

CITY OF NEWBERRY, FLORIDA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

Prepared by:
Finance and Administrative Services

CITY OF NEWBERRY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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INTRODUCTORY SECTION

**CITY OF NEWBERRY, FLORIDA
LIST OF PRINCIPAL OFFICIALS
YEAR ENDED SEPTEMBER 30, 2018**

As of September 30, 2018

MAYOR

Jordan Marlowe

CITY COMMISSIONERS

Rick Coleman

Monty Farnsworth

Joy Glanzer

Tim Marden

Matt Hersom

CITY MANAGER

Mike New

CITY ATTORNEY

S. Scott Walker

CITY CLERK

Judy S. Rice

DEPARTMENT HEADS

Ben Buckner, Fire Chief

Travis Parker, Director of Parks and Recreation

Jamie Jones, Director of Public Works and Utilities

Dallas Lee, Director of Finance and Administration

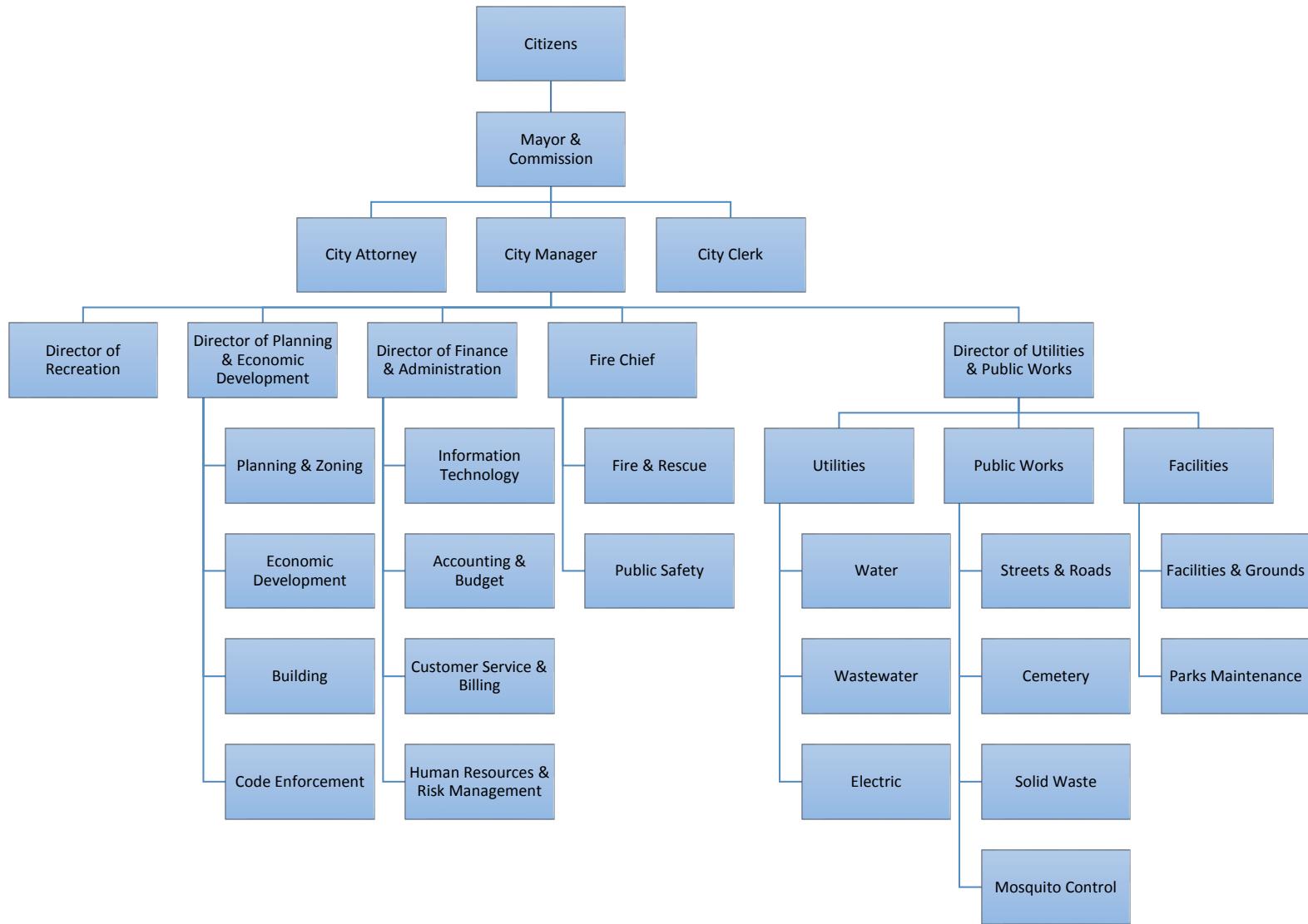
Deborah Starr, Director of Human Resources

Bryan Thomas, Director of Planning and Economic Development

AUDITORS

Purvis, Gray and Company, LLP

CITY OF NEWBERRY, FLORIDA ORGANIZATION CHART





CITY OF NEWBERRY

25440 West Newberry Road
Newberry, Florida 32669
(352) 472-2161 • FAX (352) 472-7026

April 22, 2019

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 Comprehensive Annual Financial Report (CAFR) of the City of Newberry (“Newberry”) for the year ended September 30, 2018. 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, 2018. 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 55 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 5,907 as of September 30, 2018. 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 Mayor. Elections are non-partisan and each elected official represents the entire City.

The Newberry Commission appoints the Manager who is the Chief Administrative 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 safety (fire protection and law enforcement); public works (construction and maintenance of roads, rights of way and other infrastructure; street lighting; and stormwater drainage); culture and recreation (parks maintenance, recreational activities, cultural events and related facilities); electric, water and sewer utilities; and solid waste collection and recycling.

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
- Installation of a new SCADA system
- Expansion of water utilities along State Road 26
- Replacement of Fire Tanker Truck

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

- Easton Newberry Sports Complex Multi-purpose field expansions
- Installation of Advanced Metering Infrastructure
- Forcemain realignment projects
- Continuing the Road Resurfacing Program
- Replacement of a Fire Engine

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

In conjunction with the operating budget, the 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 ..." Newberry has no general obligation debt outstanding.

Acknowledgments

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,

A handwritten signature in blue ink, appearing to be 'G. Mike New', written above a horizontal line.

G. Mike New
City Manager

A handwritten signature in blue ink, appearing to be 'Dallas M. Lee', written above a horizontal line.

Dallas M. Lee
Director of Finance & Administration

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commissioners
City of Newberry, Florida

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

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, 2018, 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.

Certified Public Accountants

P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350
1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

To the Mayor and City Commissioners
City of Newberry, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

Emphasis of Matter

As discussed in Note 3F to the financial statements, during the current year, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for Other Post-employment Benefits (OPEB). This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, including the recognition and measurement of liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. In connection with the implementation of this statement, the City decreased its beginning net position in the governmental activities and the business-type activities by \$144,709 and \$34,537, respectively. Our opinion is not modified with respect to this matter.

Other Matters

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 4 through 14 and 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other 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 introductory section, combining and individual nonmajor fund financial statements and schedules, statement of revenues, expenses, and changes in fund net position - water and sewer fund, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the statement of revenues, expenses, and changes in fund net position - water and sewer fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 nonmajor fund financial statements and schedules and statement of revenues, expenses, and the changes in fund net position - water and sewer fund, are fairly stated, in all material respects, in relation to the financial statements as a whole.

To the Mayor and City Commissioners
City of Newberry, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Other Information (Concluded)

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2019, 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.



April 18, 2019
Gainesville, Florida

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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, 2018. 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 at September 30, 2018, by \$36.10 million. Unrestricted net position was at \$5.8 million.
- The City of Newberry's total long-term debt (loans and notes payable) decreased by \$544,772 during the current fiscal year.
- Total net position (\$36.10 million) is comprised of the following:
 - The \$29.51 million net investment 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.
 - \$800 thousand 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. A large portion of this is related to the Wild Spaces & Public Places (WSPP) Discretionary Sales Surtax.
 - \$5.78 million of unrestricted net position.
- At September 30, 2018, the City's governmental funds reported combined ending fund balances of \$2.49 million, an increase of \$500 thousand, in comparison with the prior fiscal year.
- Governmental fund revenues (excluding interfund transfers) were \$6,943,853 or \$3,822,835 less than the previous fiscal year. The decrease was due to larger collections of Bed Tax revenues from the County relating to Champions Park for the payoff of the debt related to Champions Park in the prior year.

Overview of the Financial Statements

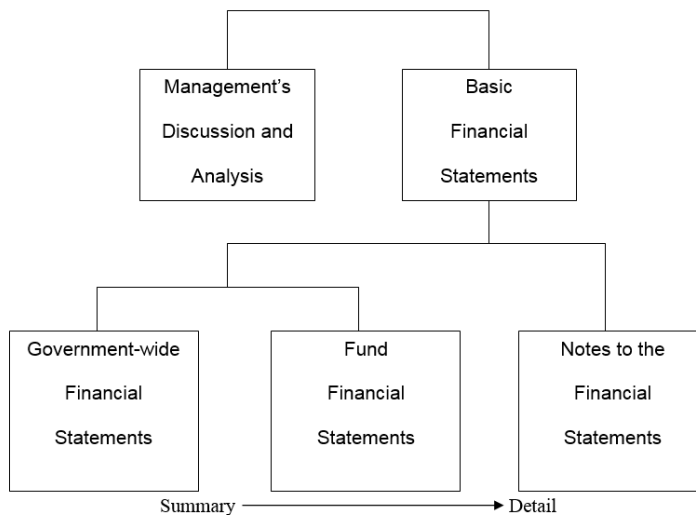
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report 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 of Newberry.

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, 2018
(Continued)**

Overview of the Financial Statements (Continued)

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 of Newberry'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.

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 15 and 16 of this report.

CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Continued)

Overview of the Financial Statements *(Continued)*

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 of Newberry, 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 six 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, which is considered to be a major fund. The non-major governmental funds include Diamond Sports Park, Wild Spaces Public Places, and Champions Park special revenue funds, 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 fire station, and a debt service fund.

The City adopts an annual appropriated budget for its general fund, special revenue funds, debt service, 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 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, debt service fund, and capital improvement fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 and 19 of this report.

CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Continued)

Overview of the Financial Statements (Concluded)

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 Utility Billing and Administration functions, and vehicle and equipment replacement. The utility billing and 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 21-24.

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 25-45 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 post-employment benefits. Required supplementary information can be found on pages 46 - 50 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 \$36,104,273 at the close of the most recent fiscal year.

By far the largest portion of the City of Newberry's net position (82 percent) 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					
	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 3,061,687	\$ 2,364,798	\$ 8,400,370	\$ 9,110,232	\$ 11,462,057	\$ 11,475,030
Capital Assets	17,603,706	17,464,358	14,551,838	12,717,543	32,155,544	30,181,901
Total Assets	20,665,393	19,829,156	22,952,208	21,827,775	43,617,601	41,656,931
Deferred Outflows of Resources	1,988,998	1,724,819	440,162	348,356	2,429,160	2,073,175
Long-term Liabilities	4,494,304	4,532,874	3,643,635	3,658,151	8,137,939	8,191,025
Other Liabilities	513,163	375,233	833,467	823,140	1,346,630	1,198,373
Total Liabilities	5,007,467	4,908,107	4,477,102	4,481,291	9,484,569	9,389,398
Deferred Inflows of Resources	378,639	231,133	79,280	46,681	457,919	277,814
Net Position:						
Net Investment in Capital Assets	17,603,706	17,069,358	11,913,865	9,929,798	29,517,571	26,999,156
Restricted	789,730	361,699	9,885	9,700	799,615	371,399
Unrestricted	(1,125,151)	(1,016,322)	6,912,238	7,708,661	5,787,087	6,692,339
Total Net Position	\$ 17,268,285	\$ 16,414,735	\$ 18,835,988	\$ 17,648,159	\$ 36,104,273	\$ 34,062,894

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Continued)**

Government-wide Financial Analysis (Continued)

The balance of *unrestricted net position*, \$5,787,087, may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the City is able to report 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, \$799,615, represents resources that are subject to external restrictions on how they may be used. A large portion of this is related to the Wild Spaces & Public Places (WSPP) Discretionary Sales Surtax.

**City of Newberry
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$ 2,288,074	\$ 2,104,363	\$ 6,225,886	\$ 5,964,015	\$ 8,513,960	\$ 8,068,378
Operating Grants and Contributions	199,598	4,590,683	99,261	14,348	298,859	4,605,031
Capital Grants and Contributions	639,061	881,013	654,990	437,750	1,294,051	1,318,763
General Revenues:						
Property Taxes	2,324,614	2,156,399	0	0	2,324,614	2,156,399
Other Taxes	1,813,773	1,661,125	0	0	1,813,773	1,661,125
Other	101,449	83,926	83,313	43,718	184,762	127,644
Total Revenues	7,366,569	11,477,509	7,063,450	6,459,831	14,430,019	17,937,340
Expenses						
General Government	1,336,282	1,355,008	0	0	1,336,282	1,355,008
Public Safety	2,389,694	2,345,314	0	0	2,389,694	2,345,314
Physical Environment	540,304	559,465	0	0	540,304	559,465
Transportation	889,778	826,538	0	0	889,778	826,538
Culture and Recreation	1,248,616	1,281,447	0	0	1,248,616	1,281,447
Health and Welfare	35,474	35,713	0	0	35,474	35,713
Economic Development	130,980	87,214	0	0	130,980	87,214
Unallocated Interest on Long-term Debt	14,262	5,656	0	0	14,262	5,656
Electric Utility	0	0	3,887,764	3,933,270	3,887,764	3,933,270
Water and Sewer Utilities	0	0	1,717,709	1,644,813	1,717,709	1,644,813
Mosquito Control	0	0	18,531	14,607	18,531	14,607
Total Expenses	(6,585,390)	(6,496,355)	(5,624,004)	(5,592,690)	(12,209,394)	(12,089,045)
Increase in Net Position Before Transfers	781,179	4,981,154	1,439,446	867,141	2,220,625	5,848,295
Transfers	217,080	214,470	(217,080)	(214,470)	0	0
Change in Net Position	998,259	5,195,624	1,222,366	652,671	2,220,625	5,848,295
Net Position, Beginning of Year	16,414,735	11,219,111	17,648,159	16,995,488	34,062,894	28,214,599
Restatement	(144,709)	0	(34,537)	0	(179,246)	0
Net Position, Beginning of Year (as restated)	16,270,026	11,219,111	17,613,622	16,995,488	33,883,648	28,214,599
Net Position, End of Year	\$ 17,268,285	\$ 16,414,735	\$ 18,835,988	\$ 17,648,159	\$ 36,104,273	\$ 34,062,894

