Chapter 166, Florida Statutes, the City Charter of the City of Newberry, Florida, and other applicable provisions of law.

"Amortization Installments" shall mean an amount designated as such pursuant to this Resolution or a Supplemental Resolution of the Issuer and established with respect to Term Bonds.

"Annual Audit" shall mean the annual audit prepared pursuant to the requirements of Section 5.03 hereof.

"Annual Budget" shall mean the annual budget prepared pursuant to the requirements of Section 5.02 hereof.

"Annual Debt Service" shall mean the aggregate amount of Debt Service on the Bonds for each applicable Fiscal Year.

"Authorized Investments" shall mean any investments that may be made by the Issuer under applicable law and which are allowed under the Issuer's investment policy.

"Authorized Issuer Officer" shall mean the Mayor, the City Manager, or the Clerk and when used in reference to any act or document, also means any other person authorized by resolution of the Issuer to perform such act or sign such document.

"Board" shall mean the City Commission of the Issuer.

"Bond Counsel" shall mean Nabors, Giblin & Nickerson, P.A. or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bondholder" or **"Holder"** or **"holder"** or any similar term, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds as provided in the registration books of the Issuer.

"Bonds" shall mean the City of Newberry, Florida Capital Improvement Revenue Bonds, Series 2024 (or such other designation that may be made pursuant to Section 2.01(A) hereof) authorized to be issued pursuant to the provisions of this Resolution.

"City Manager" shall mean the City Manager of the Issuer and such other person as may be duly authorized to act on his or her behalf or who is directed by the City Manager to act on his or her behalf.

"Clerk" shall mean the Clerk of the Issuer, or such other person as may be duly authorized to act on his or her behalf.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rules thereunder in effect or proposed.

"Construction Fund" shall mean the Construction Fund established pursuant to Section 4.03 hereof.

"Cost" or "Costs" shall mean (1) the Issuer's cost of physical construction; (2) costs of acquisition by or for the Issuer of the Project; (3) costs of land and interests therein and the cost of the Issuer incidental to such acquisition; (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the Project during, and if advisable by the Issuer, for up to one (1) year after the end of, the construction period of such Project; (6) engineering, legal and other consultant fees and expenses; (7) costs and expenses of the financing incurred during, and if advisable by the Issuer, for up to one (1) year after the end of, the construction period for such Project, including audits, fees and expenses of any Paying Agent, Registrar, or depository; (8) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Issuer (other than the Bonds) incurred for such Project; (9) costs of machinery or equipment required by the Issuer for the commencement of operation of such Project; (10) any other costs properly attributable to such construction or acquisition, as determined by generally accepted accounting principles, and shall include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer. Any Supplemental Resolution may provide for additional items to be included in the aforesaid Costs.

"Counterparty" shall mean the entity entering into a Hedge Agreement with the Issuer. Counterparty would also include any guarantor of such entity's obligations under such Hedge Agreement.

"Debt" means at any date (without duplication) all of the following to the extent that they are secured by or payable in whole or in part from any Non-Ad Valorem Revenues: (A) all obligations of the Issuer for borrowed money or evidenced by bonds, debentures, notes or other similar instruments; (B) all obligations of the Issuer to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (C) all obligations of the Issuer as lessee under capitalized leases; and (D) all indebtedness of other Persons to the extent guaranteed by, or secured by, Non-Ad Valorem Revenues of the Issuer; provided, however, if with respect to any obligation contemplated in (A), (B), or (C) above, the Issuer has covenanted to budget and appropriate sufficient Non-Ad Valorem Revenues to satisfy such obligation but has not secured such obligation with a lien on or pledge of any Non-Ad Valorem Revenues then, and with respect to any obligation contemplated in (D) above, such obligation shall not be considered "Debt" for purposes of this Resolution unless the Issuer has actually used Non-Ad Valorem Revenues to satisfy such obligation during the immediately preceding Fiscal Year or reasonably expects to use Non-Ad Valorem Revenues to satisfy such obligation in the current or immediately succeeding Fiscal Year. After an obligation is considered "Debt" as a result of the proviso set forth in the immediately preceding sentence, it shall continue to be considered "Debt" until the Issuer has not used any Non-Ad Valorem Revenues to satisfy any portion of such obligation for two consecutive Fiscal Years.

"Debt Service" shall mean, at any time, the aggregate amount in the then applicable period of time of (1) interest required to be paid on the Outstanding Bonds during such period of time, except to the extent that such interest is to be paid from Bond proceeds for such purpose, (2) principal of Outstanding Serial Bonds maturing in such period of time, and (3) the Amortization Installments with respect to Outstanding Term Bonds maturing in such period of time.

"Federal Securities" shall mean non-callable direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury) or non-callable obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Financial Advisor" shall mean PFM Financial Advisors LLC, Orlando, Florida, or its successors or assigns.

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

"Fitch" shall mean Fitch Ratings, and any assigns and successors thereto.

"Governmental Funds" shall mean all of the "governmental funds" of the Issuer as described and identified in the Annual Audit.

"Governmental Funds Revenues" shall mean total revenues of the Issuer derived from any source whatsoever and that are allocated to and accounted for in the Governmental Funds as shown in the Annual Audit.

"Hedge Agreement" shall mean an agreement in writing between the Issuer and the Counterparty pursuant to which (1) the Issuer agrees to pay to the Counterparty an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest (which may be at a fixed or variable rate) payable on debt (or a notional amount) specified in such agreement during the period specified in such agreement and (2) the Counterparty agrees to pay to the Issuer an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest (which may be at a fixed or variable rate) payable on debt (or a notional amount) specified in such agreement during the period specified in such agreement.

"Hedge Payments" shall mean any amounts payable by the Issuer on the debt or the related notional amount under a Qualified Hedge Agreement; excluding, however, any payments due as a penalty or by virtue of termination of a Qualified Hedge Agreement or any obligation of the Issuer to provide collateral.

"Interest Date" or "interest payment date" shall be September 1 and March 1 of each year, commencing March 1, 2025.

"Issuer" or **"City"** shall mean the City of Newberry, Florida.

"Maximum Annual Debt Service" shall mean the largest aggregate amount of the Annual Debt Service coming due in any Fiscal Year in which Bonds are Outstanding.

"Mayor" shall mean the Mayor of the Issuer or such other person as may be duly authorized by the Issuer to act on his or her behalf.

"Moody's" shall mean Moody's Investors Service, and any assigns and successors thereto.

"Non-Ad Valorem Revenues" shall mean all Governmental Funds Revenues other than revenues generated from ad valorem taxation on real or personal property, and which are legally available to make the payments required herein.

"Outstanding," when used with reference to Bonds and as of any particular date, shall describe all Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which other Bond or Bonds have been issued under Section 2.06 hereof to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for other Bond or Bonds under Sections 2.05 and 2.07 hereof, (3) Bonds deemed to have been paid pursuant to Section 8.01 hereof and (4) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity.

"Official Notice of Sale" shall mean the Official Notice of Sale to be published in connection with the public sale of the Bonds, the substantial form of which is attached hereto as Exhibit A.

"Paying Agent" shall mean the paying agent appointed by the Issuer for the Bonds and its successor or assigns, if any. The Paying Agent initially shall be UMB Bank, N.A.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, governmental entity or other legal entity.

