This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Series 2026 Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2026 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 31, 2026

NEW ISSUE; BOOK-ENTRY ONLY
BANK QUALIFIED

RATINGS:
S&P: AA (insured)* / A- (underlying)
Moody's: A1 (insured)* / A3 (underlying)
KBRA: AA+ (insured)*
(See "RATINGS" herein)

In the opinion of Pope Flynn, LLC, Bond Counsel to the City, under existing law, assuming continuing compliance by the City with certain covenants and the accuracy of certain representations, interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the "Code"). Such interest is, however, included in the "adjusted financial statement income" of certain corporations that are subject to the corporate alternative minimum tax imposed under Section 55 of the Code. In the opinion of Bond Counsel, the Series 2026 Bonds and the interest thereon are exempt from all State of South Carolina, except estate, transfer and certain franchise taxes. See "TAX MATTERS" herein for a description of these and other tax considerations.

$8,420,000*
CITY OF NEWBERRY, SOUTH CAROLINA
COMBINED PUBLIC UTILITY SYSTEM
REVENUE BONDS, SERIES 2026

Dated: As of the date of delivery **Due: as shown on inside front cover page**

The $8,420,000* City of Newberry, South Carolina Combined Public Utility System Revenue Bonds, Series 2026 (the "***Series 2026 Bonds***") are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("***DTC***"), to which payments of principal of and interest on the Series 2026 Bonds will be made. Individual purchases will be made in book-entry only form, in denominations of $5,000 each, or any integral multiple thereof. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2026 Bonds, references herein to holders of the Series 2026 Bonds or registered owners of the Series 2026 Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2026 Bonds. Interest on the Series 2026 Bonds at the rates set forth on the inside front cover page hereof shall be payable on February 1, 2027 and thereafter on each August 1 and February 1, until maturity or earlier redemption. See "THE SERIES 2026 BONDS – Book-Entry Only System."

The Series 2026 Bonds are being issued under the authority of the Constitution and laws of the State of South Carolina, including Title 6, Chapter 21, Code of Laws of South Carolina, 1976 as amended (the "***Act***"), and an Amended and Restated Bond Ordinance enacted on April 14, 2015 (the "***Bond Ordinance***"), and a Series Ordinance enacted on June 16, 2026 (the "***Series Ordinance***") (the Bond Ordinance and the Series Ordinance are hereinafter referred to collectively as the "***Ordinance***"), by the City Council, the governing body of the City of Newberry, South Carolina (the "***City***"). The Bank of New York Mellon Trust Company, N.A. is serving as Trustee, Registrar, and Paying Agent for the Series 2026 Bonds.

The scheduled payment of principal of and interest on the Series 2026 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2026 Bonds by Assured Guaranty Inc.

The Series 2026 Bonds are being issued to (i) provide for the acquiring, engineering, permitting, constructing, furnishing and equipping of improvements to the System (as defined herein), including water treatment plant repairs and upgrades, electric substation replacements, repairs and upgrades, sewer line repairs and replacements, water line repair and replacement, warehouse improvements, water tower improvements, meter replacements and other general System upgrades (collectively, the "***Project***"), (ii) satisfy the Reserve Requirement (as described herein and defined in the Series Ordinance) by paying the premium associated with the issuance of a credit instrument for the 2026 Debt Service Reserve Fund (as defined in the Series Ordinance)]; and (iii) pay the costs of issuance of the Series 2026 Bonds, including the payment of any premium due on any municipal bond insurance policy. See "THE PROJECT", and "SOURCES AND USES OF FUNDS" herein.

The Series 2026 Bonds, including interest thereon, are payable solely from and secured by a pledge of the Gross Revenues (as defined herein) of the System. The Series 2026 Bonds are also secured by a statutory lien on the System as authorized by the Act. See "SECURITY FOR THE SERIES 2026 BONDS" herein for a description of the priority of such pledge and lien. The Series 2026 Bonds are subject to optional and [mandatory] redemption prior to maturity. See "THE SERIES 2026 BONDS - Redemption."

THE SERIES 2026 BONDS DO NOT CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY PROVISION, LIMITATION OR RESTRICTION OF THE CONSTITUTION OR THE LAWS OF THE STATE OF SOUTH CAROLINA OTHER THAN THOSE PROVISIONS AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A REVENUE-PRODUCING PROJECT NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE. THE CITY IS NOT OBLIGATED TO PAY ANY OF THE SERIES 2026 BONDS OR THE INTEREST THEREON EXCEPT FROM GROSS REVENUES OF THE SYSTEM. NO RECOURSE MAY BE HAD FOR THE PAYMENT OF THE SERIES 2026 BONDS OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE CITY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED THERETO.

This front cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2026 Bonds are offered when, as, and if issued and accepted by Raymond James & Associates, Inc. (the "***Underwriter***"), subject to the final approving opinion of Pope Flynn, LLC, Columbia, South Carolina, Bond Counsel. Certain legal matters will be passed on for the City by its City Attorney, Scott Elliott, Esquire, Newberry, South Carolina, and for the Underwriter by Murray Barnes Finister LLP, Atlanta, Georgia. First Tryon Advisors serves as Municipal Advisor to the City. It is expected that delivery of the Series 2026 Bonds will be made on or about ___________, 2026, through the facilities of DTC against payment therefor.

_____________, 2026

* Preliminary, subject to change.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, AND CUSIPS

SERIES 2026 BONDS

Due August 1*	Principal Amount*	Interest Rate	Yield	Price	CUSIP[1]
2027	$130,000				
2028	135,000				
2029	145,000				
2030	150,000				
2031	160,000				
2032	165,000				
2033	175,000				
2034	185,000				
2035	195,000				

$420,000* ______% Term Bond due August 1, 2037, to Yield ________%[C], CUSIP[1] ____________

$460,000* ______% Term Bond due August 1, 2039, to Yield ________%[C], CUSIP[1] ____________

$510,000* ______% Term Bond due August 1, 2041, to Yield ________%[C], CUSIP[1] ____________

$550,000* ______% Term Bond due August 1, 2043, to Yield ________%[C], CUSIP[1] ____________

$915,000* ______% Term Bond due August 1, 2046, to Yield ________%[C], CUSIP[1] ____________

$1,830,000* ______% Term Bond due August 1, 2051, to Yield ________%[C], CUSIP[1] ____________

$2,295,000* ______% Term Bond due August 1, 2056, to Yield ________%[C], CUSIP[1] ____________

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*Preliminary, subject to change.

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein have been provided by CUSIP Global Services (CGS). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2026 CUSIP Global Services. All rights reserved. CUSIP numbers are set forth herein for the convenience of reference only and neither the City nor the Underwriter nor their respective agents take responsibility for the accuracy of such data.

(C) Yield is computed to the first optional call date of August 1, 2036.

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2026 Bonds identified on the inside cover. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City of Newberry, South Carolina (the ***"City"***). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

Raymond James & Associates, Inc. (the ***"Underwriter"***) has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain information contained in this Official Statement may have been obtained from sources other than the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE UNDER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE SYSTEM.

First Tryon Advisors, Inc. (the ***"Municipal Advisor"***), is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The Bank of New York Mellon Trust Company, N.A., as Trustee, Registrar, and Paying Agent, has not provided, or undertaken to determine the accuracy of, any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Series 2026 Bonds; or (iii) the tax exempt status of the interest on the Series 2026 Bonds.

McKinley, Cooper & Co., LLC, Greenville, South Carolina, the City's independent auditor for the Audited Financial Statements for the fiscal year ended June 30, 2025, has not been engaged to perform, and has not performed, since the date of its report included herein as part of Appendix B, any procedures on the Audited Financial Statements of the City for the fiscal year ended June 30, 2025. McKinley, Cooper & Co., LLC, Greenville, South Carolina, has not performed any procedures relating to this Official Statement.

Upon execution and delivery, the Series 2026 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the U.S. Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Series 2026 Bonds for sale.

Assured Guaranty Inc. (***"AG"***) makes no representation regarding the Series 2026 Bonds or the advisability of investing in the Series 2026 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE" and "APPENDIX F – Specimen Municipal Bond Insurance Policy."

Reference herein to laws, rules, regulations, agreements, reports and other documents, do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made therein. Where full texts have not been included as appendices to the Official Statement, they will be furnished upon request.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in Rule 15c2-12 ("Rule 15c2-12") of the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

This Preliminary Official Statement has been deemed final by the City for purposes of Rule 15c2-12, except for permitted omissions described in paragraph (b)(1) of Rule 15c2-12.

Cautionary Statement Regarding Forward-Looking Information

This Official Statement contains forecasts, projections and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates, "budgets" and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

CITY OF NEWBERRY, SOUTH CAROLINA

MAYOR
George Foster Senn, Mayor

CITY COUNCIL
David DuBose
David T. Force
R. LeMont Glasgow
Jackie Holmes
Carlton Kinard
Clay Smith

CITY MANAGER
Jason Taylor

DIRECTOR OF UTILITY DEPARTMENT
Scott Motsinger

FINANCE DIRECTOR
Shannon Smith

CITY ATTORNEY
Scott Elliott, Esquire

MUNICIPAL ADVISOR
First Tryon Advisors

BOND COUNSEL
Pope Flynn, LLC

UNDERWRITER'S COUNSEL
Murray Barnes Finister LLP

TRUSTEE, REGISTRAR AND PAYING AGENT
The Bank of New York Mellon Trust Company, N.A.

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TABLE OF CONTENTS

SUMMARY STATEMENT

The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Official Statement and the Appendices hereto (collectively, the ***"Official Statement"****). Unless otherwise defined in this Official Statement, all capitalized terms shall have those meanings ascribed to them in "APPENDIX C – Copies of the Bond Ordinance and Series Ordinance." The offering of the Series 2026 Bonds to potential investors is made only by means of this entire Official Statement, and no person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement.*

The City	The combined public utility system (the ***"System"***) of the City of Newberry, South Carolina (the ***"City"***) provides electric, water and sewer services throughout the City and the surrounding area, which is located in Newberry County. The City encompasses an area of approximately seven and one half square miles. See "APPENDIX A – Supplemental Information Regarding the City of Newberry and Newberry County."
Series 2026 Bonds	The $8,420,000* City of Newberry, South Carolina, Combined Public Utility System Revenue Bonds, Series 2026 (the ***"Series 2026 Bonds"***) are being issued initially in book-entry only form in principal amounts of $5,000 and integral multiples thereof. See "THE SERIES 2026 BONDS – Form and Denomination."
Date of Issue and Delivery of Bonds	The Series 2026 Bonds will be initially dated as of the date of their delivery and will bear interest from that date. It is expected that the Series 2026 Bonds will be available for delivery through the facilities of DTC on or about ________ ___, 2026.
Interest Payments	Interest on the Series 2026 Bonds at the rates set forth on the inside front cover page hereof is payable February 1, 2027, and thereafter on each August 1 and February 1.
Maturities	The Series 2026 Bonds mature on August 1, ____ through August 1, ____, as indicated on the inside front cover page hereof.
Redemption	The Series 2026 Bonds are subject to optional and mandatory redemption prior to maturity. See "THE SERIES 2026 BONDS - Redemption."
Security	The Series 2026 Bonds, including interest thereon, are payable solely from and shall be secured by a pledge of the Gross Revenues of the System and a statutory lien upon the System on a parity with the pledge and lien securing the Series 2015 Bonds, the Series 2021 Bonds, and any Additional Bonds (each as defined herein) issued in accordance with the provisions of the Bond Ordinance. Such pledge and lien securing the Series 2026 Bonds shall at all times and in all respects be and remain superior to pledges and liens made and given to secure any other bonds or other obligations payable from the revenues of the System. See "SECURITY FOR THE SERIES 2026 BONDS."
Purpose of the Issue	The Series 2026 Bonds are being issued to (i) defray the costs of the Project, including the recoupment of funds previously expended; (ii) fund the 2026 Debt Service Reserve Fund (as defined in the Series Ordinance) through the purchase of a municipal bond debt service reserve fund policy; and (iii) pay the costs of issuance of the Series 2026 Bonds, including the municipal bond insurance policy premium. See "SOURCES AND USES OF FUNDS."
Bond Insurance:	The scheduled payment of principal of and interest on the Series 2026 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2026 Bonds by AG. See "BOND INSURANCE."
Tax Status of Interest on the Series 2026 Bonds	In the opinion of Pope Flynn, LLC, Bond Counsel to the City, under existing law, assuming continuing compliance by the City with certain covenants and the accuracy of certain representations, interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the "***Code***"). Such interest is, however, taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section 59(k) of the Code) for the purpose of determining the application of the 15-percent

alternative minimum tax imposed on the adjusted financial statement income of such corporations under Section 55 of the Code. In the opinion of Bond Counsel, the Series 2026 Bonds and the interest thereon are exempt from all State, county, municipal, school district, and other taxes and assessments imposed within the State of South Carolina, except estate, transfer, and certain franchise taxes. See “TAX MATTERS” herein for a description of these and other tax considerations.

Professionals involved in the Offering

The Bank of New York Mellon Trust Company, N.A. is serving as Trustee and as Registrar and Paying Agent (the ***“Registrar/Paying Agent”*** or the ***“Trustee”***). Pope Flynn, LLC, Columbia, South Carolina, is serving as Bond Counsel. Certain legal matters will be passed upon for the City by its City Attorney, Scott Elliott, Esquire, Newberry, South Carolina, and for the Underwriter by their counsel, Murray Barnes Finister LLP, Atlanta, Georgia. First Tryon Advisors serves as the Municipal Advisor to the City.

Information Concerning Terms of the Offering

The Series 2026 Bonds are being issued under the Constitution and laws of the State of South Carolina, including Title 6, Chapter 21, Code of Laws of South Carolina, 1976 as amended, and certain ordinances enacted by the City Council of the City. See “AUTHORIZATION AND PURPOSE.” The Series 2026 Bonds are offered when, as, and if issued and delivered by the City, subject to the final approving opinion of Bond Counsel, the form of which is attached hereto as APPENDIX D.

Continuing Disclosure

The City has undertaken, pursuant to a covenant to comply with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the ***“Rule”***), for the benefit of holders of the Series 2026 Bonds, to provide certain financial information and operating data relating to the City by not later than the end of the seventh month after the end of each fiscal year commencing with the fiscal year ending June 30, 2026 (the ***“Annual Information”***), and to provide notices of the occurrence of certain enumerated events. The Annual Information and the event notices will be filed by or on behalf of the City with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (***“EMMA”***) system (and with the State Information Depository, if any, when requested, established by the State of South Carolina). These covenants have been made in order to assist the original purchaser of the Series 2026 Bonds in complying with the Rule. The nature of the information to be provided in the Annual Information and the notices of certain significant events are set forth under the caption “CONTINUING DISCLOSURE UNDERTAKING.”

General

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Official Statement will be uploaded on EMMA. Copies of the Official Statement, the Bond Ordinance and the Series Ordinance (as such documents are defined herein) and other relevant documents and information regarding the Series 2026 Bonds, are available from Jason Taylor, City Manager, City of Newberry, 1330 College Street, Newberry, South Carolina 29108, telephone (803) 321-1000.

The Official Statement, including the cover page and the attached Appendices, contains specific information relating to the Series 2026 Bonds, the City, and the System, and other information pertinent to this issue. See “FINANCIAL FACTORS” and APPENDIX B for financial information relating to the System.

All information included herein has been provided by the City except where attributed to other sources. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument.

OFFICIAL STATEMENT

$8,420,000*
CITY OF NEWBERRY, SOUTH CAROLINA
COMBINED PUBLIC UTILITY SYSTEM
REVENUE BONDS, SERIES 2026

INTRODUCTION

This Official Statement of the City of Newberry, South Carolina (the ***"City"***), which includes the cover pages hereof and the Appendices hereto, provides information relating to the City and its $8,420,000* Combined Public Utility System Revenue Bonds, Series 2026 (the ***"Series 2026 Bonds"***). The Series 2026 Bonds, the Series 2015 Bonds, the Series 2021 Bonds, and any Additional Bonds (as such terms are hereinafter defined) issued on a parity therewith are referred to herein as the ***"Bonds."*** Included in this Official Statement are brief descriptions of the Series 2026 Bonds and the security therefor, the combined public utility system of the City (the ***"System"***), the City and the surrounding area, and the ordinances pursuant to which the Series 2026 Bonds are authorized and issued by the City. Also included is certain financial information relating to the System. The summaries and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive, or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report, or other instrument. Capitalized terms used herein without specific definition are used as defined in "APPENDIX C – Copies of the Bond Ordinance and Series Ordinance." References herein to a "Fiscal Year" followed by a year (e.g., Fiscal Year 2026) shall mean the Fiscal Year of the City ending on June 30 of the year stated.

AUTHORIZATION AND PURPOSE

Authorization

The Series 2026 Bonds are being issued under the Constitution and laws of the State of South Carolina (the ***"State"***), including Title 6, Chapter 21, Code of Laws of South Carolina 1976, as amended (the ***"Act"***), an Amended and Restated Bond Ordinance enacted by the City Council, the governing body of the City (the ***"City Council"***) on April 14, 2015 (the ***"Bond Ordinance"***) and a Series Ordinance enacted by the City Council on June 16, 2026 (the ***"Series Ordinance"*** and together with the Bond Ordinance, the ***"Ordinance"***).

Purpose

The Series 2026 Bonds are being issued to (i) defray the costs of the Project, including the recoupment of funds previously expended; (ii) fund the 2026 Debt Service Reserve Fund (as defined in the Series Ordinance) through the purchase of a municipal bond debt service reserve fund policy; and (iii) pay the costs of issuance of the Series 2026 Bonds, including the municipal bond insurance policy premium. See "SOURCES AND USES OF FUNDS."

THE SERIES 2026 BONDS

Form and Denomination

The Series 2026 Bonds will be dated the date of issuance thereof, and will bear interest in the amounts and at the rates per annum set forth on the inside cover page of this Official Statement, payable on February 1, 2027, and thereafter on August 1 and February 1 of each year (the ***"2026 Bond Payment Dates"***). The Series 2026 Bonds will mature on August 1, 2027*, and thereafter on August 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement. The Series 2026 Bonds will be issued in fully registered form without coupons, in denominations of $5,000 (or integral multiples thereof) not exceeding the principal amount of the Series 2026 Bonds maturing in each year, in the name of the registered owner as set forth on the registration books of the City maintained at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the ***"Trustee"***). As part of its duties as Trustee, The Bank of New York Mellon Trust Company, N.A., will also act as

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*Throughout this Preliminary Official Statement, an asterisk indicates that the information is preliminary and subject to change.

paying agent (the ***"Paying Agent"***) and registrar (the ***"Registrar"***) with respect to the Series 2026 Bonds. The Bond Ordinance permits the appointment by the City of other persons to act as Registrar with respect to Bonds; as used herein, the terms ***"Registrar," "Paying Agent"*** or ***"Registrar/Paying Agent"*** includes the Trustee or any such other person acting in such capacities.

The Series 2026 Bonds will initially be held in a book-entry-only system administered by The Depository Trust Company (***"DTC"***), whose nominee, Cede & Co., will be the initial registered owner of the Series 2026 Bonds. Principal of and interest on the Series 2026 Bonds held in book-entry form shall be payable as described in "THE SERIES 2026 BONDS – Book-Entry Only System" herein.

If the book-entry only system is discontinued, interest payments on the Series 2026 Bonds shall be paid by check or draft mailed from the office of the Trustee, or in the case of a person who is a holder of $1,000,000 or more in aggregate principal amount of the Series 2026 Bonds, by wire transfer to an account within the continental United States upon timely written request of such holder, to the person in whose name each Series 2026 Bond is registered as of the close of business on the fifteenth day of each month immediately preceding such 2026 Bond Payment Date (the ***"Record Date"***). Principal will be payable on the respective maturity dates upon presentation and surrender thereof at the corporate trust office of the Trustee.

Redemption

Optional Redemption. The Series 2026 Bonds maturing on or prior to August 1, 2036* are not subject to redemption prior to maturity. The Series 2026 Bonds maturing after August 1, 2036*, are subject to redemption prior to maturity, at the option of the City, on and after August 1, 2036*, in whole or in part at any time, at a redemption price of par, plus accrued interest to the redemption date.

[*Mandatory Redemption*. The Series 2026 Bonds maturing on August 1, 20___* are subject to mandatory sinking fund redemption (to the extent not previously redeemed) at a redemption price of 100% of such principal amount, plus interest to the redemption date, on August 1 of each of the following years in the respective principal amounts for each year specified below:]

Year	Amount

* Final Maturity.

The Series 2026 Bonds maturing on August 1, 204__ are subject to mandatory sinking fund redemption (to the extent not previously redeemed) at a redemption price of 100% of such principal amount, plus interest to the redemption date, on August 1 of each of the following years in the respective principal amounts for each year specified below:]

Year	Amount

* Final Maturity.

Selection of Series 2026 Bonds for Redemption. Any Series 2026 Bonds subject to redemption shall be redeemed in any order of maturity and in any principal amount within a maturity as designated by the City. If less than all the Series 2026 Bonds shall be redeemed, the particular Series 2026 Bonds or portion of the Series 2026 Bonds to be redeemed shall be selected by the Trustee by lot (provided that so long as the Series 2026 Bonds shall remain immobilized at DTC, such Series 2026 Bonds shall be selected in such manner as DTC shall determine). For purposes of selection by lot within a maturity, each $5,000 of principal amount of a Series 2026 Bond shall be considered a separate Series 2026 Bond.

Notice of Redemption. Notice of redemption shall be given by first-class mail, postage prepaid, by the Trustee as Registrar to the holders of any Series 2026 Bonds designated for redemption, in whole or in part, at least 20 but no more than 60 days prior to the redemption date. Each notice of redemption shall state the official name of the Series 2026 Bonds, CUSIP numbers, principal amount of the Series 2026 Bonds to be redeemed, the publication date, redemption date, Redemption Price, the redemption place, the redemption agent's name, address and phone number, Trustee's name and address, date of the Series 2026 Bonds, interest rate, maturity date, and the place or places where amounts due will be payable. Provided sufficient funds for such redemption are on deposit with the Trustee, all Series 2026 Bonds called for redemption shall cease to bear interest on the specified redemption date and shall no longer be deemed to be outstanding.

If at the time of mailing of a notice of redemption, there shall not have been deposited with the Trustee or Paying Agent moneys sufficient to redeem all the Series 2026 Bonds or portions thereof called for redemption, which moneys are or will be available for redemption of such Series 2026 Bonds, such notice is required to state that it is conditional on the deposit of the redemption moneys with the Trustee or Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

The failure of the Trustee to give notice to a Holder of Series 2026 Bonds or any defect in such notice shall not affect the validity of the redemption of any other Series 2026 Bonds for which notice is properly given. Any Holder of Series 2026 Bonds may waive notice of redemption by delivery of a written waiver to the Trustee, or delivery of the Series 2026 Bond for payment on the redemption date.

Book-Entry Only System

The Series 2026 Bonds will, when issued, be registered in the name of Cede & Co., as nominee of DTC, which will initially act as securities depository for the Series 2026 Bonds. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORDKEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2026 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2026 BONDS TO DIRECT AND INDIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2026 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2026 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT AND INDIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2026 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC TO THE CITY FOR INCLUSION IN THIS OFFICIAL STATEMENT. ACCORDINGLY, THE CITY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2026 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (***"Direct Participants"***) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (***"DTCC"***). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (***"Indirect Participants"***). DTC has S&P Global Ratings' rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com (which is not intended as an active hyperlink).

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026 Bond (***"Beneficial Owner"***) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2026 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as defaults and proposed amendments to the Ordinance. For example, Beneficial Owners of Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar/Paying Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2026 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2026 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE CITY SHALL TREAT CEDE & CO. AS THE ONLY BONDHOLDER FOR ALL PURPOSES, INCLUDING RECEIPT OF ALL PRINCIPAL AND PREMIUM OF AND INTEREST ON THE SERIES 2026 BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE CITY AND THE REGISTRAR/PAYING AGENT (IF NOT THE CITY) TO TAKE OR NOT TO TAKE, OR CONSENT TO, CERTAIN ACTIONS. THE CITY HAS NO RESPONSIBILITY OR OBLIGATION TO THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; (B) THE PAYMENT BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AND PREMIUM OF AND INTEREST ON THE SERIES 2026 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE ORDINANCE TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Beneficial Owners of the Series 2026 Bonds may experience some delay in their receipt of distributions of principal and interest on the Series 2026 Bonds since such distributions will be forwarded by the Trustee, as Paying Agent, to DTC and DTC will credit such distributions to the accounts of Direct Participants, which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants. Issuance of the Series 2026 Bonds in book-entry form may reduce the liquidity of the Series 2026 Bonds in the secondary trading market since investors may be unwilling to purchase bonds for which they cannot obtain physical certificates. In addition, since transactions in the Series 2026 Bonds can be effected only through DTC, Direct Participants, Indirect Participants, and certain banks, the ability of a Beneficial Owner to pledge Series 2026 Bonds to persons or entities that do not participate in the DTC system, or otherwise to take action in respect of such Series 2026 Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the Trustee, as Registrar/Paying Agent, as registered owners for purposes of the Ordinance, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and the Direct or Indirect Participants.

Procedure in the Event of Discontinuation of Book-Entry Only System

DTC may determine to discontinue providing its service with respect to the Series 2026 Bonds at any time by giving notice to the Trustee and discharging its responsibilities with respect thereto under applicable law. In the event of such termination, the City may select another securities depository or discontinue the book-entry only system. In the event the book-entry only system is discontinued, the Trustee will register and deliver to the Beneficial Owners replacement Series 2026 Bonds in denominations of $5,000 or integral multiples thereof in accordance with the instructions of DTC or its nominee, Cede & Co. The Series 2026 Bonds thereupon delivered will be subject to registration and transfer as described below under the heading "Registration and Transfer."

Registration and Transfer

Upon the discontinuance of the book-entry only system, Series 2026 Bonds shall be evidenced by bond certificates issued in the name of the registered owners thereof as set forth on the registration books, and Series 2026 Bonds shall be transferable only upon the registration books by the Holder thereof or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his duly authorized attorney with such signature guaranteed. Upon the transfer of any Series 2026 Bond, the City shall execute and thereupon the Registrar shall authenticate and deliver to the transferee a new fully registered Series 2026 Bond or Series 2026 Bonds, registered in the name of the transferee of the same aggregate principal amount, maturity and interest rate as the surrendered Series 2026 Bond.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2026 Bonds, Assured Guaranty Inc. (***"AG"***) will issue its Municipal Bond Insurance Policy (the ***"Policy"***). The Policy guarantees the scheduled payment of principal of and interest on the Series 2026 Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("***AGL***" and together with its subsidiaries, "***Assured Guaranty***"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("***S&P***"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("***KBRA***") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("***Moody's***"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

On August 4, 2025, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025..

Capitalization of AG

At March 31, 2026:

- The policyholders’ surplus of AG was approximately $3,158 million.

- The contingency reserve of AG was approximately $1,539 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,402 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited (“***AGUK***”), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“***AGE***”).

The policyholders’ surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “***SEC***”) that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8 K, after the filing of the last document referred to above and before the termination of the offering of the Series 2026 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at http://www.sec.gov, at AGL’s website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100) Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption “BOND INSURANCE – Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Series 2026 Bonds or the advisability of investing in the Series 2026 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE”.

SECURITY FOR THE SERIES 2026 BONDS

Pledge of Gross Revenues

The Series 2026 Bonds, including interest thereon, shall be payable solely from and shall be secured by a pledge of the Gross Revenues of the System (hereinafter defined) and a statutory lien upon the System on a parity with the pledge and lien securing the Series 2015 Bonds, the Series 2021 Bonds and any Additional Bonds issued in accordance with the provisions of the Bond Ordinance. Such pledge and lien securing the Bonds shall at all times and in all respects be and remain superior to pledges and liens made and given to secure any other bonds or other obligations payable from the revenues of the System (see "—Additional Bonds" below).