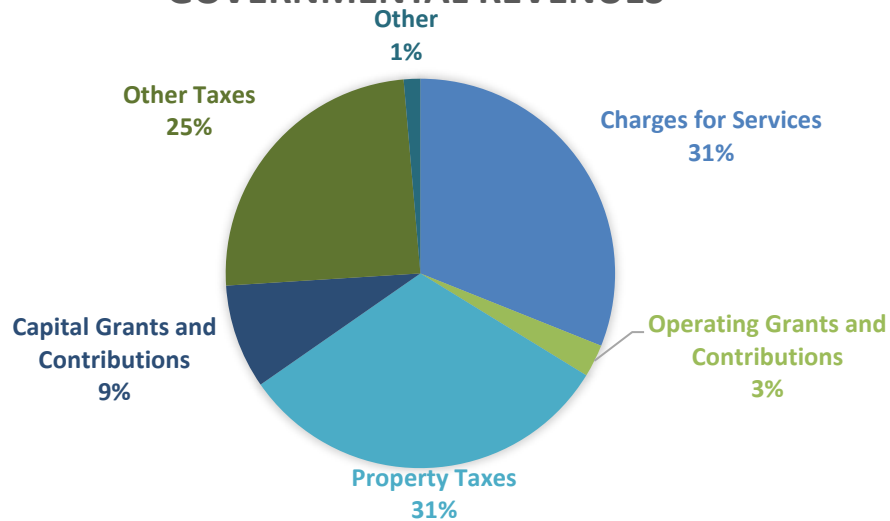
**CITY OF NEWBERRY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Continued)**

Government-wide Financial Analysis (Continued)

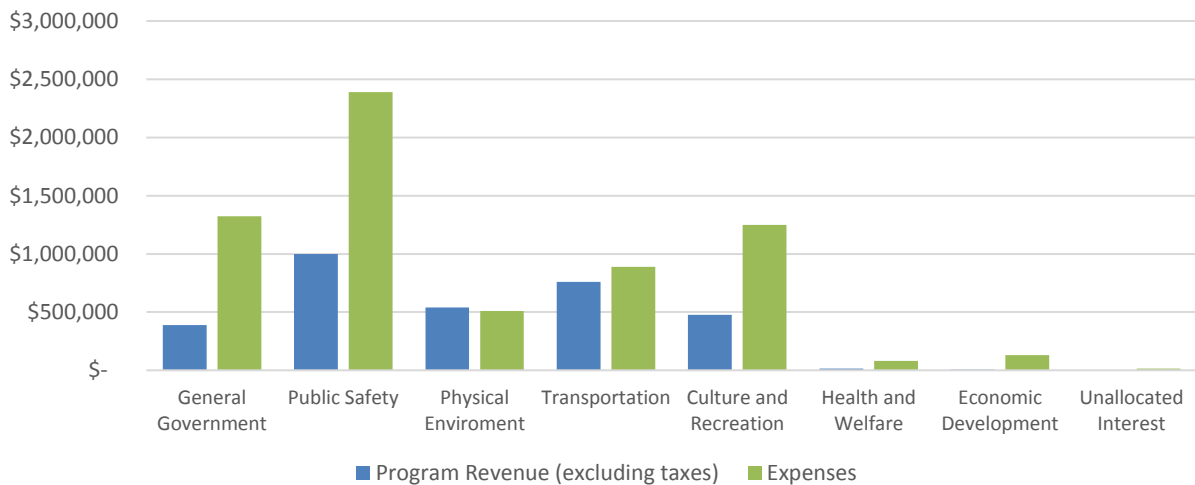
Governmental activities—Governmental activities increased the City’s net position by \$998,259 in 2018, compared with an increase of \$5,195,624 in 2017. Key elements of this change are as follows: a decrease in long-term debt related to Champions Park, and infrastructure that was deeded to the City as part of development.

Overall, governmental activities reported a decrease in revenues of 35.82 percent (\$4,110,940) and an increase in expenditures of 1.4 percent (\$89,035) in comparison with the prior year. This decrease in revenues was mainly due to the City receiving additional bed tax revenues from the county in the previous year. Those funds were used to pay off the Champions Park debt. This increase in expenses is mainly due the cost of inflation and rising costs of providing municipal services to our citizens.

GOVERNMENTAL REVENUES



PROGRAM REVENUES AND EXPENSES - GOVERNMENTAL ACTIVITIES

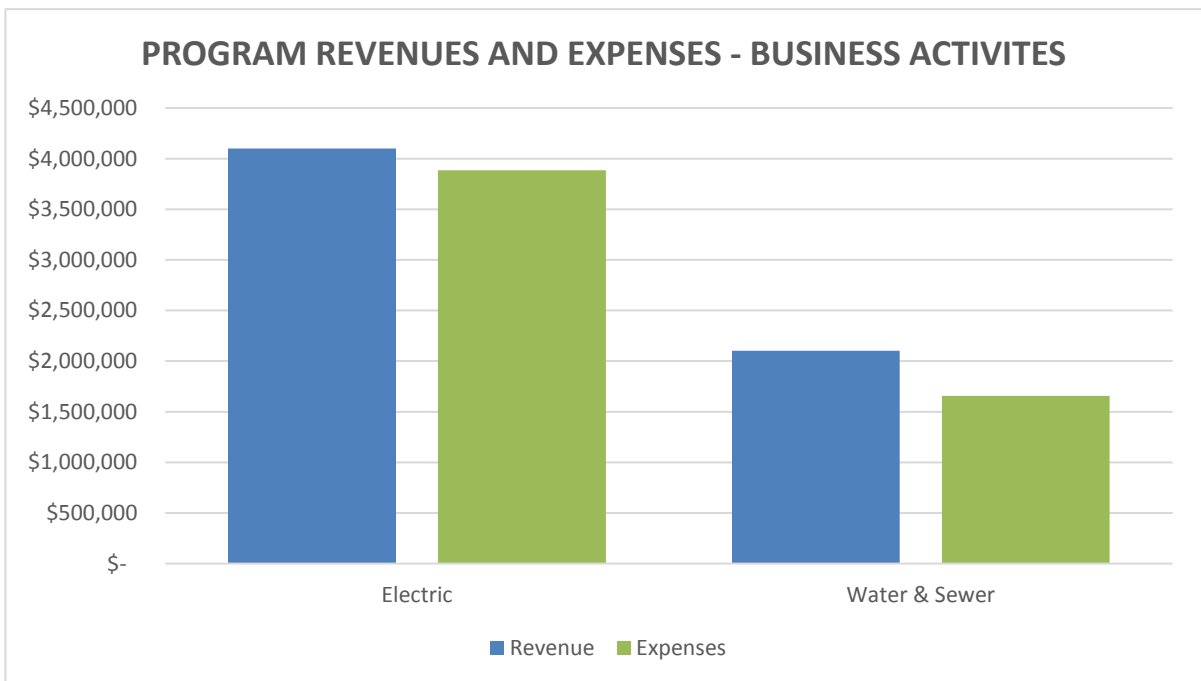


**CITY OF NEWBERRY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Continued)**

Government-wide Financial Analysis (Concluded)

Business-type activities—Business-type activities increased the City’s net position by \$1,222,366, while in 2017 net position increased by \$652,671. This change can be attributed to an increase in developer contributions in the current year, as well as increased revenue from charges for service.

- 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 4 to 46 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 499,000 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.

CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Continued)

Financial Analysis of the Government's Funds (Continued)

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.

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 \$1,846,573, an increase of \$231,132. Of the ending fund balance, \$45,531 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 2018. The restricted fund balance includes \$117,143 for transportation capital projects and \$77,337 for building department expenses. The remaining balance includes \$1,584,781 in unassigned fund balance, and \$21,781 in prepaid items. The City has adopted a policy of retaining two and a half months of operating expenses on hand as its emergency fund. For fiscal year 2018, \$1,221,138 met that requirement, the excess \$360,643 was available for any other expenditure.

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. At of the end of the current fiscal year, the Champions Park special revenue fund reported a balance of \$73,737. More information may be found on page 55.

Several non-major governmental funds exist for the reporting of certain projects and revenues of the City, including Diamond Sports Park and the Wild Spaces Public Places (WSPP) half cent sales tax. During the current year, the City ended its operations and management with the Alachua County School Board for Diamond Sports Park. As such, the fund was closed and the balances transferred to the general fund. As of the end of the current fiscal year, these funds reported an aggregated balance of \$571,818. More information on these funds can be found on pages 51-52.

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, 2018, for business-type activities were \$23,392,370, total liabilities and deferred inflows were \$4,556,382, and net position was \$18,835,988 after adjustment for consolidation of internal service fund activity of \$3,750. The statement of net position of the proprietary funds can be found on page 21 of this report.

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Continued)**

Financial Analysis of the Government's Funds (Concluded)

The unrestricted net position of the electric, water and sewer, and mosquito control funds at the end of the year were \$3,968,579, \$2,943,913, and \$9,922, respectively. The internal service funds reported an unrestricted net position of \$46,220. 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 \$201,093, \$1,022,097, and \$6,459 respectively. The internal service fund reported a total change of \$103,137 in net position. More information on the changes in net position of the proprietary funds can be found on page 22 of this report.

General Fund Budgetary Highlights

At September 30, 2018, the City's General Fund experienced a positive variance between its final operating revenue budget and actual operating revenue in the amount of \$115,976.

Positive variances can largely be attributed to collection of additional tax revenues.

The City's General Fund experienced a positive variance between its final operating expenditure budget and actual operating expenditures in the amount of \$517,678.

The schedule of revenues, expenditures, and changes in fund balance budget and actual can be found on page 46 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, 2018, amounts to \$32,155,544 (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 6.5%.

**City of Newberry
Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,241,636	\$ 1,240,136	\$ 414,426	\$ 414,426	\$ 1,656,062	\$ 1,654,562
Construction in Process	23,497	557,875	168,996	168,996	192,493	726,871
Buildings and Improvements	8,998,287	8,543,490	0	0	8,998,287	8,543,490
Equipment, Utility Systems, and Improvements	759,720	782,074	13,968,416	12,134,121	14,728,136	12,916,195
Infrastructure	6,580,566	6,340,783	0	0	6,580,566	6,340,783
Total	\$ 17,603,706	\$ 17,464,358	\$ 14,551,838	\$ 12,717,543	\$ 32,155,544	\$ 30,181,901

Additional information on the City's capital assets can be found on pages 32 - 33 of this report.

**CITY OF NEWBERRY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Continued)**

Capital Asset and Debt Administration (Concluded)

Long-term debt—At the end of the current fiscal year, the City of Newberry had total long-term debt outstanding of \$2,637,973. The full amount represents notes payables in the business-type activities for the expansion of the water system (\$511,263), and expansion to the wastewater treatment plant (\$2,126,710).

**City of Newberry
Outstanding Debt
Revenue Bonds, Loans, and Capital Leases**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Loans	\$ 0	\$ 395,000	\$ 2,637,973	\$ 2,787,745	\$ 2,637,973	\$ 3,182,745
Total	\$ 0	\$ 395,000	\$ 2,637,973	\$ 2,787,745	\$ 2,637,973	\$ 3,182,745

The City’s total debt decreased by \$544,772 (17.1 percent) during the current fiscal year. Primarily due to the payoff of the debt related to the Fire Station Expansion project.

Additional information on the City’s long-term debt can be found on pages 34 - 35 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 of the initiatives listed below were considered in preparing the City’s budget for the 2019 fiscal year:

■ **Generally**

The final certified citywide taxable value of property increased to \$413 million, representing an increase of 5%.

The population is estimated to be 6,249 at September 30, 2018.

The unemployment rate for the Gainesville MSA at September 30, 2018, was 2.7%, which includes the City of Newberry. This is a decrease from the previous fiscal year’s rate of 4.5%.

■ **Culture and Recreation**

Wild Spaces & Public Places—In 2016 the voters of Alachua County passed a discretionary half-cent sales tax for the funding of recreational and conservation programs. Funds started to be received in Fiscal Year 2017. The City has adopted a long-term projects plan for the expenditure of these funds on a variety of recreation facilities throughout the City.

CITY OF NEWBERRY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Concluded)

Economic Factors and Next Year's Budgets and Rates *(Concluded)*

■ **Public Safety**

The Fire Department budget for fiscal year 2018 includes continued funding for capital construction to complete the expansion and renovations of the existing fire station.

In Fiscal Year 2018, the Commission voted to pay off the existing debt related to the above-mentioned project.

■ **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.

The City of Newberry has begun the process of implementing an Advanced Metering Infrastructure system that enables two-way communication between utilities and customers. This will provide customers the ability to see their usage in real-time and provide the city more accurate usage data.

■ **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. Water and sewer rates were restructured in fiscal year 2016 to provide for more equitable pricing for low consumption users. The rates provide for adequate revenues and shall be reviewed annually in the budget process.

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 Finance Director, City of Newberry, 25440 West Newberry Road, Newberry, Florida 32669.