"Prerefunded Obligations" shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (A) not callable prior to maturity or (B) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund held by a fiduciary consisting only of cash or Federal Securities, secured in substantially the manner set forth in Section 8.01 hereof, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or

dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on the Federal Securities, which have been deposited in such fund along with any cash on deposit in such fund are sufficient, as verified by an independent certified public accountant or other expert in such matters, to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (1) above and are not available to satisfy any other claims, including those against the fiduciary holding the same, and (4) which are rated in the highest rating category (without regard to gradations, such as "+" or "-" or "1, 2 or 3" of such categories) of one of the Rating Agencies.

"Project" shall mean the acquisition, construction and equipping of a new city hall and certain capital improvements within the City as approved by the Board.

"Qualified Hedge Agreement" shall mean a Hedge Agreement with respect to which the Issuer has received written notice from at least two of the Rating Agencies that the rating of the Counterparty is not less than "A."

"Rating Agencies" means Fitch, Moody's and Standard & Poor's.

"Rebate Fund" shall mean the Rebate Fund established pursuant to Section 4.04 hereof.

"Redemption Price" shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Resolution.

"Refunding Securities" shall mean Federal Securities and Prerefunded Obligations.

"Registrar" shall mean the bond registrar appointed by the Issuer for the Bonds and its successor or assigns, if any. The Registrar initially shall be UMB Bank, N.A.

"Resolution" shall mean this Resolution, as the same may from time to time be amended, modified or supplemented by Supplemental Resolution.

"Serial Bonds" shall mean all of the Bonds other than the Term Bonds.

"Standard and Poor's" or **"S&P"** shall mean S&P Global Ratings, and any assigns and successors thereto.

"State" shall mean the State of Florida.

"Supplemental Resolution" shall mean any resolution of the Issuer amending or supplementing this Resolution enacted and becoming effective in accordance with the terms of Sections 7.01, 7.02 and 7.03 hereof.

"Term Bonds" shall mean those Bonds which shall be designated as Term Bonds pursuant to the provisions herein.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the masculine gender include every other gender.

Words importing the singular number include the plural number, and vice versa.

SECTION 1.02. AUTHORITY FOR RESOLUTION. This Resolution is adopted pursuant to the provisions of the Act. The Issuer has ascertained and hereby determined that adoption of this Resolution is necessary to carry out the powers, purposes and duties expressly provided in the Act, that each and every matter and thing as to which provision is made herein is necessary in order to carry out and effectuate the purposes of the Issuer in accordance with the Act and to carry out and effectuate the plan and purpose of the Act, and that the powers of the Issuer herein exercised are in each case exercised in accordance with the provisions of the Act and in furtherance of the purposes of the Issuer.

SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Issuer with the Holders of the Bonds, and shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds. The pledge made in the Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of said Bonds, but only in accordance with the terms hereof. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

SECTION 1.04. FINDINGS. It is hereby ascertained, determined and declared that:

(A) The Issuer has deemed it in the best interest of its citizens to acquire and construct the improvements consisting of the Project.

(B) The Issuer deems it to be in its best interest to issue the Bonds for the principal purpose of financing the Project, as determined pursuant to the provisions herein.

(C) In accordance with Section 218.385, Florida Statutes, and pursuant to this Resolution, the Bonds shall be advertised for competitive bids pursuant to the Official Notice of Sale.

(D) Pursuant to the Official Notice of Sale, any competitive bids received in accordance with the Official Notice of Sale on or prior to the time and date determined by the City Manager upon the advice of the Financial Advisor, in accordance with the terms and provisions of the Official Notice of Sale, shall be publicly opened and announced.

(E) It is desirable for the Issuer to be able to advertise and award the Bonds at the most advantageous time and date which shall be determined by the City Manager upon the advice of the Financial Advisor; and, accordingly, the Issuer hereby determines to delegate the advertising and awarding of the Bonds to the City Manager within the parameters described herein.

(F) It is necessary and appropriate that the Board determine certain parameters for the terms and details of the Bonds and to delegate certain authority to the City Manager for the award of the Bonds and the approval of the terms of the Bonds in accordance with the provisions hereof and of the Official Notice of Sale.

(G) In the event Bond Counsel to the Issuer shall determine that the Bonds have not been awarded competitively in accordance with the provisions of Section 281.385, Florida Statutes, the Board shall adopt such resolutions and make such findings as shall be necessary to authorize and ratify a negotiated sale of the Bonds in accordance with said Section 218.385, Florida Statutes.

(H) The Bonds shall be secured solely by a covenant of the Issuer, subject to certain conditions set forth herein, to budget and appropriate from Non-Ad Valorem Revenues amounts sufficient to pay the principal of and interest on the Bonds.

(I) The principal of and interest on the Bonds to be issued pursuant to this Resolution, and all other payments provided for in this Resolution will be paid solely from Non-Ad Valorem Revenues in accordance with the terms hereof and the ad valorem taxing power of the Issuer will never be necessary or authorized to pay the principal of and interest on the Bonds to be issued pursuant to this Resolution, or to make any other payments provided for in this Resolution, and the Bonds shall not constitute a lien upon any property whatsoever of or in the Issuer.

SECTION 1.05. AUTHORIZATION OF THE PROJECT. The acquisition and construction of the Project is hereby authorized.

ARTICLE II
AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

SECTION 2.01. AUTHORIZATION AND DESCRIPTION OF BONDS; AWARD OF BONDS; REDEMPTION OF THE BONDS. (A) The Issuer hereby authorizes the issuance of a series of Bonds to be known as the "City of Newberry, Florida Capital Improvement Revenue Bonds, Series 2024" in the aggregate principal amount of not exceeding \$6,290,000 for the purposes of financing certain capital improvements within the City consisting of the Project, and paying costs and expenses incurred in connection with the issuance of such Bonds. The City Manager, in his discretion, may change the title of the Bonds if necessary or desirable. The City Manager is hereby authorized and directed, with the advice of the Financial Advisor and Bond Counsel, to determine the aggregate principal amount of Bonds to be issued; provided, however, the aggregate principal amount of the Bonds shall not exceed \$6,290,000.

The Bonds shall be dated as of their date of delivery or such other date as the City Manager may determine, shall be issued in the form of fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter "R", shall bear interest from their date of delivery, payable semi-annually, on each Interest Date, commencing on March 1, 2025, or such other date as may be determined by the City Manager. The Bonds shall bear interest computed on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds shall bear interest at such rates and yields, shall mature on September 1 of each of the years and in the principal amounts corresponding to such years, and shall have such redemption provisions as determined by the City Manager subject to the conditions set forth in this Section 2.01 and the provisions of the Official Notice of Sale. The final maturity of the Bonds shall not be later than September 1, 2054. All of the terms of the Bonds will be included in a certificate to be executed by an Authorized Issuer Officer following the award of the Bonds (the "Award Certificate") and shall be set forth in the final Official Statement, as described herein.