As defined in the Bond Ordinance, **"*Gross Revenues*"** or **"*Gross Revenues of the System*"** means:

(a) all receipts and revenues derived from the operation of the System, except for those allocable to the operation of Special Facilities to the extent the same have been pledged to the payment of Special Facilities Bonds, including all service fees (including connection, tap and impact fees, availability fees, and meter purchases);

(b) all proceeds from the sale or other disposition of any property owned directly or beneficially by the City in connection with the operation of the System;

(c) all interest and other income received directly or indirectly by the City from the investment of moneys or accounts relating to the System; excluding, however, investment income restricted to a purpose inconsistent with the payment of operating expenses or debt service, and specifically excluding (whether or not so restricted) interest earned on any construction fund or construction account created with the proceeds of borrowing by the City;

(d) all other unencumbered money to which the City may become entitled from any source whatsoever in connection with the operation of the System, but specifically excluding any amounts received by way of government grants and aids-to-construction; and

(e) all Interest Payment Subsidies to the extent such monies are not otherwise used to pay debt service on a Series of Bonds. Any Interest Payment Subsidies payable to the Trustee and used to pay debt service on a Series of Bonds shall not be included in Gross Revenues.

All amounts received as *ad valorem* taxes shall not be included in Gross Revenues.

From and after delivery of the Series 2026 Bonds and so long as the Series 2015 Bonds, the Series 2021 Bonds, and any Additional Bonds are Outstanding, all Gross Revenues of the System shall be received by the City and, as required by the Act, applied only as provided in the proceedings providing for the issuance of Bonds. The Gross Revenues are required to be accounted for separately from all other moneys of the City on the books of records and accounts.

Statutory Lien

For the further protection of the Bondholders of the Series 2026 Bonds, Section 6-21-330 of the Act provides for a statutory lien upon the System. Such lien shall extend to the entirety of the System as currently constituted and as expanded from time to time unless otherwise provided in the Series Ordinance authorizing a Series of Bonds for a specific improvement to or expansion of the System. Any holder of any of such Bonds may, either at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce such statutory lien and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officials of the City, including the fixing of sufficient rates, the collection of Gross Revenues, the proper segregation of the Gross Revenues of the System and the proper application thereof. But such statutory lien shall not be construed to give any such Bondholder authority to compel the sale of the System or any part thereof.

Rate Covenant

Pursuant to the Bond Ordinance, rates and charges shall be established and revised from time to time, and in amounts sufficient to meet the requirements of the Bond Ordinance. The City covenants in the Bond Ordinance to maintain rates and charges for all services furnished by the System which are at all times sufficient:

(a) to maintain the Debt Service Funds (as defined below) and thus provide for the punctual payment of the principal of and interest on the Bonds;

(b) to maintain the Debt Service Reserve Funds (as defined below) in the manner prescribed in the Bond Ordinance and any applicable Series Ordinance;

(c) to provide for the payment of the Operation and Maintenance Expenses (as defined below) as may be necessary to preserve the System in good repair and working order;

(d) to build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order;

(e) to pay all amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy or letter of credit;

(f) to provide for the punctual payment of the principal of and interest on all Junior Lien Bonds that may from time to time be outstanding; and

(g) to discharge all obligations imposed by the Act, by the Bond Ordinance, and any applicable Series Ordinance.

The City has further covenanted and agreed that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the System which, together with other income, are reasonably expected to yield annual Net Earnings (as defined below) in the current Fiscal Year (as defined in the Bond Ordinance and as further defined and described in "FINANCIAL FACTORS–Summary of Revenues and Expenses" herein) equal to at least the sum of 125% of the Annual Principal and Interest Requirements in such Fiscal Year for all Bonds Outstanding. For purposes of the rate covenant and the additional bonds test (as described in "—Additional Bonds" below), the term **"*Net Earnings*"** is generally defined as the Gross Revenues of the System, less Operation and Maintenance Expenses.

Under the Bond Ordinance, **"*Operation and Maintenance Expenses*"** means:

> All expenses incurred in connection with the administration and the operation of the System, including, without limiting the generality of the foregoing, such expenses as may be reasonably necessary to preserve the System in good repair and working order, principal and interest payments with respect to lease financing arrangements under Section 6.03 of the Bond Ordinance, the fees and charges of the Trustee and the custodian or trustee of any fund, the costs of audits required under the Bond Ordinance, the costs of computation and payment of any arbitrage rebate, and the premiums for all insurance and fidelity bonds required by the Bond Ordinance. Operation and Maintenance Expenses shall not include:
>
> (a) depreciation and amortization allowances;
>
> (b) amounts paid as interest on Bonds;
>
> (c) amounts expended for extraordinary repairs to the System;
>
> (d) amounts paid from government grants or aids-to-construction;
>
> (e) unfunded pension or other post-employment benefit liabilities that do not result in any actual disposition of cash;

(f) any financing expenses, underwriting discounts, call premiums, gains or losses on the extinguishment of debt due to the refinancing of the same, and other related or incidental non-recurring expenses resulting from the issuance or refinancing of Bonds; and

(g) any transfers to the general fund.

Review of Rates

Promptly upon any material change in the circumstances affecting the System, but not less frequently than once in each Fiscal Year, the City shall review the rates and charges as necessary to comply with the foregoing requirement. Prior to the beginning of each Fiscal Year, the City shall adopt an Annual Budget including amended rate schedules for such Fiscal Year which shall set forth in reasonable detail the estimated revenues and operating expenses and other expenditures of the System for such Fiscal Year and which shall include the amount of the estimated operating expenses and the amount to be deposited during such Fiscal Year in the Depreciation and Contingent Fund (as defined below). The City may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

If the City, in adopting its Annual Budget, determines that Gross Revenues may not be sufficient to meet the rate covenant described above or if the audited financial statements of the City indicate that the City did not satisfy the rate covenant for the prior year, the City shall, within fifteen (15) days, engage an Independent Consultant to prepare a report recommending such actions which will provide sufficient Gross Revenues in the following Fiscal Year to permit the City to meet the rate covenant. Copies of such report shall be made available to the City and the Trustee no later than seventy-five (75) days after the engagement of the Independent Consultant.

The City has agreed that it shall use its best efforts to effect such changes recommended by the Independent Consultant in its report. So long as the City uses its best efforts to comply with such recommendations, failure to comply with the rate covenant shall not constitute an Event of Default under the Bond Ordinance; provided however, a failure to comply with the rate covenant for a period of two consecutive Fiscal Years shall constitute an Event of Default.

Funds and Accounts Established Under the Ordinance

Generally

The Bond Ordinance provides for the creation of a general revenue fund (the ***"General Revenue Fund"***), a debt service fund with respect to each Series of Bonds (each a ***"Debt Service Fund"***), a debt service reserve fund, if any, with respect to any Series of Bonds (each a ***"Debt Service Reserve Fund"***), an operation and maintenance fund (the ***"Operation and Maintenance Fund"***) and a depreciation and contingent fund (the ***"Depreciation and Contingent Fund"***). So long as the City establishes, from an accounting standpoint, proper records of receipts and disbursements for the General Revenue Fund, the General Revenue Fund may be used for the purposes of the Operation and Maintenance Fund and the Depreciation and Contingent Fund, subject to the prior application of the amounts in the General Revenue Fund for the purposes of any Debt Service Fund or Debt Service Reserve Fund.

General Revenue Fund

The General Revenue Fund shall be so maintained as to accurately reflect the Gross Revenues of the System and Net Earnings. Except as otherwise specifically directed or permitted in the Bond Ordinance, all Gross Revenues of the System will be deposited in accordance with and in the manner prescribed by the Bond Ordinance into the General Revenue Fund. Money in the General Revenue Fund shall be withdrawn and made use of only in the manner and in the order of priority specified in the Bond Ordinance. See " – Disposition of Revenues" herein.

Debt Service Funds

The Bond Ordinance requires the creation and maintenance of a Debt Service Fund for each Series of Bonds Outstanding to be held by the Trustee. Each Debt Service Fund is intended to provide for the ratable payment of the principal of, redemption premium, if any, and interest on the respective Series of Bonds as the same respectively fall due. Payments into a Debt Service Fund shall be made in the manner prescribed by the Bond Ordinance, and, except as otherwise provided in the Bond Ordinance, all money in the respective Debt Service Fund shall be used solely to pay the principal of, redemption premium, if any, and interest on the respective Series of Bonds, and for no other purpose. Each Debt Service Fund shall bear a number Series designation as may be necessary to distinguish each such fund.

See "APPENDIX C – Copies of the Bond Ordinance and Series Ordinance" hereto regarding the maintenance of the Debt Service Funds, investments of amounts on deposit from time to time in the Debt Service Funds, the deposit of Interest Payment Subsidies into the Debt Service Funds, and the operation of the Debt Service Funds.

Pursuant to the terms of the Series Ordinance, the Trustee shall establish the 2026 Debt Service Fund with respect to the Series 2026 Bonds.

Debt Service Reserve Funds

Each Series Ordinance may create a Debt Service Reserve Fund for the Series of Bonds authorized thereby. Any such Debt Service Reserve Fund shall be for the equal and ratable benefit only of Bonds of that Series. Each such Debt Service Reserve Fund is intended to insure the timely payment of the principal of, and premium, if any, and interest on, that Series of Bonds, and to provide for the redemption of such Bonds prior to their stated maturities. Any Debt Service Reserve Fund shall be maintained in an amount equal to the Reserve Requirement for such Series of Bonds. Unless otherwise provided in a Series Ordinance, money in a Debt Service Reserve Fund shall be used for the following purposes, and for no other:

(a) To prevent a default in the payment of the principal of or interest on that Series of Bonds, by reason of the fact that money in its respective Debt Service Fund is insufficient for such purposes;

(b) To pay the principal of, interest on, and redemption premium, if any, of the Bonds of that Series in the event that all Outstanding Bonds of that Series be redeemed as a whole; or

(c) To effect partial redemption of the Bonds of that Series; but subject to the restrictions of the Ordinance and provided that subsequent to said partial redemption, the market value of the cash and securities in the Debt Service Reserve Fund shall be not less than the Reserve Requirement therefor.

Unless otherwise required by the applicable Series Ordinance, the City, in lieu of the deposit of moneys into a Debt Service Reserve Fund, may alternatively satisfy the Reserve Requirement by causing to be so credited an irrevocable and unconditional surety bond, line of credit or insurance policy equal to the Reserve Requirement therefor.

See APPENDIX C regarding investments of amounts on deposit from time to time in the Debt Service Reserve Funds and the obligation of the City to replenish amounts on deposit therein in the event the balance in a Debt Service Reserve Fund is less than the applicable Reserve Requirement.

The 2026 Debt Service Reserve Fund will be funded with a surety bond issued by AG equal to the 2026 Reserve Requirement. The 2026 Reserve Requirement is equal to one-half of the maximum Annual Principal and Interest Requirements on the Series 2026 Bonds.

Operation and Maintenance Fund

The Operation and Maintenance Fund is intended to provide for the payment of the Operation and Maintenance Expenses. Withdrawals from the Operation and Maintenance Fund will be made by or on the order of the City in accordance, as nearly as may be practicable, with the Annual Budget then in effect.

Depreciation and Contingent Fund

The Bond Ordinance provides for the establishment and maintenance of a Depreciation and Contingent Fund held and administered by the City. This fund shall be maintained in an amount to be established not less frequently than annually by the City Council in order to provide a reasonable reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions of the System. Money in the Depreciation and Contingent Fund shall be used solely:

(a) for the purpose of restoring depreciated or obsolete items of the System;

(b) for improvements, betterments, and extensions to the System, other than for those things which are reasonably necessary to maintain the System in good repair and working order;

(c) to defray the cost of unforeseen contingencies and extraordinary repairs to the System;

(d) to prevent defaults of Bonds and Junior Lien Bonds; and

(e) for optional redemption of Bonds or Junior Lien Bonds.

Withdrawals from the Depreciation and Contingent Fund shall be made by or on order of the City.

Disposition of Revenues

The Gross Revenues of the System, except customers' deposits and that money the disposition of which is controlled by other provisions of the Bond Ordinance, are declared under the Bond Ordinance to be a part of the General Revenue Fund and are required to be promptly deposited in a bank or depository in an account which will reflect the fact that they are a part of the General Revenue Fund. The dispositions from the General Revenue Fund described below shall be made on or before the Business Day that is five Business Days prior to the end of each month. Payments from the General Revenue Fund shall be made in the order of priority shown by the following sequence:

(a) *First*, provision shall be made for the payment of principal of, premium, if any, and interest on all Bonds then Outstanding without priority of any other Bonds but ratably as to each Series of Bonds, through:

(i) the deposit to the Debt Service Fund of the monthly fraction of the aggregate amount of interest to become due on the respective Series of Bonds on the next ensuring Bond Payment Date, subject to reduction to the extent any Interest Payment Subsidies or other moneys are on deposit in such fund for such purpose; and

(ii) the deposit into each respective Debt Service Fund of the monthly fraction of the Principal Installment of the respective Series of Bonds next coming due and payable, so that on each principal maturity date, the amount of principal to be paid shall have been accumulated and on hand, subject to reduction to the extent moneys are on deposit in such fund for such purpose;

(b) *Second*, a deposit, if necessary, to any Debt Service Reserve Fund established by any Series Ordinance of such amount as shall be required by the provisions of the Bond Ordinance or such Series Ordinance;

(c) *Third*, the deposit to the Operations and Maintenance Fund an amount required for Operations and Maintenance Expenses of the System for the ensuing month and any amounts required for an operational reserve;

(d) *Fourth*, reimbursement or payment of interest and any fees or penalties on amounts advanced by the provider of any surety bond, line of credit, letter of credit or insurance policy as contemplated by the Bond Ordinance;

(e) *Fifth*, the deposit to the Depreciation and Contingent Fund that sum which is 1/12th of the sum determined by the City Council to be the budgeted requirement therefor for the then current Fiscal Year;

(f) *Sixth*, provision shall be made for the payment of any other indebtedness which is junior and subordinate to the Bonds in in the order of priority contemplated by the proceedings authorizing the issuance of the same; and

(g) *Seventh*, all money remaining after the payments required above shall be disposed of for any lawful purpose in such manner as the City Council shall from time to time determine.

Additional Bonds

The Bond Ordinance makes provision for the issuance from time to time of bonds (***"Additional Bonds"***) on a parity as to the pledge and lien securing the Series 2026 Bonds and the outstanding principal amounts of the City's $39,005,000 original principal amount Combined Public Utility System Improvement Revenue Bonds, Series 2015 (the ***"Series 2015 Bonds"***), and $9,290,000 original principal amount Combined Public Utility System Refunding Revenue Bonds, Series 2021A (the ***"Series 2021 Bonds"***), for the purposes of:

(a) obtaining funds for expansions, additions, and improvements of the System, including the recoupment of funds already so expended;

(b) providing funds for the payment of any bond anticipation note or notes issued in order to defray the costs of expansions, additions, and improvements to the System and that were issued in anticipation of the issuance and sale of Bonds;

(c) refunding Bonds or other obligations issued to provide land or facilities or equipment which are or are to become a part of the System or which are or were payable in whole or in part from revenues of the System;

(d) providing funds for the payment of interest due on any Bonds;

(e) funding any Debt Service Reserve Fund or restoring the value of the cash and securities in any Debt Service Reserve Fund to the amount equal to its Reserve Requirement, and reimbursing amounts owed to any providers of a surety bond, line of credit, insurance policy or letter of credit established pursuant to the Bond Ordinance; and

(f) paying the costs of issuance of Bonds, including any credit enhancement therefor.

Issuance of Additional Bonds must be in compliance with the provisions of the Bond Ordinance, including, among others:

(a) There shall exist, on the occasion of the issuance of such Series of Bonds, no default in the payment of the principal of or interest on any Bonds or Junior Lien Bonds then outstanding.

(b) Unless on the date of delivery of such Series of Bonds there shall be on deposit in each Debt Service Reserve Fund the amount equal to the applicable Reserve Requirement, there shall be deposited in such Debt Service Reserve Funds such amounts as may be necessary to make the value of the moneys and securities in each Debt Service Reserve Fund equal to the applicable Reserve Requirement, unless the City shall be funding such reserve requirement periodically as permitted under the Bond Ordinance and there shall be no unremedied defaults of any Monthly Series Payments required to have been made.

(c) Except in the case of Bonds issued for the purpose of refunding any Bonds and which meet the test described in subparagraph (d) below:

(i) Net Earnings during the most recent Fiscal Year for which audited financial statements of the System are completed shall be certified by the Auditors, the Independent Consultant or by the Consulting Engineers on the basis of such audited financial statements to be not less than one hundred twenty-five percent (125%) of the maximum Annual Principal and Interest Requirements on all Bonds Outstanding and on such proposed Series of Bonds; provided that for purposes of the test described in this paragraph, such Net Earnings may be adjusted to reflect:

(1) any rate increases currently adopted and to be in effect prior to, coincident with or during the current Fiscal Year of with the issuance of such proposed Series of Bonds and determined *pro forma* as though such rate increases had been in continuous effect during such recent Fiscal Year;

(2) in the event a utility, system or enterprise that is in existence and operating and whose current customers have become customers of the System prior to the issuance of the proposed Series of Bonds or will become customers of the System concurrently with the issuance of such proposed Series of Bonds, 100% of the Net Earnings that the Auditors, the Independent Consultant or Consulting Engineers estimate would have been received during such Fiscal Year if the utility, system or enterprise had been a part of the System throughout such recent Fiscal Year, taking into account, for the estimation of such Net Earnings in this subparagraph (2) only, the then-existing customer base and population of the acquired utility, system or enterprise;

(3) in the event proceeds of such proposed Series of Bonds will be used to construct or to acquire a newly-constructed utility, system, enterprise, or component of the System which will serve an existing customer base and currently-populated area, 100% of the Net Earnings, estimated by the Independent Consultant or the Consulting Engineers, to be received by the System during the first Fiscal Year beginning after the date on which such project constructed or acquired with the proceeds of the proposed Series of Bonds is placed in service, taking into account for the estimation of such Net Earnings in this subparagraph (3) only the then-existing customer base and population;

(4) in the event proceeds of such proposed Series of Bonds will be used to pay interest on such proposed Series, 100% of the interest that will accrue on such Series of Bonds following the date of delivery of the proposed Series and that will be paid from such proceeds; and

(5) in the event proceeds of such proposed Series of Bonds will be used to construct or to acquire an expansion to the System and to the extent not included by sub-paragraph (3), 100% of estimated Net Earnings to be received by the System in the first Fiscal Year following the completion of such project, certified by the Consulting Engineers or the Independent Consultant, from customers under long-term contracts which extend for the life of such proposed Series of Bonds.

(d) In the case of Bonds issued for the purpose of refunding any Bonds (and in lieu of compliance with the additional bonds test described in subparagraph (c) above, the Annual Principal and Interest Requirements of the refunding Bonds shall not exceed 110% of the Annual Principal and Interest Requirements of the refunded Bonds for any Fiscal Year until a time subsequent to the last maturity of such Series of Bonds not refunded and which remain Outstanding following the issuance of the refunding Bonds.

(e) If any Series of Bonds shall contain Variable Rate Bonds:

(i) The Series Ordinance shall provide for and specify a maximum interest rate on (A) such Bonds and (B) any reimbursement obligation to a liquidity provider for such Bonds;

(ii) The liquidity provider for such Bonds shall be rated within the highest two short-term rating categories by any rating agency then rating any Series of Bonds; and

(iii) Any accelerated principal payments of any interest computed at a rate in excess of that on such Bonds due to the liquidity provider for such Bonds pursuant to any reimbursement agreement with such liquidity provider shall be subordinate to the payment of debt service on all Bonds; provided, however, if the tests described in subparagraphs (c) and (d) above are calculated (and met) assuming such accelerated principal payment and such excess interest amount to the liquidity provider, then such accelerated principal payment and excess interest amount may be on a parity with the payment of debt service on all Bonds.

(f) All amounts then due under a reimbursement agreement with any provider of a surety bond, insurance policy or letter of credit credited to a Debt Service Reserve Fund shall have been paid.

Junior Lien Bonds

Notwithstanding that Bonds may be Outstanding, the City may, at any time, and without limitation and free of all conditions issue Junior Lien Bonds, in such amount as it may from time to time determine, payable from the revenues of the System, provided that the pledge of revenues of the System granted for the protection of said Junior Lien Bonds shall at all times be and remain subordinate and inferior in all respects to the pledges made or authorized for the Bonds and to the payment of all Operation and Maintenance Expenses. Provided, further, that the maturity of Junior Lien Bonds may not be accelerated and paid in full unless all of the Bonds shall have been paid or provision therefor has been made pursuant to the Bond Ordinance.

By proceedings authorizing the issuance of Junior Lien Bonds, the City may provide for the accession of such Junior Lien Bonds to the status of Bonds as provided in the Bond Ordinance. See "APPENDIX C – Copies of the Bond Ordinance and Series Ordinance" hereto.

Special Facilities Bonds

The City shall have at all times the right to enter into contracts, leases or other agreements pursuant to which it will agree to construct, operate and pay the costs of Special Facilities to be financed by its issuance of bonds (***"Special Facilities Bonds"***) subject to the following conditions:

(a) it shall have been determined to the satisfaction of the City that the rents, revenues or receipts to be derived from the Special Facilities shall be at least equal to the principal, interest and any reserve requirements contained in the ordinance authorizing such Special Facilities Bonds and to pay all operation, maintenance and other costs and expenses applicable to such Special Facilities; and

(b) the revenues derived from Special Facilities need not be deposited in the General Revenue Fund, and may be pledged to secure Special Facilities Bonds, but no debt service or other cost or expense related to any Special Facilities may be paid from System revenues deposited in the General Revenue Fund except from surplus moneys.

The term ***"Special Facilities"*** shall include all or a portion of water, sewer or electric facilities (or those enterprises, if any referred to in the Bond Ordinance) and rights to all or a portion of the use of, or the capacity available from, any such facilities.

Lease Financing Agreements

The City shall have at all times the right to enter into capital leases or other lease financing agreements secured by a lien on the property, plant and equipment comprising a part of the System; provided, however, that: (1) the aggregate principal amount of such obligations outstanding at any time shall not exceed 25% of the value of the equipment of the System, less accumulated depreciation, as shown on the audited balance sheet of the City for the most recent Fiscal Year for which audited financial statements are available; and (2) the loss of the property secured by the lien will not materially adversely affect the ability of the City to meet its financial obligations under the Bond Ordinance. Payments on any lease financing agreements are treated as an Operations and Maintenance Expense under the Bond Ordinance.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the funds to be derived from the sale of the Series 2026 Bonds and the estimated uses of such funds:

Sources of Funds:	Series 2026 Bonds
Principal Amount of Series 2026 Bonds	$8,420,000.00*
[Net] Original Issue [Premium/Discount]	
Total Sources	
Uses of Funds:	
Deposit to 2026 Construction Fund	
Costs of Issuance(1)	
Total Uses	

(1) Includes various professional fees, the premium for the Policy (as defined herein), the premium for the surety bond, Underwriter's discount, and miscellaneous costs.

THE PROJECT

The proceeds of the Series 2026 Bonds are currently expected to defray the costs of the Project, including, but not limited to, the following components:

1. Grant match funding in the amount of $2,250,000, which consists of:
    a. SCIIP grant match of $1,800,000 for (i) Scott's Creek Sewer Interceptor Upgrade, (ii) Bush River Project 1A, 1B, & 2 Sewer Interceptor Project, and (iii) Wastewater Treatment Plant Influent Pump Station Replacement;
    b. SRF principal forgiveness loan match of $225,000 for Industrial Park Pump Station, which replaces an outdated, end-of-life sewer pump station; and
    c. SRF principal forgiveness loan match of $225,000 for PFAS Pilot Testing Project, which will help determine the best technology for removing PFAS, so proper planning can begin on the full project for the system to remove PFAS from the water supply;
2. Funding of $3,358,875 to construct a new Influent Pump Station at the Wastewater Treatment Plant;
3. Funding of $890,000 to rehabilitate and replace poorly performing sewer lines in the Booker Street area;
4. Electric capital funding of $575,000 for approximately 500 new residential homes planned for the City; and
5. Funding of $900,000 for completing a redundant electric system feed to Newberry's medical center, the City's Wilson Road Fire Station, and the Newberry County Public Safety Complex on Adelaide Street.

The Project constitutes a portion of the City's projected $49.4 million in capital expenditures between Fiscal Years 2026-2031, which are expected to be funded with proceeds of the Series 2026 Bonds, fund balance, surplus Net Earnings and grants as set forth in the table below. See also "THE SYSTEM – Capital Planning" herein.

Funding Needs	2026	2027	2028	2029	2030	2031	Total
Water Project Costs	$ 302,500	$ 1,091,500	$ 715,000	$ 2,230,000	$ 2,170,000	$ 1,260,000	$ 7,769,000
Sewer Project Costs	11,481,320	11,754,195	1,106,320	1,973,160	2,230,000	3,359,000	31,903,995
Electric Project Costs	413,000	4,425,489	779,740	768,827	1,113,119	1,112,625	8,612,800
City Hall / Warehouse / Finance Project Costs	424,500	424,500	75,000	57,500	50,000	47,500	1,079,000
Total Funding Needs	**$ 12,621,320**	**$ 17,695,684**	**$ 2,676,060**	**$ 5,029,487**	**$ 5,563,119**	**$ 5,779,125**	**$ 49,364,795**

Funding Sources	2026	2027	2028	2029	2030	2031	Total
Revenues from Water Operations / Cap. Proj. Fund	$ 353,695	$ 892,695	$ 724,045	$ 1,326,935	$ 1,266,030	$ 1,265,729	$ 5,829,127
Revenues from Sewer Operations / Cap. Proj. Fund	281,161	801,161	949,923	207,607	546,615	705,284	3,491,752
Revenues from Electric Operations / Cap. Proj. Fund	730,144	1,442,992	835,773	811,786	1,150,474	1,148,112	6,119,280
Grant Match	-	-	-	390,000	481,000	-	871,000
Grants	11,090,000	6,418,641	-	2,210,000	2,119,000	2,660,000	24,497,641
Bonds	-	7,973,875	-	-	-	-	7,973,875
Lease	166,320	166,320	166,320	83,160	-	-	582,120
Total Funding Sources	**$ 12,621,320**	**$ 17,695,684**	**$ 2,676,060**	**$ 5,029,487**	**$ 5,563,119**	**$ 5,779,125**	**$ 49,364,795**

FINANCIAL FACTORS

Summary of Revenues and Expenses

The following table provides a summary of historical revenues and expenses of operations of the System for the Fiscal Years 2021 through 2025. This summary has been prepared from the audited financial statements of the City for the applicable Fiscal Years. A copy of the audited financial statements for Fiscal Year 2025 is included as APPENDIX B to this Official Statement.

City of Newberry Combined Public Utility System
Summary of Revenues, Expenses and Changes in Net Position
Fiscal Years Ended June 30,

	2021	2022	2023	2024	2025
Operating Revenues					
Connection and Reconnection Fees	$ 130,805	$ 101,240	$ 100,433	$ 104,715	$ 107,996
Water Receipts	4,573,893	4,591,139	4,631,254	4,323,120	4,117,532
Electric Receipts	23,770,041	23,660,204	23,234,332	23,309,368	25,139,444
Sewer Receipts	5,291,815	5,233,211	5,360,869	5,561,260	5,548,426
Sales and Use Tax	440,318	413,062	403,047	419,720	430,984
Utility Penalty	259,259	285,137	284,133	329,289	338,535
Water Taps	4,000	13,347	29,124	29,221	28,710
Sewer Taps	—	4,220	3,600	8,800	5,100
Newberry Housing Authority	1,086	1,086	1,086	1,086	1,086
Fire Flow Access Fees	22,948	22,584	22,125	23,564	21,524
Fiber Optic Revenue	12,063	18,902	17,770	26,276	21,961
Other Revenue	52,586	11,877	103,225	176,673	134,843
CATV – Pole Rental	96,613	65,450	54,805	50,180	79,095
Total Operating Revenues	34,655,427	34,421,459	34,245,803	34,363,272	35,975,236
Operating Expenses					
City Hall	41,131	49,584	43,192	57,263	42,581
Finance	567,611	616,535	658,336	618,274	641,883
Utility Administration	626,698	609,763	714,692	770,700	951,422
Warehouse	104,031	79,370	114,878	159,603	185,749
Information Services	222,529	275,491	318,848	370,080	259,912
Electric Distribution	1,415,990	1,305,737	1,817,584	1,470,577	1,805,642
Water and Sewer Maintenance	1,323,154	1,338,838	1,446,414	1,552,823	1,472,606
Water Production	1,228,667	1,401,674	1,354,199	1,413,591	1,477,361
Waste Treatment	1,130,811	1,552,269	1,404,753	1,665,336	1,555,713
General Insurance	140,167	147,740	178,749	155,647	184,078
Facilities and Grounds	169,245	158,815	140,260	174,105	158,854
Garage	65,572	39,546	12,485	30,967	60,874
Employee Fringe Benefits	1,421,656	1,505,124	1,321,889	1,634,117	1,667,619
Nondepartmental	16,654,222	18,109,380	18,432,177	18,492,464	18,506,038
Depreciation	3,410,078	3,634,765	3,986,483	3,922,035	4,026,940
Total Operating Expenses	28,521,562	30,824,631	31,944,939	32,487,582	32,997,272
Operating Income (Loss)	6,133,865	3,596,828	2,300,864	1,875,690	2,977,964
Nonoperating Income (Expenses)					
Interest Revenue	10,314	17,619	274,207	400,020	289,030
Intergovernmental	—	—	294,868	—	—
Federal and State Grants	378,696	—	—	—	—
Interest Expense, Bank Fees and Other	(1,827,592)	(1,197,258)	(1,215,772)	(1,360,108)	(1,280,306)
Total Nonoperating Income (Expenses)	(1,438,582)	(1,179,639)	(646,697)	(960,088)	(991,276)
Income (Loss) before Contributions and Transfers	4,695,283	2,417,189	1,654,167	915,602	1,986,688
Capital Contributions	—	—	—	173,320	984,922
Transfers from (to)					
General Fund	(1,865,909)	(1,865,909)	(1,865,909)	(1,865,909)	(93,907)[1]
Change in Net Position	2,829,374	551,280	(211,742)	(776,987)	2,877,703
Net Position, Beginning of Year	55,373,696	58,203,070	58,461,850	58,250,108	57,473,121
Prior Period Adjustment	—	(292,500)	—	—	—
Net Position, End of Year	$58,203,070	$58,461,850	$58,250,108	$57,473,121	$60,350,824

[1] The City originally budgeted a transfer in the amount of $1,865,909, but due to the impact of Hurricane Helene (September 2024) and the timing of federal reimbursement, the originally budgeted amount was not transferred to the General Fund.