BASIC FINANCIAL STATEMENTS

CITY OF NEWBERRY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 2,832,848	\$ 3,994,873	\$ 6,827,721
Accounts Receivable	73,385	1,121,454	1,194,839
Investments	0	2,840,447	2,840,447
Due from Other Governments	352,883	0	352,883
Due from Others	70,847	34,768	105,615
Prepaid Items	21,781	85	21,866
Restricted Assets:			
Cash and Cash Equivalents	0	118,686	118,686
Capital Assets not Being Depreciated	1,265,133	583,422	1,848,555
Capital Assets Being Depreciated, Net of Accumulated Depreciation	16,338,573	13,968,416	30,306,989
Internal Balances	(290,057)	290,057	0
Total Assets	<u>20,665,393</u>	<u>22,952,208</u>	<u>43,617,601</u>
Deferred Outflows of Resources			
Pension Related	1,786,888	362,074	2,148,962
OPEB Related	202,110	78,088	280,198
Total Deferred Outflows of Resources	<u>1,988,998</u>	<u>440,162</u>	<u>2,429,160</u>
Liabilities			
Accounts Payable	335,338	359,358	694,696
Accrued Expenses	141,157	84,424	225,581
Accrued Interest Payable	0	5,733	5,733
Unearned Revenue	28,980	14,789	43,769
Customer Deposits	7,688	107,615	115,303
Power Costs Overrecovery	0	261,548	261,548
Noncurrent Liabilities:			
Due Within One Year	202,625	213,090	415,715
Due in More than One Year	4,291,679	3,430,545	7,722,224
Total Liabilities	<u>5,007,467</u>	<u>4,477,102</u>	<u>9,484,569</u>
Deferred Inflows of Resources			
Pension Related	378,639	79,280	457,919
Net Position			
Net Investment in Capital Assets	17,603,706	11,913,865	29,517,571
Restricted for:			
Building Department	77,337	0	77,337
Debt Service	0	9,885	9,885
Transportation	117,143	0	117,143
Recreation	595,250	0	595,250
Unrestricted	(1,125,151)	6,912,238	5,787,087
Total Net Position	<u>\$ 17,268,285</u>	<u>\$ 18,835,988</u>	<u>\$ 36,104,273</u>

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2018

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	\$ 1,336,282	\$ 320,875	\$ 11,885	\$ 0	\$ (1,003,522)	\$ 0	\$ (1,003,522)
Public Safety	2,389,694	982,526	15,007	0	(1,392,161)	0	(1,392,161)
Physical Environment	540,304	538,545	0	0	(1,759)	0	(1,759)
Transportation	889,778	27,354	140,894	590,706	(130,824)	0	(130,824)
Culture and Recreation	1,248,616	403,278	24,812	48,355	(772,171)	0	(772,171)
Health and Welfare	35,474	15,496	0	0	(19,978)	0	(19,978)
Economic Development	130,980	0	7,000	0	(123,980)	0	(123,980)
Unallocated Interest	14,262	0	0	0	(14,262)	0	(14,262)
Total Governmental Activities	6,585,390	2,288,074	199,598	639,061	(3,458,657)	0	(3,458,657)
Business-type Activities							
Electric	3,887,764	4,099,826	0	157,442	0	369,504	369,504
Water and Sewer	1,717,709	2,101,204	99,261	497,548	0	980,304	980,304
Mosquito Control	18,531	24,856	0	0	0	6,325	6,325
Total Business-type Activities	5,624,004	6,225,886	99,261	654,990	0	1,356,133	1,356,133
Total Government	\$ 12,209,394	\$ 8,513,960	\$ 298,859	\$ 1,294,051	(3,458,657)	1,356,133	(2,102,524)
		General Revenues					
		Property Taxes			2,324,614	0	2,324,614
		Sales Taxes			842,390	0	842,390
		Utility Service Taxes			761,772	0	761,772
		Communication Services Taxes			167,616	0	167,616
		Business License Taxes			41,995	0	41,995
		Investment Earnings			40,172	83,313	123,485
		Other			61,277	0	61,277
		Transfers			217,080	(217,080)	0
		Total General Revenues			4,456,916	(133,767)	4,323,149
		Change in Net Position			998,259	1,222,366	2,220,625
		Net Position, Beginning of Year			16,414,735	17,648,159	34,062,894
		Adjustment to Restate Beginning Net Position			(144,709)	(34,537)	(179,246)
		Net Position, Beginning of Year, as Restated			16,270,026	17,613,622	33,883,648
		Net Position, End of Year			\$ 17,268,285	\$ 18,835,988	\$ 36,104,273

See accompanying notes.

**CITY OF NEWBERRY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 2,210,419	\$ 566,033	\$ 2,776,452
Accounts Receivable	73,385	0	73,385
Due from Other Governments	226,886	125,997	352,883
Due from Others	66,064	4,783	70,847
Prepaid Items	21,781	0	21,781
Due from Other Funds	41,748	0	41,748
Total Assets	2,640,283	696,813	3,337,096
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	328,884	6,454	335,338
Accrued Expenses	138,101	3,056	141,157
Unearned Revenue	28,980	0	28,980
Deposits	7,688	0	7,688
Due from Other Funds	0	41,748	41,748
Advances from Other Funds	290,057	0	290,057
Total Liabilities	793,710	51,258	844,968
Fund Balances			
Nonspendable:			
Prepays	21,781	0	21,781
Restricted for:			
Building Department	77,337	0	77,337
Capital Projects - Transportation	117,143	0	117,143
Culture and Recreation	0	595,250	595,250
Assigned for:			
Capital Projects	0	50,305	50,305
Subsequent Year Budget	45,531	0	45,531
Unassigned	1,584,781	0	1,584,781
Total Fund Balances	1,846,573	645,555	2,492,128
Total Liabilities and Fund Balances	\$ 2,640,283	\$ 696,813	\$ 3,337,096

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Fund Balance - Total Governmental Funds \$ 2,492,128

**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 funds:

Cost of Assets	\$ 26,636,209	
(Accumulated Depreciation)	<u>(9,086,527)</u>	17,549,682

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	1,786,888	
Deferred Outflows on OPEB Liability	202,110	
Deferred Inflows on Pension Liability	<u>(378,639)</u>	1,610,359

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	(251,959)	
Other Post-employment Benefits	(328,401)	
Net Pension Liability	<u>(3,913,944)</u>	(4,494,304)

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.

110,420

Net Position of Governmental Activities **\$ 17,268,285**

See accompanying notes.

**CITY OF NEWBERRY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 3,459,501	\$ 338,973	\$ 3,798,474
Permits, Fees, and Special Assessments	1,101,492	0	1,101,492
Intergovernmental	811,528	53,138	864,666
Fines and Forfeitures	17,856	0	17,856
Charges for Services	803,108	163,264	966,372
Investment Earnings	35,279	4,893	40,172
Other	51,001	1,035	52,036
Interfund Charges	102,785	0	102,785
Total Revenues	6,382,550	561,303	6,943,853
Expenditures			
Current:			
General Government	1,350,516	0	1,350,516
Public Safety	2,292,888	0	2,292,888
Physical Environment	537,445	0	537,445
Transportation	515,524	0	515,524
Culture and Recreation	766,510	129,966	896,476
Health and Welfare	35,474	0	35,474
Economic Development	123,546	0	123,546
Debt Service:			
Principal	0	395,000	395,000
Interest	3,637	10,625	14,262
Capital Outlay	235,922	217,393	453,315
(Total Expenditures)	(5,861,462)	(752,984)	(6,614,446)
Excess (Deficiency) of Revenues Over (Under) Expenditures	521,088	(191,681)	329,407
Other Financing Sources (Uses)			
Transfer from Other Funds	258,828	503,784	762,612
Transfer to Other Funds	(548,784)	(41,748)	(590,532)
Total Other Financing Sources (Uses)	(289,956)	462,036	172,080
Net Change in Fund Balances	231,132	270,355	501,487
Fund Balances, Beginning of Year	1,615,441	375,200	1,990,641
Fund Balances, End of Year	\$ 1,846,573	\$ 645,555	\$ 2,492,128

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, 2018

Net Change in Fund Balance - Total Governmental Funds \$ 501,487

**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	\$ 453,316	
Donated Assets	525,501	
(Less Current Year Depreciation)	<u>(893,493)</u>	85,324

Repayment of long-term liabilities are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 395,000

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. (285,883)

The net change in net other postemployment benefit obligation liability (OPEB) and related deferred outflows and inflows of resources is reported in the statement of activities, but not in the governmental fund statements. 205,715

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:

Change in Compensated Absences Liability	(14,880)	
Change in Accrued Interest Payable	<u>1,076</u>	(13,804)

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. 110,420

Change in Net Position of Governmental Activities \$ 998,259

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds				
	Major Funds		Nonmajor Fund	Total Enterprise Funds	Internal Service Fund
	Electric	Water and Sewer	Mosquito Control		
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 2,160,243	\$ 1,779,981	\$ 13,811	\$ 3,954,035	\$ 97,234
Accounts Receivable	817,405	301,864	2,185	1,121,454	0
Due from Others	33,364	0	0	33,364	1,404
Prepays	0	0	0	0	85
Investments	1,545,019	1,295,428	0	2,840,447	0
Total Current Assets	4,556,031	3,377,273	15,996	7,949,300	98,723
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	88,585	30,101	0	118,686	0
Advances to Other Funds	290,057	0	0	290,057	0
Capital Assets:					
Land	66,263	348,163	0	414,426	0
Construction in Process	35,067	133,929	0	168,996	0
Property, Plant and Equipment (Accumulated Depreciation)	4,431,544 (2,540,205)	20,808,576 (8,752,680)	9,069 (1,814)	25,249,189 (11,294,699)	70,506 (2,556)
Capital Assets, Net	1,992,669	12,537,988	7,255	14,537,912	67,950
Total Noncurrent Assets	2,371,311	12,568,089	7,255	14,946,655	67,950
Total Assets	6,927,342	15,945,362	23,251	22,895,955	166,673
Deferred Outflows of Resources					
Pension Related	162,050	196,298	3,726	362,074	0
OPEB Related	36,747	41,341	0	78,088	0
Total Deferred Outflows of Resources	198,797	237,639	3,726	440,162	0
Liabilities					
Current Liabilities:					
Accounts Payable	262,571	88,494	99	351,164	8,194
Accrued Expenses	49,553	21,352	171	71,076	13,348
Unearned Revenue	0	14,789	0	14,789	0
Compensated Absences	33,641	1,988	178	35,807	19,795
Power Costs Overrecovery	261,548	0	0	261,548	0
Accrued Interest Payable	0	5,733	0	5,733	0
Current Portion of Long-term Debt	0	152,842	0	152,842	0
Current Portion of Other Postemployment Benefits	173	183	0	356	0
Current Portion of Net Pension Liability	2,026	2,200	64	4,290	0
Customer Deposits	88,585	18,580	0	107,165	450
Total Current Liabilities	698,097	306,161	512	1,004,770	41,787
Noncurrent Liabilities:					
Compensated Absences	17,302	783	76	18,161	10,716
Long-term Debt	0	2,485,131	0	2,485,131	0
Other Postemployment Benefits	59,537	66,990	0	126,527	0
Net Pension Liability	353,794	428,013	8,203	790,010	0
Total Noncurrent Liabilities	430,633	2,980,917	8,279	3,419,829	10,716
Total Liabilities	1,128,730	3,287,078	8,791	4,424,599	52,503
Deferred Inflows of Resources					
Pension Related	36,161	42,110	1,009	79,280	0
Net Position					
Net Investment in Capital Assets	1,992,669	9,900,015	7,255	11,899,939	67,950
Restricted for Debt Service	0	9,885	0	9,885	0
Unrestricted	3,968,579	2,943,913	9,922	6,922,414	46,220
Total Net Position	\$ 5,961,248	\$ 12,853,813	\$ 17,177	18,832,238	\$ 114,170
Adjustment to Reflect the Consolidation of Internal Service Fund Activity				3,750	
Net Position of Business-type Activities				\$ 18,835,988	

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, 2018

	Business-type Activities - Enterprise Funds				Business-type Activities Internal Service Fund
	Major Funds		Nonmajor Fund	Total Enterprise Funds	
	Electric	Water and Sewer	Mosquito Control		
Operating Revenues					
Charges for Services	\$ 4,096,226	\$ 1,619,906	\$ 24,531	\$ 5,740,663	\$ 0
Fees, Rentals, and Other	3,600	481,298	325	485,223	25,594
Interfund Charges	0	0	0	0	481,669
Total Operating Revenues	4,099,826	2,101,204	24,856	6,225,886	507,263
Operating Expenses					
Purchased Power	2,887,772	0	0	2,887,772	0
Personnel Services	373,273	404,300	6,048	783,621	382,549
Materials, Supplies, and Other	233,081	435,918	2,126	671,125	66,401
Billing and Administration	189,248	258,904	8,409	456,561	0
Depreciation	201,371	558,990	1,814	762,175	612
(Total Operating Expenses)	(3,884,745)	(1,658,112)	(18,397)	(5,561,254)	(449,562)
Operating Income	215,081	443,092	6,459	664,632	57,701
Nonoperating Revenues (Expenses)					
Grant Revenue	0	39,434	0	39,434	0
Interest Income	45,650	37,663	0	83,313	436
Miscellaneous	0	59,827	0	59,827	0
Interest Expense	0	(55,467)	0	(55,467)	0
Total Nonoperating Revenues (Expenses)	45,650	81,457	0	127,107	436
Income Before Capital Contributions and Transfers	260,731	524,549	6,459	791,739	58,137
Capital Contributions	157,442	497,548	0	654,990	0
Transfers in (out)	(217,080)	0	0	(217,080)	45,000
Change in Net Position	201,093	1,022,097	6,459	1,229,649	103,137
Net Position, Beginning of Year	5,783,361	11,843,047	10,718	17,637,126	11,033
Adjustment to Restate Beginning Net Position	(23,206)	(11,331)	0	(34,537)	0
Net Position, Beginning of Year, as Restated	5,760,155	11,831,716	10,718	17,602,589	11,033
Total Net Position, End of Year	\$ 5,961,248	\$ 12,853,813	\$ 17,177	\$ 18,832,238	\$ 114,170
Change in Net Position - Above				\$ 1,229,649	
Internal Service Fund Activities in the Enterprise Funds				(7,283)	
Change in Net Position of Business-type Activities				\$ 1,222,366	