Interest on the Bonds shall be payable by check or draft of the Paying Agent made payable and mailed to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) next preceding the applicable Interest Date, or, at the request of such Holder, by bank wire transfer to the account of such Holder. Principal of the Bonds is payable to the Holder, at the designated corporate trust office of the Paying Agent. The principal of, redemption premium, if any, and interest on the Bonds are payable in lawful money of the United States of America. All payments of principal, premium, if applicable, and interest on the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(B) The City Manager, on behalf of the Issuer and only in accordance with the terms hereof and of the Official Notice of Sale, shall award the Bonds to the underwriter or underwriters (the "Underwriters") that submit a bid proposal which complies in all respects with the Resolution and the Official Notice of Sale and offers to purchase the Bonds at the lowest true interest cost to the Issuer, as calculated by the Financial Advisor in accordance with the terms and provisions of the Official Notice of Sale. The City Manager shall not award the Bonds unless the true interest cost for the Bonds is not greater than 5.75%, as determined by the Financial Advisor. In accordance with the provisions of the Official Notice of Sale, the City Manager may, in his sole discretion, reject any and all bids.

(C) The Bonds may be redeemed prior to their respective maturities from any moneys legally available therefor, upon notice as provided in the Resolution, upon the terms and provisions as determined by the City Manager, in his discretion and upon the advice of the Financial Advisor; provided, however, with respect to optional redemption terms for the Bonds, if any, the first optional redemption date may be no later than September 1, 2032 and there shall be no call premium relating to any optional redemption. Terms Bonds may be established in accordance with the provisions of the Official Notice of Sale. The redemption provisions for the Bonds, if any, shall be set forth in the Award Certificate and in the final Official Statement. Notwithstanding the foregoing, the City Manager, upon the advice of the Financial Advisor, may determine to issue the Bonds without any optional redemption provisions.

SECTION 2.02. APPLICATION OF BOND PROCEEDS. The proceeds derived from the sale of the Bonds, including premium, if any, shall be applied by the Issuer as follows:

(A) A sufficient amount of Bond proceeds necessary to pay costs and expenses relating to the issuance of the Bonds shall be used for such purpose.

(B) The remaining Bond proceeds shall be deposited into the Construction Fund and used to pay the costs of the Project.

SECTION 2.03. EXECUTION OF BONDS. The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Mayor and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although at the date of such Bond such person may not have held such

office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

SECTION 2.04. AUTHENTICATION. No Bond shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.09 hereof.

SECTION 2.05. RESERVED.

SECTION 2.06. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered shall be cancelled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.06 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights to the same extent as all other Bonds issued hereunder.

SECTION 2.07. INTERCHANGEABILITY, NEGOTIABILITY AND TRANSFER. Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

Each Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, interest rate, and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, redemption premium, if any, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to any Bonds, forthwith (A) following the fifteenth day prior to an Interest Date for the Bonds; (B) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Bonds; and (C) at any other time as reasonably requested by the Paying Agent of such Bonds, shall certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check to the Holder entitled thereto or may, in lieu thereof, upon the request and expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Issuer shall execute and deliver Bonds and the Registrar shall authenticate such Bonds in accordance with the provisions of this Resolution. Execution of Bonds by the City Manager and Clerk for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Bonds. All Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by the Issuer to be cancelled by the Registrar. For every such exchange or transfer of Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee,

expense or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or transfer of Bonds during the 15 days next preceding an Interest Date on the Bonds, or, in the case of any proposed redemption of Bonds, then, for the Bonds subject to redemption, during the 15 days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

SECTION 2.08. FULL BOOK ENTRY FOR BONDS. Notwithstanding the provisions set forth in Section 2.07 hereof, the Bonds shall be initially issued in the form of a separate single certificated fully registered bond certificate for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). All of the Bonds shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC. As long as the Bonds shall be registered in the name of Cede & Co., all payments of principal on the Bonds shall be made by the Paying Agent by check or draft or by bank wire transfer to Cede & Co., as Holder of the Bonds, upon presentation of the Bonds to be paid, to the Paying Agent.

With respect to the Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer, the Registrar and the Paying Agent shall have no responsibility or obligation to any direct or indirect participant in the DTC book-entry program (the "Participants"). Without limiting the immediately preceding sentence, the Issuer, the Registrar and the Paying Agent shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Bonds, (B) the delivery to any Participant or any other Person other than a Bondholder, as shown in the registration books kept by the Registrar, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Registrar, of any amount with respect to principal of, redemption premium, if any, or interest on the Bonds. The Issuer, the Registrar and the Paying Agent shall treat and consider the Person in whose name each Bond is registered in the registration books kept by the Registrar as the Holder and absolute owner of such Bond for the purpose of payment of principal, redemption premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, redemption premium, if any, and interest on the Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal, redemption premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than a Holder, as shown in the

registration books kept by the Registrar, shall receive a certificated Bond evidencing the obligation of the Issuer to make payments of principal, redemption premium, if any, and interest pursuant to the provisions of this Resolution. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in Section 2.07 with respect to transfers during the 15 days next preceding an Interest Date or mailing of notice of redemption, the words "Cede & Co." shall refer to such new nominee of DTC; and upon receipt of such notice, the Issuer shall promptly deliver a copy of the same to the Registrar and the Paying Agent.

Upon (A) receipt by the Issuer of written notice from DTC (i) to the effect that a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, or (B) determination by the Issuer that such book-entry only system is burdensome or undesirable to the Issuer and compliance by the Issuer of all applicable policies and procedures of DTC regarding discontinuance of the book entry registration system, the Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Holders shall designate, in accordance with the provisions of this Resolution. In such event, the Issuer shall issue, and the Registrar shall authenticate, transfer and exchange the Bonds of like principal amount, interest rate and maturity, in denominations of \$5,000 or any integral multiple thereof to the Holders thereof. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Blanket Letter of Representations to be executed by the Issuer and delivered to DTC shall apply to the payment of principal of, redemption premium, if any, and interest on the Bonds. The Board hereby authorizes any Authorized Issuer Officer to execute and deliver a Blanket Letter of Representations to DTC.

SECTION 2.09. FORM OF BONDS. The text of the Bonds shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Mayor prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by such officer's execution of the Bonds and the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

[Remainder of page intentionally left blank]

No. R-

\$ _____

**UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF NEWBERRY, FLORIDA
CAPITAL IMPROVEMENT
REVENUE BOND, SERIES 2024**

<u>Interest</u> <u>Rate</u> %	<u>Maturity</u> <u>Date</u>	<u>Date of</u> <u>Original Issue</u>	<u>CUSIP Number</u>
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Registered Holder: CEDE & CO.

Principal Amount: _____ AND NO/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that the City of Newberry, Florida, a municipal corporation and public body corporate and politic of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the Non-Ad Valorem Revenues hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on _____ 1 and _____ 1 of each year commencing _____ 1, 2025, until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

Such Principal Amount and interest and the premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the redemption premium, if any, on this Bond are payable at the designated corporate trust office of UMB Bank, N.A., as Paying Agent. Payment of each installment of interest shall be made to the person in whose name this Bond shall be registered on the registration books of the Issuer maintained by UMB Bank, N.A., as Registrar, at the close of business on the date which shall be the fifteenth day (whether or not a business day) next preceding each interest payment date and shall be paid by a check of such Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the request of such Registered Holder, by bank wire transfer for the account of such Holder. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$ _____ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, denomination and number issued under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 166, Florida Statutes, the City Charter of the City, and other applicable provisions of law (collectively, the "Act"), and Resolution No. 2024-23 duly adopted by the City Commission of the Issuer on May 28, 2024, as the same may be amended and supplemented (the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Bonds are being issued to finance certain capital improvements in and for the Issuer.