Interim Financial Statements

Set forth below is a summary of the revenues, expenditures, and changes in the fund balance of the System for the eleven-month periods ended May 31, 2025, and May 31, 2026. The information in the following table has not been audited and was prepared by the City's staff on a cash basis. Therefore, such information should not be compared with the financial information in the table above. The financial results for the eleven-month period ended May 31, 2026, are not necessarily indicative of the actual financial results for the fiscal year ended June 30, 2026.

	(Unaudited) May 31,	
	2025	2026
Operating Revenues		
Connection and Reconnection Fees	$ 98,813	$ 117,046
Water Receipts	3,885,166	4,047,208
Electric Receipts	22,342,029	22,955,476
Sewer Receipts	5,165,028	5,476,658
Sales and Use Tax	402,111	425,588
Utility Penalty	320,642	324,946
Water Taps	20,210	65,417
Sewer Taps	5,100	28,567
Newberry Housing Authority	996	996
Fire Flow Access Fees	20,273	20,976
Fiber Optic Revenue	18,190	18,669
Other Revenue	38,019	54,047
CATV – Pole Rental	51,100	57,865
Temporary Electric Service	200	-
WWTP Pretreatment Fees	14,954	31,126
Cell Phone Tower Rental	4,250	9,350
Total Operating Revenues	$32,387,081	$33,633,935
Operating Expenses		
City Hall	29,806	37,913
Finance	565,115	606,556
Utility Administration	772,892	1,038,697
Warehouse	143,197	214,016
Information Services	254,643	277,612
Electric Distribution	1,598,553	1,827,172
Water/Sewer Maintenance	1,270,039	1,417,542
Water Production	1,301,772	1,493,282
Waste Treatment	1,185,893	1,364,484
General Insurance	89,346	97,946
Employee Fringe	1,415,448	1,404,847
Purchase of Electricity	14,724,010	14,731,082
Non-Departmental	5,007,739	4,616,666
Facilities and Grounds	145,887	-
Garage	55,939	-
Total Operating Expenses	28,560,279	29,127,816
Operating Income (Loss)	$3,826,802	$4,506,119
Nonoperating Income (Expenses)		
Interest Revenue	261,712	139,773
PFAS Settlement	-	1,751,578
Insurance Proceeds	55,684	41,447
Lease Purchase Proceeds	537,145	-
Sale of Surplus Equipment	18,952	33,503
Federal and State Grants	-	390,200
Debt Service	(3,555,815)	(3,658,844)
Total Nonoperating Income (Expenses)	(2,682,322)	(1,302,343)
Income (Loss)	$1,144,480	$3,203,776

Management's Discussion and Analysis

The net position of the System at the end of Fiscal Year 2025 was $60,350,824, an increase of $2,877,703 from the prior Fiscal Year's net position. Total operating revenues increased $1,611,964 (4.7%) from the prior Fiscal Year to $35,975,236, primarily due to an increase in electric receipts of $1,830,076, which was directly attributable to an electric rate increase of 2%, effective as of July 1, 2024. Operating expenses increased $509,690 (1.6%) from the prior Fiscal Year to $32,997,272. Operating income was $2,977,964, an increase of $1,102,274 from the prior Fiscal Year's operating income of $1,875,690, mainly due to the electric rate increase discussed above.

The revenues, expenditures, and changes in the fund balance of the System for the eleven-month periods ended May 31, 2025 (unaudited), and May 31, 2026 (unaudited) reflect an increase in operating revenues of 3.85%, while operating expenses increased 1.99%, and operating income increased by $679,318. These increases were mainly due to rate increases across the System effective as of July 1, 2025.

Financial Policies

The City has adopted a set of financial policies dated June 13, 2011, as amended and restated on April 21, 2015, and as further amended and restated on June 9, 2026 (the "***Statement of Financial Policies***"), which dictate the establishment and maintenance of internal controls on the following matters: (1) budgeting; (2) revenues; (3) expenditures; (4) capital improvements; (5) capital reserve; (6) debt; (7) inter-fund transfers; (8) fund balance; and (9) accounting and financial reporting.

Under the Statement of Financial Policies, the City will strive to maintain a minimum liquidity of 180 days' cash on hand in the Utility Fund (exclusive of Purchased Power Costs, Depreciation, debt service reserve funds, and other committed or restricted fund obligations). Should liquidity fall below 180 days' cash on hand, the City Manager shall prepare and submit a plan for expenditure reductions and/or revenue increases in the City's Utility Fund to the City Council and shall rebuild the balance within 18 months. In addition to meeting the coverage requirements set forth in the Ordinance, the City will use its best efforts to maintain total parity debt service coverage of at least 1.90x as an internal financial management target. Any rate recommendation or guidance prepared by the City's rate consultants shall be based on maintaining this targeted coverage level.

The City has also adopted a set of tax-exempt debt policies dated July 2, 2013, and certain investment policies dated April 21, 2015.

Transfers

The City has established a transfer policy whereby the City transfers from the Proprietary Fund (described and defined as the General Revenue Fund under the Bond Ordinance) to the General Fund amounts approximating business license fees, municipal ad valorem taxes, and the return on investment that a privately owned utility would have incurred. The rate of return targeted by the City is 5% of the City's gross operating revenues. However, the City's policy caps the transfer at $1,866,000. While the City originally budgeted to make a transfer in accordance with its transfer policy, the City ultimately transferred approximately $93,907 to the General Fund for the year ended June 30, 2025, as a result of the impact of Hurricane Helene and the timing of federal reimbursement.

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Budget for Fiscal Year 2026

The following table sets forth the currently budgeted revenues and expenses of the System for Fiscal Year 2027.

	Fiscal Year 2027 Budget
Revenues	
Water Revenue	$ 4,748,633
Sewer Revenue	6,310,736
Electric Revenue	26,243,593
Miscellaneous	1,326,786
Transfer from capital fund for labor	30,000
Use of retained earnings	5,258,717
Total Revenues	$43,918,465
Non-Capital Expenses	
Debt Service	$ 4,249,294
City Hall	39,500
Finance	771,175
Warehouse	224,102
Utility Administration	1,163,575
Information Services	385,252
Electric Distribution	1,995,777
Water Distribution	1,586,192
Water Production	1,598,257
Waste Treatment	1,515,012
General Insurance	216,481
Employee Benefits	1,766,988
Non-Departmental	28,406,860
Total Expenses	$43,918,465
Total Expenses Less Non-Departmental Exp	15,511,605
Revenue available for Non-Departmental Exp	28,406,860
Non-Departmental Exp without capital transfer	25,192,163
Revenue available for Capital	3,214,696
Capital Expenses(1)	
Administration	$ 424,500
Electrical Capital Expenses	1,203,696
Water Capital Expenses	841,500
Sewer Capital Expenses	745,000
Total Capital Expenses	$3,214,696

(1) Capital expenses are derived from funds within the "Non-Departmental" line item under Non-Capital Expenses in the table above.

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Historical Debt Service Coverage of the System

The following table sets forth summaries of Gross Revenues, Operation and Maintenance Expenses, Net Earnings (including capacity fees and other charges) and the Annual Principal and Interest Requirements, all as defined in the Bond Ordinance, for each of the Fiscal Years 2021 through 2025. The summary information for Fiscal Years 2021-2025 has been compiled by the City from the City's audited results of operations for the applicable periods.

	Fiscal Year				
	2021	2022	2023	2024	2025
Gross Revenues[1]	$34,655,427	$34,421,459	$34,245,803	$34,363,272	$35,975,236
Operation and Maintenance Expenses[1]	25,111,484	27,189,866	27,958,456	28,565,547	28,970,332
Non-operating Revenues/Expenses	10,314	17,619	274,207	400,020	289,030
Net Earnings[1]	9,554,257	7,249,212	6,561,554	6,197,745	7,233,506
Annual Principal and Interest Requirements	3,242,592	3,853,194	3,844,356	3,847,156	3,849,806
Debt Service Coverage	2.95x	1.88x	1.71x	1.61x	1.88x

(1) Calculated per the terms of the Bond Ordinance. Methodology used by rating agencies (see "RATINGS" herein) to calculate footnoted items may differ from the Debt Service Coverage in the table above, which conforms to the Bond Ordinance.

Projected Debt Service Coverage of the System

The following table shows the forecasted Gross Revenues, Operation and Maintenance Expenses, Net Earnings, Annual Principal and Interest Requirements, and debt service coverage of the System for each of the Fiscal Years 2026 through 2031. These projections were extracted from a Rate Study, dated June 12, 2026, prepared by Willdan Financial Services (the "***Rate Consultant***") on file with the City. Factors relevant to the forecast are described in the footnotes accompanying the table; such factors represent the Rate Consultant's best estimates and adjustments during the projection period, and such estimates and adjustments are subject to a variety of risks and uncertainties. There can be no assurance that the forecasts or the factors relevant to the forecast will be realized or that actual results will not differ materially from those forecasted.

	Fiscal Year					
	2026	2027	2028	2029	2030	2031
Gross Revenues[1][2]	$36,377,126	$38,728,547	$41,164,891	$41,704,925	$42,246,762	$42,788,590
Operation and Maintenance Expenses[1][2]	29,459,007	30,178,076	30,866,412	30,064,106	29,779,983	30,509,066
Net Earnings[1]	$6,918,119	$8,550,471	$10,298,479	$11,640,819	$12,466,779	$12,279,524
Annual Principal and Interest Requirements[1]	$3,847,156*	$4,066,959*	$4,368,313*	$4,377,113*	$4,371,338*	$4,371,863*
Debt Service Coverage	1.80x	2.10x	2.36x	2.66x	2.85x	2.81x

(1) Calculated per the terms of the Bond Ordinance.
(2) Assumptions:

(i) Revenues from water charges were estimated based on the following primary assumptions:
- (a) Minimum Water Charge rate increases of approximately 6.45% in FY2027 and 3.00% in FY2028
- (b) Volumetric Water Charge rates increases of approximately 5.00% in FY2027 and 5.00 in FY2028.
- (c) Average customer growth rate of 2.55% from FY2027 to FY2031 plus additional 75 inside City residential customers and 3 outside City residential customers in FY2027. From FY2028 and beyond, additional 150 inside City residential customers and 3 outside City customers annually.

(ii) Revenues from sewer charges were estimated based on the following primary assumptions
- (a) Minimum Sewer Charge rate increases of approximately 3.60% in FY2027 and 1.70% in FY2028.
- (b) Volumetric Sewer Charge rate increases of approximately 5.80% to 7.00% in FY2027 and 5.30% to 7.00% in FY2028.
- (c) Average customer growth rate of 2.83% from FY2027 to FY2031 plus additional 75 inside City residential customers in FY2027. From FY2028 and beyond, additional 150 inside City residential customers annually

(iii) Revenues from electric charges were estimated based on the following primary assumptions:
- (a) Electric Service Charge (Residential) rate increases of approximately 3.85% in FY2027 and 3.70% in FY2028.
- (b) Electric Energy Charge (Residential) rate increases of approximately 6.00% in FY2027 and 6.00% in FY2028.
- (c) Electric Service Charge (Commercial) rate increases of approximately 2.30% in FY2027 and 2.30% in FY2028.
- (d) Electric Energy Charge (Commercial) rate increases of approximately 6.00% in FY2027 and 6.00% in FY2028.
- (e) Electric Service Charge (Industrial) rate increases of approximately 0.70% in FY2027 and 0.70% in FY2028.
- (f) Electric Billing Demand and Energy Charge (Industrial) rate increases of approximately 6.00% in FY2027 and 6.00% in FY2028.
- (g) Average customer growth rate of 2.38% from FY2027 to FY2031 plus additional 92 customers in FY2027 and additional 121 customers in FY2028. From FY2029 and beyond, an additional 156 customers.

(iv) Budgeted expenses for the System for fiscal year 2026 were obtained from the City's approved operating budget for 2026 and were escalated by GDP, customer growth, historical growth trends or a combination of these escalators each year of the projection period. It should be noted that depreciation and amortization expenses are not included as required by the Bond Ordinance.

Source: Rate Study of Willdan Financial Services

Debt Service Requirements of the System*

The following table sets forth the annual debt service requirements on the Bonds, for the Fiscal Years indicated in the table below.

Fiscal Year	Series 2015 Bonds	Series 2021 Bonds	Series 2026 Bonds* Principal	Series 2026 Bonds* Interest	Annual Principal and Interest Requirements
2027	$ 2,715,456	$1,138,400	-		
2028	2,714,050	1,136,100	$ 130,000		
2029	2,713,600	1,142,100	135,000		
2030	2,711,200	1,140,850	145,000		
2031	2,712,200	1,137,100	150,000		
2032	3,599,200	244,800	160,000		
3033	3,897,400	-	165,000		
2034	3,893,800	-	175,000		
2035	3,894,800	-	185,000		
2036	-	-	195,000		
2037	-	-	205,000		
2038	-	-	215,000		
2029	-	-	225,000		
2040	-	-	235,000		
2041	-	-	250,000		
2042	-	-	260,000		
2043	-	-	270,000		
2044	-	-	280,000		
2045	-	-	290,000		
2046	-	-	305,000		
2047	-	-	320,000		
2048	-	-	335,000		
2049	-	-	350,000		
2050	-	-	365,000		
2051	-	-	380,000		
2052	-	-	400,000		
2053	-	-	420,000		
2054	-	-	435,000		
2055	-	-	460,000		
2056	-	-	480,000		
2057	-	-	500,000		
Total	$28,851,706	$5,939,350	$8,420,000		

Note: Totals may not sum due to rounding

THE SYSTEM

Management of the System

The City Council, by action taken on August 27, 1948, combined its waterworks system, sewer system and electrical distribution system into one combined enterprise of the City. As a result, the System now consists of all three utility systems.

General Discussion of the Service Area; Other Area Providers

The City has the exclusive right to provide water, sewer and electrical services inside the corporate limits of the City, with limited exceptions for certain electric customers. In addition, the City may provide water, sewer and electrical services to areas outside of its corporate limits except within designated service areas of other utility providers.

Approximately 14.3%, 4.8%, and 1% of the City's water, sewer, and electric customers, respectively, are located outside of the City's corporate limits.

Newberry County, South Carolina (the ***"County"***) does not, at the present time, have the legal authority to provide water and/or sewer service in the unincorporated areas of the County. Article VIII, Section 16 of the Constitution of the State of South Carolina, 1895, as amended, permits counties to provide such services only after a favorable referendum on the issue. To date, the County has not held such a referendum.

The Newberry County Water and Sewer Authority, South Carolina, created by Act No. 119 of Acts and Joint Resolutions of the General Assembly of South Carolina for the Year 1963, as amended (the ***"Authority"*** or ***"NCWSA"***), provides water and sewer service in certain unincorporated areas of the County. Pursuant to a contract between the City and the Authority dated February 12, 1987, the Authority relinquished to the City a 2,170-acre portion of the Authority's service area in exchange for the City's agreement to provide water distribution and sewer collection service in such area. The area is situated between the eastern boundary of the City's corporate limits and Interstate Highway 26.

The Town of Prosperity (***"Prosperity"***) is located in the southern portion of the County. Prosperity provides water, sewer and electric service within its municipal boundaries and certain areas outside its boundaries. Prosperity purchases wholesale power from Duke Energy Carolinas, LLC (***"Duke"***), and its distribution system is maintained by town staff. Prosperity purchases wholesale water from NCWSA, and its water distribution system is maintained by town staff. While Prosperity owns its own sewer collection system, it does not provide treatment. Prosperity's sewer is treated by NCWSA.

The Town of Whitmire (***"Whitmire"***) is located in the northern portion of the County. Whitmire provides water and sewer service within its municipal boundaries and certain areas outside its boundaries. Whitmire owns a one-million-gallon-per-day ("***MGD***") water treatment facility and withdraws water from the Enoree River. Whitmire maintains a small sewer package plant capable of processing 0.6 MGD of sewage.

In addition to the City and Prosperity, Newberry Electric Co-op, Duke, and Dominion Energy all provide electric service within the County. Pursuant to the territorial assignment laws in the State, the City is limited in its ability to expand its service territory. Expansions are primarily implemented by annexation. Should the City expand its corporate boundaries into an area that was assigned to a power supplier by the South Carolina Public Service Commission prior to annexation, the City shall have the right to serve any new customers while the existing supplier continues to provide service to existing customers. However, pursuant to the findings in *City of Newberry v. Newberry Electric Co-op*, 692 S.E.2d 510, 387 S.C. 254 (2009), if the City annexes into an area and that area is not being served (even if the property is assigned to another provider), the City shall have the sole right to provide electric service to that property.

Natural gas service is provided to Newberry County by the Clinton Newberry Natural Gas Authority (***"CNNGA"***), a South Carolina special-purpose district. CNNGA is governed by a seven-member board comprised of the following: (i) two members appointed by the City; (ii) two members appointed by the City of Clinton (***"Clinton"***); (iii) the Mayor of the City serving ex-officio; (iv) the Mayor of Clinton serving ex-officio; and (v) the seventh member appointed by the other six members.

CNNGA began its operations by constructing a transmission line from the City through Clinton to a main transmission line in Greenville County. CNNGA also maintains distribution facilities to supply natural gas to the City, Clinton and the surrounding area. Recently, CNNGA began expanding its distribution area to Lake Murray in Newberry County and Lake Greenwood in Laurens County. The net revenues derived from the sale of firm gas are statutorily required to be divided between the City and Clinton on a pro rata basis of firm gas sold within their respective municipal service areas – Newberry County for the City, and Laurens County for Clinton. The sum represented by the sale of interruptible gas by CNNGA is divided equally between the City and Clinton, regardless of where the interruptible gas is sold. For the Fiscal Year ended June 30, 2025, the City received approximately $545,400 from CNNGA.

Electric Unit

Description

The City presently obtains its supply of electrical power from the Piedmont Municipal Power Agency (***"PMPA"***) of which it is a member. See "*PMPA and Contracts Affecting the City*" herein. PMPA is a public body corporate and politic organized and existing under the laws of the State, consisting of ten municipalities in the State which purchase electric power for resale from PMPA. PMPA owns a 25% undivided ownership interest in nuclear reactor Unit 2 of the Catawba Nuclear Station (***"Unit 2"***), which is being operated by Duke, and purchases its supplemental peaking power from PMPA through December 31, 2029. See "*– PMPA and Contracts Affecting the City*" herein.

The electric unit consists of three delivery points, which serve five distribution feeder circuits of 25,000 volts. The City also has eight emergency standby/load management generation units in various City facilities, which are capable of powering those facilities in emergency periods. As of June 30, 2025, there were 4,433 residential customers, 939 commercial customers, and 13 industrial customers served by the electric unit.

In Fiscal Year 2025, electric use was allocated as follows: approximately 29.1% to residential customers, approximately 36.7% commercial customers, and approximately 34.2% to industrial customers.

PMPA and Contracts Affecting the City

PMPA was incorporated under the Joint Municipal Electric Power and Energy Act dated January 11, 1979, now codified as Title 6, Chapter 23 of the Code of Laws of South Carolina 1976, as amended. The City is a charter member of PMPA. In addition to the City, PMPA has nine other members, each of which is a State municipality and includes the following municipalities: the City of Abbeville; Clinton; the City of Easley; the City of Gaffney; the City of Greer; the City of Laurens; the City of Rock Hill; the City of Union; and the City of Westminster (together with the City, the ***"Participants"***).[1] Pursuant to the Purchase, Construction and Ownership Agreement between Duke and PMPA dated as of August 1, 1980 (the ***"Duke Purchase Agreement"***) (effective December 20, 1984), PMPA purchased and owns a 25% undivided ownership interest in Unit 2, which is located on Lake Wylie in York County, South Carolina. Duke, the North Carolina Municipal Power Agency Number 1 (***"NCMPA1"***), a joint agency of the State of North Carolina, and the North Carolina Electric Membership Corporation (***"NCEMC"***) also have various undivided interests in the Catawba Project (as defined below). NCMPA1 owns 75% of Unit 2, and NCEMC and Duke own approximately 61.51% and 38.49%, respectively, of Unit 1 of the Catawba Nuclear Station (***"Unit 1"*** and together with Unit 2, the ***"Catawba Project"***). PMPA's interest in the Catawba Project is further governed by various agreements described herein under "*– PMPA Reliability Exchanges*".

The Catawba Project was relicensed by the U.S. Nuclear Regulatory Commission ("**NRC**") in 2003, extending the operating license to December 2043 (eight years after the current Catawba Sales Agreement (defined below) is scheduled to expire). Duke is seeking a 20-year license extension for the Catawba Project to operate through 2063. The NRC directs the subsequent license renewal process. Although the renewal process cannot be formally completed with the NRC until the current license is closer to expiration, PMPA deems it probable the 20-year extension will be approved. The Participants all own electrical distribution systems and nine of the Participants (excluding the City of Union) receive all of their power deliveries through Duke's transmission system.

The Participants have agreed, pursuant to the Catawba Project Power Sales Agreements dated as of August 1, 1980 between each of the Participants and PMPA (the ***"Catawba Sales Agreement"***), in exchange for a share of the power and energy generated by the Catawba Project, to take or pay for the costs of their respective share of the Catawba Project output, whether or not the Catawba Project is operational or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the Catawba Project output, or the power and energy contracted for, for any or no reason. The City's allocated share (within PMPA's share) of the Catawba Project output is 10.4723% (approximately 29.95 megawatts). Project costs under the Catawba Sales Agreement include (to the extent they are not costs of acquisition and construction or costs payable under the Supplemental Agreement, as defined below) all of PMPA's costs resulting from or attributable to the ownership, operation, maintenance, termination, retirement from service and decommissioning of, necessary repairs, renewals, replacements, additions, improvements and modifications to the Catawba Project, including, without limitation, the

[1] Easley, Gaffney, Greer and Laurens each participate through their respective Commissioners of Public Works as described in Title 5, Chapter 31, Article 3 of the Code of Laws of South Carolina 1976, as amended.

amount PMPA is required to deposit monthly into funds or accounts established in connection with payment of principal of and interest on any electric revenue bonds issued by PMPA in connection with the Catawba Project, and all costs and expenses related to injury and damage claims required to be paid by PMPA in connection with the Catawba Project, but does not include public liability of PMPA in excess of that provided for by the Atomic Energy Act of 1954, as amended from time to time, or any successor statute. Payment of such costs is not subject to any reduction by offset or otherwise and is not conditioned upon the performance or nonperformance by PMPA or any of the Participants. The term of the Catawba Sales Agreement extends until all payments on the bonds issued by PMPA and all obligations under certain other agreements relating to the Catawba Project have been paid or provided for, but in no event later than August 1, 2035 (the termination date of the Catawba Sales Agreement for Rock Hill, Greer, and the City of Union). The remaining Participants (excluding Rock Hill, Greer, and the City of Union) have extended the term of the Catawba Sales Agreement until the earlier of (1) August 1, 2085, (2) the date the Catawba Project has ceased operations and is retired from service, or (3) until all payments on the bonds issued by PMPA and all obligations under the Catawba Sales Agreement and certain other agreements relating to the Catawba Project have been paid or provided for. However, the termination or expiration of the Catawba Sales Agreement will not affect any accrued liability or obligation thereunder, specifically including, but not limited to, the cost of decommissioning the Catawba Project. Such accrued liability will be determined and reflected in a final accounting statement at the earliest reasonable time after the termination of the Catawba Sales Agreement. See *"– PMPA Litigation"* below for a discussion of the Consent Judgment related to the timing of the required final accounting.

Upon failure of the City or any other Participant to make any payment resulting in a default under its respective Catawba Sales Agreement, and if such defaulting Participant's share of the Catawba Project output cannot otherwise be sold or transferred, the share of the Catawba Project output of each non-defaulting Participant automatically shall be increased for the remaining term of the Catawba Sales Agreement pro rata with those of the other non-defaulting Participants; provided that the sum of such increase for any non-defaulting Participant shall not exceed, without its consent, an accumulated maximum of 25% of its share of the Catawba Project output prior to any such increase. Thus, and upon such a default by another Participant, the City's share of the Catawba Project output (and corresponding take-or-pay responsibility) will not exceed 13.0904% of the total Catawba Project output, without the City's consent. A defaulting Participant will not, however, be relieved of its payment obligation under its respective Catawba Sale Agreement, except to the extent that, in the event of sale or transfer, PMPA shall have received payment from the purchaser of the share.

Each Participant, including the City, has entered into a Supplemental Power Sales Agreement (the ***"Supplemental Agreement"***) with PMPA under which each Participant has agreed to pay, in exchange for its supplemental bulk power supply, its share of supplemental power costs (exclusive of any power purchased from Southeastern Power Administration (***"SEPA"***), an agency of the United States Department of Energy). As provided in the Supplemental Agreement, PMPA will contract with providers for supplemental power. Pursuant to a power sales agreement between PMPA and the South Carolina Public Service Authority (***"Santee Cooper"***) dated as of December 13, 2010 (the ***"Santee Agreement"***), effective January 1, 2014, PMPA began purchasing its supplemental power requirements from Santee Cooper. The Santee Agreement requires that PMPA purchase power from Santee Cooper to meet all of its load demand beyond the amounts served by the Catawba Project, any Participants' shares of electricity from SEPA's hydroelectric facilities and load requirements met by individual generating resources owned by any Participants. Further, Santee Cooper has agreed to purchase surplus energy from PMPA, if available, and provide additional related services to PMPA. The term of the Santee Agreement runs from January 1, 2014 until such time as either party gives ten years notice. PMPA sent notice of termination on January 28, 2019, of the need of the City of Greer, the City of Rock Hill, and the City of Westminster to benefit from supplemental power requirements service purchased by PMPA from Santee Cooper, effective December 31, 2028. In addition, PMPA sent notice of termination on January 28, 2020, of the need of the City of Abbeville, Clinton, the City of Easley, the City of Gaffney, the City of Laurens, the City, and, indirectly, the City of Union, to benefit from supplemental power requirements service purchased by PMPA from Santee Cooper effective December 31, 2029. PMPA will no longer purchase any supplemental power requirements service from Santee Cooper after December 31, 2029. PMPA is currently negotiating a contract to purchase supplemental power for the City, the City of Abbeville, Clinton, the City of Easley, the City of Gaffney, the City of Laurens, and the City of Westminster. Notwithstanding the termination as of December 31, 2028 of the Supplemental Agreement by Rock Hill, Greer, and the City of Union, the City and the Participants will remain obligated to pay their share of PMPA's costs, including debt service, pursuant to the Catawba Sales Agreement (i.e. 100% of contractual capacity rather than on the basis of base billing demand of the Participants). With regard to the City, it will be responsible for an excess capacity of approximately 6MW, which will need to be either sold in advance of the termination of the Supplemental Agreement or sold in the market. PMPA is currently soliciting proposals for the purchase of excess contractual capacity, inclusive of the City's excess

6MW, entitlement to the Catawba Project, which contemplates that a pro-rata share of PMPA's costs would be allocated to the purchaser in a manner that is designed to mimic an ownership structure. However, no assurance can be given that PMPA will consummate such a transaction. To the extent that the City's excess capacity can not be marketed and sold to other entities in a manner that allocates the pro-rata share of PMPA's costs as described above, the City may be required to implement significant rate increases in order to satisfy its obligation under the Catawba Sales Agreement, which could materially adversely affect the financial condition of the City.