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds				Business-type Activities	
	Major Funds		Nonmajor Fund	Total Enterprise Funds		Internal Service Fund
	Electric	Water and Sewer	Mosquito Control			
Cash Flows from Operating Activities						
Cash Received from Customers	\$ 4,100,154	\$ 2,058,279	\$ 24,822	\$ 6,183,255	\$ 0	
Receipts from Interfund Services Provided	0	0	0	0	517,673	
Cash Received from Other Sources	0	0	0	0	25,594	
Cash Payments to Suppliers for Goods and Services	(3,070,139)	(533,022)	(1,933)	(3,605,094)	(60,691)	
Cash Payments to Employees for Services	(366,957)	(371,853)	(4,987)	(743,797)	(380,861)	
Cash Payments for Interfund Charges	(189,248)	(258,904)	(8,409)	(456,561)	0	
Net Cash Provided by (Used in) Operating Activities	473,810	894,500	9,493	1,377,803	101,715	
Cash Flows from Noncapital Financing Activities						
Loan Repayments from Other Funds	71,385	0	0	71,385	0	
Transfer from (to) Other Funds	(217,080)	0	0	(217,080)	45,000	
Net Cash Provided by (Used in) Noncapital Financing Activities	(145,695)	0	0	(145,695)	45,000	
Cash Flows from Capital and Related Financing Activities						
Principal Paid on Long-term Debt	0	(149,772)	0	(149,772)	0	
Interest Paid on Long-term Debt	0	(55,745)	0	(55,745)	0	
Acquisition and Construction of Capital Assets	(123,903)	(1,815,541)	0	(1,939,444)	(57,588)	
Capital Grants	0	99,261	0	99,261	0	
Net Cash Provided by (Used in) Capital and Related Financing Activities	(123,903)	(1,921,797)	0	(2,045,700)	(57,588)	
Cash Flows from Investing Activities						
Proceeds from Maturities of Investments	486,461	488,511	0	974,972	0	
Interest on Investments	45,650	37,663	0	83,313	436	
Net Cash Provided by (Used in) Investing Activities	532,111	526,174	0	1,058,285	436	
Net Decrease in Cash and Cash Equivalents	736,323	(501,123)	9,493	244,693	89,563	
Cash and Cash Equivalents, Beginning of Year	1,512,505	2,311,205	4,318	3,828,028	7,671	
Cash and Cash Equivalents, End of Year	\$ 2,248,828	\$ 1,810,082	\$ 13,811	\$ 4,072,721	\$ 97,234	
<u>Presented on the Statement of Net Position as</u>						
Cash and Cash Equivalents	\$ 2,160,243	\$ 1,779,981	\$ 13,811	\$ 3,954,035	\$ 97,234	
Restricted Cash and Cash Equivalents	88,585	30,101	0	118,686	0	
Total Cash and Cash Equivalents	\$ 2,248,828	\$ 1,810,082	\$ 13,811	\$ 4,072,721	\$ 97,234	

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Concluded)

	Business-type Activities - Enterprise Funds				Business-type Activities Internal Service Fund
	Major Funds		Nonmajor Fund	Total Enterprise Funds	
	Electric	Water and Sewer	Mosquito Control		
<u>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</u>					
Operating Income	\$ 215,081	\$ 443,092	\$ 6,459	\$ 664,632	\$ 57,701
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	201,371	558,990	1,814	762,175	1,528
(Increase) Decrease in:					
Accounts Receivable	(24,268)	(44,226)	(34)	(68,528)	36,004
Due from Others	(27,680)	0	0	(27,680)	0
Prepaid Expenses	0	0	0	0	1,569
Increase (Decrease) in:					
Accounts Payable	50,714	(97,104)	193	(46,197)	3,225
Power Cost Overrecovery	60,286	0	0	60,286	0
Compensated Absences	6,925	149	14	7,088	1,688
Customer Deposits	(8,010)	1,301	0	(6,709)	0
OPEB Liability and Related Deferred Inflows and Outflows	(30,278)	(165)	0	(30,443)	0
Net Pension Liability and Related Deferred Inflows and Outflows	29,669	32,463	1,047	63,179	0
Total Adjustments	<u>258,729</u>	<u>451,408</u>	<u>3,034</u>	<u>713,171</u>	<u>44,014</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 473,810</u>	<u>\$ 894,500</u>	<u>\$ 9,493</u>	<u>\$ 1,377,803</u>	<u>\$ 101,715</u>
<u>Supplemental Disclosure of Noncash Activities</u>					
Contributed Assets	<u>\$ 105,242</u>	<u>\$ 497,548</u>	<u>\$ 0</u>	<u>\$ 602,790</u>	<u>\$ 0</u>

See accompanying notes.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 accompanying financial statements present the City only, since there are no component units for which the City is considered financially accountable.

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 nonfiduciary 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.

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.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 1 Summary of Significant Accounting Policies (Continued)

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

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 fund:

- The *general fund* is the government'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 City reports the following major proprietary funds:

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

In addition, the government reports the following fund type:

- The internal services fund accounts 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 government.

Proprietary funds distinguish *operating revenues and expenses* from *nonoperating* 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 nonoperating revenues and expenses.

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.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 1 Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments (Concluded)

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.

Investments of the City are reported at fair value.

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.

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 government 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, 2018
(Continued)

Note - 1 Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Concluded)

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:

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 1 Summary of Significant Accounting Policies (Continued)

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

Fund Balance (Concluded)

- *Nonspendable*—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- *Restricted*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *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.

Disbursements of fund balance reserves will first be made from restricted amounts when both restricted and unrestricted fund balance is available. Additionally, the City will first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period and will not be recognized as an outflow of resources until that future time. Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period and will not be recognized as an inflow of resources until that future time. 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 pensions and other postemployment benefits (OPEB).

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 1 Summary of Significant Accounting Policies (Concluded)

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

Deferred Inflows and Outflows of Resources (Concluded)

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 Note 3C and 3D. 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.

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. General property taxes are recorded as received, in cash, which approximates taxes levied less discounts for the current fiscal year.

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 Alachua 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. Recent GASB Standards

- Statement No 83, “*Certain Asset Retirement Obligations (AROs).*” This Statement addresses accounting and financial reporting for certain AROs. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement is currently under review and the City will consider the impact, if any, upon financial reporting. The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
- Statement No. 87, “*Leases.*” This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. This statement is currently under review and the City will consider the impact, if any, upon financial reporting. The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 2 Detailed Notes on All Funds

A. Deposits and Investments

At year-end, the entire bank balance was covered by Federal Depository Insurance 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* established 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.

The City's investments conform to the provisions of Florida Statutes, Section 218.415. At year-end the City's investments consisted of:

Certificates of Deposits - Business-type Funds	\$ 2,840,447
Total Investments	<u>\$ 2,840,447</u>

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, 2018
(Continued)

Note - 2 Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital Asset Activity for the Year Ended September 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,240,136	\$ 1,500	\$ 0	\$ 1,241,636
Construction in Process	557,875	23,496	(557,874)	23,497
Total Capital Assets, Not Being Depreciated	<u>1,798,011</u>	<u>24,996</u>	<u>(557,874)</u>	<u>1,265,133</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	10,630,569	730,432	0	11,361,001
Equipment, Furniture, Fixtures, and Vehicles	2,556,820	129,279	0	2,686,099
Infrastructure	10,671,992	706,924	0	11,378,916
Total Capital Assets, Being Depreciated	<u>23,859,381</u>	<u>1,566,635</u>	<u>0</u>	<u>25,426,016</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,087,079)	(275,635)	0	(2,362,714)
Equipment, Furniture, Fixtures, and Vehicles	(1,774,746)	(151,633)	0	(1,926,379)
Infrastructure	(4,331,209)	(467,141)	0	(4,798,350)
Total Accumulated Depreciation	<u>(8,193,034)</u>	<u>(894,409)</u>	<u>0</u>	<u>(9,087,443)</u>
Total Capital Assets Being Depreciated, Net	<u>15,666,347</u>	<u>672,226</u>	<u>0</u>	<u>16,338,573</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,464,358</u>	<u>\$ 697,222</u>	<u>\$ (557,874)</u>	<u>\$ 17,603,706</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 414,426	\$ 0	\$ 0	\$ 414,426
Construction in Progress	168,996	0	0	168,996
Total Capital Assets, Not Being Depreciated	<u>583,422</u>	<u>0</u>	<u>0</u>	<u>583,422</u>
Capital Assets, Being Depreciated:				
Electric Distribution System	3,552,199	281,347	0	3,833,546
Water and Sewer Distribution System	18,364,835	2,260,960	0	20,625,795
Vehicles and Equipment	750,638	54,775	0	805,413
Total Capital Assets, Being Depreciated	<u>22,667,672</u>	<u>2,597,082</u>	<u>0</u>	<u>25,264,754</u>
Less Accumulated Depreciation:				
Electric Distribution System	(2,086,799)	(150,739)	0	(2,237,538)
Water and Sewer Distribution System	(8,148,061)	(533,289)	0	(8,681,350)
Vehicles and Equipment	(298,691)	(78,759)	0	(377,450)
Total Accumulated Depreciation	<u>(10,533,551)</u>	<u>(762,787)</u>	<u>0</u>	<u>(11,296,338)</u>
Total Capital Assets Being Depreciated, Net	<u>12,134,121</u>	<u>1,834,295</u>	<u>0</u>	<u>13,968,416</u>
Business-type Activities Capital Assets, Net	<u>\$ 12,717,543</u>	<u>\$ 1,834,295</u>	<u>\$ 0</u>	<u>\$ 14,551,838</u>

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 2 Detailed Notes on All Funds (Continued)

B. Capital Assets (Concluded)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 59,886
Public Safety	77,509
Transportation	392,869
Culture and Recreation	<u>364,145</u>
Total	\$ <u>894,409</u>
Business-type Activities	
Electric	\$ 201,371
Water and Sewer	558,990
Mosquito Control	1,814
Internal Service Fund	<u>612</u>
Total	\$ <u>762,787</u>

C. Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at September 30, 2018:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund	General Fund	\$ 290,057
General Fund	Diamond Sports Park Fund	<u>41,748</u>
Total		\$ <u>331,805</u>

The outstanding balance between the electric and general funds resulted from a loan to the general fund for early repayment of governmental activities debt. The loan is not expected to be repaid within one year and is reported as long-term advances as of September 30, 2018.

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>Total</u>
	<u>General Fund</u>	<u>Non-major Fund</u>	<u>Internal Service Fund</u>	
Electric Fund	\$ 217,080	\$ 0	\$ 0	\$ 217,080
General Fund	0	503,784	45,000	548,784
Nonmajor Fund	<u>41,748</u>	<u>0</u>	<u>0</u>	<u>41,748</u>
Total	\$ <u>258,828</u>	\$ <u>503,784</u>	\$ <u>45,000</u>	\$ <u>807,612</u>

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 Debt Service Fund are debt service related and used for the prepayment of the Fire Station Loan. Transfers from the General Fund to the Capital Projects Fund were used to assist in the construction and renovation of the fire station.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 2 Detailed Notes on All Funds (Continued)

D. Long-term Liabilities

Long-term liability activity for the year ended September 30, 2018, 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 Station Loan	\$ 395,000	\$ 0	(395,000)	\$ 0	\$ 0
Compensated Absences	237,079	157,740	(142,860)	251,959	182,298
Net OPEB Liability	332,006 *	0	(3,605)	328,401	917
Net Pension Liability	3,713,499	200,445	0	3,913,944	19,410
Governmental Activity Long-term Liabilities	<u>\$ 4,677,584</u>	<u>\$ 358,185</u>	<u>\$ (541,465)</u>	<u>4,494,304</u>	<u>\$ 202,625</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type Activities					
State Revolving Fund Loans	\$ 2,787,745	\$ 0	\$ (149,772)	\$ 2,637,973	\$ 152,842
Compensated Absences	75,702	93,255	(84,478)	84,479	55,602
Net OPEB Liability	79,238 *	47,645	0	126,883	356
Net Pension Liability	750,002	44,298	0	794,300	4,290
Business-type Activity Long-term Liabilities	<u>\$ 3,692,687</u>	<u>\$ 185,198</u>	<u>\$ (234,250)</u>	<u>\$ 3,643,635</u>	<u>\$ 213,090</u>

* Implementation of GASB 75 resulted in a restatement of opening balances

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

Revenue bonds and loans payable are comprised of the following:

Business-type Activities

■ **Drinking Water State Revolving Fund Loan**

The City entered into a loan agreement with the Florida Department of Environmental Protection to finance the cost of improvements to the water distribution system for a total amended amount of \$714,610. Interest accrues at annual rates ranging from 2.43% to 3.26%. Principal and interest are due semiannually on March 16 and September 16 of each year until maturity on September 15, 2031. Pledged revenues consist of the net revenues of the water and sewer system.

■ **Clean Water State Revolving Fund Loan**

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 \$2,636,266. Interest accrues at annual rates ranging from 1.83% to 2.33%. Principal and interest are due semiannually on February 15 and August 15 of each year until maturity on August 15, 2034. Pledged revenues consist of the net revenues of the water and sewer system.

Annual Debt Service

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

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 2 Detailed Notes on All Funds (Concluded)

D. Long-term Liabilities (Concluded)

Annual Debt Service (Concluded)

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2019	\$ 152,842	\$ 32,720
2020	155,976	30,724
2021	159,176	28,684
2022	162,444	26,599
2023	165,780	24,466
2024-2028	881,469	88,671
2029-2033	881,490	29,620
2034	78,796	375
Total	\$ 2,637,973	\$ 261,859

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, 2018, the City has met its debt covenants.

Interest Expense

The total interest cost incurred by the City during the current fiscal year was \$69,729.

E. Pledged Revenues

The City has pledged certain revenues to repay bonds and notes outstanding as of September 30, 2018. 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 bonds and notes at September 30, 2018:

Pledged Revenue	Description of Bonds	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	\$ 1,079,179	\$ 205,516	19.04%	\$ 2,899,832	2034

Note - 3 Other Information

A. Commitments

Interlocal Agreement

During 2011, the City signed an interlocal agreement with Alachua County, Florida (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. In the prior fiscal year, the City received sufficient bed tax revenues from the County and used the proceeds to pay off the Champions Series 2015 bonds.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 3 Other Information (Continued)

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. To the extent the outcome of such litigation has been determined to result in probable loss to the City, an estimated loss has been accrued in the accompanying financial statements. The outcome of the remaining claims cannot be determined at this time.