Pursuant to the Resolution, the Issuer has covenanted to appropriate in its annual budget, by amendment, if necessary, such amounts of Non-Ad Valorem Revenues (as defined in the Resolution) which are not otherwise pledged, restricted or encumbered, as shall be necessary to pay the principal of and interest on the Bonds when due and all required rebate payments. Such covenant to appropriate Non-Ad Valorem Revenues is not a pledge by the Issuer of such Non-Ad Valorem Revenues and is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds or other debt instruments) and also to the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the Issuer or which are legally mandated by applicable law, all in the manner and to the extent provided in the Resolution.

IT IS EXPRESSLY AGREED BY THE REGISTERED HOLDER OF THIS BOND THAT THE FULL FAITH AND CREDIT OF THE ISSUER, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS BOND AND THAT SUCH HOLDER SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF ANY TAXING POWER OF THE ISSUER, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, TO THE PAYMENT OF SUCH PRINCIPAL, PREMIUM, IF ANY, AND INTEREST. THIS BOND AND THE OBLIGATION EVIDENCED HEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE ISSUER BUT SHALL BE PAYABLE SOLELY FROM THE AMOUNTS BUDGETED AND APPROPRIATED BY THE ISSUER AS DESCRIBED ABOVE AND AS PROVIDED IN THE RESOLUTION.

The Issuer has established a book-entry system of registration for the Bonds. Except as specifically provided otherwise in the Resolution, an agent will hold this Bond on behalf of the beneficial owner thereof. By acceptance of a confirmation of purchase, delivery or transfer, the beneficial owner of this Bond shall be deemed to have agreed to such arrangement.

This Bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Registrar by the Registered Holder hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Bonds are issuable in the form of fully registered Bonds in the denomination of \$5,000 and any integral multiple thereof, not exceeding the aggregate principal amount of the Bonds. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer shall not be obligated to make any exchange or transfer of the Bonds during the 15 days next preceding an interest payment date or, in the case of any proposed redemption of the Bonds, then, for the Bonds subject to such redemption, during the 15 days next preceding the date of the first mailing of notice of such redemption.

(INSERT REDEMPTION PROVISIONS)

Redemption of this Bond under the preceding paragraphs shall be made as provided in the Resolution upon notice given by first class mail sent at least 30 days prior to the redemption date to the Registered Holder hereof at the address shown on the registration books maintained by the Registrar; provided, however, that failure to mail notice to the Registered Holder hereof, or any defect therein, shall not affect the validity of the proceedings for redemption of other Bonds as to which no such failure or defect has occurred. In the event that less than the full principal amount hereof shall have been called for redemption, the Registered Holder hereof shall surrender this Bond in exchange for one or more Bonds in an aggregate principal amount equal to the unredeemed portion of principal, as provided in the Resolution.

As long as the book-entry only system is used for determining beneficial ownership of the Bonds, notice of redemption will only be sent to Cede & Co. Cede & Co. will be responsible for notifying the DTC Participants, who will in turn be responsible for notifying the beneficial owners of the Bonds. Any failure of Cede & Co. to notify any DTC Participant, or of any DTC Participant to notify the beneficial owner of any such notice, will not affect the validity of the redemption of the Bonds.

Reference to the Resolution and any and all resolutions supplemental thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing this Bond, the nature, manner and extent of enforcement of such pledge and covenants, and the rights, duties, immunities and obligations of the Issuer.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have

happened and have been performed, in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

Neither the Mayor nor the members of the Board of the Issuer nor any person executing this Bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF, the City of Newberry, Florida has issued this Bond and has caused the same to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its Clerk, and its official seal or a facsimile thereof to be affixed or reproduced hereon, all Date of Original Issue.

CITY OF NEWBERRY, FLORIDA

(SEAL)

By: _____
Mayor

ATTESTED:

By: _____
Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the Issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

UMB BANK, N.A.
Registrar

By: _____
Authorized Officer

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by the authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Insert Social Security or Other Identifying Number of Assignee

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____, as attorneys to register the transfer of the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of
survivorship and not as tenants
in common

UNIF TRANS MIN ACT _____
(Cust.)

Custodian for _____

under Uniform Transfers to Minors Act of _____
(State)

Additional abbreviations may also be used though not in list above.

**ARTICLE III
REDEMPTION OF BONDS**

SECTION 3.01. PRIVILEGE OF REDEMPTION. (A) The terms of this Article III shall apply to redemption of Bonds.

(B) The Bonds shall be subject to such optional and mandatory sinking fund redemption provisions as are determined pursuant to Section 2.01(C) hereof and as set forth in the Award Certificate and the Official Statement.

SECTION 3.02. SELECTION OF BONDS TO BE REDEEMED. The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least 35 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than 45 days and not less than 35 days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof. If less than all of a Term Bond is to be redeemed the aggregate principal amount to be redeemed shall be allocated to the Amortization Installments on a pro-rata basis unless the Issuer, in its discretion, designates a different allocation.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

SECTION 3.03. NOTICE OF REDEMPTION. Notice of such redemption, which shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the Issuer, and (A) shall be filed with the Paying Agent of such Bonds, and (B) shall be mailed first class, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar as of the date of mailing of such notice. Failure to mail such notice to the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the proceedings for redemption of Bonds as to which no such failure or defect has occurred. Failure of any Holder to receive any notice mailed as herein provided shall not affect the proceedings for redemption of such Holder's Bonds.

Each notice of redemption shall state: (1) the CUSIP numbers and any other distinguishing number or letter of all Bonds being redeemed, (2) the original issue date of such Bonds, (3) the maturity date and rate of interest borne by each Bond being redeemed, (4) the redemption date, (5) the Redemption Price, (6) the date on which such notice is mailed, (7) if less than all Outstanding Bonds are to be redeemed, the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed, (8) that on such redemption date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the designated office of the Registrar at an address specified, (10) the name and telephone number of a person designated by the Registrar to be responsible for such redemption, (11) unless sufficient funds have been set aside by the Issuer for such purpose prior to the mailing of the notice of redemption, that such redemption is conditioned upon the deposit of sufficient funds for such purpose on or prior to the date set for redemption, and (12) any other conditions that must be satisfied prior to such redemption.

The Issuer may provide that a redemption may be contingent upon the occurrence of certain conditions and that if such conditions do not occur the notice of redemption will be rescinded, provided notice of rescission shall be mailed in the manner described above to all affected Bondholders not later than three business days prior to the date of redemption.

SECTION 3.04. REDEMPTION OF PORTIONS OF BONDS. Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of any authorized denomination, as requested by such Holder in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

SECTION 3.05. PAYMENT OF REDEEMED BONDS. Notice of redemption having been given substantially as aforesaid and not subsequently rescinded, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent

at the appropriate Redemption Price, plus accrued interest. All Bonds which have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued.

SECTION 3.06. PURCHASE IN LIEU OF OPTIONAL REDEMPTION.