PMPA Reliability Exchanges

The relationship and interconnection between PMPA and Duke with respect to the Catawba Project and certain other power supply matters results from certain contracts between the parties including, but not limited to the following agreements: (1) an Operating and Fuel Agreement, as amended (the ***"Operating Agreement"***); (2) the Catawba Nuclear Joint Ownership Support Agreement (the ***"JOSA"***); (3) the McGuire Reliability Exchange Agreement (the ***"MREA"*** and together with the JOSA, the ***"Reliability Exchanges"***); and (4) the Duke Purchase Agreement.

The Operating Agreement provides that Duke shall be employed to operate and maintain the Catawba Project, to purchase all fuel and fuel services for the Catawba Project and implement capital improvements to the Catawba Project.

The JOSA generally provides for (1) the interconnection of the Catawba Project and Duke's system; and (2) the ***"Catawba Reliability Exchange"*** wherein the Catawba Project output is provided in approximately equal amounts from Unit 1 and Unit 2 (the owners of Unit 2, which includes PMPA, exchange 50% of the capacity and output of Unit 1 for 50% of the capability and output of Unit 2). The purpose of the Catawba Reliability Exchange is to make the supply of capacity and energy from the Catawba Project more reliable and to mitigate potential adverse economic effects on PMPA and its Participants from unscheduled outages affecting Unit 2. The Catawba Reliability Exchange extends for the life of Unit 1 and Unit 2. Under the provisions of the JOSA, PMPA, in exchange for 12.5% of the power generated by the Catawba Project, is responsible for paying 12.5% of the costs of labor, overhead, capital, and decommissioning of the Catawba Project.

The MREA further divides PMPA's entitlement of Catawba Project output into approximately equal parts from the Catawba Project and the McGuire Stations (another nuclear project owned and operated by Duke). The Reliability Exchanges are further intended to mitigate potential adverse economic effects on PMPA and the Participants due to unscheduled outages of Unit 2. As a result of the Reliability Exchanges, PMPA's project output is reduced by 6.25% when any unit of the Catawba Project or the McGuire Stations has an outage. The MREA provides for a three-year notice of termination by either Duke or PMPA.

Pursuant to the Duke Purchase Agreement, Duke, effective January 1, 2014, began providing PMPA's backstand services for the Catawba Project. PMPA stopped purchasing backstand services from Duke and began purchasing backstand services from The Energy Authority (***"TEA"***) effective January 1, 2021, subject to annual renewals. Members and partners of TEA are public power entities from across the nation. TEA is engaged in buying and selling wholesale electric power and procuring natural gas for its members for use in their operations. The current members of TEA include Santee Cooper, City Utilities of Springfield (Missouri), Gainesville Regional Utilities (Florida), JEA (Florida), Municipal Electric Authority of Georgia, Nebraska Public Power District and American Municipal Power, Inc. (Ohio).

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PMPA – Billing, Indebtedness, New Capital

PMPA bills each Participant on a monthly basis for its power costs, and such bill includes the Participant's allocated share of debt service on bonds issued by PMPA. Under the Catawba Sales Agreement, the City's PMPA power costs are an operating expense of the City (an Operation and Maintenance Expense under the Bond Ordinance), and payable solely from the electric revenues of the System. As of January 1, 2026, PMPA had outstanding the principal amount of $420,344,644 due on all of its bonds. A table of all of PMPA's aggregate debt service and the City's allocated portion thereof is presented in the table that follows:

Aggregate PMPA Debt Service Table

Bond Year Ending	Principal	Interest[1]	Total Debt Service	City's Portion[2]	2024A Bonds[3]	City's Portion of 2024A Bonds[3]
1/1/2026[4]	$27,064,498	$56,244,992	$83,309,490	$7,588,495	$2,421,333	$426,124
1/1/2027	37,397,129	46,275,712	83,672,841	7,621,592	2,421,333	426,124
1/1/2028	37,863,350	45,806,790	83,670,140	7,621,346	2,421,333	426,124
1/1/2029	38,506,710	45,168,179	83,674,889	7,621,778	2,421,333	426,124
1/1/2030	39,206,961	44,463,678	83,670,639	7,621,391	2,421,333	426,124
1/1/2031	40,050,272	43,584,534	83,634,806	7,618,127	2,421,333	426,124
1/1/2032	44,718,044	38,915,011	83,633,055	7,617,968	2,421,333	426,124
1/1/2033	76,975,000	6,653,807	83,628,807	7,617,581	2,421,333	426,124
1/1/2034	78,562,680	5,068,567	83,631,247	7,617,803	2,421,333	426,124
1/1/2035	—	—	—	—	2,421,333	426,124
4/30/2035	—	—	—	—	45,400,187	7,989,860
Totals	$420,344,644	$332,181,270	$752,525,914	$68,546,081	$69,613,517	$12,251,100

(1) All anticipated tax subsidies on Build America Bonds have been netted out.

(2) City's portion of debt service is allocated on the basis of base billing demand through December 31, 2029, the termination date of the Supplemental Agreement. This amount may be more or less than the City's proportionate share of the Catawba Project due to power purchased by the City at PMPA's wholesale purchase rate, which includes power purchased under the Catawba Sales Agreement and the Supplemental Agreement. Upon the termination of the Supplemental Agreement, the City and the Participants will remain obligated to pay their share of PMPA's costs, including debt service, pursuant to the Catawba Sales Agreement.

(3) City's portion of the 2024A Bond (hereinafter defined) debt service (interest only until balloon maturity payment on 4/30/2035) is allocated on the basis of base billing demand, excluding the Rock Hill and Greer (see "*PMPA Litigation*" hereinbelow). This amount is net of debt service reserve funds that will be applied to offset the final interest and principal amount.

(4) Paid.

PMPA's expenditures for capital additions to the Catawba Nuclear Station were $14.0 million in 2021, $15.0 million in 2022, $21.0 million in 2023, $23.3 million in 2024, and $23.6 million in 2025. Over the current and next three calendar years, PMPA estimates that its share of all capital projects at the Catawba Project is expected to total approximately $119 million. PMPA and its Participants are responsible for 12.5% (see discussion of the JOSA in *"– PMPA Reliability Exchanges*" above) of all required capital additions at the Catawba Project. It is anticipated that, commencing on January 1, 2029 for the cities of Rock Hill, Greer and Westminster, and January 1, 2030 for the remaining Participants, each Participant's share of Catawba Project costs, including debt service, will be based on a Participant's respective ownership share of the Catawba Project. See *"– PMPA Litigation"* below, the outcome of which may result in changes to the current billing methodology prior to 2030.

PMPA recovers its costs of operations through its rate structure. PMPA decreased the basic all-requirements rates by 4% in 2020, which the City passed on to its customers. Prior to the rate decrease in 2020, PMPA's basic all-requirements rate had remained unchanged since 2015. There are no rate increases anticipated from PMPA in 2026.

PMPA and the City

The City's pledge of Gross Revenues as security for Bonds (including the Series 2026 Bonds) is superior (under the waterfall provisions of the Bond Ordinance) to the obligations of the City to PMPA under its agreements with PMPA, as payments to PMPA are treated as an Operation and Maintenance Expense under the Bond Ordinance (see "SECURITY FOR THE 2026 BONDS – Pledge of Gross Revenues, and – Funds and Accounts Established Under the Ordinance" herein).

Pursuant to the Catawba Sales Agreement the City has agreed with PMPA that it will not issue revenue bonds on a parity with or superior to the payment of its obligations under the Catawba Sales Agreement except for certain limited purposes, which include funding the costs of additions, replacements or improvements to the System, or refunding bonds related to same. Pursuant to the Catawba Sales Agreement and the Supplemental Agreement, the City's rate consultant, Willdan Financial Services delivered an opinion to PMPA dated July 10, 2026 that (1) the Projects are reasonably expected to properly and advantageously contribute to the conduct of the System in an efficient and economical manner consistent with Usual Utility Practice (as defined in the Catawba Sales Agreement), and (2) the issuance of the Series 2026 Bonds will not impair the ability of the City to raise Revenues (as defined in the Catawba Sales Agreement) sufficient to meet its required obligations to PMPA under the Catawba Sales Agreement and the Supplemental Agreement.

PMPA and Limitations

PMPA is currently faced with a number of difficult issues, including its high costs of providing power to its Participants relative to the cost of power from investor-owned utilities.

Each Participant's ability to compete successfully is a broad issue encompassing all components of their costs, the quality of service provided to their customers and other factors. PMPA's relatively high cost of power may adversely affect the Participants' ability to set rates that are competitive with the rates of other power suppliers and with the cost of other energy alternatives. PMPA and its Participants have begun taking steps to address its competitive challenges, including the investigation of alternative sources of power supply and opportunities to sell power, as well as the implementation and promotion of demand-side management programs and innovative rate structures.

PMPA Litigation

On March 20, 2019 and as confirmed by separate notice letters to PMPA, two Participants (the cities of Rock Hill and Greer) asserted that PMPA is in default under their respective Catawba Sales Agreement and Supplemental Agreement and that its billing practices in establishing rates and charges to be paid by the Participants (which are based, in part, upon the Participants' respective base-billing demand) are improper. This dispute resulted in litigation (South Carolina Civil Case No. 2021-CP-23-00941) between PMPA and most of the Participants. At a PMPA board meeting held on November 26, 2023, the terms of a proposed settlement agreement were unanimously approved, and all of the Participants subsequently approved the settlement proposal and entered into a Settlement Agreement and Mutual Release with the final signature thereto dated as of January 17, 2024 (the "***Settlement Agreement***"). The terms of the Settlement Agreement required PMPA to make payments to Rock Hill and Greer in the amount of $5 million each within 30 days of the execution of the Settlement Agreement by all of Participants. PMPA subsequently issued a private placement bond (the "***2024A Bond***") and approval of the structure to make additional payments of $22.5 million to Rock Hill and Greer, respectively, with all PMPA members (except Rock Hill and Greer) obligated to repay the 2024A Bond. Debt service on the 2024A Bond is interest only until a balloon maturity payment on April 30, 2035 (once all other PMPA debt has been retired), and is allocated on the basis of base billing demand of the Participants, excluding the cities of Rock Hill and Greer.

In July 2023, PMPA was named a defendant in a lawsuit filed by the City of Greer regarding the terms of the Catawba Sales Agreement. The lawsuit sought a declaratory judgment regarding final accounting procedures set forth within the Catawba Sales Agreement. In January 2025, the City of Union (and together with the City of Greer, the ***"Plaintiffs"***) joined this lawsuit as an additional plaintiff. Pursuant to a Consent Judgment on Declaratory Judgment dated May 8, 2025, the parties to the lawsuit affirmed that the respective Supplemental Agreement between Plaintiffs and PMPA will expire on December 31, 2028 (City of Greer) and December 31, 2029 (City of Union), respectively, the Catawba Sales Agreement is scheduled to expire and terminate on July 31, 2035, and neither termination nor expiration of the Catawba Sales Agreement shall affect any accrued liability or obligation thereunder, including the costs of decommissioning; however, the parties reserved their rights and claims as to when the date or existence of a condition that constitutes the "earliest reasonable time after termination of the Catawba Sales Agreement", which triggers PMPA's obligation to prepare the "final accounting statement" as set forth in the Catawba Sales Agreement.

Electric Customers

The below table sets forth the commercial and residential customers for the last five Fiscal Years.

Fiscal Year	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
2021	4,113	824	14	4,951
2022	4,434	866	13	5,313
2023	4,440	895	13	5,348
2024	4,433	932	13	5,378
2025	4,433	939	13	5,385

Usage

The following table shows the total consumption and the peak demand of the electric unit for the Fiscal Years shown.

Fiscal Year	Total Consumption (kWh)	Peak Demand (MW)
2021	185,204,588	40.9
2022	185,213,633	40.2
2023	181,411,310	40.0
2024	163,276,857[(1)]	36.1[(1)]
2025	163,109,956	34.7

(1) Peak demand and total consumption declined in 2024 due to the closure of one of Kraft Heinz Foods Company's (the City's largest customer) slaughter lines.

Ten Largest Electricity Customers

The 10 largest users of the City's electric service for Fiscal Year 2025 are listed below.

Customer Name	Annual kWh	Annual Revenue	Percentage of Electric Revenues	Percentage of Total System Revenues
Kraft Heinz Foods Company	43,156,800	$5,377,028	22.35%	14.95%
Newberry College	6,680,204	1,055,804	4.39	2.93
Valmont Composite Structures	5,382,250	706,769	2.94	1.96
Newberry County Memorial Hospital	4,965,928	669,410	2.78	1.86
Artisan Kitchens	3,970,400	610,142	2.54	1.70
Walmart	3,368,880	466,450	1.94	1.30
Newberry Housing Authority	2,281,604	429,010	1.78	1.19
Cal-Maine Foods, Inc. (previously ISE)	2,653,811	413,293	1.72	1.15
Newberry Middle School	1,421,400	251,169	1.04	0.70
Newberry High School	1,458,151	250,399	1.04	0.70
Totals	75,339,428	$10,229,474	42.52%	28.43%

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Kilowatt Hour Sales

The table below sets forth the kilowatt hour sales (in 1,000 kWh) and the percent change for the Fiscal Years shown.

Fiscal Year	Electric (kWh)	Percent Change
2021	185,204,588	(8.77)%
2022	185,213,633	0.00
2023	181,411,310	(2.05)
2024	163,276,857[1]	(10.00)
2025	163,109,956	(0.10)

[1] Kilowatt-hour sales declined in 2024 due to the closure of one of Kraft Heinz Foods Company's (the City's largest customer) slaughter lines.

Electric Service Rates

The electric component of the System provides a variety of electrical service rate options based on usage. These are presently designed as residential, small commercial, and large commercial. The rates set forth below, except where noted, are currently in effect.

Residential Service Monthly Rates

Availability Charge	$27.00 per month, plus
(April-November)	
First 500 kWh per month	$0.1484 per kWh
Over 500 kWh per month	$0.1439 per kWh
(December-March)	
First 500 kWh per month	$0.1484 per kWh
Next 1,000 kWh per month	$0.1439 per kWh
Over 1,500 kWh per month	$0.1198 per kWh

Small Commercial Service Monthly Rates[1]

Availability Charge	$44.00 per month, plus
Energy Charge	
First 1,000 kWh per month	$0.1624 per kWh
Over 1,000 kWh per month	$0.1442 per kWh

[1] Available to commercial customers who do not have a demand meter, churches, and to others subject to approval by the City.
Note: The net monthly bill computed according to the above schedule is subject to adjustment based upon the City's wholesale power cost adjustment.

Commercial Customers Monthly Rates[1]

Availability Charge	$44.00 per month, plus
Billing Demand Charge	
First 15 kW per month	$4.66 per billing kW
Over 15 kW per month	$10.39 per billing kW, plus
Energy Charge	
First 125 kWh per billing kW per month	$0.1427 per kWh
Next 275 kWh per billing kW per month	$0.1087 per kWh
Over 400 kWh per billing kW per month	$0.0816 per kWh

[1] Available to commercial customers who have a demand meter and to others subject to approval by the City.
Note: The Billing Demand is the greater of (i) the highest fifteen minute kW measured during the current month or (ii) 75% of the highest actual demands occurring in the most previous summer months (bills dated July through October) of the preceding eleven months.
Note: The net monthly bill computed according to the above schedule is subject to adjustment based upon the City's wholesale power cost adjustment.

Industrial Customers (Without Primary Service) Monthly Rates[(1)]

Minimum Bill		$150.00 per month
Availability Charge		$139.00 per month, plus
Billing Demand Charge		
	All kW	$18.92 per billing kW, plus
Energy Charge		
	First 125 kWh per billing kW per month	$0.1102 per kWh
	Next 275 kWh per billing kW per month	$0.0827 per kWh
	Over 400 kWh per billing kW per month	$0.0790 per kWh

(1) Available to industrial customers as defined in the City's code of ordinances

Note: The Billing Demand is the greater of (i) the highest fifteen minute kW measured during the current month or (ii) 75% of the highest fifteen minutes measured demands occurring in the most previous summer months (bills dated July through October) of the preceding eleven months.

Note: The net monthly bill computed according to the above schedule is subject to adjustment based upon the City's wholesale power cost adjustment.

Industrial Customers (With Primary Service) Monthly Rates[(1)]

Availability Charge		$140.00 per month, plus
Billing Demand Charge		
	All kW	$23.90 per billing kW, plus
Energy Charge (per kWh)		
	All kW	$0.0778 per kWh

(1) Available to industrial customers as defined in the City's code of ordinances

Note: The Billing Demand is the greater of (i) the highest fifteen minute kW measured during the current month or (ii) 75% of the highest fifteen minutes measured demands occurring in the most previous summer months (bills dated July through October) of the preceding eleven months.

Note: The net monthly bill computed according to the above schedule is subject to adjustment based upon the City's wholesale power cost adjustment.

High Load Factor Primary Service to Industrial Customers Monthly Rates[(1)]

Availability Charge		$140.00 per month, plus
Billing Demand Charge		
	All kW	$23.90 per billing kW, plus
Energy Charge		
	All kWh	$0.077 per kWh

(1) Load factor primary service is available to industrial customers which maintain a monthly average load factor of 65% and take service at the City's available primary voltage.

Note: The Billing Demand is the greater of (i) the highest fifteen minute kW measured during the current month or (ii) 75% of the highest fifteen minutes measured demands occurring in the most previous summer months (bills dated July through October) of the preceding eleven months.

Note: The net monthly bill computed according to the above schedule is subject to adjustment based upon the City's wholesale power cost adjustment.

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Miscellaneous Service Charges

Connection Fees	
Large Commercial	$ 100.00
Small Commercial	80.00
Residential	30.00
Transfer/Relocation/Administration	25.00
Temporary Service	20.00
Yard Light/Pole Installation	
Yard Light Installation	75.00
Yard Light Reconnection	50.00
Yard Light Pole Installation	300.00
Meter/Base Surge Protector	
Commercial/Industrial	250.00
Residential	85.00
Electric Meter Test Fee	
Commercial/Industrial	200.00
Residential	75.00
Returned Check	30.00
Tampering Fee	350.00 (plus actual damage)
Electric Service Mounting Pole Installation	300.00

Waterworks Unit

Treatment

Raw water is pumped from the Saluda River (Lake Murray) to a water treatment plant located adjacent to the river. The plant, which commenced operations in 1974, is approximately nine miles from the City limits. The treatment plant is rated to produce 8.1 MGD of treated water. The plant is capable of being expanded into a 13.5 MGD facility. Present usage is approximately 4.1 MGD, on average.

PFAS

The finished water contains certain "per- and polyfluoroalkyl substances" ("***PFAS***"). In particular, the finished water contains PFOS 12.7 of ppt (MCL = 4), PFOA of 6.2 ppt (MCL=4), and HFPO-DA of 12.6 ppt (MCL=10) (Gen-X) in excess of the Maximum Contaminant Levels (MCLs) published in the U.S. Environmental Protection Agency's PFAS National Primary Drinking Water Regulation (NPDWR). Public water systems with drinking water levels that exceed these MCLs must implement solutions by April 2031 to reduce these PFAS to below the MCLs. The City is currently participating in an engineering planning and design project funded by the South Carolina Drinking Water State Revolving Fund from the Emerging Contaminants appropriations for fiscal year 2025 in the form of a principal forgiveness loan. The project includes the evaluation of PFAS treatment technologies, the selection of the most promising for pilot testing, and the startup and monitoring of pilot PFAS treatment systems at the WTP, followed by recommendations and design of the system with the most favorable combination of cost, performance, and O&M capable of meeting the drinking water MCLs. See "Investment Considerations – Water Quality." The City's participation in the project is being funded by a portion of the proceeds of the Series 2026 Bonds.

Water Assets

In addition to the water treatment plant, the City owns four above-ground storage facilities capable of holding in excess of 4 million gallons of treated water. The City also owns and maintains an 11-million-gallon raw water reservoir. The water distribution system consists of 142 miles of pipe ranging from 1 inch to 24 inches in diameter, 640 hydrants, 2,938 valves, 1 booster pump station, and 5,116 meters. As of June 30, 2025, there were 4,278 residential customers, 761 commercial customers, and 27 industrial customers served by the waterworks unit.

In Fiscal Year 2025, water use was allocated as follows: approximately 62.5% to in-City residential customers and in-City commercial customers; approximately 3.7% to out-of-City residential and out-of-City commercial customers, approximately 20.8% to industrial customers, and approximately 13.0% to the wholesale customers.

Water Sources

The City withdraws water from Lake Murray, which is fed by the Saluda River. The City's intake is located within the Federal Energy Regulatory Commission's (***"FERC"***) project boundary for the Saluda Hydroelectric Project No. 516. On September 12, 1998, FERC authorized the withdrawal by the City of up to 10 MGD from Lake Murray.

Pursuant to Act No. 247 of the Acts and Joint Resolutions of the General Assembly of South Carolina for the Year 2010, which amended Title 49, Chapter 4 of the Code of Laws of South Carolina 1976, as amended, known as the South Carolina Surface Water Withdrawal, Permitting, Use and Reporting Act (the ***"Surface Water Act"***), the State now requires anyone withdrawing more than three million gallons or more in any one month from surface waters of the State to obtain a withdrawal permit from the South Carolina Department of of Environmental Services (f/k/a the South Carolina Department of Health and Environmental Control) (***"DES"***). On May 14, 2013, DES issued an Initial Surface Water Withdrawal Permit to the City under the Surface Water Act, authorizing the City to withdraw a maximum of 682 million gallons per month from Lake Murray. The permit is scheduled for expiration on May 13, 2043.

Major Water Contracts

<u>Newberry County Water & Sewer Authority</u>. On October 18, 2012, the City entered into a new Wholesale Water Purchase Agreement (the ***"NCWSA Agreement"***) with the Authority. The NCWSA Agreement provides for the Authority to purchase treated water from the City at a volumetric wholesale rate that is based upon the City's in-City residential water rate with an obligation to take a minimum of 7,000,000 gallons of treated water per month. The term of the NCWSA Agreement is 20 years with five-year extensions upon agreement by the parties. During the one-year period from July 1, 2024, through June 30, 2025, the Authority purchased $260,135 of water from the City, representing 6.32% of the City's water revenues during that period.

<u>Saluda Commissioners of Public Works.</u> On July 1, 2025, the City entered into a new Wholesale Water Purchase Agreement (the ***"Saluda CPW Agreement"***) with the CPW. The Saluda CPW Agreement provides for the CPW to purchase treated water from the City at a volumetric wholesale rate that is based upon the rate outlined in the contract, with a maximum take volume of 50,000,000 gallons of treated water per month. The term of the Saluda CPW Agreement is 10 years, with 10-year extensions upon agreement by the parties. Under the previous contract, during the one-year period from July 1, 2024, through June 30, 2025, the CPW purchased $254,823 of water from the City, representing 6.18% of the City's water revenues during that period.

Water Customers

The table below shows the number of customers of the waterworks unit as of June 30, 2021, through 2025.

Fiscal Year	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
2021	3,819	762	27	4,608
2022	4,277	745	27	5,049
2023	4,242	752	27	5,021
2024	4,270	765	28	5,063
2025	4,278	761	27	5,066

Usage

The following table shows, in gallons, the total annual flow, the average daily flow, the peak daily flow, and the peak monthly flow of the waterworks unit for the Fiscal Years 2021 through 2025.[(1)]

Year	Total Annual Flow	Average Daily Flow	Peak Daily Flow	Peak Monthly Flow
2021	191,333,619	462,355	1,035,782	17,235,692
2022	177,261,214	485,600	848,491	15,925,034
2023	160,103,786	462,093	903,885	15,178,694
2024	168,988,788	427,213	741,836	17,585,471
2025	135,127,313	370,212	406,613	13,026,679

(1) Flow declines are attributable to the closure of one of Kraft Heinz Foods Company's (the City's largest customer) slaughter lines.

Ten Largest Water Customers

The 10 largest users of the City's waterworks unit for Fiscal Year 2025 are shown below.

Customer Name	Annual Water Consumption (Cubic Feet)	Annual Revenue	Percentage of Water Revenues	Percentage of Total System Revenues
Kraft Heinz Foods Company	18,112,860	$ 492,192	11.93%	1.37%
Newberry County Water & Sewer Authority	14,789,298	260,135	6.30	0.72
Saluda Commission of Public Works	15,639,680	244,937	5.93	0.68
Newberry College	2,465,257	145,889	3.53	0.41
Samsung	3,786,348	143,028	3.47	0.40
Newberry Housing Authority	1,736,723	79,239	1.92	0.22
Kiswire	2,875,448	61,086	1.48	0.17
Cal-Maine Foods Inc. (previously ISE)	1,522,532	54,141	1.31	0.15
Newberry County Memorial Hospital	948,800	33,401	0.81	0.09
Newberry SC Preservation	271,870	32,850	0.80	0.09
Totals	62,148,816	$1,546,898	37.48%	4.30%

Water Service Rates and Fees

Water service charges below were effective July 1, 2026. The customer charges are the minimum charges each month, and no allowance for usage is included in the customer charges. In-City rates apply to all water service located within the municipal boundaries of the City, with the exception of industrial customers. Out-of-City rates apply to all water service located outside the municipal boundaries of the City, with the exception of industrial customers.

Minimum Monthly Usage Charges

Meter Size	In-City Rates Residential & Commercial Customer Charge	Out-of-City Rates Residential and Commercial Customer Charge	Industrial Customer Charge
5/8"	$ 16.50	$ 33.00	$ 16.95
1"	46.70	93.40	47.97
1½"	118.31	236.62	122.04
2"	212.85	425.70	217.81
3"	634.92	1,269.84	645.29
4"	1,376.76	2,753.52	1,414.14
6"	2,539.52	5,079.04	2,634.71
8"	3,604.10	7,208.20	3,745.78
10"	—	—	4,604.30

The rates applied to the metered water in excess of the above minimum monthly usage charges are as detailed on the following tables.

Residential Customers

Amount metered per month	In-City Rate	Out-of-City Rate
First 300 cubic feet	$3.49 per 100 cubic feet	$6.98 per 100 cubic feet
Next 700 cubic feet	2.75 per 100 cubic feet	5.50 per 100 cubic feet
Next 2,000 cubic feet	2.27 per 100 cubic feet	4.54 per 100 cubic feet
Over 3,000 cubic feet	2.00 per 100 cubic feet	4.00 per 100 cubic feet

Commercial Customers

Amount metered per month	In-City Rate	Out-of-City Rate
First 300 cubic feet	$3.49 per 100 cubic feet	$6.98 per 100 cubic feet
Next 700 cubic feet	2.75 per 100 cubic feet	5.50 per 100 cubic feet
Next 2,000 cubic feet	2.22 per 100 cubic feet	4.54 per 100 cubic feet
Next 12,000 cubic feet	1.95 per 100 cubic feet	4.00 per 100 cubic feet
Next 15,000 cubic feet	1.72 per 100 cubic feet	4.00 per 100 cubic feet
Over 30,000 cubic feet	1.54 per 100 cubic feet	4.00 per 100 cubic feet

Industrial Customers

Amount metered per month	Industrial User – Excluding Primary Service
First 300 cubic feet	$3.58 per 100 cubic feet
Next 700 cubic feet	2.80 per 100 cubic feet
Next 2,000 cubic feet	2.35 per 100 cubic feet
Next 12,000 cubic feet	2.03 per 100 cubic feet
Next 15,000 cubic feet	1.79 per 100 cubic feet
Over 30,000 cubic feet	1.65 per 100 cubic feet

Amount metered per month	Industrial User – Primary Service
First 300 cubic feet	$3.58 per 100 cubic feet
Next 700 cubic feet	2.87 per 100 cubic feet
Over 1,000 cubic feet	2.61 per 100 cubic feet

Water Service Tap Fees. Water service tap fees effective July 1, 2026, are set forth below.