C. 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.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 3 Other Information (Continued)

C. Retirement Plans (Continued)

Benefits Provided (Concluded)

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.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

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, 2018, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular Class	6.60%	1.66%
Special Risk Class	22.40%	1.66%
Senior Management Service Class	21.05%	1.66%
Elected Officials	47.04%	1.66%
DROP from FRS	12.37%	1.66%

The City's contributions for the year ended September 30, 2018, were \$359,768 to the FRS Pension Plan and \$49,394 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2018, the County 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, 2018. The County'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	\$ 3,740,763	\$ 967,482	N/A
Proportion at:			
Current Measurement Date	0.0124%	0.0091%	N/A
Prior Measurement Date	0.0119%	0.0088%	N/A
Pension Expense	\$ 686,748	\$ 82,608	\$ 0

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 3 Other Information (Continued)

C. Retirement Plans (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions (Concluded)

<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	\$ 85,719	\$ 0	\$ 11,160	\$ 0
Difference Between Expected and Actual Experience	316,899	11,502	14,812	1,644
Change of Assumptions	1,222,299	0	107,596	102,290
Changes of Proportion and Difference Between County Contributions and Proportionate Share of Contributions	312,815	41,542	77,078	11,921
Net Difference Between Projected and Actual Earnings on Pension Investments	<u>0</u>	<u>289,020</u>	<u>584</u>	<u>0</u>
Total	<u>\$ 1,937,732</u>	<u>\$ 342,064</u>	<u>\$ 211,230</u>	<u>\$ 115,855</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, 2019. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>FRS Amount</u>	<u>HIS Amount</u>
2019	\$ 525,122	\$ 23,930
2020	389,671	23,881
2021	118,143	24,234
2022	276,014	18,119
2023	173,510	(5,401)
Thereafter	<u>27,489</u>	<u>(548)</u>
Total	<u>\$ 1,509,949</u>	<u>\$ 84,215</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2018. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2018. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2018.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 3 Other Information (Continued)

C. Retirement Plans (Continued)

Actuarial Assumptions (Continued)

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	2.60%	2.60%
Salary Increases	3.25%	3.25%
Investment Rate of Return	7.00%	N/A
Discount Rate	7.00%	3.87%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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>Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate (Property)	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
Assumed Inflation – Mean		2.6%		1.9%

Note: (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 7.00%. 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 7.00% rate of return assumption is reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27).

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 3 Other Information (Continued)

C. Retirement Plans (Continued)

Actuarial Assumptions (Concluded)

Discount Rate. (Concluded)

The discount rate used to measure the total pension liability for the HIS Pension Plan was 3.87%. 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.

Sensitivity of the City's Proportionate Share of the Net Position 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the Net Pension Liability	\$ 6,827,049	\$ 3,740,763	\$ 1,177,420

HIS

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
City's Proportionate Share of the Net Pension Liability	\$ 1,101,905	\$ 967,482	\$ 855,432

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 Comprehensive Annual Financial Report.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 3 Other Information (Continued)

C. Retirement Plans (Continued)

FRS – Defined Contribution Pension Plan

The City contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members’ accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.), as the FRS defined-benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members’ accounts during the Plan’s 2017-18 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30%
FRS, Elected Officers	11.34%
FRS, Senior Management Service	7.67%
FRS, Special Risk Regular	14.00%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five-years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 3 Other Information (Continued)

C. Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City’s Investment Plan pension expense totaled \$60,318 for the fiscal year ended September 30, 2018.

D. Other Postemployment Benefits (OPEB)

Plan Description

The OPEB Plan is a single-employer defined benefit plan administered by the City. Retirees are charged what the insurance company charges for the type of coverage elected; however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost, which means the City is subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee.

Retirees and their dependents are permitted to remain covered under the City’s respective health care plans as long as they pay a full premium applicable to the coverage elected. This conforms to the minimum required of Florida governmental employers per Chapter 112.0801 of Florida Statutes. The OPEB Plan does not issue a stand-alone report.

At October 1, 2017, the date of the latest actuarial valuation, plan participation consisted of:

Active Employees	48
Retirees and Beneficiaries Receiving Benefits	<u>2</u>
	<u><u>50</u></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 Bond Buyer 20-Bond General Obligation Index. The discount rate is 3.64% as of the October 1, 2017, value of the index.

Total OPEB Liability

The City’s total OPEB liability of \$455,284 was measured as of September 30, 2018. The actuarial valuation date was October 1, 2018.

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 3 Other Information (Continued)

D. Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability (Concluded)

Changes in the Total OPEB Liability

Total OPEB Liability,	
Beginning of Year, as Restated	\$ 411,244
Service Cost	12,905
Interest on Total OPEB Liability	14,955
Difference Between Actual and Expected Experience	16,977
Benefit Payments	(797)
Net Change in Total OPEB Liability	<u>44,040</u>
Total OPEB Liability, End of Year	<u>\$ 455,284</u>

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
	<u>2.64</u>	<u>3.64%</u>	<u>4.64%</u>
Total OPEB Liability	<u>\$ 504,995</u>	<u>\$ 455,284</u>	<u>\$ 412,915</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 Cost Trend Rate	1% Increase
	<u>378.093</u>	<u>455.284</u>	<u>550.822</u>
Total OPEB Liability	<u>\$ 378,093</u>	<u>\$ 455,284</u>	<u>\$ 550,822</u>

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

For the fiscal year ended September 30, 2018, the City recognized OPEB expense of \$55,852. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions and Other Inputs	\$ 253,514	\$ 0
Actual vs. Expected Experience	26,684	0
Total	<u>\$ 280,198</u>	<u>\$ 0</u>

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note - 3 Other Information (Continued)

D. Other Postemployment Benefits (OPEB) (Concluded)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded)

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

Fiscal Year Ending September 30	Amount
2019	\$ 27,992
2020	27,992
2021	27,992
2022	27,992
2023	27,992
Thereafter	140,238
Total	\$ 280,198

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial methods and assumptions include the following:

Actuarial Valuation Date:	October 1, 2018
Measurement Date:	September 30, 2018
Reporting Date:	September 30, 2018
Actuarial Cost Method:	Entry Age Normal Cost
Discount Rate:	3.64%
Projected Salary Increases:	2.0%
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 SOA RP-2014 Total Dataset Mortality with Scale MP-2017
Healthcare Cost Trend Rate:	Current Year Trend 9.69%
	Second Year Trend 9.50%
	Decrement 0.50%
	Ultimate Trend Rate 5.00%
Expenses:	Included in the premiums used

CITY OF NEWBERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Concluded)

Note - 3 Other Information (Concluded)

E. 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.

F. Restatement

During the fiscal year ended September 30, 2018, the City implemented GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. In compliance with this statement, the City's liability for its net OPEB liability and related deferred outflows and deferred inflows of resources have been recorded resulting in a restatement of beginning net position as follows:

	Net Position Beginning of the Year	Cumulative Effect of Implementing GASB 75	Net Position Beginning of the Year (Restated)
Governmental Activities	\$ 16,414,735	\$ (144,709)	\$ 16,270,026
Business-type Activities	17,637,126	(34,537)	17,602,589

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWBERRY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,268,005	\$ 3,490,950	\$ 3,459,501	\$ (31,449)
Permits, Fees, and Special Assessments	984,950	1,026,350	1,101,492	75,142
Intergovernmental	706,945	539,000	811,528	272,528
Fines and Forfeitures	5,000	13,400	17,856	4,456
Charges for Services	876,290	941,410	803,108	(138,302)
Miscellaneous Revenues	29,120	49,800	35,279	(14,521)
Other	50,000	101,250	51,001	(50,249)
Interfund Charges	104,414	104,414	102,785	(1,629)
Total Revenues	6,024,724	6,266,574	6,382,550	115,976
Expenditures				
General Government:				
Legislative	115,120	119,220	104,642	14,578
Executive	393,660	393,660	373,712	19,948
Finance and Administrative	337,220	337,220	324,677	12,543
Legal Counsel	90,250	110,250	124,262	(14,012)
Comprehensive Planning	165,300	181,800	154,768	27,032
Other General Government Services	550,818	552,068	310,743	241,325
Public Safety:				
Fire Control	1,258,200	1,264,100	1,216,184	47,916
Law Enforcement	787,250	787,250	777,149	10,101
Building and Zoning	277,650	290,650	270,405	20,245
Code Enforcement	95,510	75,010	58,821	16,189
Transportation	656,950	666,950	665,400	1,550
Culture and Recreation	843,656	884,556	781,411	103,145
Health and Welfare	35,956	47,206	35,474	11,732
Economic Environment	97,700	128,200	123,546	4,654
Physical Environment:				
Solid Waste	462,406	511,000	510,268	732
Stormwater	0	30,000	30,000	0
(Total Expenditures)	(6,167,646)	(6,379,140)	(5,861,462)	517,678
Excess of Revenues Over Expenditures	(142,922)	(112,566)	521,088	633,654
Other Financing Sources				
Transfers to Other Funds	(116,230)	(548,855)	(548,784)	71
Transfer from Other Funds	217,080	267,080	258,828	(8,252)
Total Other Financing Sources	100,850	(281,775)	(289,956)	(8,181)
Net Change in Fund Balance	(42,072)	(394,341)	231,132	625,473
Fund Balances, Beginning of Year	879,819	1,615,441	1,615,441	0
Fund Balances, End of Year	\$ 837,747	\$ 1,221,100	\$ 1,846,573	\$ 625,473

CITY OF NEWBERRY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2018

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Newberry's Proportion of the FRS Net Pension Liability	0.012419319%	0.011896231%	0.010542663%	0.009341129%
City of Newberry's Proportionate Share of the FRS Net Pension Liability	\$ 3,740,763	\$ 3,518,825	\$ 2,662,031	\$ 1,206,552
City of Newberry's Covered Payroll (for the Year Ended June 30)	2,986,205	2,816,687	2,408,663	2,471,327
City of Newberry's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	125.27%	124.93%	110.52%	48.82%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%

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.

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Newberry's Proportion of the HIS Net Pension Liability	0.091408880%	0.008834977%	0.008752638%	0.007939591%
City of Newberry's Proportionate Share of the HIS Net Pension Liability	\$ 967,482	\$ 944,676	\$ 1,020,084	\$ 809,713
City of Newberry's Covered-Employee Payroll	2,986,205	2,816,687	2,408,663	2,471,327
City of Newberry's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	32.40%	33.54%	42.35%	32.76%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%

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.

CITY OF NEWBERRY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2018

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 359,768	\$ 312,743	\$ 256,615	\$ 228,396
FRS Contribution in Relation to the Contractually Required Contribution	<u>(359,768)</u>	<u>(312,743)</u>	<u>(256,615)</u>	<u>(228,396)</u>
FRS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-Employee Payroll (for the Year Ended September 30)	\$ 2,975,542	\$ 2,874,096	\$ 2,647,212	\$ 2,471,327
FRS Contributions as a Percentage of Covered Payroll	12.09%	10.88%	9.69%	9.24%

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 49,394	\$ 47,710	\$ 43,895	\$ 33,584
HIS Contribution in Relation to the Contractually Required Contribution	<u>(49,394)</u>	<u>(47,710)</u>	<u>(43,895)</u>	<u>(33,584)</u>
HIS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-Employee Payroll (for the Year Ended September 30)	\$ 2,975,542	\$ 2,874,096	\$ 2,647,212	\$ 2,471,327
HIS Contributions as a Percentage of Covered-Employee Payroll	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, 2018

	2018
Total OPEB Liability	
Service Cost	\$ 12,905
Interest on the Total OPEB Liability	14,955
Changes of Benefit Terms	0
Difference Between Expected and Actual Experience	16,977
Changes of Assumptions and Other Inputs	0
Benefit Payments	(797)
Net Change in Total OPEB Liability	44,040
Total OPEB Liability - Beginning	411,244
Total OPEB Liability - Ending	455,284
Covered-employee Payroll	\$ 2,292,892
Total OPEB Liability as a Percentage of Covered-employee Payroll	19.86%

Notes to the Schedule

10 years of data will be presented as available.

CITY OF NEWBERRY, FLORIDA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018

Note - 1 Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

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 the department level; however, the City Commission may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

B. Excess of Expenditures Over Appropriations

For the year ended September 30, 2018, the City's legal counsel department exceeded appropriations by \$14,012.

OTHER SUPPLEMENTARY INFORMATION

CITY OF NEWBERRY, FLORIDA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>Special Revenue Funds</u>					Total Nonmajor Governmental Funds
	Diamond Sports Park	Wild Spaces Public Places	Champions Park Special Revenue Fund	Capital Improvement Fund	Debt Service Fund	
Assets						
Cash and Cash Equivalents	\$ 41,766	\$ 433,531	\$ 38,581	\$ 52,155	\$ 0	\$ 566,033
Due from Others	0	0	4,783	0	0	4,783
Due from Other Governments	0	87,982	38,015	0	0	125,997
Total Assets	<u>41,766</u>	<u>521,513</u>	<u>81,379</u>	<u>52,155</u>	<u>0</u>	<u>696,813</u>
Liabilities and Fund Balance						
Liabilities						
Accounts Payable	18	0	4,586	1,850	0	6,454
Accrued Expenses	0	0	3,056	0	0	3,056
Due to Other Funds	41,748	0	0	0	0	41,748
Total Liabilities	<u>41,766</u>	<u>0</u>	<u>7,642</u>	<u>1,850</u>	<u>0</u>	<u>51,258</u>
Fund Balance						
Restricted for:						
Culture and Recreation	0	521,513	73,737	0	0	595,250
Assigned for:						
Capital Projects - Public Safety	0	0	0	50,305	0	50,305
Total Fund Balance	<u>0</u>	<u>521,513</u>	<u>73,737</u>	<u>50,305</u>	<u>0</u>	<u>645,555</u>
Total Liabilities and Fund Balance	<u>\$ 41,766</u>	<u>\$ 521,513</u>	<u>\$ 81,379</u>	<u>\$ 52,155</u>	<u>\$ 0</u>	<u>\$ 696,813</u>

**CITY OF NEWBERRY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Special Revenue Funds</u>					Total Nonmajor Governmental Funds
	Diamond Sports Park	Wild Spaces Public Places	Champions Park Special Revenue Fund	Capital Improvement Fund	Debt Service Fund	
Revenues						
Taxes	\$ 0	\$ 338,973	\$ 0	\$ 0	\$ 0	\$ 338,973
Intergovernmental	0	48,355	4,783	0	0	53,138
Charges for Services	134,298	0	28,966	0	0	163,264
Investment Earnings	432	4,163	298	0	0	4,893
Other	1,035	0	0	0	0	1,035
Total Revenues	<u>135,765</u>	<u>391,491</u>	<u>34,047</u>	<u>0</u>	<u>0</u>	<u>561,303</u>
Expenditures						
Current:						
Culture and Recreation	117,756	1,500	9,432	1,278	0	129,966
Capital Outlay	0	8,225	20,256	188,912	0	217,393
Principal Expense	0	0	0	0	395,000	395,000
Interest Expenses	0	0	0	0	10,625	10,625
(Total Expenditures)	<u>(117,756)</u>	<u>(9,725)</u>	<u>(29,688)</u>	<u>(190,190)</u>	<u>(405,625)</u>	<u>(752,984)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,009</u>	<u>381,766</u>	<u>4,359</u>	<u>(190,190)</u>	<u>(405,625)</u>	<u>(191,681)</u>
Other Financing Sources						
Transfer (to)/from Other Funds	(41,748)	0	0	98,230	405,554	462,036
Total Other Financing Sources	<u>(41,748)</u>	<u>0</u>	<u>0</u>	<u>98,230</u>	<u>405,554</u>	<u>462,036</u>
Net Change in Fund Balances	(23,739)	381,766	4,359	(91,960)	(71)	270,355
Fund Balance, Beginning of Year	<u>23,739</u>	<u>139,747</u>	<u>69,378</u>	<u>142,265</u>	<u>71</u>	<u>375,200</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 521,513</u>	<u>\$ 73,737</u>	<u>\$ 50,305</u>	<u>\$ 0</u>	<u>\$ 645,555</u>