Notwithstanding anything in this Resolution to the contrary, at any time the Bonds are subject to optional redemption pursuant to this Resolution, all or a portion of the Bonds to be redeemed as specified in the notice of redemption, may be purchased by the Paying Agent, as trustee, at the direction of the Issuer, on the date which would be the redemption date if such Bonds were redeemed rather than purchased in lieu thereof, at a purchase price equal to the Redemption Price which would have been applicable to such Bonds on the redemption date for the account of and at the direction of the Issuer who shall give the Paying Agent, as trustee, notice at least ten (10) days prior to the scheduled redemption date accompanied by an opinion of Bond Counsel to the effect that such purchase will not adversely affect the exclusion from gross income for federal income tax purposes of interest on such Bonds. In the event the Paying Agent, as trustee, is so directed to purchase Bonds in lieu of optional redemption, no notice to the holders of the Bonds to be so purchased (other than the notice of redemption otherwise required under this Resolution) shall be required, and the Paying Agent, as trustee, shall be authorized to apply to such purchase the funds which would have been used to pay the Redemption Price for such Bonds if such Bonds had been redeemed rather than purchased. Each Bond so purchased shall not be canceled or discharged and shall be registered in the name of the Issuer. Bonds to be purchased under this Resolution in the manner set forth above which are not delivered to the Paying Agent, as trustee, on the purchase date shall be deemed to have been so purchased and not optionally redeemed on the purchase date and shall cease to accrue interest as to the former holder thereof on the purchase date.

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ARTICLE IV
SECURITY; FUNDS; COVENANTS OF THE ISSUER

SECTION 4.01. BONDS NOT TO BE INDEBTEDNESS OF ISSUER. The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from amounts budgeted and appropriated by the Issuer from Non-Ad Valorem Revenues in accordance with Section 4.02 hereof. No Holder of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond or be entitled to payment of such Bond from any moneys of the Issuer except from the Non-Ad Valorem Revenues in the manner and to the extent provided herein.

SECTION 4.02. COVENANT TO BUDGET AND APPROPRIATE; PAYMENT OF BONDS. The Issuer covenants and agrees to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues amounts sufficient to (A) pay principal of and interest on the Bonds when due, and (B) pay all required deposits to the Rebate Fund pursuant to Section 4.04 hereof. Such covenant and agreement on the part of the Issuer to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. Notwithstanding the foregoing covenant of the Issuer, the Issuer does not covenant to maintain any services or programs, now provided or maintained by the Issuer, which generate Non-Ad Valorem Revenues.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the Issuer from pledging in the future its Non-Ad Valorem Revenues, nor does it require the Issuer to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Bondholders a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the Issuer. Such covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate for the purposes and in the manner stated herein shall have the effect of making available for the payment of the Bonds, in the manner described herein, Non-Ad Valorem Revenues and placing on the Issuer a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations hereunder; subject, however, in all respects to the restrictions of Section 166.241(2), Florida Statutes, which generally provide that the governing body of each municipality may only make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject, further, to the payment of services and programs which are

for essential public purposes affecting the health, safety and welfare of the inhabitants of the Issuer or which are legally mandated by applicable law.

The Issuer covenants and agrees to transfer to the Paying Agent for the Bonds, solely from funds budgeted and appropriated as described in this Section 4.02, on or before the date designated for payment of any principal of or interest on the Bonds, sufficient moneys to pay such principal or interest. The Registrar and Paying Agent shall utilize such moneys for payment of the principal and interest on the Bonds when due.

SECTION 4.03. CONSTRUCTION FUND. The Issuer covenants and agrees to establish a separate fund, to be known as the "City of Newberry, Florida Capital Improvement Revenue Bonds, Series 2024 Construction Fund," which shall be used only for payment of the Costs of the Project. Moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project in the manner hereinafter provided, shall be held in trust by the Issuer and shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution or a Supplemental Resolution.

The Issuer covenants that the acquisition, construction and equipping of the Project will be completed without delay and in accordance with sound engineering practices. The Issuer shall make disbursements or payments from the Construction Fund to pay the Cost of the Project upon the filing with the Clerk of documents and/or certificates signed by an Authorized Issuer Officer, stating with respect to each disbursement or payment to be made: (1) the item number of the payment, (2) the name and address of the Person to whom payment is due, (3) the amount to be paid, (4) the purpose, by general classification, for which payment is to be made, and (5) that (A) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of the Project and is a proper charge against the Construction Fund and has not been the basis of any previous disbursement or payment, or (B) each obligation, item of cost or expense mentioned therein has been paid by the Issuer, is a reimbursement of a part of the Cost of a Project, is a proper charge against the account of the Construction Fund from which payment is to be made, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous disbursement or payment and the Issuer is entitled to reimbursement thereof. The Clerk shall retain all such documents and/or certificates of the Authorized Issuer Officer for seven (7) years from the dates of such documents and/or certificates. The Clerk shall make available the documents and/or certificates at all reasonable times for inspection by any Holder of any of the Bonds or the agent or representative of any Holder of any of the Bonds.

Notwithstanding any of the other provisions of this Section 4.03, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal and interest on Bonds when due.

The date of completion of the Project shall be determined by the Authorized Issuer Officer, who shall certify such fact in writing to the Board. Promptly after the date of the completion of the Project, and after paying or making provisions for the payment of all unpaid items of the Cost of such Project, the Issuer shall deposit any balance of moneys remaining in the Construction Fund in such other fund or account established hereunder as shall be determined by the Board, provided

the Issuer has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for purposes of federal income taxation.

SECTION 4.04. REBATE FUND. The Issuer covenants and agrees to establish a special fund to be known as the "City of Newberry, Florida Capital Improvement Revenue Bonds, Series 2024 Rebate Fund," which shall be held in trust by the Issuer and used solely to make required rebates to the United States (except to the extent the same may be used to pay debt service on the Bonds) and the Bondholders shall have no right to have the same applied for debt service on the Bonds. The Issuer agrees to undertake all actions required of it in its arbitrage certificate relating to the Bonds, including, but not limited to:

(A) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;

(B) depositing the amount determined in clause (A) above into the Rebate Fund;

(C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the Issuer such amounts as shall be required by the Code to be rebated to the United States Treasury; and

(D) keeping such records of the determinations made pursuant to this Section 4.04 as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of the Bonds.

The provisions of the above-described arbitrage certificates may be amended without the consent of any Holder from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

SECTION 4.05. ANTI-DILUTION. During such time as any Bonds are outstanding hereunder, the Issuer agrees and covenants with the Bondholders that upon the issuance of any subsequent Debt, (A) Non-Ad Valorem Revenues shall cover projected Maximum Annual Debt Service on the Bonds and maximum annual debt service on Debt by at least 1.5x; and (B) projected Maximum Annual Debt Service on the Bonds and maximum annual debt service for all Debt will not exceed 20% of Governmental Funds Revenues, exclusive of (i) ad valorem tax revenues restricted to payment of debt service on any Debt and (ii) any proceeds of the Bonds or Debt. The calculations required by clauses (A) and (B) above shall be determined using the average of actual receipts for the prior two Fiscal Years based on the Issuer's Annual Audits. For purposes of the calculations required by clauses (A) and (B) above, Maximum Annual Debt Service on the Bonds and maximum annual debt service on Debt shall be done on an aggregate basis

whereby the annual debt service for each is combined and the overall maximum is determined.