Meter Size	Cost
5/8”	$ 2,500.00
5/8” splice	$1,150.00
1”	3,100.00
1½”	4,600.00
2”	4,800.00
Above 2”	Cost plus Meter Only Fee
Road Bore	1,500.00

Connection Fees

Large Commercial	$ 70.00
Small Commercial	55.00
Residential	20.00

Water Service Capacity Fees. Water Service Capacity Fees for new water services without an existing tap effective July 1, 2026, are set forth below:

> 300 gallons/day = 1 Estimated Residential Unit (ERU)
> 1 ERU – $1,250.00
> Water Capacity Charges for services in excess of 300 gallons/day will be determined by:
> (Flow Rate/300) x ($1,250.00/ERU) = High Flow Capacity Fee Charge

Sewer Unit

Description

The entire sewer unit is served by a modified activated sludge process sewer treatment plant, originally constructed in 1980. In 2009, the City issued its $19,236,065 Combined Public Utility Revenue Bond, Series 2009 (which was subsequently redeemed in full with the proceeds of the Series 2021 Bonds), the proceeds of which were used to substantially rehabilitate and expand the sewer treatment plant to 5.0 MGD.

The sewer unit consists of gravity-fed mains with strategically located sewer lift stations, 127 miles of pipe (ranging in size from 6 inches to 27 inches in diameter), and 2,608 manholes. As of June 30, 2025, there were 3,720 residential customers, 586 commercial customers, and 22 industrial customers served by the sewer unit.

In Fiscal Year 2025, sewer use was allocated as follows: 65.2% to in-City residential customers and in-City commercial customers; 2.0% to out-of-City residential and out-of-City commercial customers; and 32.8% to industrial customers.

Sewer Customers

The table below shows the number of sewer unit customers at June 30 of the fiscal years 2021-2025.

Fiscal Year	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
2021	3,441	531	20	3,992
2022	3,566	546	22	4,134
2023	3,717	573	22	4,312
2024	3,714	589	22	4,325
2025	3,720	586	22	4,328

Usage

The following table shows, in cubic feet, the total annual flow, the average daily flow, the peak daily flow, and the peak monthly flow of the sewer unit for the Fiscal Years 2021 through 2025.[1]

Fiscal Year	Total Annual Flow	Average Daily Flow	Peak Daily Flow	Peak Monthly Flow
2021	136,855,177	377,175	911,497	13,897,058
2022	123,186,640	337,656	696,524	11,685,829
2023	127,441,043	349,154	845,588	14,381,417
2024	97,510,829	266,423	533,957	10,303,476
2025	102,144,786	279,849	685,294	10,336,096

(1) Flow declines are attributable to the closure of one of Kraft Heinz Foods Company's (the City's largest customer) slaughter lines.

Ten Largest Sewer Customers

The ten largest users of the City's sewer unit for the Fiscal Year 2025 are shown below.

Customer Name	Annual Flows in Cubic Feet	Annual Revenue	Percentage of Sewer Revenues	Percentage of Total System Revenues
Kraft Heinz Foods Company	14,137,842	$1,339,504	24.08%	3.72%
Samsung	3,767,300	216,835	3.90	0.60
Newberry College	1,819,753	148,147	2.66	0.41
Cal-Maine Foods, Inc. (previously ISE)	2,929,691	120,534	2.17	0.34
Newberry Housing Authority	1,736,723	108,944	1.96	0.30
Newberry County Water & Sewer Authority	802,405	69,888	1.26	0.19
Newberry Preservation	271,870	55,174	0.99	0.15
Newberry County Memorial Hospital	924,767	53,415	0.96	0.15
Newberry County	406,905	33,149	0.60	0.09
West Fraser	620,250	31,323	0.56	0.09
Totals	27,417,506	$2,176,913	39.13%	6.05%

Sewer Service Rates and Fees.

Sewer service charges below were effective July 1, 2026. The customer charges are the minimum charges each month, and no allowance for usage is included in the customer charges. In-City rates apply to all sewer service located within the municipal boundaries of the City, with the exception of industrial customers. Out-of-City rates apply to all sewer service located outside the municipal boundaries of the City, with the exception of industrial customers.

Minimum Monthly Usage Charges

Meter Size	In-City Rates[1] Residential & Commercial Customer Charge	Out-of-City Rates[2] Residential and Commercial Customer Charge	Industrial Customer Charge
5/8"	$ 29.00	$ 58.00	$ 30.28
1"	58.29	116.58	60.74
1½"	141.52	283.04	147.34
2"	266.51	533.02	277.36
3"	849.70	1,699.40	884.15
4"	2,099.31	4,198.62	2,184.31
6"	4,182.38	8,364.76	4,351.66
8"	6,265.16	12,530.32	6,518.68
10"	—	—	8,224.65

(1) There is a maximum monthly sewer service charge of (a) $91.09 applicable to in-City residential customers served by a 5/8" water meter and (b) $240.76 applicable to in-City residential customers served by a 1" water meter, both based on 1,600 cubic feet of metered water. There is no maximum sewer service charge for water meters above 1".

(2) There is a maximum monthly sewer service charge of (a) $182.18 applicable to out-of-City residential customers served by a 5/8" water meter and (b) $240.76 applicable to out-of-City residential customers served by a 1" water meter, both based on 1,600 cubic feet of metered water. There is no maximum sewer service charge for water meters above 1".

The rates applied for sewer service in excess of the above minimum monthly usage charges are as detailed in the following tables. Sewer rates are based on metered water.

Amount of metered water or effluent per month	In-City Rate	Out-of-City Rate	Industrial Rate[(1)]
First 300 cubic feet	$7.22 per 100 cubic feet	$14.44 per 100 cubic feet	$7.54 per 100 cubic feet
Over 300 cubic feet	3.11 per 100 cubic feet	6.22 per 100 cubic feet	3.23 per 100 cubic feet

(1) For Industrial Sewer Customers with a City-issued permit for pretreatment, the minimum charge may be based on the rates above as applied to 75% of the permitted flow as stated in the City-issued permit.

Residential sewer customers who are not also City water customers are charged a monthly flat fee for sewer service as shown below, effective as of July 1, 2025.

	Monthly flat fee
In-City Residential Customers	$ 91.09
Out-of-City Residential Customers	182.18

Sewer Service Tap Fees.

The current schedule for sewer unit tap fees, which was last revised on July 1, 2025, is set forth in the table below.

Meter Size	In-City or Out-of-City
4" Connection	$2,550.00
6" Connection	250.00[(1)]
8" or larger Connection	250.00[(1)]
Road Bore	Actual cost

(1) Actual cost of installation is added to the tap fee noted above.

Sewer Service Capacity Fees. Sewer Service Capacity Fees for new sewer services without an existing tap, effective July 1, 2026, are set forth below:

300 gallons/day = 1 Estimated Residential Unit (ERU)
1 ERU – $2,750.00
Sewer Capacity Charges for services in excess of 300 gallons/day will be determined by:
(Flow Rate/300) x ($2,750.00/ERU) = High Flow Capacity Fee Charge

Ten Largest System Customers

The ten largest users of the System for the Fiscal Year 2025 are shown below.

Customer Name	Annual Revenue	Percentage of Total System Revenues
Kraft Heinz Foods Company	$ 7,210,556	20.04%
Newberry College	1,357,829	3.77
Newberry County Memorial Hospital	758,894	2.11
Valmont Composite Structures	743,624	2.07
Newberry Housing Authority – Grant Homes	693,898	1.93
Artisan Kitchens LLC	662,538	1.84
Cal-Maine Foods, Inc. (previously ISE)	591,394	1.64
Wal-Mart	482,677	1.34
Samsung	359,864	1.00
Newberry County Water & Sewer	330,023	0.92
Totals	$13,191,297	36.67%

Summary of Recent Rate History

The following table reflects in-City residential electric, water and sewer charges, based upon the rates in effect at the end of the Fiscal Years shown, with charges calculated based upon usage of 988 kWh per month for electric (exclusive of wholesale power cost adjustments), 776 cubic feet for water and 776 cubic feet for sewer, and the percentage increase in charges in such Fiscal Years for such levels of usage.

Fiscal Year	Electric		Water		Sewer	
Effective	Charge	% Increase	Charge	% Increase	Charge	% Increase
2021	$138.56	0.00%	$32.20	0.78%	$54.75	0.90%
2022	138.56	0.00	33.02	2.55	55.42	1.22
2023	138.56	0.00	33.79	2.33	56.10	1.23
2024	153.65	10.89	35.75	5.80	58.52	4.31
2025[(1)]	156.27	1.71	36.86	3.10	59.98	2.49

(1) Rates reflected for June 30, 2025. An overall increase of 2% on electric and 3% on water and sewer became effective on the July 1, 2024 billing (fiscal year 2025). Additionally, an overall rate increase of 3% on electric, 2.5% on water, and 5% on sewer became effective on the July 1, 2025 billing (fiscal year 2026).

Comparative Rates

The following table compares the City's current monthly rates (effective July 1, 2026) for waterworks, sewer, and electric services, charged to residential customers, with those of other providers.

Utility[(1)]	Waterworks[(2)]	Sewer[(2)]	Electric[(3)]
Newberry	$37.15	$62.17	$313.03
Greenwood CPW	24.04	58.18	190.60
Gaffney BPW	30.00	36.25	229.50
Abbeville	34.90	40.86	278.52
Easley	28.57	48.12	248.70
Rock Hill	22.86	50.59	252.79
Union	29.95	41.65	295.28
Laurens	52.35	42.50	285.55
Clinton	46.60	63.81	316.00

(1) All PMPA cities except for Greenwood CPW.
(2) Waterworks rates and sewer rates reflect monthly waterworks bill and sewer bill, respectively, and assume a single-family residential customer with a 5/8-inch or 3/4-inch water meter, as applicable, using 5,000 gallons of combined water and sewer service per month.
(3) Electric rates reflect the monthly electric bill and assume a single-family residential customer using 2,000 kWh of electric service per month. Many electric utilities utilize a purchased power adjustment that changes periodically (monthly, annually). The monthly bills for other South Carolina municipal utilities listed above do not include any applicable purchased power cost adjustments. Rates reflect the monthly bill under the average of summer and winter rates.
Source: Willdan Financial Services.

Rate Design

The City has developed a rate structure which allows for the allocation of costs to the various utility units and the allocation of utility unit expenses to the separate rate classes within each utility unit. The City has used these rate structures and the rates charged by the providers to the City to maintain stable and adequate operating margins. The City reviews rates of surrounding utilities on a quarterly basis to monitor and compare its rates to their existing rates.

Billing and Collection Procedures with Respect to the System

Customers of the System are divided, for billing purposes, into three zones. Each billing zone is billed at a separate time each month, but in every instance, the bill rendered will cover service for a period of approximately one month, except that any service provided prior to the usual meter reading date will be billed on the appropriate schedule for the service rendered.

Bills are due and payable 15 days from the date of billing. If accounts are not paid by the due date, a 10% penalty (not to exceed $100) is added. A delinquent notice mailed approximately 16 days after the billing date notifies the customer that payment is past due and service is subject to termination. If payment is not received by the 26th day, the customer is added to the delinquency list and scheduled for termination.

If collection is not obtained through the above procedures, the account is placed into an uncollectible status and collection letters are written. Services are denied to any person who owes a delinquent account. Efforts are continued to collect accounts until a customer has moved and the City cannot make contact. Thereafter, the account is turned over to the South Carolina Department of Revenue (***"DOR"***).

The Set-Off Debt Collection Act of 1988, as amended in 1992, which is codified at Title 12, Chapter 56 of the Code of Laws of South Carolina, 1976, as amended, allows the DOR to collect any delinquent accounts or debts owed to certain public bodies, including political subdivisions like the City, by setting off refunds DOR owes the debtor.

Accounting and Budgeting

The budget process for the System begins in January of each year. During the months of January through March various meetings take place with interaction between the City Manager, Utilities Director, department heads and the City Council. Budgeting for the System is done on an aggregate basis as the components of the System (water, sewer and electric) are not independently budgeted to be self-supporting. The System's budget is continually refined and much attention is focused on the requirements of the transfer to the City's general fund. Normally, second reading of the budget takes place in May or June. The budget, as adopted, is circulated shortly thereafter.

Capital Planning

The City has implemented a ten-year capital improvement planning effort, which is updated by the City on an annual basis. The City's current capital improvement plan includes projects payable from the proceeds of bonds, fund balance, surplus Net Earnings and grants. Projects in the capital improvement plan may be rescheduled, expedited, postponed or canceled depending upon need and priority.

The City includes in each Annual Budget for the System certain amounts for planned routine capital expenditures. The City also includes certain amounts for unanticipated capital replacement and significant "emergency" repairs to the System that are not anticipated in the normal operating budget. The determination to undertake material capital improvements are made by City Council on an asset by asset basis, based upon the need for the particular asset and the availability of funds from borrowing or internally-generated operations.

Budgeted capital expenditures for the Fiscal Year ending June 30, 2027, included approximately $1,203,696 in electric improvements, $841,000 in water improvements and $745,000 in sewer improvements. For the Fiscal Year ending June 30, 2027, the budget amount for the System for planned capital equipment and projects is $3,214,696 which includes $424,500 in administrative capital expenses.

Capital Improvements

The following table presents the amount of capital improvements made to the System (by funding source) in the Fiscal Years 2022 through 2026.

Years	System Earnings	Bond Proceeds	Grant Funds	Totals
2022	$3,266,645.06	$ 0	$ 50,021.00	$3,316,666.06
2023	1,892,792.96	0	685,441.52	2,578,234.48
2024	1,831,255.35	0	341,345.34	2,172,600.69
2025	3,529,875.17	0	1,411,049.59	4,940,924.76
2026	1,280,369.90	0	7,315,291.99	8,595,661.89

Environmental Matters

The City is subject to regulation as to solid waste, water and air quality by the Environmental Protection Agency (***"EPA"***) and DES under Federal and State laws and regulations. Except as described below, the System is in compliance in all material respects with all regulatory requirements of EPA and DES and all permits required to operate the System are in order for all parts of the System.

INVESTMENT CONSIDERATIONS

The following section is intended only as a summary of certain pertinent risk factors relating to an investment in the Series 2026 Bonds. This summary is not intended to be an exclusive summary of factors to be considered in connection with making an investment in the Series 2026 Bonds. *In order for potential investors to identify risk factors and make an informed investment decision, they should thoroughly review this entire Official Statement and the appendices hereto and confer with their own tax and financial advisors when considering a purchase of the Series 2026 Bonds.*

Litigation; PMPA

The City is, and may in the future be, subject to various claims, lawsuits, and proceedings that arise in the normal course of operations and these proceedings may have a material adverse impact on the operations and financial position of the City. If some or all of the Participants in PMPA encounter financial difficulty such financial difficulty may have a material adverse impact on the operations and financial position of PMPA. For recent events potentially impacting the financial stability of certain of the Participants, see "THE SYSTEM – Electric Unit – PMPA and Contracts Affecting the City" and "THE SYSTEM – Electric Unit – PMPA Litigation".

Compliance with Environmental Laws and Regulations

The City is subject to extensive federal, state and local environmental requirements which regulate, among other things, air pollutant emissions, wastewater discharges and the management of hazardous and solid wastes. Compliance with these requirements requires significant expenditures for the installation, maintenance and operation of control equipment, monitoring systems and other equipment or facilities.

Litigation relating to environmental issues, including claims of property damage, personal injury or common law nuisance caused by plant emissions is generally increasing throughout the United States. Likewise, actions by private citizen groups to enforce environmental laws and regulations are also becoming increasingly prevalent, including but not limited to laws and regulations resulting from climate change. See "- Climate Change" below.

Water Quality

Water quality standards imposed by the federal government or the State may affect the water available to the City and implementation of those standards or enforcement could result in increased costs associated with water treatment operations of the City, increasing the cost of water. These quality standards include the EPA's authority under the federal Safe Drinking Water Act, to set enforceable NPDWRs for drinking water contaminants and require monitoring of public water systems. On April 10, 2024, EPA finalized an NPDWR establishing legally enforceable levels for six PFAS in drinking water. The NPDWR also requires public water systems to perform initial monitoring for PFAS by April 26, 2027 and thereafter continue with ongoing compliance monitoring. By April 26, 2031, public water systems must implement solutions to reduce PFAS levels below the limits set forth in the NPDWR. The City's water treatment system is subject to the NPDWR. No assurances can be given regarding compliance with the NPDWR or that any such increase in cost will not be material.

Catawba Project

PMPA, of which the City is a member (see "THE SYSTEM – Electric Unit – Description" herein, owns a portion of the Catawba Project. The City's membership in PMPA and PMPA's ownership interest in this nuclear generating facility exposes the City to various risks, including:

- potential liabilities relating to harmful effects on the environment and human health and safety resulting from the operation of the facility and the on-site storage, handling and disposal of radioactive materials, including spent nuclear fuel;
- uncertainties with respect to the renewal of the Catawba Sales Agreement, and potential withdrawal by certain participants, increasing the burden on remaining Participants;

- uncertainties with respect to the technological and financial aspects of and the ability to maintain and anticipate adequate capital reserves for decommissioning the facility at the end of its operational life;
- significant capital expenditures relating to maintenance, operation, security and repair of the facility, including repairs or modifications required by the NRC;
- potential liabilities arising out of nuclear incidents caused by natural disasters, terrorist attacks, cyber security attacks or otherwise, including the payment of retrospective insurance premiums, whether at the Catawba Project or the plants of other nuclear owners;
- uncertainties with respect to the off-site storage and disposal of spent nuclear fuel in the event that on-site storage is not sufficient;
- although the recent administration has relaxed certain federal regulations on the energy industry, potential future legislation, any applicable state legislation or regulations may create new requirements and operational hurdles. More stringent or new standards may require PMPA to modify the design or operation of existing facilities and could result in significant increases in the cost of electricity or decreases in the amount of energy (due to operational constraints) provided to the City as a Participant;
- the NRC has broad authority under federal law to impose licensing and safety-related requirements for the operation of nuclear generating facilities. If the Catawba Project were found to be out of compliance with applicable requirements, the NRC may impose fines or shut down the Catawba Project until compliance is achieved. Revised safety requirements issued by the NRC have, in the past, necessitated substantial capital expenditures at other nuclear generating facilities; and
- a major incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or licensing of any domestic nuclear unit. While the City has no reason to expect a serious incident at the Catawba Project, if an incident did occur, it could result in substantial cost to the City and all other Participants.

Under the Catawba Sales Agreement, the City participates in PMPA's fund established to pay for the estimated cost of decommissioning the Catawba Project (the ***"Decommissioning Fund"***). If the values of the investments in the Decommissioning Fund significantly decrease or the anticipated decommissioning costs significantly increase, it is possible that decommissioning costs and liabilities could exceed the amount of the Decommissioning Fund and PMPA would have to collect additional amounts from the City and the other Participants to pay the excess costs.

Operation of the System

The operation of the System may be adversely impacted by various factors, including:

- loss of, or material usage reduction by, a major customer of the System (see "THE SYSTEM – Electric Unit – Ten Largest Electricity Customers," "THE SYSTEM – Waterworks Unit – Ten Largest Water Customers," "THE SYSTEM – Sewer Unit - Ten Largest Sewer Customers" and "THE SYSTEM – Ten Largest System Customers" herein);
- equipment and information technology failure or operator error;
- operating limitations that may be imposed by environmental or other regulatory requirements;
- physical or cyber-attacks against the City or key suppliers or service providers;
- interruptions or shortages in fuel, water or material supplies;
- transmission or discharge constraints or disruptions;
- compliance with regulations and regulatory oversight bodies;
- the ability to maintain a qualified workforce;
- an environmental event, such as a spill or release;
- labor disputes;
- failure of the City to invest in and maintain the System; or
- catastrophic events such as fires, earthquakes, floods, droughts, hurricanes, explosions, pandemic health events such as influenzas (including, without limitation, the COVID-19 outbreak, recent cases of Measles in the State) or similar occurrences.

Further, it is noted that a significant percentage of PMPA's energy (or energy entitlement) is generated at co-owned facilities that are operated by Duke. PMPA relies on Duke and other third parties for the continued operation of generation and distribution facilities to avoid potential service interruptions. If Duke or another integral party is unable to maintain or operate certain integrated facilities, the cost of electric service PMPA provides to the City, or the cost of replacement electric service, may increase.

Cyber Security Management

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cyber security threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, ***"Systems Technology"***). As a recipient and provider of sensitive information, the City may be the target of cyber security incidents that could result in adverse consequences to the City and its Systems Technology, requiring a response action to mitigate the consequences.

Cyber security incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. The City has implemented certain controls, including data and network security measures, malware protection, security configuration, website filtering and protection, and user training, to mitigate the risk of cyber security breaches from internal sources or activities.

The costs of security measures or of remedying damage from security breaches could be greater than presently anticipated, but would be mitigated through cyber risk insurance currently in force. However, it is unknown whether the City's insurance coverage is sufficient to mitigate the financial results of a cyber-incursion or cyber-related attack on the System.

Concentration of Utility Revenue Risk

The City received approximately 20% of its total utility revenues during the year ended June 30, 2025, from a single source: the Kraft Heinz Foods Company. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of the Kraft Heinz Foods Company, or that the Kraft Heinz Foods Company will continue to maintain its status as a major customer of the System.

Climate Change

Planning for climate change in the State and its impact on System operations is an unknown challenge. The State's climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. Such changes may lead to lower supply and higher demand for water and power. The financial impact of the climate change is not yet known and therefore its future impact on Net Earnings cannot be quantified reliably at this time.

TAX MATTERS

Federal Income Tax Generally

On the date of issuance of the Series 2026 Bonds, Pope Flynn, LLC, in its capacity as Bond Counsel to the City ("***Bond Counsel***") will render an opinion that, under existing law, assuming continuing compliance with certain covenants made by the City to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the ***"Code"***), and the applicable regulations promulgated thereunder (the ***"Regulations"***), and the accuracy of certain representations, interest on the Series 2026 Bonds (i) is excluded from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals under the Code. Such interest is, however, taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section 59(k) of the Code) for the purpose of determining the application of the 15-percent alternative minimum tax imposed on the adjusted financial statement income of such corporations under Section 55 of the Code. (In general, an "applicable corporation" is a corporation whose average annual adjusted financial statement income (*i.e.,* adjusted book income) exceeds $1 billion for the 3-taxable year period ending with the tax year in question.). See "APPENDIX D – Form of Opinion of Bond Counsel" hereto.

The opinion of Bond Counsel is based on current statutes, regulations, judicial decisions, rulings, and other published guidance of the Internal Revenue Service (the "***IRS***"), covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2026 Bonds for federal income tax purposes. Bond Counsel's opinion is based upon existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the IRS or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The opinion of Bond Counsel described above is subject to the condition that City comply with all requirements of the Code and the Regulations, including, without limitation, certain limitations on the use, expenditure, and investment of the gross proceeds of the Series 2026 Bonds and the obligation to rebate certain earnings on investments of such gross proceeds to the United States Government, that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order for interest thereon to be, or to continue to be, excluded from gross income for federal income tax purposes. City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the inclusion of interest on the Series 2026 Bonds in gross income for federal income tax purposes, in some cases retroactively to the date of issuance of the Series 2026 Bonds. The opinion of Bond Counsel delivered on the date of issuance of the Series 2026 Bonds is conditioned on continuing compliance by City with such requirements and Bond Counsel has not been retained to monitor compliance with the requirements subsequent to the issuance of such Series 2026 Bonds.

Other Federal Tax Considerations Affecting the Series 2026 Bonds

Prospective purchasers of the Series 2026 Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel expresses no opinion concerning such collateral income tax consequences and prospective purchasers of Series 2026 Bonds should consult their own tax advisors as to the applicability thereof.

Under current procedures, parties other than the City and their appointed counsel, including the holders of the Series 2026 Bonds, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable.

Any action of the IRS, including but not limited to selection of the Series 2026 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2026 Bonds, and may cause the City or the holders of the Series 2026 Bonds to incur significant expense, regardless of the ultimate outcome. Under certain circumstances, the City may be obligated to disclose the commencement of an audit under the Disclosure Agreement (as defined herein), a copy of which is attached hereto as "APPENDIX E - Form of Disclosure Dissemination Agent Agreement."

[Original Issue Premium]

[Certain Series 2026 Bonds have been sold at an initial offering price which is greater than the amount payable at maturity (the "***Premium Bonds***"). An amount equal to the excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes original issue premium.

For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond.

For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside front cover page of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of the Premium Bonds should consult their own tax advisers with respect to all matters relating to such bond premium.]

[Original Issue Discount]

[Certain Series 2026 Bonds have been sold at an initial offering price which is less than the principal amount thereof payable at maturity (the *"**Discount Bonds**"*). The difference between the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) at which a substantial amount of each maturity of Discount Bonds is sold and the principal amount payable at maturity constitutes original issue discount.

In the case of Discount Series 2026 Bonds, Bond Counsel is of the opinion that original issue discount, as it accrues, is excluded from gross income for federal income tax purposes and is subject to the alternative minimum tax to the same extent as is interest on the Series 2026 Bonds. Original issue discount accrues in each taxable year over the term of the Discount Bonds under the "constant yield method" described in Regulations interpreting Section 1272 of the Code, with certain adjustments.

The tax basis of Discount Bonds if held by an original purchaser, can be determined by adding to such owner's purchase price of such Discount Bonds the original issue discount that has accrued.

*Owners of the Discount Bonds should consult their own tax advisers with respect to all matters relating to such discount.***]**

[Bank Qualification]

[*Bank Qualification.* The Series 2026 Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)of the Code].

Reporting and Withholding Requirements

Payments of interest on tax-exempt bonds, including the Series 2026 Bonds, are generally subject to IRS Form 1099-INT information-reporting requirements.

An owner of a Series 2026 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid on the Series 2026 Bonds if such owner, upon issuance of the Series 2026 Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails properly to report interest, dividends, or other "reportable payments" (as defined in the Code), or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

These requirements do not affect the exclusion of interest on the Series 2026 Bonds from gross income for federal income tax purposes.

State Tax Exemption

Bond Counsel is of the opinion that, under existing law, the Series 2026 Bonds and the interest thereon are exempt from all taxation by the State, its counties, municipalities and school districts, except estate, transfer, and certain franchise taxes. Interest paid on the Series 2026 Bonds is currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina, 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax.

The opinion of Bond Counsel is limited to the laws of the State and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Series 2026 Bonds or the interest thereon under the laws of any other jurisdiction.

LEGAL MATTERS

Approval of Certain Proceedings

The Series 2026 Bonds are offered when, as and if issued by the City, and accepted by the Underwriter subject to the delivery of an approving opinion by Pope Flynn, LLC, Columbia, South Carolina, Bond Counsel. A copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto. Certain legal matters will be passed on for the City by its City Attorney, Scott Elliott, Esquire, Newberry, South Carolina, and for the Underwriter by its counsel, Murray Barnes Finister LLP, Atlanta, Georgia. The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation

The City experiences routine litigation and claims incidental to the conduct of its affairs. As of the date of issuance and delivery of the Series 2026 Bonds, counsel to the City will deliver an opinion to the effect that there is no litigation pending or threatened contesting the creation, organization, or existence of the City or the System or that seeks to restrain or enjoin the issuance or delivery of the Series 2026 Bonds or the proceedings or authority under which they are to be issued or delivered or which in any manner questions the authority of the City to pledge Gross Revenues to the payment of the Series 2026 Bonds and the interest thereon. The opinion of counsel to the City will also state in substance that, except as described herein, there is no litigation pending or threatened, to their knowledge, that would, if determined adversely to the City, have a material impact on the City, its finances, or the City’s ability to pay debt service on the Series 2026 Bonds as the same becomes due.

UNITED STATES BANKRUPTCY CODE

The undertakings of the City should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. §§ 901, et seq., as amended, and other laws affecting creditors’ rights and certain public bodies generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a State that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under that Chapter operates as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors of each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2026 Bonds upon an event of default under the Bond Ordinance and the Series Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code, the Bond Ordinance and the Series 2026 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of credits enacted before or after such delivery.

UNDERWRITING

The 2026 Bonds have been purchased pursuant to a negotiated sale from the City for resale by Raymond James & Associates, Inc. (the ***"Underwriter"***) at a purchase price of $____________ (representing the par amount of the Series 2026 Bonds plus [net] original issue premium of $____________ less an Underwriter's discount of $____________). The initial public offering prices of the Series 2026 Bonds may be changed from time to time by the Underwriter. The Underwriter may also allow a concession from the public offering prices to certain dealers.