CITY OF NEWBERRY, FLORIDA
DIAMOND SPORTS PARK SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Charges for Services	\$ 186,000	\$ 134,298	\$ (51,702)
Miscellaneous	100	1,467	1,367
Total Revenues	<u>186,100</u>	<u>135,765</u>	<u>(50,335)</u>
Expenditures			
Culture and Recreation	146,010	117,756	28,254
(Total Expenditures)	<u>(146,010)</u>	<u>(117,756)</u>	<u>28,254</u>
Excess of Revenues Over Expenditures	<u>40,090</u>	<u>18,009</u>	<u>(22,081)</u>
Other Financing (Uses)			
Other Financing (Uses)	(50,000)	(41,748)	(8,252)
Total Other Financing (Uses)	<u>(50,000)</u>	<u>(41,748)</u>	<u>(8,252)</u>
Net Change in Fund Balance	(9,910)	(23,739)	(13,829)
Fund Balance, Beginning of Year	<u>23,739</u>	<u>23,739</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 13,829</u>	<u>\$ 0</u>	<u>\$ (13,829)</u>

CITY OF NEWBERRY, FLORIDA
WILD SPACES PUBLIC PLACES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes	\$ 330,000	\$ 338,973	\$ 8,973
Intergovernmental	400,000	48,355	(351,645)
Miscellaneous Revenues	0	4,163	4,163
Total Revenues	<u>730,000</u>	<u>391,491</u>	<u>(338,509)</u>
Expenditures			
Culture and Recreation	<u>773,990</u>	<u>9,725</u>	<u>764,265</u>
(Total Expenditures)	<u>(773,990)</u>	<u>(9,725)</u>	<u>764,265</u>
Excess of Revenues Over Expenditures	<u>(43,990)</u>	<u>381,766</u>	<u>425,756</u>
Net Change in Fund Balance	(43,990)	381,766	425,756
Fund Balance, Beginning of Year	<u>139,747</u>	<u>139,747</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 95,757</u>	<u>\$ 521,513</u>	<u>\$ 425,756</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, 2018**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$ 0	\$ 4,783	\$ 4,783
Charges for Services	25,000	28,966	3,966
Other	0	298	298
Total Revenues	<u>25,000</u>	<u>34,047</u>	<u>9,047</u>
Expenditures			
Culture and Recreation	<u>75,000</u>	<u>29,688</u>	<u>45,312</u>
(Total Expenditures)	<u>(75,000)</u>	<u>(29,688)</u>	<u>45,312</u>
Excess of Revenues Over Expenditures	<u>(50,000)</u>	<u>4,359</u>	<u>54,359</u>
Net Change in Fund Balance	(50,000)	4,359	54,359
Fund Balance, Beginning of Year	<u>50,000</u>	<u>69,378</u>	<u>19,378</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 73,737</u>	<u>\$ 73,737</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, 2018**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues	\$ 0	\$ 0	\$ 0
Expenditures			
Public Safety	240,495	190,190	50,305
(Total Expenditures)	<u>(240,495)</u>	<u>(190,190)</u>	<u>50,305</u>
(Deficiency) of Revenues (Under)			
Expenditures	<u>(240,495)</u>	<u>(190,190)</u>	<u>50,305</u>
Other Financing Sources			
Transfers in	98,230	98,230	0
Total Other Financing Sources	<u>98,230</u>	<u>98,230</u>	<u>0</u>
Net Change in Fund Balance	(142,265)	(91,960)	50,305
Fund Balance, Beginning of Year	<u>142,265</u>	<u>142,265</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 50,305</u>	<u>\$ 50,305</u>

**CITY OF NEWBERRY, FLORIDA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Miscellaneous Revenues	\$ 10	\$ 0	\$ (10)
Total Revenues	<u>10</u>	<u>0</u>	<u>(10)</u>
Expenditures			
Culture and Recreation:			
Debt Service	405,625	405,625	0
(Total Expenditures)	<u>(405,625)</u>	<u>(405,625)</u>	<u>0</u>
(Deficiency) of Revenues (Under)			
Expenditures	<u>(405,615)</u>	<u>(405,625)</u>	<u>(10)</u>
Other Financing Sources (Uses)			
Transfer from Other Funds	405,625	405,554	(71)
Total Other Financing Sources (Uses)	<u>405,625</u>	<u>405,554</u>	<u>(71)</u>
Net Change in Fund Balance	10	(71)	(81)
Fund Balance, Beginning of Year	<u>81</u>	<u>71</u>	<u>(10)</u>
Fund Balance, End of Year	<u>\$ 91</u>	<u>\$ 0</u>	<u>\$ (91)</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, 2017 AND 2018

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for Services	\$ 1,619,906	\$ 1,556,895
Fees, Rentals, and Other	481,298	374,779
Total Operating Revenues	<u>2,101,204</u>	<u>1,931,674</u>
Operating Expenses		
Personnel Services	404,300	359,302
Materials, Supplies, and Other	435,918	441,444
Billing and Administration	258,904	245,847
Depreciation	558,990	511,023
(Total Operating Expenses)	<u>(1,658,112)</u>	<u>(1,557,616)</u>
Operating Income	<u>443,092</u>	<u>374,058</u>
Nonoperating Revenues (Expenses)		
Grant Revenue	39,434	0
Interest Income	37,663	20,080
Interest Expense	(55,467)	(58,479)
Loss on Disposal of Capital Assets	0	(31,551)
Miscellaneous Income	59,827	1,225
Total Nonoperating Revenues (Expenses)	<u>81,457</u>	<u>(68,725)</u>
Income Before Contributions and Transfers	524,549	305,333
Capital Contributions	<u>497,548</u>	<u>341,304</u>
Change in Net Position	1,022,097	646,637
Total Net Position, Beginning of Year	<u>11,843,047</u>	<u>11,196,410</u>
Prior Period Adjustment	<u>(11,331)</u>	<u>0</u>
Total Net Position, Beginning of Year (as Restated)	<u>11,831,716</u>	<u>11,196,410</u>
Total Net Position, End of Year	<u>\$ 12,853,813</u>	<u>\$ 11,843,047</u>

STATISTICAL SECTION

STATISTICAL SECTION

(unaudited)

This part of the City of Newberry, Florida's comprehensive annual 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.	59
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.	64
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.	70
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.	74
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.	76
Sources: <i>Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.</i>	

FINANCIAL TRENDS INFORMATION

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities										
Invested in capital assets, net of related debt	\$ 7,931,841	\$ 8,177,047	\$ 2,318,120	\$ 10,130,638	\$ 10,020,646	\$ 10,484,429	\$ 10,288,387	\$ 12,169,576	\$ 17,069,358	\$ 17,603,706
Restricted	279,235	482,510	6,426,768	209,622	156,147	143,438	359,734	360,014	361,699	789,730
Unrestricted	<u>655,287</u>	<u>149,533</u>	<u>422,529</u>	<u>(85,319)</u>	<u>14,462</u>	<u>70,143</u>	<u>(1,377,088)</u>	<u>(1,310,479)</u>	<u>(1,016,322)</u>	<u>(1,125,151)</u>
Total governmental activities net position	<u>8,866,363</u>	<u>8,809,090</u>	<u>9,167,417</u>	<u>10,254,941</u>	<u>10,191,255</u>	<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>
Business-type Activities										
Invested in capital assets, net of related debt	7,288,267	7,017,113	7,283,019	7,761,258	7,822,767	8,056,468	8,340,063	9,303,739	9,929,798	11,913,865
Restricted	28,230	33,876	39,522	45,168	46,190	9,514	9,340	9,518	9,700	9,885
Unrestricted	<u>6,140,644</u>	<u>6,885,340</u>	<u>7,266,885</u>	<u>7,367,619</u>	<u>7,475,240</u>	<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>
Total business-type net position	<u>13,457,141</u>	<u>13,936,329</u>	<u>14,589,426</u>	<u>15,174,045</u>	<u>15,344,197</u>	<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>
Total Government										
Invested in capital assets, net of related debt	15,220,108	15,194,160	9,601,139	17,891,896	17,843,413	18,540,897	18,628,450	21,473,315	26,999,156	29,517,571
Restricted	307,465	516,386	6,466,290	254,790	202,337	152,952	369,074	369,532	371,399	799,615
Unrestricted	<u>6,795,931</u>	<u>7,034,873</u>	<u>7,689,414</u>	<u>7,282,300</u>	<u>7,489,702</u>	<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>
Total government net position	<u>\$ 22,323,504</u>	<u>\$ 22,745,419</u>	<u>\$ 23,756,843</u>	<u>\$ 25,428,986</u>	<u>\$ 25,535,452</u>	<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>

Source: City of Newberry Financial Reports

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses										
Governmental activities:										
General government	\$ 1,108,391	\$ 1,097,058	\$ 1,108,756	\$ 1,118,735	\$ 1,148,997	\$ 953,180	\$ 993,353	\$ 1,200,185	\$ 1,355,008	\$ 1,336,282
Public safety	1,131,746	1,150,506	1,152,871	1,132,622	1,178,625	1,106,462	1,136,809	1,431,214	2,345,314	2,389,694
Physical Environment	-	-	-	-	-	-	406,715	524,304	559,465	540,304
Transportation	568,140	651,923	656,835	734,686	739,018	735,308	675,343	730,779	826,538	889,778
Culture and Recreation	665,511	892,843	982,780	1,171,970	1,579,900	1,304,502	1,301,168	1,239,440	1,281,447	1,248,616
Health and Welfare	51,933	44,567	48,333	47,029	41,475	41,864	17,975	15,469	35,713	35,474
Economic Development	-	-	-	-	-	-	-	85,871	87,214	130,980
Interest on long term debt	7,624	13,119	199,955	250,063	22,646	1,538	7,097	6,248	5,656	14,262
Total governmental activities expenses	<u>3,533,345</u>	<u>3,850,016</u>	<u>4,149,530</u>	<u>4,455,105</u>	<u>4,710,661</u>	<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>
Business-type Activities										
Electric	4,227,919	4,124,484	3,616,472	3,523,667	4,062,132	3,887,834	3,916,988	3,854,346	3,933,270	3,887,764
Water and sewer	1,152,099	1,160,480	1,164,494	1,291,051	1,324,918	1,476,559	1,449,549	1,527,571	1,644,813	1,717,709
Mosquito control	-	-	-	-	-	-	-	21,153	14,607	18,531
Total business-type activities	<u>5,380,018</u>	<u>5,284,964</u>	<u>4,780,966</u>	<u>4,814,718</u>	<u>5,387,050</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	73,349	82,916	80,903	43,989	35,885	83,107	24,057	27,998	281,634	320,875
Public safety	409,228	438,330	440,930	467,576	583,729	540,334	617,936	736,760	838,564	982,526
Physical Environment	-	-	-	-	-	-	476,581	561,460	545,933	538,545
Health and Welfare	23,450	18,425	14,250	15,275	21,321	18,848	12,235	11,326	17,152	15,496
Transportation	-	-	-	-	19,030	22,447	24,341	26,501	27,294	27,354
Culture and recreation	221,258	227,176	340,173	307,308	319,661	330,225	366,112	336,189	393,786	403,278
Operating grants and contributions	595,221	590,339	400,422	409,828	800,943	803,432	1,014,090	1,691,777	4,590,683	199,598
Capital grants and contributions	1,446,808	-	700,000	774,874	250,340	147,828	91,945	975,527	881,013	639,061
Total governmental activities program revenues	<u>2,769,314</u>	<u>1,357,186</u>	<u>1,976,678</u>	<u>2,018,850</u>	<u>2,030,909</u>	<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>
Business-type activities:										
Charges for services:										
Electric	4,412,116	4,554,954	4,068,134	3,819,008	4,064,249	3,976,064	4,040,798	4,084,388	4,008,652	4,099,826
Water and sewer	1,071,097	1,142,199	1,420,183	1,339,845	1,474,260	1,413,314	1,588,494	1,900,800	1,931,674	2,101,204
Mosquito control	-	-	-	-	-	-	-	22,917	23,689	24,856
Operating grants and contributions	-	-	11,553	-	24,098	14,117	11,302	1,080	14,348	99,261
Capital grants and contributions	16,017	8,670	-	722,280	203,142	-	91,943	1,025,779	437,750	654,990
Total business-type activities program revenues	<u>5,499,230</u>	<u>5,705,823</u>	<u>5,499,870</u>	<u>5,881,133</u>	<u>5,765,749</u>	<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>
Total Revenues	<u>8,268,544</u>	<u>7,063,009</u>	<u>7,476,548</u>	<u>7,899,983</u>	<u>7,796,658</u>	<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>
Net (Expense) Revenue										
Governmental activities	(764,031)	(2,492,830)	(2,172,852)	(2,436,255)	(2,679,752)	(2,196,633)	(1,911,163)	(865,972)	1,079,704	(3,458,657)
Business-type activities	119,212	420,859	718,904	1,066,415	378,699	39,102	366,000	1,631,894	823,423	1,356,133
Total government net expense	<u>\$ (644,819)</u>	<u>\$ (2,071,971)</u>	<u>\$ (1,453,948)</u>	<u>\$ (1,369,840)</u>	<u>\$ (2,301,053)</u>	<u>\$ (2,157,531)</u>	<u>\$ (1,545,163)</u>	<u>\$ 765,922</u>	<u>\$ 1,903,127</u>	<u>\$ (2,102,524)</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:										
Taxes:										
Property taxes	\$ 1,108,391	\$ 1,203,200	\$ 1,083,912	\$ 1,161,785	\$ 1,045,409	\$ 1,237,900	\$ 1,278,988	\$ 1,276,772	\$ 2,156,399	\$ 2,324,614
Sales Tax	303,502	302,196	311,843	344,311	330,833	357,075	394,874	420,010	693,818	842,390
Utility taxes	653,068	779,423	750,955	587,485	639,895	895,089	733,357	816,835	814,060	761,772
Communications services taxes	153,239	132,939	137,582	166,089	161,620	151,579	148,453	147,131	153,247	167,616
Business license tax	31,500	112,256	33,728	33,728	30,706	34,172	35,170	32,530	38,117	41,995
Unrestricted investment earnings	46,565	13,403	3,282	3,282	1,524	15	51	4,045	12,084	40,172
Other	-	139,957	23,210	23,402	284,902	27,558	31,350	39,478	33,725	61,277
Gain on disposal of capital assets	29,295	7,300	(800)	-	-	-	-	-	-	-
Special Revenue	-	-	118,298	-	-	-	-	-	-	-
Transfers	156,946	224,198	249,946	495,554	218,000	-	(195,000)	205,163	214,470	217,080
Total governmental activities	<u>2,482,506</u>	<u>2,914,872</u>	<u>2,711,956</u>	<u>2,815,636</u>	<u>2,712,889</u>	<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>
Business-type Activities										
Unrestricted investment earnings	126,972	56,811	69,996	13,758	9,453	3,829	8,367	35,371	43,718	83,313
Other	118,238	145,019	117,904	-	-	-	-	-	-	-
Gain on disposal of capital assets	(50)	(121)	(3,761)	-	-	-	-	-	-	-
Transfers	(156,946)	-	(249,946)	(495,554)	(218,000)	-	195,000	(205,163)	(214,470)	(217,080)
Total business-type activities	<u>88,214</u>	<u>201,709</u>	<u>(65,807)</u>	<u>(481,796)</u>	<u>(208,547)</u>	<u>3,829</u>	<u>203,367</u>	<u>(169,792)</u>	<u>(170,752)</u>	<u>(133,767)</u>
Total primary government	<u>2,570,720</u>	<u>3,116,581</u>	<u>2,646,149</u>	<u>2,333,840</u>	<u>2,504,342</u>	<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>
Change in Net Position										
Governmental activities	1,718,475	422,042	539,104	379,381	33,137	506,755	516,080	2,075,992	5,195,624	998,259
Business-type activities	207,426	622,568	653,097	584,619	170,152	42,931	569,367	1,462,102	652,671	1,222,366
Total government	<u>\$ 1,925,901</u>	<u>\$ 1,044,610</u>	<u>\$ 1,192,201</u>	<u>\$ 964,000</u>	<u>\$ 203,289</u>	<u>\$ 549,686</u>	<u>\$ 1,085,447</u>	<u>\$ 3,538,094</u>	<u>\$ 5,848,295</u>	<u>\$ 2,220,625</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)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Nonspendable	\$ 17,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,957	\$ -	\$ 15,436	\$ 21,781
Restricted	279,235	482,510	597,066	194,868	124,554	105,617	141,268	229,484	128,835	194,480
Assigned	630,840	318,911	323,985	27,514	-	50,385	173,106	185,484	42,072	45,531
Unassigned	194,524	73,044	(205,830)	231,127	484,955	-	428,585	657,935	1,429,098	1,584,781
Total general fund	<u>1,122,560</u>	<u>874,465</u>	<u>715,221</u>	<u>453,509</u>	<u>609,509</u>	<u>156,002</u>	<u>744,916</u>	<u>1,072,903</u>	<u>1,615,441</u>	<u>1,846,573</u>
All other Government Funds										
Nonspendable	670	-	-	-	-	-	-	-	-	-
Restricted	-	-	5,929,651	246,103	31,593	37,821	218,466	130,530	232,864	595,250
Assigned	-	-	16,008	-	39	250,126	245,071	264,552	142,336	50,305
Unassigned	(6,679)	1,713	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ (6,009)</u>	<u>\$ 1,713</u>	<u>\$ 5,945,659</u>	<u>\$ 246,103</u>	<u>\$ 31,632</u>	<u>\$ 287,947</u>	<u>\$ 463,537</u>	<u>\$ 395,082</u>	<u>\$ 375,200</u>	<u>\$ 645,555</u>