For the purposes of the covenants contained in this Section 4.05, maximum annual debt service on Debt means, with respect to Debt that bears interest at a fixed interest rate, the actual maximum annual debt service, and, with respect to Debt which bears interest at a variable interest rate, maximum annual debt service on such Debt shall be determined assuming that interest accrues on such Debt at the current "Bond Buyer Revenue Bond Index" as published in *The Bond Buyer* no more than two weeks prior to any such calculation; provided, however, if any Debt, whether bearing interest at a fixed or variable interest rate, constitutes Balloon Indebtedness, as defined in the immediately following sentence, maximum annual debt service on such Debt shall be determined assuming such Debt is amortized from its date of issuance over 25 years on an approximately level debt service basis. For purposes of the foregoing sentence, "Balloon Indebtedness" means Debt, 25% or more of the original principal of which matures during any one Fiscal Year. In addition, with respect to debt service on any Debt which is subject to a Qualified Hedge Agreement, interest on such Debt during the term of such Qualified Hedge Agreement shall be deemed to be the Hedge Payments coming due during such period of time. With respect to debt service on any Debt with respect to which the Issuer elects to receive or is otherwise entitled to receive direct subsidy payments from the United States Department of Treasury, when determining the interest on such Debt for any particular interest payment date the amount of the corresponding subsidy payment shall be deducted from the amount of interest which is due and payable with respect to such Debt on the interest payment date, but only to the extent that the Issuer reasonably believes that it will be in receipt of such subsidy payment on or prior to such interest payment date.

SECTION 4.06. SEPARATE ACCOUNTS. The moneys required to be accounted for herein may be deposited in a single bank account and invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the purposes herein provided.

The designation and establishment of any fund in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing fund as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

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ARTICLE V COVENANTS

SECTION 5.01. GENERAL. The Issuer hereby makes the following covenants, in addition to all other covenants in this Resolution, with each and every successive Holder of any of the Bonds so long as any of said Bonds remain Outstanding.

SECTION 5.02. ANNUAL BUDGET. The Issuer shall annually prepare and adopt, prior to the beginning of each Fiscal Year, an Annual Budget in accordance with applicable law.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, the preliminary budget for such year shall be deemed to be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year is adopted.

The Issuer shall also provide the Annual Budget and amendments thereto to any Holder or Holders of Bonds upon written request. The Issuer shall be permitted to make a reasonable charge for furnishing such information to such Holder or Holders.

SECTION 5.03. ANNUAL AUDIT. The Issuer shall, immediately after the close of each Fiscal Year, cause the books, records and accounts relating to the Issuer to be properly audited by a recognized independent firm of certified public accountants, and shall require such accountants to complete their report of such Annual Audit in accordance with applicable law. Each Annual Audit shall be in conformity with generally accepted accounting principles as applied to governmental entities.

The Issuer shall also provide the Annual Audit to any Holder or Holders of Bonds upon written request. The Issuer shall be permitted to make a reasonable charge for furnishing such information to such Holder or Holders.

SECTION 5.04. FEDERAL INCOME TAXATION COVENANTS. The Issuer covenants with the Holders of the Bonds that it shall not use the proceeds of the Bonds in any manner which would cause the interest on such Bonds to be or become included in gross income for purposes of federal income taxation.

The Issuer covenants with the Holders of the Bonds that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of the Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and neither the Issuer nor any other Person shall do any act or fail to do any act which would cause the interest on the Bonds to become subject to inclusion within gross income for purposes of federal income taxation.

The Issuer hereby covenants with the Holders of the Bonds that it will comply with all provisions of the Code necessary to maintain the exclusion from gross income of interest

on the Bonds for purposes of federal income taxation, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

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**ARTICLE VI
DEFAULTS AND REMEDIES**

SECTION 6.01. EVENTS OF DEFAULT. The following events shall each constitute an "Event of Default":

(A) Default shall be made in the payment of the principal of, Amortization Installment, redemption premium, if any, or interest on any Bond when due.

(B) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(C) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of 90 days after written notice of such default shall have been received from the Holders of not less than 25% of the aggregate principal amount of Bonds Outstanding. Notwithstanding the foregoing, the Issuer shall not be deemed to be in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes appropriate curative action and diligently pursues such action until default has been corrected.

SECTION 6.02. REMEDIES. Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the Laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof; provided, however, that no Holder, trustee or receiver shall have the right to declare the Bonds immediately due and payable.

The Holder or Holders of Bonds in an aggregate principal amount of not less than 25% of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Clerk. Notice of such appointment, together with evidence of the requisite signatures of the

Holders of not less than 25% in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and the trustee and notice of such appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

SECTION 6.03. DIRECTIONS TO TRUSTEE AS TO REMEDIAL PROCEEDINGS. The Holders of a majority in principal amount of the Bonds then Outstanding have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee hereunder with respect to the Bonds owned by such Holders, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any direction which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

SECTION 6.04. REMEDIES CUMULATIVE. No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 6.05. WAIVER OF DEFAULT. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Section 6.02 to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

SECTION 6.06. APPLICATION OF MONEYS AFTER DEFAULT. If an Event of Default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for the purpose shall apply all moneys received from the Issuer for payment of the Bonds as follows and in the following order:

A. To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver and Registrar hereunder;

B. To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds, as follows:

(1) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 8.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of this Resolution.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

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**ARTICLE VII
SUPPLEMENTAL RESOLUTIONS**

SECTION 7.01. SUPPLEMENTAL RESOLUTION WITHOUT BONDHOLDERS' CONSENT. The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

(B) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.

(C) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed.

(D) To add to the covenants and agreements of the Issuer in this Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer.

(E) To specify and determine the matters and things referred to in Section 2.01 hereof and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of the Bonds.

(F) To make any other change that, in the reasonable opinion of the Issuer, would not materially adversely affect the interests of the Holders of the Bonds.

SECTION 7.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDERS' CONSENT. Subject to the terms and provisions contained in this Section 7.02 and Sections 7.01 and 7.03 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified maturity

remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 7.02. No Supplemental Resolution may be approved or adopted which shall permit or require, without the consent of all affected Bondholders, (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the Redemption Price or the rate of interest thereon, (C) the creation of a lien upon or a pledge of the Non Ad-Valorem Revenues other than the lien and pledge created by this Resolution or except as otherwise permitted or provided hereby which materially adversely affects any Bondholders, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Resolution as authorized in Section 7.01 hereof.

If at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 7.02, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 7.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 7.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 7.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

Notwithstanding any other provision of this Section 7.02, Holders of Bonds shall be deemed to have provided consent pursuant to this Section 7.02 if the offering document for such Bonds expressly describes the Supplemental Resolution and the amendments to this Resolution contained therein and states by virtue of the Holders' purchase of such Bonds the Holders are deemed to have notice of, and consented to, such Supplemental Resolution and amendments.

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ARTICLE VIII DEFEASANCE

SECTION 8.01. DEFEASANCE. If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of any Bonds, the principal and interest or Redemption Price due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, all covenants, agreements and other obligations of the Issuer to the holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Issuer all money or securities held by them pursuant to this Resolution which are not required for payment or redemption of any Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto shall be deemed to have been paid within the meaning of this Section 8.01 if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (ii) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Refunding Securities verified by an independent certified public accountant to be in such amount that the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with such banking institution or trust company at the same time shall be sufficient, to pay the principal of, Redemption Price, if applicable and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Except as hereafter provided, neither the Refunding Securities nor any moneys so deposited with such banking institution or trust company nor any moneys received by such bank or trust company on account of principal of or interest on said Refunding Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price of the Bonds for the payment of which they were deposited and the interest accruing thereon to the date of redemption or maturity, as the case may be; provided, however, the Issuer may substitute new Refunding Securities and moneys for the deposited Refunding Securities and moneys if the new Refunding Securities and moneys are sufficient to pay the principal of and interest on or Redemption Price, if applicable, of the refunded Bonds.