CONTINUING DISCLOSURE UNDERTAKING

The City has covenanted, pursuant to Section 11-1-85 of the South Carolina Code, to file with a central repository for availability in the secondary bond market, when requested, an annual independent audit within thirty (30) days of its receipt and event specific information within 30 days of an event adversely affecting more than five percent (5%) of the Gross Revenues of the System.

Pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the ***"Rule 15c2-12"***), the City will undertake simultaneously with the issuance of the Series 2026 Bonds, pursuant to a Disclosure Dissemination Agent Agreement (the ***"Disclosure Agreement"***) to be dated as of the date of delivery of the Series 2026 Bonds between the City and Digital Assurance Certification, L.L.C. (***"DAC"***), for the benefit of holders of the Series 2026 Bonds, to provide certain financial information and operating data relating to the City by not later than the end of seven months after the end of each Fiscal Year commencing with Fiscal Year 2026 (the ***"Annual Information"***), and to provide notices of the occurrence of certain enumerated events. The Annual Information and the notices of material events will be filed on behalf of the City by DAC, as dissemination agent, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (***"EMMA"***) system as described in the form of Disclosure Agreement attached hereto as APPENDIX E. Notice of certain significant events will be filed by or on behalf of the City with EMMA. The nature of the information to be provided in the Annual Information and the notices of certain significant events is set forth in "APPENDIX E—Form of Disclosure Dissemination Agent Agreement" attached hereto.

The City entered into written undertakings similar to the Disclosure Agreement in connection with the (a) Series 2015 Bonds (the "***2015 Continuing Disclosure Agreement***") and (b) the Series 2021 Bonds (together with the 2015 Continuing Disclosure Agreement, the "***Prior Continuing Disclosure Agreements***"). In the last five years, there have been instances in which the City has failed to materially comply with its obligations under the Prior Continuing Disclosure Agreements. Those instances of material non-compliance are described below.

Prior Continuing Disclosure Agreements. The City failed to include its Water and Sewer Tap fees in each of the last five years and failed to file a notification of such failure. The City made a supplemental filing on June 24, 2026, which included the City's Water and Sewer Tap fees for the last five years (2021-2025).

In the last five years, there have been instances in which the City has failed to comply with its obligations under the 2015 Continuing Disclosure Agreement but has determined that such non-compliance was immaterial. Those instances of immaterial non-compliance are described below.

2015 Continuing Disclosure Agreement. In each of the last five years, the City did not include "Electric Permit Fees," which were included under the heading "THE COMBINED UTILITY SYSTEM – Electric Rates" in the official statement related to the Series 2015 Bonds and formed part of the annual information required by the 2015 Continuing Disclosure Agreement. Electric Permit Fees were not included with the other electric rates in the annual information, as they are fees collected for inspections related to building permits and do not constitute Gross Revenues of the System.

RATINGS

S&P is expected to assign a rating of "AA"*, Moody's is expected to assign a rating of "A1"*, and KBRA is expected to assign a rating of "AA+"* to the Series 2026 Bonds with the understanding that upon delivery of the

Series 2026 Bonds, the Policy insuring the payment when due of the principal of and interest on the Series 2026 Bonds will be issued by AG. S&P has also assigned an underlying rating of "A-" and Moody's has also assigned an underlying rating of "A3" to the Series 2026 Bonds. Such ratings reflect only the view of such organizations and an explanation of the significance of such ratings may be obtained only from the rating agency furnishing the same. There is no assurance that such ratings, when given, will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any and all such rating agencies if, in the judgment of any and all, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2026 Bonds.

MUNICIPAL ADVISOR

First Tryon Advisors (the ***"Municipal Advisor"*** or ***"First Tryon"***) serves as Municipal Advisor to the City. First Tryon is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Furthermore, First Tryon has not verified and does not assume any responsibility for the information, covenants, and representations in any of the legal documents related to this financing nor the possible impact of any present, pending, or future legislative or judicial action. First Tryon is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

INDEPENDENT AUDITORS

The general purpose financial statements prepared for the City for the Fiscal Year ended June 30, 2025, attached hereto as APPENDIX B, were prepared by the City and audited by McKinley, Cooper & Co., LLC, Greenville, South Carolina, Certified Public Accountants. McKinley, Cooper & Co., LLC, Greenville, South Carolina, the City's independent auditor for the Audited Financial Statements for the fiscal year ended June 30, 2025, has not been engaged to perform, and has not performed, since the date of its report included herein as part of Appendix B, any procedures on the Audited Financial Statements of the City for the fiscal year ended June 30, 2025. McKinley, Cooper & Co., LLC, Greenville, South Carolina, has not performed any procedures relating to this Official Statement.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the Series 2026 Bonds and the determinations of the City Council relating thereto are qualified in their entirety by reference to the definitive forms of the Series 2026 Bonds and the Ordinance and to such determinations. All such summaries, explanations and references are further qualified in their entirety by reference to the exercise of sovereign police powers of the State and the constitutional powers of the United States of America, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Certain of the information set forth in the Official Statement and in the appendices hereto has been obtained from sources other than the City that are believed to be reliable but is not guaranteed as to accuracy or completeness.

The agreement between the City and holders of the Series 2026 Bonds is fully set forth in the Ordinance and neither any advertisement for the Series 2026 Bonds nor this Official Statement is to be construed as constituting an agreement with the holders of the Series 2026 Bonds.

Anyone having questions should direct them to Jason Taylor, City Manager, City of Newberry, 1330 College Street, Newberry, South Carolina 29108, telephone (803) 321-1000.

The delivery of this Official Statement and its use in connection with the sale of the Series 2026 Bonds has been duly authorized by the City.

CITY OF NEWBERRY, SOUTH CAROLINA

____

Mayor

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APPENDIX A

SUPPLEMENTAL INFORMATION REGARDING THE CITY OF NEWBERRY AND NEWBERRY COUNTY

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THE CITY

General Description

The City of Newberry, South Carolina (the ***"City"***), the county-seat of Newberry County, South Carolina (the ***"County"***), is located in the central piedmont region of South Carolina, approximately 40 miles from the City of Columbia and 65 and 55 miles from the Cities of Greenville and Spartanburg, respectively. The City, which had an estimated 2024 population of 10,874, provides water, sewer, and electric services to customers within its corporate limits and to certain customers in areas outside its corporate limits through the City's combined public utility system (the ***"System"***).

Form of Government

Pursuant to Title 5, Chapter 13 of the Code of Laws of South Carolina 1976, as amended and the City's code of ordinances, the City operates under the Council-Manager form of government. The System is under the control and management of the City Manager, who, in turn, is responsible to the Mayor and the City Council. The City has no commission of public works. The System is a business operation of the City, and its day-to-day operations are administered by the Utilities Director, who reports directly to the City Manager.

The Mayor is elected at-large for a four-year term, and the six council members, who are elected from single-member districts, serve staggered four-year terms. The present Mayor and members of City Council are as follows:

Council Member	Occupation	Initial Term Commenced	Current Term Expires[1]
G. Foster Senn, Mayor	Clothing Store (Owner)	October 2010	December 2026
David DuBose	Home Inspector (Owner)	October 2006	December 2028
David T. Force	Retired Business Owner	August 2013	December 2028
R. LeMont Glasgow	Real Estate Agent	October 2004	December 2026
Jackie Holmes	Retired Teacher	August 2020	December 2026
Carlton Kinard	Muller Center Program Coordinator at Newberry College	December 2020	December 2028
Clay Smith	Owner, Smith Pecan Shelling Co. and Manager, Amick Gold and Gas	December 2024	December 2028

(1) Newly elected officers take office at the first regular meeting of the City Council in December of the year of the election, provided, however, in the case of a contest, the incumbent shall hold over until the contest is finally determined.

Mayor. The Mayor, George Foster Senn, is serving his fourth consecutive term as Mayor. Prior to serving as mayor, Mr. Senn served as a Newberry City Councilman from 2006-2010. Mr. Senn is a native of Newberry and is a small business owner. He received a bachelor's degree from Clemson University and a Master of Business Administration from the University of South Carolina.

City Manager. The City Manager is Jason Taylor. Mr. Taylor joined the City of Newberry in July 2024 as City Manager and is a 30-year veteran of local government in South Carolina, with 21 years serving as either a town manager or county administrator. He is a graduate of the University of South Carolina with both a bachelor's degree in political science and a master's degree in public administration.

Finance Director. The Finance Director is Shannon D. Smith. Ms. Smith has been employed by the City since October 2006 and has served as Finance Director since January 2012. Ms. Smith received a Bachelor of Science degree in accounting with a minor in business administration from Newberry College. The general functions of the finance department include: meter reading/servicing, utility billing, accounts payable, accounts receivable, payroll, and business license processing.

Utilities Director. The Utilities Director is Scott Motsinger. Mr. Motsinger is a licensed Professional Engineer with over 40 years of experience in the utility industry, all in South Carolina. His career began at South Carolina Electric & Gas where he managed two local Distribution Engineering & Operation offices as well as Distribution Dispatching.

In 2009, he joined the City of Rock Hill as Utilities Director, leading the Electric, Water, Sewer, Fiber, and Traffic Signal divisions. Mr. Motsinger left Rock Hill in 2014 and joined UC/Synergetic Engineering where he directed Storm Support and managed corporate services for Fleet and Safety. He left UC/Synergetic in 2016 and joined Central Electric Power Cooperative as Director of Transmission Planning. He led Central's participation in joint transmission planning efforts with Santee Cooper, Duke Energy Carolinas, and all 19 Electric Cooperatives in South Carolina. He retired from Central in 2024, only to be led back to the industry in January 2025 as Utilities Director for the City of Newberry In his current role, he leads the Electric, Water, Sewer, Information Technology, and Warehouse divisions. Mr. Motsinger is a graduate of The Citadel with a Bachelor of Science Degree in Electrical Engineering.

Services

The City provides various local services which are funded from the receipts of the City's *ad valorem* tax levy, business licensing taxes and State funding as well as certain fees and user charges. The City provides the following services: general government; public safety; public works; parks, recreation, and tourism; and community development. Additionally, the City provides certain business-related functions with respect to water, wastewater, and electric utility services, the combination of which comprises the System. The services provided through the System, are discussed at "THE SYSTEM" herein.

As of June 30, 2025, the City had 164 full-time equivalent positions consisting of the following:

Services	Full Time Equivalent
General Government	12.5
Planning and Development	2.0
Public Safety	57.5
Public Works	25.0
Recreation	17.5
Utility System	48.5
Newberry Opera House	1.0
Total:	164.0

Employee Benefits, Post-Employment Benefits

City Fringe Benefits, Retirement and Health Insurance

City employees participate in either the South Carolina Governmental Employees' Retirement System (***"SCRS"***) or the South Carolina Police Officer Retirement System (***"PORS"***), depending on their particular job duties. Both plans are a cost-sharing, multiple employer public employee retirement program administered by the South Carolina Public Employee Benefit Authority (**"*PEBA*"**). Actuarial determinations are made by the administrator for each plan, and State statutes determine the benefits and the level of contributions required by both employees and employers.

Act No. 13 of the 2017 Acts and Joint Resolutions of the South Carolina General Assembly (***"Act No. 13"***) addressed funding of the SCRS and PORS. This law provided for annual increases in the employer contribution rate for SCRS and PORS beginning July 1, 2017. For SCRS, employer rates increased annually by 1% through July 1, 2022, resulting in the employer rate totaling 18.56% for Fiscal Year 2023 and thereafter. For PORS, employer rates increased annually by 1% through July 1, 2022, resulting in the employer rate totaling 21.24% for Fiscal Year 2023 and thereafter. However, the South Carolina General Assembly included a provision in its continuing resolution suspending the statutory employer contribution rate increase for fiscal year 2021 due to the COVID pandemic. The legislation increases and caps the employee contribution rate for SCRS and PORS to 9% and 9.75%, respectively. The bill also reduced the unfunded amortization schedule from 30 years to 20 years and reduced the projected annual rate of return on investments from 7.5% to 7.25%. A new projected annual rate of return was required to be set in 2021 and every four years thereafter. For the Fiscal Year ended June 30, 2025, the SCRS and PORS members are required to contribute at the capped levels of 9.00% and 9.75% of their annual covered salaries, respectively (including 0.15% and 0.20% for accidental death and group life insurance, respectively). The City is required to contribute 18.56% and 21.24% of the employees' annual covered salaries, respectively. During the Fiscal Year ended June 30, 2025, the City made 100% of its required SCRS and PORS contributions, which totaled $962,673 and $518,696, respectively.

GASB Statement No. 68

Pursuant to GASB 68, the City was required to report at June 30, 2025 a net pension liability for its participation in the SCRS and PORS. The net pension liabilities were measured by PEBA based on an actuarial valuation as of June 30, 2024. The City's proportionate share of the net pension liabilities was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the reporting period ending June 30, 2025, PEBA reported the City's proportionate share of the collective net pension liability to be 0.039365% for SCRS and 0.129013% for PORS. This resulted in the City, as a whole, reporting a total net pension liability of $13,101,293 for the measurement period June 30, 2024.

Other Post-Employment Benefits

In 2015, the GASB issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("***GASB #75***"). GASB #75 establishes standards for the measurement, recognition, and display of Other Postemployment Benefits ("***OPEB***") expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The City adopted GASB #75 for the year ended June 30, 2018, and its implementation had no impact, as the City currently does not provide any significant OPEB benefits (i.e., retiree health benefits, etc.) to its retirees.

See also "INVESTMENT CONSIDERATIONS – Pension" and Note 4 in the 2025 Audited Financial Statements of the City included in APPENDIX B for more information with respect to employee benefit and retirement matters.

Certain Risks and Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of its assets; errors and omissions; and natural disasters. The Constitution and statutes of the State, as interpreted by the General Assembly in promulgating the South Carolina Tort Claims Act, Title 15, Chapter 78 of the South Carolina Code (the ***"Tort Claims Act"***), provide, generally, that it is the public policy of the State that, while historically governmental entities have been exempt from tort liability, total immunity is not in the public interest, nor is unlimited liability. The Tort Claims Act waives sovereign immunity of governmental bodies for tort liability while also providing specific, enumerated exceptions in certain circumstances; generally, a claim of immunity from liability for damages for negligent or intentional tortuous actions must be raised by affirmative defense. The Tort Claims Act also imposes limits on the amount of damages which may be received from a governmental entity by one person, or for one accident ($300,000 per incident/person and $600,000 per occurrence/aggregate), and provides that no punitive damages may be recovered. Immunity is provided for a number of discretionary governmental acts, and is not waived for certain other actions. In addition, the City may not be able to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983, alleging deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of federal antitrust laws by the City in the exercise of its delegated powers. Moreover, the City may be subject to certain state claims under the South Carolina Whistleblower Act, Title 8, Chapter 27 of the Code of Laws of South Carolina, 1976, as amended, and under any other acts in which an express waiver of sovereign immunity is granted.

The City participates in the South Carolina Municipal Insurance Trust Fund, a public entity risk pool sponsored by the Municipal Association of South Carolina, through which insurance is provided for risks of loss and liability. There has been no reduction in the City's insurance coverage in the past five years, and there were no settlements exceeding insurance coverage during the same period. The City is periodically the subject of litigation by a variety of plaintiffs. The City's management believes that such amounts claimed by these plaintiffs, net of applicable insurance coverage, are immaterial.

Accounting Policies

The City's staff is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City and the System are protected from loss or unauthorized use and to ensure that adequate accounting data are compiled to allow for preparation of financial statements of the City in conformity with accounting principles generally accepted in the United States of America.

The Finance Director of the City prepares monthly financial statements, and they are submitted to City department heads. These monthly reports are then compiled by the public accountants at the end of each Fiscal Year and are audited in conformity with accounting principles generally accepted in the United States of America as required by Section 5-7-240 of the South Carolina Code. The financial statements of the City for Fiscal Year 2025 were audited by McKinley, Cooper & Co., LLC, Greenville, South Carolina, as further described in "FINANCIAL STATEMENTS" herein, and their report is included as part of APPENDIX B hereto.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Commerce and Industry

The City's economy is led by agriculture and manufacturing and offers a growing labor force, which benefits from the workforce training programs offered by the Center for Accelerated Training in Technology, which works with companies that are starting, expanding, or relocating in the State to provide a broad range of workforce training programs at no cost to the company.

The City has recently annexed several hundred acres of land into its corporate limits and approved a residential subdivision of 430 homes to be constructed on one of the annexed parcels, which will serve the City's growing housing needs due to continued expansion of industries in and around the City. Additionally, this past fiscal year, the City completed and opened a Regional Art Center that will serve as an entry point into historic downtown.

Population

Set forth below is the estimated population of the City for the census years 1990 through 2020 and an estimate as of July 1, 2024 (the most recent information available).

Year	Population
1990	10,539
2000	10,478
2010	10,277
2020	10,691
2024	10,874

Source: U.S. Census Bureau, 1990, 2000, 2010 and 2020 U.S. Census, and U.S. Census Bureau Quick Facts as of July 2024.

Per Capita Income

Per capita personal income for each of the City, County, State, and the United States for each of the last five calendar years for which information is available is shown below:

Year	City	County	State	United States
2020	$21,449	$26,501	$30,727	$35,384
2021	22,223	28,591	32,823	37,638
2022	21,791	32,251	36,072	41,261
2023	23,029	33,073	37,993	43,289
2024	21,824	32,295	39,236	44,673

Source: United States Bureau of Census, American Community Survey, 5-Year Estimates Program, 2020-2024.

Labor Force Estimates

The size of the civilian labor force in the County, the number of those employed and unemployed, and corresponding percentage of those unemployed, is shown below for the most recent five calendar years and for May 2026 for which information is available.

	Annual Average					
	2021	2022	2023	2024	2025	2026(1)
Civilian Labor Force	18,399	18,531	18,609	18,686	19,001	19,373
Employed	17,772	18,005	18,051	17,908	18,173	18,593
Unemployed	627	526	558	778	828	780
Unemployment rate	3.4%	2.8%	3.0%	4.2%	4.4%	4.0%

(1) For the month of May (preliminary).
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Unemployment Rates

Yearly Comparative Unemployment. The following table shows annual unemployment rates for the County, the State and the United States for the five most recent calendar years for which such information is available.

Year	County	South Carolina	United States
2021	3.4%	3.9%	5.3%
2022	2.8	3.2	3.6
2023	3.0	3.0	3.6
2024	4.2	4.1	4.0
2025	4.4	4.5	4.3

(1) Annual estimates for 2025 are 11-month averages that exclude October. Data for October 2025 were not collected due to the federal government shutdown.
Note: Rates shown are not seasonally adjusted.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Monthly Unemployment. The unemployment rate in the County on a monthly basis for the latest 12 months available:

Month	Rate
June 2025	4.6%
July 2025	4.7
August 2025	4.6
September 2025	4.3
October 2025	—(1)
November 2025	4.8
December 2025	5.0
January 2026	5.4
February 2026	5.0
March 2026	4.1
April 2026	3.7
May 2026	4.0(2)

(1) Data for October 2025 was not collected due to the federal government shutdown.
(2) Preliminary.
Note: Rates shown are not seasonally adjusted.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Principal Employers

The principal employers located in the County as well as their products/services and approximate number of employees are shown below.

Employer	Product/Service	Employees
Samsung*	Electronics	1,150
Newberry County School District**	Education	871
Kraft Heinz Foods Company*	Food products	645
Newberry County Memorial Hospital	Healthcare	478
Georgia Pacific*	Papermaking chemicals	275
Valmont Composite Structures*	Fiberglass poles	250
Newberry College	Education	247
Wal-Mart	Retail	244
Daeyoung Electronics*	Electronics	225
Komatsu*	Manufacturing	213

*Principally located outside of the City.
**Locations inside and outside of City limits.
Source: City's 2025 Annual Comprehensive Financial Report.

Retail Sales

The State imposes a 6% sales tax on all retail sales, and the County imposes an additional 1% capital projects sales tax. The following table shows the level of gross retail sales over the last five calendar years for which information is available for businesses located in the City and the County:

Year	City Retail Sales	Increase/(Decrease) Over Previous Year	County Retail Sales	Increase/(Decrease) Over Previous Year
2020	462,250,779	(1.31)%	1,103,513,138	0.69%
2021	547,099,450	18.36	1,246,522,596	12.96
2022	635,915,060	16.23	1,486,929,406	19.29
2023	721,932,122	13.53	1,532,258,002	3.05
2024	688,279,919	(4.66)	1,446,888,348	(5.57)

Source: South Carolina Department of Revenue

Building Permits

The following table shows the number of building permits issued by the City and their corresponding values for the calendar years shown.

Calendar Year	Permits	Value
2021	422	$13,318,199
2022	386	27,229,909(1)
2023	380	25,629,397(1)
2024	337	19,183,308
2025	266	18,840,079

(1) Values are higher in 2022 and 2023 due to a new housing development consisting of 50 homes.
Source: City Planning And Development Department

Facilities Serving the Area

Transportation. Interstate 26, the principal east-west corridor of South Carolina, bisects the County and passes within four miles of the City. Interstate 85 intersects I-26 55 miles west of Newberry, and Interstate 385 to Greenville branches at Clinton, just 21 miles west. I-26 intersects both Interstate 20 and Interstate 77 at Columbia, the state capital, just 38 miles east. In addition, the County is served by U.S. Highway 76 as well as numerous State highways such as 34, 219 and 121.

CSX and Norfolk Southern provide rail service in the City. Rail passenger is also available through Amtrak in the City of Columbia.

The Newberry Municipal Airport, two miles north of the City, has a 4,000-foot paved and lighted runway. Services available at the airport include flight instruction, aircraft rental, aircraft repair, and tie down and hangar storage. In addition, regularly scheduled commercial airline service is offered by two airports within approximately 60 miles of Newberry: the Columbia Metropolitan Airport and the Greenville/Spartanburg International Airport.

Financial Institutions. According to the Federal Deposit Insurance Corporation, as of June 30, 2025, the County had 7 branches of major and local commercial banks, with total deposits in all financial institutions in the County of $629,835,000. The continuing reorganization of the banking system in the United States, with its attendant mergers and consolidations, is likely to affect the total number of branch offices in the County.

Higher Education. Newberry College's 90-acre campus is located in the City, and is a fully accredited four-year, coeducational college of liberal arts and sciences, offering degrees in Bachelor of Arts, Bachelor of Music, Bachelor of Music Education and Bachelor of Science. The College houses the only undergraduate forensic chemistry program in the State. Founded in 1856, Newberry College is supported by the South Carolina, Southeastern, and Florida/Bahamas and Caribbean Synods of the Evangelical Lutheran Church in America. The college had a Fall 2025 enrollment of 1,408 in traditional undergraduate programs and another 210 students pursuing graduate and online degrees.

Medical Facilities. The 90-bed Newbery Health facility has been recognized as the top rural hospital in the State by Chartis Center. Newberry Health provides general medical and surgical care for inpatient, outpatient, and emergency room patients. Emergency room services are available 24 hours a day, seven days a week. The hospital offers a wide range of services, some of which include oncology, cardiac and pulmonary rehabilitation, dietary services, emergency services, ICU, birthing care, occupation therapy, physical therapy, surgical services, women's services and wound care.

Recreation. Dreher Island State Park consists of three islands, 348 acres, and twelve miles of shoreline on Lake Murray. Open year-round, the Park has 112 camping sites, 10 sheltered picnic areas, three playgrounds, three nature trails, three boat ramps, rental slips, and five vacation villas. It has long been a popular location and launching spot for major, national fishing tournaments. Lynches Woods Park is a 276-acre woodland area located behind Piedmont Technical College. Lynches Woods Park has seven and one-half miles of hiking and biking trails, including a three-mile trail which serves as the gateway to the Upstate for the Palmetto Trail. Covering 56,595 acres in the County, the Sumter National Forest offers outdoor activities such as hunting, fishing, primitive camping, nature trails, birdwatching, equestrian trails, picnicking, and boating. The County has two 18-hole golf courses: the Mid-Carolina Club in the Town of Prosperity and a facility located at The Country Club of Newberry.

The City has also recently completed construction of a $6.4M recreation facility. This facility, comprising nearly 100 acres, boasts scenic walking trails, a five-acre lake, baseball fields, all-purpose fields, covered shelters, a pickleball court, an accessible playground, and a baseball-themed splash pad (Gully Washer Splash Pad). It is the City's desire that residents utilize this facility for their diverse recreational needs. Surrounding this new recreation development, the City has reserved almost 100 acres that can be developed for future housing to meet the City's growing housing needs.

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APPENDIX B

FINANCIAL STATEMENTS OF THE CITY FOR THE YEAR ENDED JUNE 30, 2025

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CITY OF NEWBERRY, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

Prepared by: Finance Department

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CITY OF NEWBERRY, SOUTH CAROLINA

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CITY OF NEWBERRY

S O U T H C A R O L I N A

December 17, 2025

The Honorable Mayor, Members of City Council and Citizens of the City of Newberry, South Carolina:

State law requires Newberry City Council to provide for an independent annual audit of all financial records and transactions of the City of Newberry. State law further requires that such audits be made by a certified public accountant or public accountant or firm of such accountants who have no personal interest, direct or indirect, in the fiscal affairs of the City or any of its officers. The report of the audit must be made available for public inspection. Pursuant to these requirements, we hereby issue the annual comprehensive financial report of the City of Newberry (City) for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by McKinley, Cooper & Co., LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. In accordance with Government Auditing Standards, the independent auditors issued their report after consideration of the City of Newberry's internal control over financial reporting and on the auditor's test of the City's compliance with certain provisions of laws, regulations, contracts, and grants. That report concerning compliance and internal control is located at the end of the annual comprehensive financial report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Newberry's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Newberry is located in and is the county seat of Newberry County. The City of Newberry's municipal charter was issued in 1832. The City encompasses an area of approximately seven and a half square miles, while Newberry County encompasses an area of six hundred thirty square miles. The population of the City as registered by the 2020 Census is 10,691 (a 4% increase from 2010), and the population of the County as registered by the 2020 Census is 37,719 (a 1% increase from 2010). Within the limitations established by the State of South Carolina, the City of Newberry is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by City Council.

The City of Newberry has operated under the council-manager form of government since 1948. The mayor is elected at-large for a term of four years. Policy-making and legislative authority are vested in City Council consisting of the mayor and six other members. Under the City's current single-member district plan, the City has been divided into six districts, each to be represented by a council member. City Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager, municipal judge and attorney. The City Manager is responsible for implementing the policies of City Council, directing day-to-day business and administrative operations, and appointing departmental officials and all other City employees. As of June 30, 2025, the City Manager was assisted by nine staffed departments, including Economic and Community Development overseen by the City Manager's office; Finance; Fire; Human Resources; Parks, Recreation, and Tourism; Planning and Development Services; Police; Public Works; and Utilities.

The City of Newberry is a full-service municipal provider within its boundaries and provides a full range of municipal services. These services include police and fire protection; sanitation services; the repair and maintenance of City streets and infrastructure; building regulation; planning; economic development and administration; zoning and code enforcement; water, sewer and electric utility services; and recreational and tourism-related activities. Utilities may be provided to properties outside the municipal boundaries of the City under certain circumstances and conditions, as approved by City Council.

The annual budget serves as the foundation for the City's financial planning and control. For 2025-2026 budget preparation, all departments of the City of Newberry were required to submit requests for appropriations to the City Manager by mid-February of 2025. The City Manager and

Finance Director use these requests as the starting point for developing a proposed budget. The City Manager then presented this proposed budget to the Council for review in June. City Council is required to hold a public hearing on the proposed budget and to adopt a final budget before July 1, the beginning of the City's fiscal year. The line-item appropriated budget is prepared by fund and department (e.g., General Fund, Finance Department). By state law expenditures may not exceed budgeted appropriations for each fund except as authorized by City Council. The City Manager is authorized to transfer amounts between line items within any fund. Transfers between funds require the approval of City Council. Any revisions that increase the total expenditures of any fund also must be approved by City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds.

Local Economy and Major Initiatives

The City of Newberry is located in the central piedmont region of South Carolina. Historically, Newberry was a textile center and the hub of a thriving agricultural region. The decline of the textile industry in the 1970's and 1980's took its toll on the community. Since this period a concerted community revitalization effort has been undertaken. Today, Newberry's economic base is widely diversified and comprised of manufacturing, agriculture, timber products & wood processing, textiles, and food processing. This diversity has enabled the region to weather swings or changes in the global economy.