Source: City of Newberry Financial Reports

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 1,845,858	\$ 1,845,346	\$ 1,855,020	\$ 1,781,820	\$ 2,021,805	\$ 2,261,009	\$ 2,552,982	\$ 2,439,243	\$ 3,568,507	\$ 3,798,474
Permits, fees, and special assessments	248,882	299,463	296,933	306,990	427,116	383,527	460,828	574,407	877,346	1,101,492
Intergovernmental revenues	1,036,491	1,033,137	957,358	2,581,973	1,359,205	1,255,788	1,454,239	2,465,871	5,151,998	864,666
Charges for services	269,669	287,263	350,074	302,779	380,826	438,567	885,268	943,522	1,013,101	966,372
Fines and forfeitures	13,973	8,190	6,125	8,187	7,654	5,420	5,865	10,804	11,622	17,856
Investment Earnings	46,565	13,403	12,167	3,282	1,524	15	51	4,045	12,084	40,172
Other	111,153	155,261	81,034	62,044	308,968	87,140	89,492	131,826	33,408	52,036
Interfund Charges	-	-	-	-	-	221,506	269,974	95,091	98,622	102,785
Total revenues	3,572,591	3,642,063	3,558,711	5,047,075	4,507,098	4,652,972	5,718,699	6,664,809	10,766,688	6,943,853
Expenditures										
General government	1,080,519	1,049,279	2,201,318	1,076,516	1,088,823	1,113,295	1,239,691	1,186,876	1,291,469	1,350,516
Public safety	1,107,308	1,131,673	1,089,152	1,088,628	1,138,053	1,072,336	1,152,480	1,295,294	2,160,332	2,292,888
Physical environment	-	-	-	-	-	-	410,032	520,209	550,183	537,445
Transportation	536,045	437,447	492,193	1,360,289	428,832	425,622	389,589	413,268	447,706	515,524
Health and Welfare	50,017	42,493	47,676	53,937	40,672	41,864	17,975	15,469	35,713	35,474
Economic Environment	-	-	-	-	-	-	-	83,395	82,151	123,546
Culture and recreation	1,406,069	1,282,013	940,784	7,220,398	980,349	750,863	775,092	802,517	831,385	896,476
Debt service:										-
Principal	153,644	73,308	90,477	444,332	463,980	1,015,372	538,333	1,416,000	4,359,000	395,000
Bond Issuance Costs	-	-	-	-	-	-	46,796	-	-	-
Interest on long-term debt	16,718	16,903	116,419	259,797	261,970	239,972	220,859	84,178	82,954	14,262
Capital Outlay	-	-	-	-	547,901	190,840	356,681	793,234	1,012,609	453,315
Total expenditures	4,350,320	4,033,116	4,978,019	11,503,897	4,950,580	4,850,164	5,147,528	6,610,440	10,853,502	6,614,446
Excess (deficiency) of revenues over (under) expenditures	(777,729)	(391,053)	(1,419,308)	(6,456,822)	(443,482)	(197,192)	571,171	54,369	(86,814)	329,407
Other Financing Sources (Uses)										
Capital lease proceeds	95,400	-	-	-	167,011	-	-	-	-	-
Proceeds from sale of general fixed assets	52,138	7,300	-	-	-	-	-	-	-	-
Proceeds of Debt Issuance	-	-	6,954,064	-	-	-	5,775,000	-	395,000	-
Payments to Refunded Bond Escrow Agent	-	-	-	-	-	-	(5,386,667)	-	-	-
Transfers in	198,036	224,198	249,946	1,503,460	834,713	862,571	6,138,762	1,734,093	4,668,768	762,612
Transfers out	(41,090)	(80,818)	-	(1,007,906)	(616,713)	(862,571)	(6,333,762)	(1,528,930)	(4,454,298)	(590,532)
Total other financing sources (uses)	304,484	150,680	7,204,010	495,554	385,011	-	193,333	205,163	609,470	172,080
Net change in fund balances	\$ (473,245)	\$ (240,373)	\$ 5,784,702	\$ (5,961,268)	\$ (58,471)	\$ (197,192)	\$ 764,504	\$ 259,532	\$ 522,656	\$ 501,487
Debt service as a percentage of non capital expenditures	4.1%	2.3%	4.3%	6.5%	19.7%	36.9%	20.2%	34.8%	82.3%	7.1%

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
2009	\$ 213,946,210	\$ 92,808,578	\$ 277,935	\$ 307,032,723	\$ (15,700,235)	\$ 291,332,488	\$ 284,129,384	3.8500
2010	207,161,470	106,069,134	293,394	313,523,998	(6,815,186)	306,708,812	284,129,384	3.9999
2011	194,025,899	101,563,867	302,872	295,892,638	(7,794,215)	288,098,423	292,377,851	3.8500
2012	188,666,930	163,382,805	281,813	352,331,548	(59,082,032)	293,249,516	311,691,462	3.8500
2013	181,916,400	186,169,485	843,733	368,929,618	(48,547,553)	320,382,065	369,228,448	3.8084
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

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	Alachua County Library District	Library Capital Outlay	Library Debt Service	School Board	Suwannee River Water Management District
2009	3.8500	0.0000	3.8500	8.0495	0.2500	1.2856	0.0000	0.0915	9.4080	0.4399
2010	3.9999	0.0000	3.9999	7.5708	0.2500	1.2491	0.0000	0.0915	8.3590	0.4399
2011	3.8500	0.0000	3.8500	8.0495	0.2500	1.2856	0.0000	0.0915	9.4080	0.4399
2012	3.8500	0.0000	3.8500	8.3763	0.2500	1.3638	0.0000	0.1098	9.1070	0.4399
2013	3.8084	0.0000	3.8084	8.5956	0.2500	1.3638	0.0000	0.1130	8.5490	0.4143
2014	3.8084	0.0000	3.8084	8.7990	0.2500	1.3638	0.0000	0.0950	8.4020	0.4143
2015	3.9113	0.0000	3.9113	8.7990	0.2500	1.3638	0.0000	0.0950	8.4100	0.4141
2016	3.9500	0.0000	3.9500	8.7950	0.1595	1.3638	0.0000	0.0900	8.3420	0.4104
2017	5.9089	0.0000	5.9089	8.9290	0.0000	1.3371	0.0000	0.0750	7.9360	0.4093
2018	5.9999	0.0000	5.9999	8.4648	0.0000	1.2655	0.0000	0.0000	7.6250	0.4027

Source: Alachua County Property Appraiser

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

Fiscal Year 2018

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Argos USA LLC	\$ 137,453,680	1	34.00%
Sabal Trail Transmission LLC	12,109,550	2	3.00%
Watson Construction Co LLC	5,084,120	3	2.00%
Florida Rock Properties Inc	2,862,800	4	0.07%
Davis Heritage Ltd	2,638,860	5	0.06%
Hitchcock Enterprises Inc	1,416,580	6	0.04%
Weseman Builders Inc	1,326,800	7	0.03%
Watson Landholdings LLC	1,297,000	8	0.03%
Maronda Homes Inc	1,193,500	9	0.03%
Johnson, Mac C	1,094,600	10	0.03%
	<u>\$ 166,477,490</u>		<u>39.29%</u>

Fiscal Year 2009

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Florida Rock Industries Inc	\$ 59,145,700	1	19.50%
Watson Construction Co LLC	5,108,830	2	1.69%
BellSouth TeleCommunications	3,370,036	3	0.01%
Hitchcock Enterprises Inc	3,052,200	4	0.01%
Brant Properties LLC	2,811,000	5	0.09%
Davis Heritage Ltd	2,300,010	6	0.08%
Florida Rock Properties Inc	1,980,800	7	0.07%
Maronda Homes Inc	1,700,000	8	0.06%
Price JR & Roland Et Ux	1,656,700	9	0.06%
Norfleet Construction Co Inc	1,549,300	10	0.05%
	<u>\$ 82,674,576</u>		<u>21.62%</u>

Source: Alachua County Tax Collector

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

<u>Electric Customer</u>	<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>	
	<u>Kilowatt Hours</u>	<u>Rank</u>	<u>Kilowatt Hours</u>	<u>Rank</u>	<u>Kilowatt Hours</u>	<u>Rank</u>	<u>Kilowatt Hours</u>	<u>Rank</u>	<u>Kilowatt Hours</u>	<u>Rank</u>	<u>Kilowatt Hours</u>	<u>Rank</u>	<u>Kilowatt Hours</u>	<u>Rank</u>	<u>Kilowatt Hours</u>	<u>Rank</u>	<u>Kilowatt Hours</u>	<u>Rank</u>	<u>Kilowatt Hours</u>	<u>Rank</u>
Alachua County School Board	4,872,280	1	4,698,800	1	4,483,278	1	4,287,805	1	3,309,784	1	3,402,466	1	3,728,160	1	3,719,752	1	3,672,076	1	4,091,790	1
Hitchcocks	2,121,177	2	2,084,200	2	2,035,800	2	2,019,000	2	1,974,887	2	1,931,002	2	1,931,437	2	1,984,870	2	1,982,031	2	1,979,229	2
City of Newberry	1,039,362	3	1,483,477	3	1,501,709	3	1,548,946	3	1,292,062	3	1,214,522	3	1,186,502	3	1,204,130	3	1,103,578	3	1,153,850	3
Southern Fuelwood	477,040	4	452,320	4	483,780	4	395,280	6	377,760	6	598,520	4	877,240	4	808,980	4	940,320	4	934,220	4
Inspired Energy	289,800	7	283,760	8	310,535	8	316,351	7	345,423	7	369,237	7	397,804	9	425,394	8	478,763	7	630,643	5
Circle K Stores, Inc	288,320	8	315,060	6	323,700	6	310,380	8	311,560	8	445,800	5	537,220	6	531,400	5	566,780	6	564,760	6
The Gourmet Rodent	323,116	6	288,833	7	313,547	7	490,377	4	566,242	4	285,496	9	585,615	5	519,098	6	616,886	5	505,565	7
Hudson Food Stores	-		-		-		-		-		338,216	8	450,262	7	456,507	7	449,689	8	432,669	8
Hardees Phase 3 Star	380,100	5	397,700	5	394,300	5	421,600	5	414,500	5	421,100	6	412,500	8	418,001	9	425,302	9	410,000	9
Bellsouth	194,720	9	205,520	9	209,200	9	221,120	9	207,760	10	201,360	10	211,200	10	237,920	10	242,560	10	238,160	10
Dollar General	134,400	10	148,200	10	144,800		129,700	10												