If Bonds are not to be redeemed or paid within 60 days after any such defeasance described in this Section 8.01, the Issuer shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 8.01 of moneys or Refunding Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 8.01 and stating such maturity date upon which moneys are to be available for the payment of the principal of and interest on or Redemption Price

of said Bonds. Failure to provide said notice shall not affect the Bonds being deemed to have been paid in accordance with the provisions of this Section 8.01.

Nothing herein shall be deemed to require the Issuer to call any of the Outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

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**ARTICLE IX
PROVISIONS RELATING TO BONDS**

SECTION 9.01. PRELIMINARY OFFICIAL STATEMENT; OFFICIAL STATEMENT. (A) The Issuer hereby authorizes the distribution and use of the Preliminary Official Statement in substantially the form attached hereto as Exhibit B in connection with the offering of the Bonds for sale. If between the date hereof and the mailing of the Preliminary Official Statement, it is necessary to make insertions, modifications or changes in the Preliminary Official Statement, the City Manager is hereby authorized to approve such insertions, changes and modifications. Any Authorized Issuer Officer is hereby authorized to deem the Preliminary Official Statement "final" within the meaning of Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934 in the form as mailed. Execution of a certificate by an Authorized Issuer Officer deeming the Preliminary Official Statement "final" as described above shall be conclusive evidence of the approval of any insertions, changes or modifications.

(B) Subject in all respects to the satisfaction of the conditions set forth in Section 2.01 hereof, the Mayor is hereby authorized and directed to execute and deliver a final Official Statement, dated the date of the sale of the Bonds, which shall be in substantially the form of the Preliminary Official Statement relating to the Bonds, in the name and on behalf of the Issuer, and thereupon to cause such Official Statement to be delivered to the Underwriters with such changes, amendments, modifications, omissions and additions as may be approved by the Mayor. Said Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the Mayor, and the information contained therein are hereby authorized to be used in connection with the sale of the Bonds to the public. Execution by the Mayor of the Official Statement shall be deemed to be conclusive evidence of approval of any such changes, amendments, modifications, omissions or additions.

SECTION 9.02. APPOINTMENT OF PAYING AGENT AND REGISTRAR. UMB Bank, N.A., is hereby designated Registrar and Paying Agent for the Bonds. The Mayor is hereby authorized to enter into any agreement which may be necessary to effect the transactions contemplated by this Section 9.02 and by this Resolution.

SECTION 9.03. SECONDARY MARKET DISCLOSURE. Subject to the satisfaction in all respects with the conditions set forth in Section 2.01 hereof, the Issuer hereby covenants and agrees that, in order to provide for compliance by the Issuer with the secondary market disclosure requirements of Rule 15c2-12 of the Security and Exchange Commission (the "Rule"), it will comply with and carry out all of the provisions of the Disclosure Dissemination Agent Agreement (the "Continuing Disclosure Certificate") to be executed by the Issuer and dated the date of delivery of the Bonds, as it may be amended from time to time in accordance with the terms thereof. The Continuing Disclosure Certificate shall be substantially in the form attached hereto as Exhibit C with such

changes, amendments, modifications, omissions and additions as shall be approved by the Mayor who is hereby authorized to execute and deliver such Continuing Disclosure Certificate to Digital Assurance Certification, L.L.C. The Clerk is authorized and directed to attest and affix the official seal to the Continuing Disclosure Certificate. Notwithstanding any other provision of the Resolution, failure of the Issuer to comply with such Continuing Disclosure Certificate shall not be considered an event of default hereunder or under the Resolution; provided, however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section 9.03 and the Continuing Disclosure Certificate. For purposes of this Section 9.03 "Bondholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Bonds for federal income tax purposes. Digital Assurance Certification, L.L.C. is hereby appointed as dissemination agent with respect to the Bonds.

SECTION 9.04. OFFICIAL NOTICE OF SALE. The form of the Official Notice of Sale attached hereto as Exhibit A and the terms and provisions thereof are hereby authorized and approved. The City Manager is hereby authorized to make such changes, insertions and modifications as he shall deem necessary prior to the advertisement of such Official Notice of Sale or a summary thereof. The City Manager is hereby authorized to cause the advertisement and publication of the Official Notice of Sale or a summary thereof at such time as he shall deem necessary and appropriate, upon the advice of the Issuer's Financial Advisor, to accomplish the competitive sale of the Bonds.

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**ARTICLE X
MISCELLANEOUS**

SECTION 10.01. SALE OF BONDS. The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable provisions of law.

SECTION 10.02. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

SECTION 10.03. VALIDATION AUTHORIZED. To the extent deemed necessary by Bond Counsel or desirable by the City Attorney, Bond Counsel is authorized to institute appropriate proceedings for validation of the Bonds herein authorized pursuant to Chapter 75, Florida Statutes.

SECTION 10.04. REPEAL OF INCONSISTENT RESOLUTIONS. All ordinances, resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 10.05. EFFECTIVE DATE. This Resolution shall become effective immediately upon its passage.

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PASSED, APPROVED AND ADOPTED this 28th day of May, 2024.

CITY OF NEWBERRY, FLORIDA

By: _____
Honorable Jordan Marlowe, Mayor

(SEAL)

ATTEST:

Judy S. Rice, Clerk

APPROVED AS TO FORM AND LEGALITY:

S. Scott Walker, City Attorney

EXHIBIT A

Form of Official Notice of Sale

EXHIBIT B

Form of Preliminary Official Statement

EXHIBIT C

Form of Continuing Disclosure Certificate

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

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Upon delivery of the Series 2024 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to the Series 2024 Bonds in substantially the following form:

[Date of Closing]

Mayor and City Commission of the
City of Newberry, Florida
Newberry, Florida

Commissioners:

We have examined a record of proceedings relating to the issuance of by the City of Newberry, Florida (the "City") of its \$_____ Capital Improvement Revenue Bonds, Series 2024 (the "Bonds"). The Bonds are issued under the authority of the laws of the State of Florida, including Chapter 166, Part II, Florida Statutes, the City Charter of the City of Newberry, and other applicable provisions of law, and pursuant to Resolution No. 2024-_____ of the City, adopted May 28, 2024, as amended and supplemented from time to time (the "Resolution").

The Bonds are dated and shall bear interest from their date of delivery, except as otherwise provided in the Resolution. The Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, as provided in the Resolution and set forth in the Official Statement executed in connection with the sale of the Bonds (the "Official Statement"). Interest on the Bonds shall be payable on each March 1 and September 1, commencing on September 1, 2024. The Bonds are subject to redemption prior to maturity in accordance with the Resolution and as set forth in the final Official Statement.