After the success of the City's first public-private partnership, in the Oakland Mill Redevelopment (2010), the City of Newberry tackled its next public-private endeavor in the creation of an Open Access Fiber Network. The City recently completed buildout of a $5M award-winning fiber network to every home and business within the City of Newberry; the first of its kind in South Carolina. The City built this network as "open access" so that multiple service providers had the ability to light the system and serve its residents. To date, WCFiber (subsidiary of WCTel), based out of Abbeville, SC, is the only private provider to step-up and offer services on the system (Streaming TV, Internet, IP Phone). The City is paid back on its investment by a per customer share, remitted to the City, through the provider in monthly payments.

The City has also recently completed construction of a $6.4M recreation facility supported by $4.6M in CPST funding from the County's Capital Project Sales Tax. The City's newest facility, nearly 100 acres currently developed, boasts scenic walking trails, a five-acre lake, baseball fields, all-purpose fields, covered shelters, a pickle ball court, an accessible playground and a baseball-themed splash pad (Gully Washer Splash Pad). It is the City's desire that residents will utilize this facility for their many differing recreational needs. Surrounding this new recreation development, the City has reserved almost 100 acres, which can be developed into future residential housing, to serve the City's growing housing needs; thanks to the addition of Samsung and continued expansion of other industries in and around Newberry.

The City has also recently annexed several hundred acres of land into its corporate limits, as well as approved a residential subdivision of 430 homes to be constructed on one of the annexed parcels. This has the potential to have a significant positive impact on the City's general fund and its utility operations.

In FY 25/26 the City completed and opened a $3.1 million Regional Art Center. The project consisted of converting an unused former grocery store, into an attractive modern facility. This will serve as an economic driver, by both beautifying the entry into the historic downtown, and by bringing people to the city.

Long-term Financial Planning. A continued emphasis on long range financial planning is a cornerstone of the City's success. Options and strategies continued in fiscal year 2025 included:

- Continued emphasis on remaining a professionally competitive organization, vying for the best talent and skill in the central piedmont region of South Carolina.
- Continued promotion, revitalization, and renewal of the City's downtown.
- Continued monitoring of housing conditions, particularly in the area of rental housing, and housing needs in the City.
- Continued attention to long-range stabilization of the City's financial condition.
- Continue to promote sound economic development strategies and expansion of the City's utility system through enhanced technology efforts.
- Continue to monitor electric industry trends as an important factor in our strategic plan.
- Continue to improve the City's technology and fiber infrastructure.
- Continue to promote projects that enhance the quality of life for Newberry citizens.
- Monitor existing services to ensure that the service goals of the City are being met.
- Investing $4,100,000 in CPST funds to expand the Newberry Recreation Complex.
- Investing $3,650,000 in CPST funds to construct an outdoor performing arts complex.
- Reinvesting funds from the sale of City owned property and other local revenues to renovate an abandoned structure into an Arts Center.
- Maintaining a contractual relationship with a retail recruitment firm that has successfully brought a number of national chains to the city bolstering its retail sector.

Relevant Financial Policies

Newberry City Council formally adopted the City of Newberry's Statement of Financial Policies on June 14, 2011. The Statement of Financial Policies covers budget policies, revenue policies, expenditure policies, capital improvement program policies, capital reserve fund policies, debt policies, interfund transfers/borrowings policies, fund balance policies for the General Fund, and accounting, auditing, and financial reporting policies. On April 21, 2015 these policies were amended and restated so they would also include the Utility Fund. Two of the most important changes contained in the Statement of Financial Policies are in the areas of budget policies and fund balance policies.

In fiscal year 2010-2011 the City Manager was provided with expanded authority whereby he may authorize the transfer of appropriations within any fund to achieve the goals of the budget provided that no such transfers increase the total appropriation of any fund. This expanded authority allows the City Manager to respond to events and opportunities which present themselves during the course of the fiscal year while still working to achieve the goals of the budget provided by City Council.

In the area of fund balance policies, the City heretofore had no stated policy. Under the Statement of Financial Policies dated June 14, 2011, "the City will strive to maintain the fund balance of the General Fund such that the unassigned portion of fund balance is between 33.0 percent and 67.0 percent of the total audited General Fund expenditures for the most recently audited fiscal year. If, at the end of a fiscal year, the minimum fund balance policy is not met, the City Manager will submit a plan of corrective action to City Council within six months of notification of the shortfall." Unless directed otherwise by City Council, any amount in excess of the maximum will be transferred to the General Capital Reserve Fund, which is used to fund or finance the acquisition of new or replacement capital items. As of receipt of audited fiscal year 2025 information, the unassigned portion of the fund balance of the General Fund stood at 30.60% percent of the total audited General Fund expenditures, and the City Manager is submitting a plan of corrective action to City Council.

Under the amended and restated Statement of Financial Policies, the City will strive to maintain a minimum liquidity of 300 days' cash on hand in the Utility Fund (exclusive of Purchased Power Costs and Depreciation). Additionally, the City maintains a liquidity target for operational purposes of 365 days' cash on hand (exclusive of Purchased Power Costs and Depreciation). Such liquidity shall be exclusive of all reserves not anticipated to be readily available for use in emergencies. Should liquidity fall below 300 days' cash on hand, the City Manager shall prepare and submit a plan for expenditure reductions and/or revenue increases in the City's Utility Fund to the City Council and shall rebuild the balance within 18 months. In the event liquidity for operational purposes exceeds 365 days' cash on hand, the difference may be used to fund the following activities: the Utility's Capital Improvement Program, one-time expenditures related to the utility, ongoing or new utility programs, or the Rate Stabilization Fund.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newberry for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. This was the thirty second consecutive year that the City of Newberry's government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this document, our annual comprehensive financial report, was made possible by the dedicated work of many individuals. Our sincere appreciation is extended to all those who have contributed to this endeavor and to the City's Mayor and Council who have continuously encouraged excellence in financial reporting.

Sincerely,

Jason Taylor
City Manager

Shannon D. Smith

Shannon D. Smith
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Newberry
South Carolina

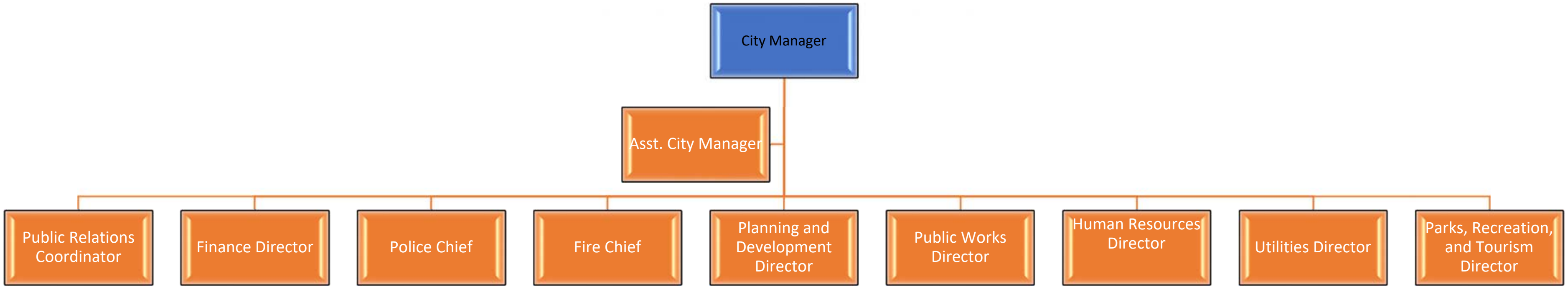
For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2024

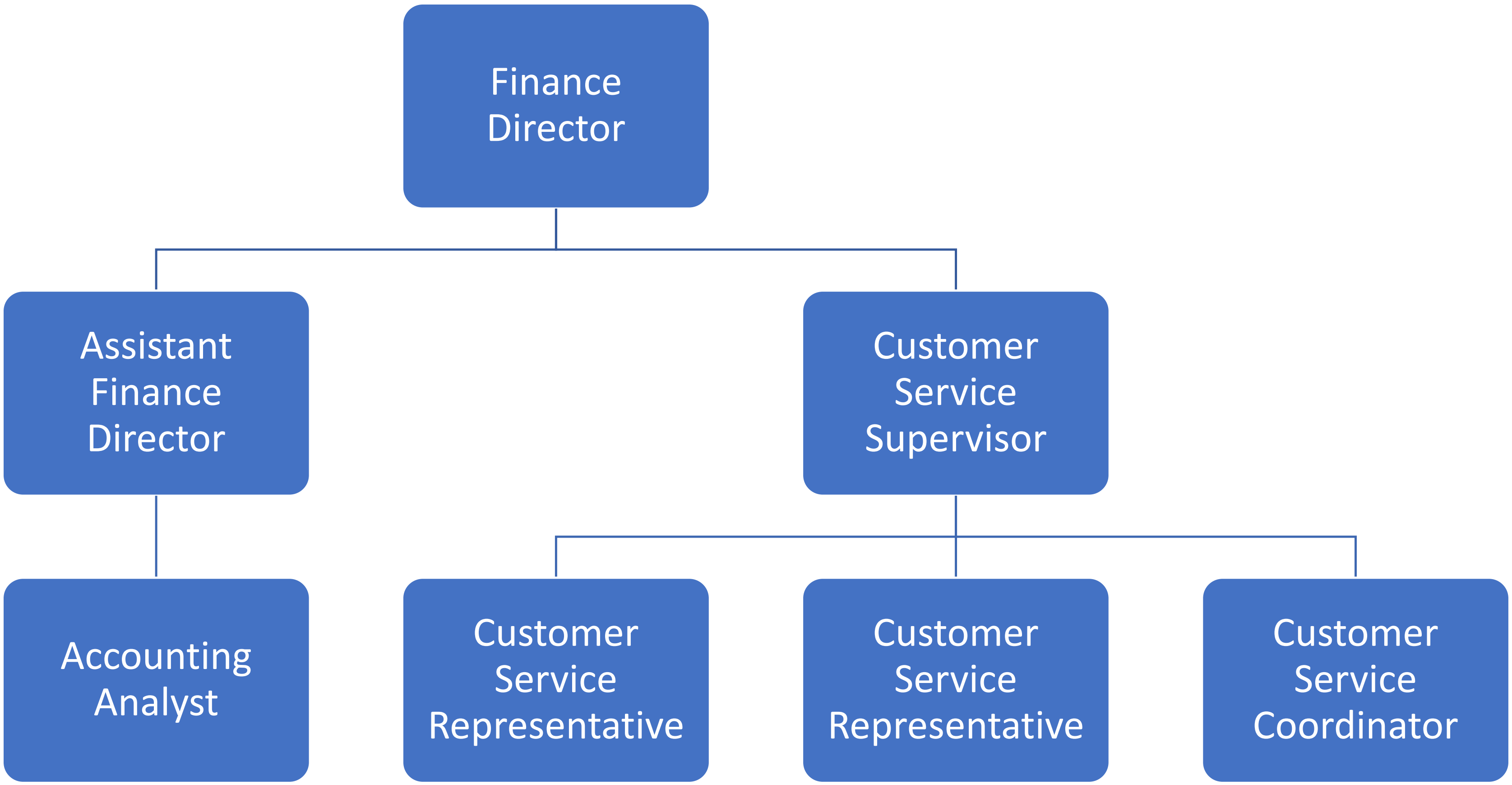
Christopher P. Morrill

Executive Director/CEO

City of Newberry
Organizational Chart
June 30, 2025



City of Newberry
Finance Department
Organizational Chart
June 30, 2025



CITY OF NEWBERRY, SOUTH CAROLINA
List of Principal Officers
June 30, 2025

Title	Name
Mayor	G. Foster Senn, Jr.
Council Member, District 1, Mayor Pro Tem	R. Lemont Glasgow
Council Member, District 2	Clay Smith
Council Member, District 3	Carlton L. Kinard
Council Member, District 4	David T. Force
Council Member, District 5	Jackie Holmes
Council Member, District 6	David E. Dubose
City Manager	Jason Taylor
City Attorney	Robert C. Lake, III
City Recorder	William F. Partridge
Human Resources Director	Jana Boice
Planning and Development Services Director	G. Wayne Redfern
Finance Director	Shannon D. Smith
Fire Chief	Gene Shealy
Utilities Director	Scott Motsinger
Police Chief	Kevin R. Goodman
Public Works Director	Joe C. Kitchen
Parks, Recreation, and Tourism Director	Collin Shealy
City Clerk	Ivy Rice

FINANCIAL SECTION

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McKinley, Cooper & Co., LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
City of Newberry
Newberry, South Carolina

Report on the Audit of the Financial Statements

Opinion

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, South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberry, South Carolina as of June 30, 2025, and the respective changes in the financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Newberry, South Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and, therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Honorable Mayor and Members of City Council
City of Newberry
December 17, 2025

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension plan schedules, as listed in the table of contents, 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.

Supplementary and 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, supplementary information, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management as was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, 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 internal control over financial reporting and compliance. That reporting 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.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
December 17, 2025

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

As management of the City of Newberry ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2025 ("2025") compared to the year ended June 30, 2024 ("2024"). The intent of this discussion and analysis is to look at the City's financial performance as a whole. We would encourage readers to not only consider the information presented here, but also the information provided in the letter of transmittal, the financial statements, and the notes to the financial statements to enhance their understanding of the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- In the Statement of Net Position, at the close of the current year, the City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately $82,441,878. Unrestricted net position was approximately $4,283,333. Unrestricted net position does not include assets with externally imposed restrictions or restrictions imposed by law. Unrestricted net position of the City's governmental activities was approximately $(2,447,290) which was a decrease of approximately $5,056,713 from the prior year. This decrease was attributable to an increase in long term obligations – due in more than one year of $997,024 and a decrease in transfers in/out of approximately $2,033,858. Unrestricted net position of the City's business-type activities was approximately $6,730,623, which was a decrease of approximately $518,432 from the prior year. This decrease in net position was attributable to an increase in total current liabilities of approximately $645,389.
- The City's unrestricted net position at June 30, 2025 includes the impact of approximately $14,300,000 for the City's share of the State of South Carolina's underfunded pension plans, as required by Governmental Accounting Standards Board Statements No. 68 and 71.
- The City's total net position increased by approximately $605,222 from the prior year's ending net position, since revenues of approximately $48,467,401 exceeded expenses of approximately $47,862,179.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately $8,163,585, a decrease of approximately $4,837,750 from the prior year's ending fund balances.
- At the end of the current year, unassigned fund balance for the General Fund was approximately $3,983,035, which was a decrease of approximately $4,170,235 from the prior year. Unassigned fund balance at the end of the current year was approximately 31% of total General Fund expenditures for the year ended June 30, 2025.
- The City's maximum/minimum fund balance policy as described in the notes to the financial statements allows the transfer of a portion of the unassigned fund balance in the General Fund to a general capital reserve account. In fiscal year 2026, the City will not transfer money to the General Capital Reserve Fund in accordance with this policy due to the unassigned fund balance falling below 33% of total General Fund expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of four parts – *Introductory Section, Financial Section* (which includes management's discussion and analysis, the financial statements, the required supplementary information, and the supplementary information), the *Statistical Section*, and the *Compliance Section*.

Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's financial statements. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the financial statements, this report contains supplementary information that will enhance the reader's understanding of the financial condition of the City.

Government-wide Financial Statements – The financial statements include two kinds of statements that present different views of the City. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the differences between these items 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.

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The *Statement of Activities* presents information showing how the government's net position changed during the most recent year. 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.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, business licenses and permits, and state and federal grant funds (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 include general government, public safety, public works, parks, recreation and tourism, and community development. The business-type activity of the City is the Combined Public Utility System (electric, water, and sewer). The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements – The fund financial statements provide a more detailed look at the City's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into the following categories: governmental and proprietary funds.

<u>Governmental Funds</u> – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. 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. 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 *governmental 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.

The City maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Recreation Complex Special Revenue Fund, as these are considered to be major funds. Information for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided as supplementary information as listed in the table of contents. The City adopts an annual appropriated budget for most of its funds, including its General Fund. Annual budgets are not adopted for the volunteer fire fund which can be used only as specified in South Carolina law, for the seizure fund, and for the federal equitable sharing fund.

<u>Proprietary Funds</u> – The City maintains one type of proprietary fund, an enterprise fund. The City uses an enterprise fund to account for its combined public utility system, comprised of electric, water, and sewer operations which were legally combined into one combined public utility system in 1948. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The financial statements of the City's enterprise fund, the Utility Fund, can be found as listed in the table of contents.

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 as listed in the table of contents.

Other Information – In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. The City adopts an annual budget for its General Fund, as required by General Statutes, and the Recreation Complex Special Revenue Fund. Required budgetary comparison schedules have been provided for these two funds to demonstrate compliance with budgets. The City has also provided the required schedules for its participation in the State retirement plans as required by GAAP. Required supplementary information can be found as listed in the table of contents. Other supplementary information, including combined and individual fund financial schedules, is presented immediately following the required supplementary information. This information can be found as listed in the table of contents.

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Figure A-1

Major Features of the City's Government-Wide and Fund Financial Statements

		Fund Financial Statements	
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government.	The activities of the City that are not proprietary.	Activities the City operates similar to private businesses.
Required Financial Statements	▪ Statement of Net Position. ▪ Statement of Activities.	▪ Balance Sheet. ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances.	▪ Statement of Net Position ▪ Statement of Revenues, Expenses, and Changes in Net Position. ▪ Statement of Cash Flows.
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of Balance Sheet Information	All balance sheet elements, both financial and capital, and short-term and long-term.	Only balance sheet elements that come due during the year or shortly thereafter. No capital assets or long-term obligations are included.	All balance sheet elements, short-term and long-term.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position as of June 30, 2025 compared to June 30, 2024:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and Other Assets	$ 10,731,157	$ 14,834,439	$ 16,831,286	$ 16,902,545	$ 27,562,443	$ 31,736,984
Capital Assets, Net	24,207,061	20,432,962	85,200,384	84,075,212	109,407,445	104,508,174
Total Assets	34,938,218	35,267,401	102,031,670	100,977,757	136,969,888	136,245,158
Deferred Outflows of Resources						
Deferred Pension Charges	678,983	532,443	242,379	201,170	921,362	733,613
Liabilities						
Other Liabilities	2,961,150	1,211,321	6,221,930	2,454,679	9,183,080	3,666,000
Net Pension Liabilities	8,301,075	9,334,882	4,800,218	5,195,913	13,101,293	14,530,795
Long-term Liabilities	1,255,494	549,675	30,338,569	35,870,775	31,594,063	36,420,450
Total Liabilities	12,517,719	11,095,878	41,360,717	43,521,367	53,878,436	54,617,245
Deferred Inflows of Resources						
Deferred Pension Credits	1,008,428	340,431	562,508	184,439	1,570,936	524,870
Net Position						
Net Investment in Capital Assets	23,104,814	20,357,151	51,807,519	48,446,305	74,912,333	68,803,456
Restricted	1,433,530	1,396,961	1,812,682	1,777,761	3,246,212	3,174,722
Unrestricted	(2,447,290)	2,609,423	6,730,623	7,249,055	4,283,333	9,858,478
Total Net Position	$ 22,091,054	$ 24,363,535	$ 60,350,824	$ 57,473,121	$ 82,441,878	$ 81,836,656

The City's total assets increased approximately $724,730 from the prior year. Current and other assets decreased approximately $4,174,541 from the prior year and capital assets increased approximately $4,899,271 from the prior year. Total liabilities decreased approximately $738,809 from the prior year including regularly scheduled principal payments on the City's debt and financed purchases of approximately $2,940,000, and by a decrease in the net pension liabilities of approximately $1,429,502. The changes in deferred outflows and deferred inflows of resources were primarily due to differences between expected and actual liability/investment experience, changes in assumptions, and changes in the percentage of the City's share of the net pension liabilities in the State retirement plans.

The City's net investment in capital assets (i.e., land, buildings, machinery, equipment, infrastructure, vehicles, etc.) less any related outstanding debt used to acquire those assets was approximately $74,912,333 at June 30, 2025. 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, 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.

An additional portion of the City's net position of approximately $3,246,212 represents resources that are subject to external restrictions on how they may be used. This portion is restricted primarily for debt service or functions which are restricted by the revenue source (i.e. hospitality fee, accommodations tax, etc.), including approximately $494,071 for parks and recreation improvements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The remaining portion of the City's net position approximately $4,283,333 is unrestricted and is available to be used at the City's discretion, including using resources to meet the obligations of the City's combined public utility system.

The following table shows the changes in the City's net position for 2025 compared to 2024:

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	$ 622,406	$ 1,360,726	$ 35,975,236	$ 34,363,272	$ 36,597,642	$ 35,723,998
Operating Grants and Contributions	134,766	854,816	-	-	134,766	854,816
Capital Grants and Contributions	-	-	984,922	173,320	984,922	173,320
General Revenues:						
Taxes	2,815,061	4,261,324	-	-	2,815,061	4,261,324
Other	7,645,980	5,493,287	289,030	400,020	7,935,010	5,893,307
Total Revenues	11,218,213	11,970,153	37,249,188	34,936,612	48,467,401	46,906,765
Expenses:						
General Government	1,798,649	4,985,245	-	-	1,798,649	4,985,245
Public Safety	6,918,897	4,568,076	-	-	6,918,897	4,568,076
Public Works	2,734,555	2,036,233	-	-	2,734,555	2,036,233
Parks, Recreation, & Tourism	2,015,577	1,342,346	-	-	2,015,577	1,342,346
Arts Center	94,579	339,640	-	-	94,579	339,640
Interest and Other Charges	22,344	2,923	-	-	22,344	2,923
Utility System	-	-	34,277,578	33,847,690	34,277,578	33,847,690
Total Expenses	13,584,601	13,274,463	34,277,578	33,847,690	47,862,179	47,122,153
Change in Net Position Before Transfers	(2,366,388)	(1,304,310)	2,971,610	1,088,922	605,222	(215,388)
Transfers In (Out)	93,907	1,865,909	(93,907)	(1,865,909)	-	-
Change in Net Position	(2,272,481)	561,599	2,877,703	(776,987)	605,222	(215,388)
Net Position, Beginning of Year	24,363,535	23,801,936	57,473,121	58,250,108	81,836,656	82,052,044
Net Position, End of Year	$ 22,091,054	$ 24,363,535	$ 60,350,824	$ 57,473,121	$ 82,441,878	$ 81,836,656

Governmental Activities. Governmental activities decreased the City's net position by approximately $2,270,000 in the current year. Key changes in governmental activities revenues and expenses compared to the prior year were as follows:

- Total governmental activities revenues decreased from the prior year (approximately $752,000) due to a decrease in transfers in and transfers out of approximately $2,033,858.
- Total governmental activities expenses increased by approximately $310,000 from the prior year due to increased expenses in the Public Safety department of approximately $375,597 and an increase in the Parks, Recreation, and Tourism department of approximately $346,461. These increases coupled with a decrease in the Arts Center of approximately $245,061 made the overall expenses increase by approximately $310,000.

Business-type Activities. Net position for business-type activities increased by approximately $2,878,000 in the current year, as revenues of approximately $37,249,000 exceeded the expenses and transfers out of approximately $34,370,000. See the discussion for the Proprietary Fund in the following section for details.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current year, the City's governmental funds reported combined ending fund balances of approximately $8,163,585, a decrease of approximately $4,837,750 from the prior year fund balances.

Approximately $3,983,035 (49%) of the total governmental fund balance constitutes unassigned fund balance, all of which is for the General Fund. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been set aside or constrained.

The General Fund is the chief operating fund of the City. At the end of the current year, the total fund balance was approximately $5,379,843. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund of approximately $3,983,035 represents 31% of total General Fund expenditures for the current year.

The fund balance for the General Fund decreased by approximately $3,688,692, since revenues of approximately $8,365,689 were exceeded by expenditures of approximately $13,014,885 and net financing sources of approximately $960,504.

In addition, the fund balances of the other governmental funds decreased by approximately $1,149,058 from the prior year fund balances. This decrease is attributable to a decrease in tourism related expenditures of $372,391, a decrease in Cultural Arts fund balance of $219,838, and a decrease in community development fund balance of $700,447.

Proprietary Fund. The City's proprietary fund statements provide the same type of information found in the government-wide statements but in more detail. Net position of the Utility Fund (the combined public utility system consisting of electric, water, and sewer operations) at the end of the year totaled approximately $60,350,824, which was an increase of approximately $2,877,703 from the prior year's net position. Details on changes in the Utility Fund were as follows:

- Total operating revenues increased approximately $1,611,964 from the prior year to approximately $35,975,236. Operating expenses increased approximately $509,690 from the prior year to approximately $32,997,272. Operating income was approximately $2,977,964, an increase of approximately $1,102,274 from the prior year's operating income of approximately $1,875,690, primarily due to the electric revenues increasing $1,830,076. This electric revenue increase is directly attributable to an electric rate increase of 2% which went into effect on July 1, 2024.
- Principal payments on the Series 2015 Revenue Bond totaled $1,665,000, plus approximately $1,046,000 in interest. Principal payments on the Series 2021 Revenue Bond totaled approximately $845,000, plus interest totaling approximately $294,000 for the year.
- Total net position was approximately $60,350,824 at June 30, 2025, consisting of approximately $51,807,519 representing the net investment in capital assets, approximately $1,812,682 that was restricted (for future debt service and renewal and replacement), with the balance of approximately $6,730,623 that was unrestricted. Unrestricted net position decreased approximately $518,432 from the prior year. This decrease in net position is attributable to an increase in current liabilities of $645,389.

General Fund Budgetary Highlights: If budget amendments are made, they generally fall into one of three categories: amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available; amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and increases in appropriations that become necessary to maintain services.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Actual revenues totaling approximately $8,365,689 were approximately $(1,244,160) under budgeted revenues of approximately $9,609,849.

Actual expenditures totaling approximately $13,014,885 were approximately $1,165,461 lower than budgeted expenditures of approximately $14,180,346. This was primarily due to the City not paving roads because they did not receive County Transportation funds.

Also, transfers out to other funds of approximately $235,525 were approximately $3,506,022 lower than budgeted transfers of approximately $3,270,497.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of June 30, 2025 and June 30, 2024, amounted to approximately $109,407,445 and $104,508,174 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, utility systems, equipment, furniture and fixtures, and vehicles. See the table below:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 1,621,212	$ 1,536,519	$ 320,344	$ 320,344	$ 1,941,556	$ 1,856,863
Construction in Progress	2,642,887	-	2,122,505	414,395	4,765,392	414,395
Buildings and Improvements	7,614,724	7,085,802	13,602,446	13,994,559	21,217,170	21,080,361
Infrastructure	5,882,561	5,914,248	-	-	5,882,561	5,914,248
Utility Systems	-	-	67,292,753	67,798,626	67,292,753	67,798,626
Equipment, Furniture, and Fixtures	4,296,366	4,897,217	1,123,086	1,271,196	5,419,452	6,168,413
Vehicles	2,149,311	999,176	739,250	276,092	2,888,561	1,275,268
Total	$ 24,207,061	$ 20,432,962	$ 85,200,384	$ 84,075,212	$ 109,407,445	$ 104,508,174

The total increase in the City's capital assets for the current year was approximately $4,899,271. Major capital asset events during the current year included the following:

- Capital asset additions of approximately $5,411,530 for governmental activities:
  - Purchases of land $84,693.
  - Purchases of various machinery and equipment totaling approximately $105,049.
  - Purchases of various vehicles totaling approximately $1,719,503.
  - Building and improvement additions of approximately $859,398.
  - Construction in progress $2,642,887.
- Capital asset additions of approximately $5,152,340 for business-type activities:
  - Approximately $4,092,600 related to utility system upgrades.
  - Purchase of various vehicles and other equipment totaling approximately $1,017,760.
  - Building and improvement additions of approximately $41,980.
- Depreciation expense of approximately $1,635,197 and $4,026,940 for governmental activities and business-type activities, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Additional information about the City's capital assets is included in Note 3 in the notes to the financial statements.