Source: City Utility Records

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

Water Customer	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	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
Smyrna Ready Mix Concrete															11,955	1	12,047	1	11,425	1
Alachua County School Board	4,596	1	3,427	1	5,792	1	7,891	1	6,633	1	11,237	1	8,737	1	6,339	2	7,547	2	9,452	2
Scott's Laundry					453	8	639	4	600	6			948	2	1,028	4	616	7	1,088	3
Hardees Phase 3 Star	791	5	967	3	1,082	2	1,267	2	1,259	2	972	2	415	7	546	7	443	10	969	4
Inspired Energy					328	10													826	5
Argos Ready Mix LLC									715	4							509	9	708	6
Gourmet Rodent														1,111	3	539	8	608	7	
Hitchcocks	610	8	799	4	741	3	579	5	573	8	658	5	445	6	446	9			467	8
Mac Johnson Roofing	689	7															616	5	384	9
Watson Construction	861	3	784	5	740	4							758	3	362	10			337	10
J2 Engineering							689	3	883	3	325	9								
Newberry's Backyard BBQ	828	4	752	6	691	5	463	7	615	5	588	6	686	4	610	5	1,083	3		
B&K Carwash	943	2	701	7					365	10	312	10	335	9						
Booker T Hunt Funeral	425	10	366	9	690	6			598	7	538	7	339	8	575	6	810	4		
Villagio's Pizzeria																	636	5		
Red Wok Buffet							485	6	474	9	434	8	568	5	450	8				
Sunny South Motel													330	10						
Mary Ellen										853	3									
Maronda Homes										684	4									
Newberry Deli & Grille							408	8												
Country Kitchen							389	9												
Circle K Stores							369	10												
City of Newberry					434	9														
Robert Colson	533	9	434	8	543	7														
Kevin Coleman			1,490	2																
Church of Christ			317	10																
SSS Holding LLC	775	6																		

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
2009	\$ 1,211,330	\$ 1,172,230	96.8%	75	\$ 1,172,305	96.8%
2010	1,082,231	1,048,650	96.9%	135	1,048,785	96.9%
2011	1,119,590	1,084,249	96.8%	52	1,084,301	96.8%
2012	1,196,985	1,157,528	96.7%	184	1,157,712	96.7%
2013	1,080,898	1,047,635	96.9%	192	1,047,827	96.9%
2014	1,281,311	1,238,473	96.7%	313	1,238,786	96.7%
2015	1,317,312	1,272,857	96.6%	239	1,273,096	96.6%
2016	1,321,096	1,275,872	96.6%	198	1,276,070	96.6%
2017	2,229,962	2,150,778	96.4%	814	2,151,592	96.5%
2018	2,369,571	2,321,570	98.0%	NA	2,321,570	98.0%

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 Bonds	Financing Loans/Capital Leases	Utility Revenue Bonds	Loans/Capital Leases	Total Government		
2009	\$ 823,000	\$ 291,898	\$ 755,722	\$ -	\$ 1,870,620	0.0%	\$ 371
2010	636,930	218,590	762,017	-	1,617,537	0.0%	324
2011	7,626,464	128,113	1,345,562	-	9,100,139	0.0%	1,783
2012	7,178,560	58,781	1,410,232	-	8,647,573	0.0%	1,658
2013	6,728,133	212,239	633,913	2,773,779	10,348,064	1.4%	1,949
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	N/A	422

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.

Schedule 12
CITY OF NEWBERRY, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
None	\$ -	0%	\$ -
Total Direct Debt Outstanding	<u>-</u>		<u>-</u>
Overlapping:			
Alachua County Board of County Commissioners			
Local Option Gas Tax Bank Loan, 2011	1,337,000	2.88%	38,555
Public Improvement Revenue Note, 2014	7,142,000	2.88%	205,955
Capital Improvement Revenue Note, 2015A	3,106,000	2.88%	89,568
Public Improvement Revenue Refunding Note, 2015B	12,374,000	2.88%	356,830
Public Improvement Revenue Refunding Note, 2016	19,330,000	2.88%	557,421
Gas Tax Revenue Refunding Note, 2016	6,308,000	2.88%	181,904
Public Improvement Revenue Note, 2017	1,925,000	2.88%	55,511
Capital Improvement Revenue Refunding Note, 2017	3,194,000	2.88%	92,106
Local Option Gas Tax Revenue Note, 2018	2,640,000	2.88%	76,130
Capital Lease Payable ACSO Radio, 2014	144,435	2.88%	4,165
School Board of Alachua County			
State Board of Education Bonds	62,000	2.88%	1,788
Certificates of Participation	49,745,597	2.88%	1,432,673
Quality Zone Academy Bonds	<u>1,794,000</u>	2.88%	<u>51,667</u>
Total Overlapping Debt	<u>109,102,032</u>		<u>3,144,273</u>
Total Government Activities Debt	<u>\$ 109,102,032</u>		<u>\$ 3,144,273</u>

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
2009				
2010	\$ 107,476	\$ 78,529	\$ 28,947	1.00
2011	92,504	70,466	22,038	1.00
2012	92,504	72,904	19,600	1.00
2013	92,504	75,427	17,077	1.00
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	92,504	89,410	3,094	1.00

Nations Park Series 2010 Revenue Bond

FISCAL YEAR	Pledged Revenue	Principal	Interest	Coverage
2009	\$ -	\$ -	\$ -	-
2010	-	-	-	-
2011	99,947	-	99,947	1.00
2012	761,970	506,316	255,654	1.00
2013	616,707	375,000	241,707	1.00
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	-	-	-	-

Series 2015 Revenue Bond

FISCAL YEAR	Pledged Revenue	Principal	Interest	Coverage
2009	\$ -	\$ -	\$ -	-
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
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	-	-	-	-

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	
2009	\$ 1,225,423	\$ 737,170	\$ 488,253	\$ 11,335	\$ -	43.07
2010	1,288,016	759,023	528,993	11,805	-	44.81
2011	1,291,770	758,006	533,764	12,329	-	43.29
2012	1,346,500	847,235	499,265	12,853	-	38.84
2013	1,424,320	782,113	642,207	42,452	65,690	5.94
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

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.
 - (2) Direct Operating Expenses exclude depreciation and ammortization.
 - (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
2009	5,036	263,486	\$ 35,573	\$ 179,145,628	7.1%
2010	4,995	264,607	34,859	174,120,705	8.3%
2011	5,105	266,825	35,816	182,840,680	8.1%
2012	5,215	268,543	38,393	200,219,495	6.2%
2013	5,309	269,608	38,225	202,936,525	4.9%
2014	5,450	272,745	38,903	212,021,350	4.6%
2015	5,604	276,689	40,199	225,275,196	4.5%
2016	5,778	281,551	41,008	236,944,224	4.4%
2017	5,942	284,687	41,718	247,888,356	3.1%
2018	6,249	280,715	N/A	N/A	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 Office of Economic & Demographic Research
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	2018	
	Number of Employees	Rank
Inspired Energy	125	1
Argos	113	2
Watson Construction, Inc	101	3
Southern Fuelwood	100	4
School Board of Alachua County	93	5
Bounds Heating & Air	63	6
City of Newberry	62	7
Gourmet Rodent	52	8
Hitchcock & Sons Inc	47	9
Woodyard Grill	45	10

Employer	2009	
	Number of Employees	Rank
School Board of Alachua County	103	1
Vulcan Materials	75	2
City of Newberry	51	3
Watson Construction, Inc	50	4
Inspired Energy	49	5
Bounds Heating & Air	48	6

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Administration										
City Manager	5.0	4.2	4.4	4.7	5.5	5.5	2.7	2.0	2.0	2.0
City Clerk	2.0	2.0	2.1	2.0	1.0	1.0	1.5	1.5	1.5	1.5
Finance	-	-	-	-	-	-	2.6	2.6	2.7	2.7
Human Resources	-	-	-	-	-	-	-	1.0	1.0	1.0
Planning	2.1	2.0	2.1	2.0	1.9	2.4	3.0	1.6	1.7	1.7
Facilities	2.2	2.0	2.1	2.0	2.0	1.4	2.2	2.7	2.9	2.2
Economic Development	-	-	-	-	-	-	-	1.0	1.0	1.0
Public Safety										
Fire	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Building	2.1	2.5	2.7	2.6	2.7	2.5	2.9	2.2	2.9	3.2
Code Enforcement	-	-	-	-	-	-	-	1.1	1.0	0.5
Physical Environment										
Electric	5.4	5.0	5.2	6.3	6.7	6.1	5.9	4.7	4.9	4.9
Water	3.2	3.2	3.7	3.7	3.7	3.8	3.6	2.8	2.4	3.0
WasteWater	3.2	3.2	3.4	4.0	3.9	3.7	3.0	2.8	2.4	2.9
Utility Administration	-	-	-	-	-	-	-	-	3.0	3.0
Customer Service	-	-	-	-	-	-	-	-	3.5	3.5
Public Works										
Cemetery	1.0	0.8	0.8	0.8	0.8	0.8	0.3	0.3	0.5	0.4
Streets & Roads	3.5	3.8	4.1	4.5	4.4	4.8	4.7	4.4	3.1	2.8
Solid Waste	-	-	-	-	-	-	-	0.2	0.5	0.5
Mosquito Control	-	-	-	-	-	-	-	0.2	0.1	0.1
Culture and Recreation										
Parks & Recreation	6.5	7.6	9.5	10.7	9.7	9.0	8.4	9.4	9.5	7.2
Diamond Sports Park	2.3	3.3	2.7	2.9	2.4	2.9	2.6	2.5	2.3	1.4
MLK Community Center	-	-	-	-	-	-	0.9	1.0	1.0	1.1
Parks Maintenance	-	-	-	-	-	-	-	-	-	2.2
Total	51.5	52.7	55.6	59.2	57.5	56.9	57.3	57.0	62.9	61.8

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety:										
Planning and Development:										
Local business tax receipts issued	460	444	395	485	466	509	360	485	421	279
Building permits issued	179	202	193	251	243	254	280	323	396	474
Fire:										
Number of Calls	819	849	842	844	816	840	853	937	933	918
ISO Rating	5	5	5	5	5	3	3	3	3	3
Culture and Recreation:										
Recreation Sports Programs				8	9	9	10	10	10	10
Recreation Sports Programs Participants		-		431	542	630	693	655	654	666
Summer Program Participants				40	101	109	135	106	101	96
Electric Utility:										
Number of residential customers	1,036	1,183	1,195	1,256	1,319	1,384	1,409	1,469	1,512	1,587
Kilowatts per hour sold-residential	13,035,085	31,511,417	16,040,137	15,441,876	15,978,910	17,134,966	18,187,100	18,706,281	18,473,149	19,770,623
Number of commercial customers	266	287	289	302	312	317	310	311	319	319
Kilowatts per hour sold- commercial	15,104,233	15,904,809	15,748,391	15,511,862	14,574,965	14,957,584	15,641,552	15,703,703	15,576,182	16,327,580
Water Utility:										
Number of residential customers	1,125	1,257	1,338	1,407	1,464	1,528	1,567	1,666	1,729	1,846
Gallons sold	94,929,000	101,654,000	114,225,000	117,525,000	111,886,000	118,770,000	119,520,000	123,301,000	125,702,000	125,931,000
Number of commercial customers	158	168	174	180	185	190	190	194	197	198
Gallons sold	19,040,000	17,202,000	20,893,000	22,657,000	22,995,000	24,639,000	22,387,000	33,511,000	35,226,000	35,718,000
Wastewater Utility:										
Number of residential customers	1,022	1,150	1,208	1,274	1,321	1,399	1,452	1,539	1,601	1,702
Gallons of wastewater billed to customers	84,769,000	90,794,000	102,992,000	106,968,000	101,712,000	109,059,000	110,486,000	112,209,000	113,187,000	113,855,000
Number of commercial customers	124	130	140	140	144	151	155	158	160	162
Gallons of wastewater billed to customers	14,758	14,166,000	16,417,000	17,980,000	17,797,000	19,279,000	17,242,000	17,216,000	17,659,000	19,893,000
Irrigation:										
Number of residential customers	9	9	9	10	12	12	11	11	12	13
Gallons sold to residential customers	2,206,000	1,564,000	2,155,000	1,819,000	1,730,000	1,606,000	1,421,000	1,452,000	1,073,000	1,142,000
Number of commercial customers	31	32	31	31	32	38	44	43	39	38
Gallons sold to commercial customers	22,586,000	24,340,000	20,287,000	16,661,000	12,888,000	13,041,000	17,589,000	12,066,000	8,869,000	4,148,000
Solid Waste:										
Number of residential customers	1,105	1,232	1,294	1,359	1,424	1,501	1,551	1,632	1,696	1,798
Number of commercial customers	0	0	0	0	0	0	71	107	109	114

Source: Various City Departments

*Zeros in culture and recreation denote participation not tracked in those years

*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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	38	38	38	38	38	40
Culture and Recreation:										
Parks	6	6	6	7	7	7	7	7	7	7
Baseball Fields	17	17	17	33	33	33	33	33	33	33
Community Centers	0	0	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)	0.349	0.349	0.415	0.415	0.415	0.499	0.499	0.499	0.499	0.499
Lift Stations	24	24	24	25	25	25	25	26	26	26

Source: Various City Departments

**OTHER INDEPENDENT AUDITORS'
REPORTS AND SCHEDULES**

**INDEPENDENT AUDITORS' 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, 2018, 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 18, 2019.

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) to determine the 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 entity'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 the 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 may exist that have not been identified.

Certified Public Accountants

P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350
1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

To the Mayor and City Commissioners
City of Newberry, Florida

**INDEPENDENT AUDITORS' 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*
(Concluded)**

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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 noncompliance 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.

Purvis, Gray and Company, LLP

April 18, 2019
Gainesville, Florida

**INDEPENDENT ACCOUNTANTS' 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 the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. 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 and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. 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, 2018.

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.

Purvis, Gray and Company, LLP

April 18, 2019
Gainesville, Florida

Certified Public Accountants

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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, 2018, and have issued our report thereon dated April 18, 2019.

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 Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' 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*; and Independent Accountants' 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 18, 2019, 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 annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial 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.

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 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.

Certified Public Accountants

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To the Mayor and City Commissioners
City of Newberry, Florida

MANAGEMENT LETTER
(Concluded)

Financial Condition and Management (Concluded)

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 did not have any such recommendations.

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.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance 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.

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 Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Purvis, Gray and Company, LLP

April 18, 2019
Gainesville, Florida