The Bonds are issued for the principal purpose of providing funds which will be sufficient to (i) provide funds for the acquisition, construction and equipping of a new city hall and certain improvements within the City, and (ii) pay certain expenses related to the issuance and sale of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the City contained in the Resolution, and in the certified proceedings relating thereto and to the issuance of the Bonds and other certifications of public officials furnished to us in connection therewith, without undertaking to verify the same by independent investigation. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Resolution. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any agreements, documents, certificates, representations and opinions relating to the Bonds, and have relied solely on the facts, estimates and circumstances described and set forth therein. In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of

documents submitted as originals and the conformity to originals of documents submitted as copies.

Based on the foregoing, under existing law, we are of the opinion that:

1. The City is a duly created and validly existing municipal corporation and public body corporate and politic of the State of Florida.

2. The City has the right and power under the Constitution and Laws of the State of Florida to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the City, is in full force and effect in accordance with its terms and is valid and binding upon the City and enforceable in accordance with its terms and no other authorization for the Resolution is required.

3. The City is duly authorized and entitled to issue the Bonds and the Bonds have been duly and validly authorized and issued by the City in accordance with the Constitution and Laws of the State of Florida and the Resolution. The Bonds constitute valid and binding obligations of the City as provided in the Resolution and are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolution and the laws pursuant to which they are issued.

4. The City has covenanted and agreed in the Resolution to appropriate in its annual budget from Non-Ad Valorem Revenues amounts sufficient to pay principal of and interest on the Bonds when due. Such covenant and agreement on the part of the City to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. Notwithstanding the foregoing covenant of the City, the City does not covenant to maintain any services or programs, now provided or maintained by the City, which generate Non-Ad Valorem Revenues.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor, subject to the provisions of the Resolution, does it preclude the City from pledging in the future its Non-Ad Valorem Revenues, nor does it require the City to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the registered owners of the Bonds a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the City. Such covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate for the purposes and in the manner stated in the Resolution shall have the effect of making available for the payment of the Bonds, in the manner described in the Resolution, Non-Ad Valorem Revenues and placing on the City a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations under the Resolution; subject, however, in all respects to the payment of

services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the City or which are legally mandated by applicable law.

5. Under existing statutes, regulations, rulings and court decisions, the interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has covenanted in the Resolution to comply with all such requirements. Ownership of the Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Bonds.

It should be noted that, except as may expressly be set forth in an opinion delivered by us to the underwriter and the City (on which opinion only they may rely) for the Bonds on the date hereof, we have not been engaged or undertaken to review (1) the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto, or (2) the compliance with any federal or state law with regard to the sale or distribution of the Bonds and we express no opinion relating thereto.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Resolution and the Bonds may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the United States of America. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the form of the Bonds and, in our opinion, the form of the Bonds is regular and proper.

Respectfully submitted,

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APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of [CLOSING], 2024, is executed and delivered by the City of Newberry, Florida (the "Issuer") and Digital Assurance Certification LLC, as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Issuer in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification LLC, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means the Issuer's City Manager, Financial Services Director or Deputy Director of Finance, or any of their designees, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" as used in this Disclosure Agreement is defined in the Rule, as may be amended, as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any

other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Exhibit A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports. (a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the April 30 following

the end of each fiscal year of the Issuer, commencing with the fiscal year ending September 30, 2024. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, if any, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. "Substitution of credit or liquidity providers, or their failure to perform;"
6. "Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;"
7. "Modifications to rights of securities holders, if material;"
8. "Bond calls, if material, and tender offers;"
9. "Defeasances;"
10. "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. "Rating changes;"
12. "Bankruptcy, insolvency, receivership or similar event of the Issuer;"
13. "The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive

agreement relating to any such actions, other than pursuant to its terms; if material"

14. "Appointment of a successor or additional trustee or the change of name of a trustee, if material;"

15. "Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and

16. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties."

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"
2. "change in obligated person;"
3. "notice to investors pursuant to bond documents;"
4. " certain communications from the Internal Revenue Service other than those communications included in the Rule;"
5. "secondary market purchases;"
6. "bid for auction rate or other securities;"
7. "capital or other financing plan;"
8. "litigation/enforcement action;"
9. "change of tender agent, remarketing agent, or other on-going party;" and

10. "other event-based disclosures."

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"
2. "change in fiscal year/timing of annual disclosure;"
3. "change in accounting standard;"
4. "interim/additional financial information/operating data;"
5. "budget;"
6. "investment/debt/financial policy;"
7. "information provided to rating agency, credit/liquidity provider or other third party;"
8. "consultant reports;" and
9. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 10:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force

Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the financial and statistical information provided in the Official Statement in the following tables:

- (i) Updates of information set forth in the Official Statement relating to:
 - (A) Table entitled "CITY OF NEWBERRY, FLORIDA HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES"; and
 - (B) Table entitled "CITY OF NEWBERRY, FLORIDA HISTORICAL REVENUES AND EXPENDITURES."

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with Generally Accepted Accounting Principles as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

The Issuer will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

- (i) Principal and interest payment delinquencies;

- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Issuer;
Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);
- (xiii) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders of the Bonds, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The Issuer shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence

with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing. (a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in

accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, LLC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days' written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent. (a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may

amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages to follow]

[SIGNATURE PAGE TO DISCLOSURE DISSEMINATION AGENT AGREEMENT]

The Disclosure Dissemination Agent and the Issuer have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

**DIGITAL ASSURANCE CERTIFICATION
LLC, as Disclosure Dissemination Agent**

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO DISCLOSURE DISSEMINATION AGENT AGREEMENT]

**CITY OF NEWBERRY, FLORIDA, as
Issuer**

Attest: City Clerk

By: _____
Name: Jordan Marlow
Title: Mayor

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: City of Newberry, Florida

Obligated Person(s) [_____]

Name of Bond Issue: City of Newberry, Florida Capital Improvement Revenue Bonds, Series 2024

Date of Issuance: [CLOSING], 2024

Date of Official Statement: [SALE], 2024

CUSIP Numbers: Series 2024

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Newberry, Florida
Obligated Person(s) [_____]
Name(s) of Bond Issue(s): City of Newberry, Florida Capital Improvement Revenue Bonds, Series 2024
Date(s) of Issuance: [CLOSING], 2024
Date(s) of Disclosure Agreement [CLOSING], 2024
Date of Official Statement: [SALE], 2024
CUSIP Numbers: _____
Series 2024

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification LLC, as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____].

Dated: _____

Digital Assurance Certification LLC, as
Disclosure Dissemination Agent, on behalf of
the Issuer

cc:

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

City of Newberry, Florida

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;" Tender offers;
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. _____ "Merger, consolidation, or acquisition of the obligated person, if material;"
14. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. _____ "Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and
16. _____ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification LLC
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of [CLOSING], 2024, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

City of Newberry, Florida

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1. ____ "amendment to continuing disclosure undertaking;"
2. ____ "change in obligated person;"
3. ____ "notice to investors pursuant to bond documents;"
4. ____ "certain communications from the Internal Revenue Service;"
5. ____ "secondary market purchases;"
6. ____ "bid for auction rate or other securities;"
7. ____ "capital or other financing plan;"
8. ____ "litigation/enforcement action;"
9. ____ "change of tender agent, remarketing agent, or other on-going party; and"
10. ____ "other event-based disclosures."

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification LLC
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of [CLOSING], 2024, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

City of Newberry, Florida

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification LLC
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

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