Debt Administration

As of June 30, 2025 and June 30, 2024, the City had total outstanding debt (consisting of revenue bonds and financed purchases) of approximately $34,495,112 and $35,704,718, respectively. See the table below:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Debt:						
Revenue Bonds (including premium)	$ -	$ -	$ 33,392,865	$ 35,628,907	$ 33,392,865	$ 35,628,907
Financed Purchases	1,102,247	75,811	-	-	1,102,247	75,811
Total Debt	$ 1,102,247	$ 75,811	$ 33,392,865	$ 35,628,907	$ 34,495,112	$ 35,704,718

The total decrease in the City's debt for the current year was approximately $1,209,606. Major 2025 events for the City's governmental and business-type activities were as follows:

- The City's governmental activities total debt increased by approximately $1,026,436 due to regularly scheduled principal payments and the addition of financed purchases.
- The City's business type total debt decreased by approximately $2,236,042 due to regularly scheduled principal payments and amortization of the bond premium.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. As of June 30, 2025, the City had no debt subject to the 8% debt limit of approximately $2,773,479.

Other long-term obligations include the City's accrued compensated absences. Additional information about the City's long-term obligations is included in Note 3 in the notes to the financial statements.

ECONOMIC FACTORS AND 2025 BUDGET FOR THE CITY

At June 30, 2025, unemployment for Newberry County stood at 3.6% compared to 4.6% at June 30, 2024. In comparison, the state's unemployment rate at June 30, 2025 was 4.1% and the national rate was 4.1%. Fiscal year 2025 data from the City's Local Hospitality and Accommodations Fee Fund showed an increase when compared to fiscal year 2024 data. Hospitality and Accommodations gross sales increased 2.3%, from $60.226 million for the year ended June 30, 2024 to $61.625 million for the year ended June 30, 2025.

The City began the budgetary process in January 2025, at which time the uncertain economic conditions forecast for fiscal year 2026 were considered. A general operating tax of 83.3 mills was approved by City Council.

Additionally, a general capital reserve tax rate of 1.1 mills was levied to be used to fund or finance the acquisition of new or replacement capital items as approved by City Council.

At June 30, 2025, the unassigned fund balance of the General Fund was approximately $3,983,035. The City has budgeted a use of fund balance for fiscal year 2026 of approximately $297,485 primarily to fund new computers for employees.

In the City's utility enterprise fund for fiscal year 2025, City Council increased water and sewer rates 3% and increased electric rates 2%, primarily to achieve the City's goal of having each service type (electric, water, and sewer) function in a self-supporting manner.

ECONOMIC FACTORS AND 2025 BUDGET FOR THE CITY (CONTINUED)

The City's elected officials and staff considered many factors when setting the budget for the year ended June 30, 2026 budget. The state of the economy, tourism activity, anticipated building activity, future capital needs, and the best interests of the City's residents were all taken into account. Economic factors and key budget highlights that were considered in preparing the 2026 budget were as follows:

- The City continues to benefit from a strong local economy relative to other areas of the country and state. Following a decline with the recession, building permits have steadily increased. In turn, tax receipts and other revenues are expected to continue to grow as well. Commercial occupancy rates also appear to be steadily improving.
- City Council approved total General Fund expenditures for FY 2026 of approximately $13,505,260, which is a decrease of $1,475,085 from its FY 2025 original budget. The decrease is primarily due to the City purchasing less capital items for the Public Works Department when compared to the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Newberry, 1330 College Street, Newberry, South Carolina, 29108 or visit our website at www.cityofnewberry.com.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF NEWBERRY, SOUTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	$ 9,119,009	$ 6,545,919	$ 15,664,928
Cash and Cash Investments, Restricted	399,758	1,812,682	2,212,440
Receivables, Net:			
Taxes	265,504	-	265,504
Accounts	-	5,091,407	5,091,407
Intergovernmental	123,778	-	123,778
Other	426,391	-	426,391
Inventories and Prepaids	41,717	3,381,110	3,422,827
Due from Other Funds	-	168	168
Notes Receivable	355,000	-	355,000
Capital Assets, Net:			
Non-Depreciable	4,264,099	2,442,849	6,706,948
Depreciable, Net	19,942,962	82,757,535	102,700,497
TOTAL ASSETS	34,938,218	102,031,670	136,969,888
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	678,983	242,379	921,362
LIABILITIES			
Accounts Payable	923,468	2,458,867	3,382,335
Intergovernmental Payables	10,317	-	10,317
Accrued Salaries and Payroll Liabilities	1,046,532	468,028	1,514,560
Accrued Interest Payable	-	240,739	240,739
Due to Other Funds	168	-	168
Deferred Revenue	587,087	-	587,087
Non-Current Liabilities:			
Net Pension Liability - Due in More Than One Year	8,301,075	4,800,218	13,101,293
Long-term Obligations - Due Within One Year	393,578	3,054,296	3,447,874
Long-term Obligations - Due in More Than One Year	1,255,494	30,338,569	31,594,063
TOTAL LIABILITIES	12,517,719	41,360,717	53,878,436
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	1,008,428	562,508	1,570,936
NET POSITION			
Net Investment in Capital Assets	23,104,814	51,807,519	74,912,333
Restricted for:			
Tourism Related Costs	778,076	-	778,076
Streetscape	16,073	-	16,073
Public Safety	91,260	-	91,260
Parks and Recreation Improvements	494,071	-	494,071
Nonexpendable - Permanent Fund (Japanese Gardens)	12,333	-	12,333
Nonexpendable- (Inventories)	41,717	-	41,717
Debt Service	-	1,519,669	1,519,669
Renewal and Replacement	-	293,013	293,013
Unrestricted	(2,447,290)	6,730,623	4,283,333
TOTAL NET POSITION	$ 22,091,054	$ 60,350,824	$ 82,441,878

The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
FUNCTIONS/PROGRAMS			Operating	Capital	Primary Government		
PRIMARY GOVERNMENT	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities:							
General Government	$ 1,798,649	$ 259,322	$ 134,766	$ -	$ (1,404,561)	$ -	$ (1,404,561)
Public Safety	6,918,897	310,807	-	-	(6,608,090)	-	(6,608,090)
Public Works	2,734,555	36,848	-	-	(2,697,707)	-	(2,697,707)
Parks, Recreation, and Tourism	2,015,577	15,429	-	-	(2,000,148)	-	(2,000,148)
Art Center	94,579	-	-	-	(94,579)	-	(94,579)
Interest on Long-term Debt	22,344	-	-	-	(22,344)	-	(22,344)
Total Governmental Activities	13,584,601	622,406	134,766	-	(12,827,429)	-	(12,827,429)
Business-type Activities:							
Utility System	34,277,578	35,975,236	-	984,922	-	2,682,580	2,682,580
Total Business-type Activities	34,277,578	35,975,236	-	984,922	-	2,682,580	2,682,580
TOTAL - PRIMARY GOVERNMENT	$ 47,862,179	$ 36,597,642	$ 134,766	$ 984,922	(12,827,429)	2,682,580	(10,144,849)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					2,815,061	-	2,815,061
Hospitality and Accommodations Taxes					1,591,973	-	1,591,973
Business Licenses					3,176,259	-	3,176,259
Unrestricted Intergovernmental Revenue					784,935	-	784,935
Interest Revenue					193,433	289,030	482,463
Miscellaneous					1,899,380	-	1,899,380
Transfers					93,907	(93,907)	-
Total General Revenues and Transfers					10,554,948	195,123	10,750,071
CHANGE IN NET POSITION					(2,272,481)	2,877,703	605,222
NET POSITION, Beginning of Year					24,363,535	57,473,121	81,836,656
NET POSITION, End of Year					$ 22,091,054	$ 60,350,824	$ 82,441,878

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

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CITY OF NEWBERRY, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	GENERAL FUND	RECREATION COMPLEX FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	$ 6,192,111	$ -	$ 2,926,898	$ 9,119,009
Cash and Investments, Restricted	-	325,701	74,057	399,758
Receivables, Net:				
Taxes	265,504	-	-	265,504
Intergovernmental	73,950	-	49,828	123,778
Other	192,617	113,378	120,396	426,391
Notes Receivables	-	-	355,000	355,000
Due from Other Funds	25,066	-	17,232	42,298
Inventories	41,717	-	-	41,717
TOTAL ASSETS	$ 6,790,965	$ 439,079	$ 3,543,411	$ 10,773,455
LIABILITIES				
Accounts Payable	$ 117,988	$ 117,878	$ 687,602	$ 923,468
Intergovernmental Payables	10,317	-	-	10,317
Accrued Salaries and Payroll Liabilities	1,036,259	10,273	-	1,046,532
Due to Other Funds	19,771	-	22,527	42,298
Due to Proprietary Fund	168	-	-	168
TOTAL LIABILITIES	1,184,503	128,151	710,129	2,022,783
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	226,619	-	360,468	587,087
FUND BALANCES				
Nonspendable				
Inventories	41,717	-	-	41,717
Japanese Gardens	-	-	12,333	12,333
Restricted				
Tourism Related Expenditures	-	-	592,094	592,094
Streetscape	-	-	16,073	16,073
Public Safety	-	-	61,501	61,501
Parks and Recreation Improvements	-	310,928	-	310,928
Committed				
Tourism Related Expenditures	-	-	185,982	185,982
Parks and Recreation	-	-	183,143	183,143
Public Safety	-	-	29,759	29,759
Cultural Arts	-	-	655,149	655,149
Special Events	-	-	324,649	324,649
Assigned				
Community Development	-	-	412,131	412,131
Future Capital Outlay	1,355,091	-	-	1,355,091
Unassigned	3,983,035	-	-	3,983,035
TOTAL FUND BALANCES	5,379,843	310,928	2,472,814	8,163,585
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 6,790,965	$ 439,079	$ 3,543,411	$ 10,773,455

The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$	8,163,585
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets were $43,377,530 and the accumulated depreciation was $19,170,469.		24,207,061
Property taxes receivable and other long-term receivables will ultimately be collected, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the governmental funds.		587,087
The City's proportionate shares of the net pension liabilities, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(9,217,607)
Long-term liabilities, including bonds payable, financed purchases, and leases, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at yearend consisted of the following:		
Compensated Absences		(546,825)
Financed Purchases		(1,102,247)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$	22,091,054

The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	GENERAL FUND	RECREATION COMPLEX FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	$ 2,946,932	$ -	$ 1,460,103	$ 4,407,035
Licenses, Permits, and Fees	3,176,258	-	-	3,176,258
Fines, Forfeitures and Penalties	550,704	-	-	550,704
Charges for Services	71,702	96,881	-	168,583
Intergovernmental	557,204	-	227,731	784,935
Miscellaneous	890,902	444,929	563,549	1,899,380
Interest Revenue	171,987	1,455	19,991	193,433
TOTAL REVENUES	8,365,689	543,265	2,271,374	11,180,328
EXPENDITURES				
Current:				
General Government	916,426	-	-	916,426
Public Safety	3,939,133	-	46,752	3,985,885
Public Works	1,487,911	-	-	1,487,911
Parks, Recreation, and Tourism	923,668	233,881	-	1,157,549
Art Center	-	-	94,579	94,579
Non-Departmental	2,868,189	-	1,194,008	4,062,197
Capital Outlay	2,687,621	514,328	2,209,581	5,411,530
Debt Service:				
Principal	169,593	-	-	169,593
Interest	22,344	-	-	22,344
TOTAL EXPENDITURES	13,014,885	748,209	3,544,920	17,308,014
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,649,196)	(204,944)	(1,273,546)	(6,127,686)
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Financed Purchases	1,196,029			1,196,029
Transfers In	2,010,434	262,540	2,638,754	4,911,728
Transfers Out	(2,245,959)	-	(2,571,862)	(4,817,821)
TOTAL OTHER FINANCING SOURCES (USES)	960,504	262,540	66,892	1,289,936
NET CHANGES IN FUND BALANCES	(3,688,692)	57,596	(1,206,654)	(4,837,750)
FUND BALANCES, Beginning of Year	9,068,535	253,332	3,679,468	13,001,335
FUND BALANCES, End of Year	$ 5,379,843	$ 310,928	$ 2,472,814	$ 8,163,585

The notes to the finnancial statements are an integral part of these financial statements.

CITY OF NEWBERRY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ (4,837,750)
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenue in the Statement of Activities. In addition, revenues in the funds that provide current financial resources are reported as revenues in the funds. They are considered revenues in the Statement of Activities.	(694,744)
Changes in the City's proportionate share of the net pension liabilities, deferred outflows of resources, and deferred inflows of resources related to the state retirement plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	512,350
Issuance of debt is an other financing source in the govermental funds.	(1,196,029)
Repayment of debt and financed purchases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	169,593
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which net capital asset additions of $5,409,296 were exceeded by depreciation expense of $1,635,197 in the current period.	3,774,099
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (2,272,481)

The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY

PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS	
CURRENT ASSETS	
Cash and Investments	$ 6,545,919
Accounts Receivables (net of allowances for credit losses)	5,091,407
Inventory	3,381,110
Due from Other Funds	168
Restricted Assets	
Cash and Investments	1,812,682
TOTAL CURRENT ASSETS	16,831,286
NONCURRENT ASSETS	
Capital Assets, Net	
Non-Depreciable	2,442,849
Buildings and Fixtures	82,757,535
TOTAL NONCURRENT ASSETS	85,200,384
TOTAL ASSETS	102,031,670
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pensions	242,379
TOTAL DEFERRED OUTFLOWS OF RESOURCES	242,379

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY

PROPRIETARY FUND
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025

LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$	2,458,867
Accrued Salaries Payable		202,682
Compensated Absences Payable		98,111
Accrued Interest Payable		240,739
Revenue Bonds and Financed Purchases Payable		2,956,185
TOTAL CURRENT LIABILITIES		5,956,584
NONCURRENT LIABILITIES		
Revenue Bonds and Financed Purchases Payable		30,436,680
Compensated Absences Payable		167,235
Net Pension Liability		4,800,218
TOTAL NONCURRENT LIABILITIES		35,404,133
TOTAL LIABILITIES		41,360,717
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pensions		562,508
TOTAL DEFERRED INFLOWS OF RESOURCES		562,508
NET POSITION		
Net Investment in Capital Assets		51,807,519
Restricted for		
Debt Service		1,519,669
Maintenance		293,013
Unrestricted		6,730,623
TOTAL NET POSITION	$	60,350,824

The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

	Business-type Activities Electric, Water, and Sewer
OPERATING REVENUES	
Charges for Sales and Services	$ 35,716,727
Miscellaneous	258,509
TOTAL OPERATING REVENUES	35,975,236
OPERATING EXPENSES	
Costs of Sales and Services	27,377,027
Administration	1,593,305
Depreciation	4,026,940
TOTAL OPERATING EXPENSES	32,997,272
OPERATING INCOME	2,977,964
NONOPERATING REVENUES (EXPENSES)	
Interest Revenue	289,030
Interest Expense, Bank Fees and Other	(1,280,306)
TOTAL NONOPERATING REVENUES (EXPENSES)	(991,276)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,986,688
CONTRIBUTIONS AND TRANSFERS	
Capital Contributions	984,922
Transfers In (Out)	(93,907)
TOTAL CONTRIBUTIONS AND TRANSFERS	891,015
CHANGE IN NET POSITION	2,877,703
NET POSITION, beginning	57,473,121
NET POSITION, ending	$ 60,350,824

The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$	35,890,659
Purchase of Electricity		(17,718,245)
Payments for Goods and Services		(7,376,966)
Payments to Employees		(4,967,208)
NET CASH PROVIDED BY OPERATING ACTIVITIES		5,828,240
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers In (Out)		(93,907)
NET CASH (USED IN) NONCAPITAL AND RELATED FINANCING ACTIVITIES		(93,907)
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES		
Intergovernmental Capital Grant		984,922
Acquisition and Construction of Capital Assets		(5,152,112)
Principal Payments on Bonds and Notes Payable		(2,773,187)
Proceeds from Issuance of Debt		537,145
Interest and Other Fees Paid		(1,280,306)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		(7,683,538)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received		289,030
NET CASH PROVIDED BY INVESTING ACTIVITIES		289,030
NET (DECREASE) IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS		(1,660,175)
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, beginning		10,018,776
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, ending	$	8,358,601
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$	2,977,964
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation Expense		4,026,940
Change in accounts representing operating activities:		
Receivables, Net		(1,145,804)
Inventories		(456,087)
Deferred Outflows Related to Pensions		(41,209)
Accounts Payable		432,178
Accrued Expenses and Due to Other Funds		51,884
Net Pension Liability		(395,695)
Deferred Inflows Related to Pensions		378,069
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	5,828,240

The accompanying notes are an integral part of these financial statements.

The City of Newberry ("City") was established in 1832. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The City adopted the Council-Manager form of government in 1948. The Mayor is elected for a term of four years, and the six Council members serve four-year staggered terms. City Council appoints the City Manager to serve as the City's chief administrative officer. The City Manager is responsible for implementing the policies of the City Council, directing business and administrative procedures and appointing departmental officials and certain other City employees. At present the City Manager is assisted by ten staff departments: Economic Development; Public Works; Planning and Development; Parks, Recreation, and Tourism under the direction of the Assistant City Manager; Fire; Police; Utilities; Finance; Human Resources; and Information Services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

As required by GAAP, the financial statements must present the City's financial information with any of its component units (if significant). The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the City's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City has no significant component units.

Related Organizations

The Clinton-Newberry Natural Gas Authority (the "Authority") is controlled by a seven-member Board, which has oversight responsibility over all of the activities of the Authority, which is to provide natural gas to the municipalities of Clinton and Newberry. This seven-member Board is appointed by the City of Clinton (two members) and the City of Newberry (two members). Also, the mayor of each City is an ex-officio member of the Board. A seventh member is also appointed by the other six. The Authority is not included in any other governmental "reporting entity" as defined in GASB Sec. 2100.108 since a majority of its Board members are not controlled by another governmental entity and the Authority's Board has decision making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. For these reasons, the Authority is recognized as a primary government in accordance with GAAP and is not a component unit of the City. The City received approximately $546,000 from the Authority for the year ended June 30, 2023 for economic development and other contributions.

The Newberry Opera House ("NOH") is a not-for-profit organization located in Newberry, South Carolina. City Council is responsible for appointing the members of the board of directors ("Board") for the NOH (both the Mayor and the City Manager serve as members of the Board), but it cannot remove Board members at will. The City is not financially accountable for NOH and thus it is not considered to be a component unit of the City. The City owns and maintains the building in which the NOH is using. The City expended approximately $390,000 towards the operations of the NOH during the year ended June 30, 2025, primarily for utilities and salaries and benefits for several employees.

Major Operations

The City's major governmental operations include: general government, public safety (police and fire), public works, parks, recreation, and tourism, community development, and non-departmental (which includes general insurance, employee benefits, and community promotions and projects). In addition, the City provides electric, water, and sewer operations through its enterprise fund.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial 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*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the financial statements of the Proprietary Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period.

For this purpose, the government considers its revenues to be available if they are generally collected within sixty days of the end of the current fiscal period with the exception of property taxes, for which the City uses a fifteen day availability period, and certain reimbursement expenditure grants, for which a twelve month availability period is generally used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, financed purchases expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt, financed purchases, and acquisitions under leases are reported as other financing sources.

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following fund types and major funds are used by the City.

Governmental Fund Types are those through which most governmental functions of the City are financed. The City's expendable financial resources and related balance sheet items (except for those accounted for in the Proprietary Funds) are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The City's governmental fund types and major and non-major funds are as follows:

The ***General Fund, a major fund*** and a budgeted fund, is the general operating fund of the City and accounts for all revenues and expenditures of the City except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has one major special revenue fund, the Recreation Complex Fund, which received most of its funding from Newberry County capital projects sales tax, supplemented by local funds. The City has the following non-major special revenue funds:

Newberry Allied Narcotics Unit Fund ("NANU")	Streetscape Fund
Federal Equitable Sharing Fund	Local Hospitality/Accommodation Fee Fund
Tourism Fund	Volunteer Firemen Fund
Special Events Fund	Victim's Rights Fund
State Accomodations Tax Fund	Seizure Fund
Cultural Arts Fund	Oakland Tennis Fund
Community Housing/Development Fund	Arts Center Fund

Permanent Funds are used to account for and report specific revenue sources that are restricted to the extent that only earnings, and not principal, may be used to support government programs with benefit the government or its citizens. The City has one non-major permanent fund, the Japanese Gardens Fund.

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City has one enterprise fund and does not have any internal service funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services/fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has one enterprise fund, the **Utility Fund, a major fund** and a budgeted fund**,** which is used to account for assets and activities of the City's electric, water, and sewer operations. All costs are financed through charges to utility customers.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

Cash, Cash Equivalents, and Investments

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

The City's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types, and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the City to invest in the following:

(a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

(b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

(e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

(f) Repurchase agreements when collateralized by securities as set forth in this section.

(g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash and investment objectives are preservation of capital, liquidity, and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices. The City currently or in the past year has primarily used the following investments in its operating activities:

- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.

- South Carolina Local Government Investment Pool ("LGIP" or "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"* and GASB Statement No. 72 *"Fair Value Measurement and Application"*, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

Receivables and Payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including utility billings, franchise fees, hospitality fees, and other fees and charges.

Inventories and Prepaid Items

Inventories are for supplies and are stated at average cost. The costs of inventories and prepaid items are accounted for using the consumption method (expensed when consumed).

Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the Proprietary Fund are reported both in the business-type activities column of the Government-wide Statement of Net Position and in the respective fund financial statements.

The City defines capital assets 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 not purchased or constructed. Donated capital assets are recorded at estimated acquisition value (as estimated by the City) at the date of donation.

Public domain (“infrastructure”) general capital assets, consist of the road network (i.e. roads, curbs, gutters, sidewalks, etc.) and sewer system assets that were acquired or that received substantial improvements. These assets are reported at estimated historical cost. The City uses a $10,000 threshold for capitalizing infrastructure assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Capital assets are depreciated on the straight-line method using the following estimated useful lives:

Buildings and Improvements	10 - 50 years
Infrastructure	30 - 50 years
Utility Systems	30 – 40 years
Vehicles	5 - 20 years
Equipment, Furniture, and Furnishings	5 - 15 years

Compensated Absences

The City's policy allows employees to accumulate vacation leave up to six work weeks and unused sick leave up to a maximum of eighteen work weeks. Upon termination, any accumulated vacation leave will be paid to the employee. Sick leave must be used for a valid illness and will not be paid upon termination. The City reports compensated absences in accordance with the provisions of GASB Statement No. 101 "*Compensated Absences*". The entire compensated absence liability and expense is reported in the government-wide financial statements. The portion applicable to the City's enterprise activities is also recorded in the Enterprise Fund financial statements, if material. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable premiums and discounts. Issuance costs are expensed when incurred.

In the governmental fund financial statements, debt premiums, discounts and issuance costs are recognized immediately. The face amount of debt, financed purchases, and leases issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt, financed purchases, and leases, compensated absences, net pension obligations, special termination benefits and other related long-term liabilities that will eventually be paid from governmental funds are not reported as a liability in the fund financial statements until due and payable.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one type of deferred outflows of resources: The City reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net assets and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources: (1) The City reports *unavailable revenue* for property taxes and notes receivable only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (property tax and other revenues) in the period the amounts become available. (2) The City also reports *deferred pension credits* in its Statement of Net assets in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

Fund Balance

In accordance with GAAP, the City classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through either an ordinance or resolution (both are equally binding) made by the highest level of decision making authority (City Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed and that such assignments are made by an approved motion by City Council before the report issuance date.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The City generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City's Council has set a General Fund minimum unassigned fund balance target at 33% of total audited General Fund expenditures for the previous fiscal year and a maximum of 67% of the most recently audited fiscal year's General Fund expenditures. Unless directed otherwise by City Council, any amount in excess of the maximum as defined above will be transferred to the General Capital Reserve account, also known as the General Government Depreciation Reserve Fund, which is assigned for the major repair, replacement, and acquisition of general government capital items.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 4 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for its participation in the Plans, which represents the City's proportionate share of the total pension liability over the fiduciary net position of the Plans, measured as of the City's preceding fiscal year-end.

Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Fair Value

The fair value ("FV") measurement and disclosure framework provides for a three-tier FV hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the FV hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- FV is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's FV measurement level within the FV hierarchy is based on the lowest level of any input that is significant to the FV measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a FV calculation that may not be indicative of future net realizable values or reflective of future FVs. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the FV of certain financial instruments could result in a different FV measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure FV.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City follows the following procedures in establishing its annual budgets:

1. By mid-February of each year, all departments/agencies of the government submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and department, and includes information on the past year, the current year budget and requested appropriations for the next fiscal year.

2. In May of each year, the proposed budget is presented to the City Council for review. The City Council adopts an annual budget for the General Fund, most Special Revenue Funds, Enterprise Fund, and Japanese Gardens Fund prior to the beginning of the next fiscal year. Annual budgets are not adopted for the Federal Equitable Sharing, Volunteer Fire, and Seizure Special Revenue Funds. For budget administration purposes, the Utility Gross Revenue Fund and any Utility Debt Service or Utility Capital Funds are considered a single enterprise fund.

3. The City Manager is authorized to transfer budgeted amounts within any fund as necessary to achieve the goals of the budget provided, however, that no such transfers shall be used to increase the total appropriation of any fund. Changes that alter total expenditures of any fund must be changed by an affirmative vote of a majority of City Council. Budgeted expenditure appropriations lapse at yearend.

4. The budgets for the budgeted funds are legally adopted on a basis consistent with GAAP, with the exception of the Enterprise Fund, which follows the City's budgetary basis. The budgets at the end of the year for these funds represent the budgets adopted and amended by the City Council.

NOTE 3 – DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2025, none of the City's bank balances of approximately $9,600,000 (with a carrying value of approximately $9,400,000) were exposed to custodial credit risk.

Investments

As of June 30, 2025, the City had the following investments:

Investment Type	Fair Value Level (1)	Credit Rating ^	Fair Value	Weighted Average Maturity
South Carolina Local Government Investment Pool	N/A	Unrated	$ 8,325,525	< 1 Year

(1) See Note I.C.11 for details of the City's fair value hierarchy.
^ If available, credit ratings are for Standard & Poor's and Moody's Investors Service.
N/A - Not Applicable

Interest Rate Risk: The City's investment policy is to mitigate interest rate risk and ensure the preservation of capital in the overall portfolio. The policy does not place a limit on its investment maturities to help manage the City's exposure to fair value losses from increasing interest rates. Investments in securities and agencies related to the U.S. Government earn interest at a stated fixed rate and are normally held until maturity when the full principal and interest amount is paid to the City.

Credit Risk for Investments: The City's investment policy requires that the portfolio consist largely of securities with active secondary or resale markets. In addition, a portion of the portfolio may be placed in the South Carolina Local Government Investment Pool. This fund is unrated.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held by a third-party custodian in the name of the City. As of June 30, 2025, the City did not have any security investments.

Concentration of Credit Risk for Investments*:* The City's investment policy places no limit on the amount it may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S government and investments in mutual funds and external investment pools are excluded from this disclosure requirement. No other investments exceeded 5% of the total as of June 30, 2025.

Reconciliation to the Financial Statements

A reconciliation of cash and investments as shown in the Statements of Net Position for all activities is as follows:

Description		Amount
Carrying Amount of Deposits	$	9,551,843
Fair Value of Investments		8,325,525
Total Deposits and Investments	$	17,877,368
Statement of Net Position		
Cash and Investments	$	15,664,928
Cash and Investments, Restricted		2,212,440
Total Cash and Cash Equivalents	$	17,877,368

Receivables and Unavailable/Unearned Revenues

Property Taxes

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year end, except those collected within 15 days, are recorded as unavailable tax revenue and thus not recognized as revenue until collected in the governmental funds (if material).

Property taxes are assessed and collected by Newberry County. The County levies its real property taxes each September based upon current assessed valuation. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 10.5 percent of the estimated market value.

Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in October on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates:

January 16 through February 1	-	3% of tax
February 2 through March 17	-	10% of tax
After March 17	-	15% of tax plus collection cost

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October. Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

The City's fiscal year 2025 real and business personal property taxes (which was for tax year 2023) were levied in October 2023 based on a millage rate of 81.7 mills. The City's assessed value of real and personal property (including vehicles) was approximately $35,486,177 for tax year 2023. Any amounts received by Newberry County but not yet remitted to the City at yearend are included in Taxes Receivable in the Balance Sheet and Statement of Net Position.

Other Receivables

Accounts receivable and other receivables represent amounts due to the City for grants, derived tax revenues, charges for services, etc. All receivables are shown net of an allowance for uncollectibles.

The City's receivables at June 30, 2025 consisted of the following:

Description	Governmental Activities	Business-type Activities	Totals
Property Taxes	$ 369,014	$ -	$ 369,014
Utility Accounts	-	4,860,499	4,860,499
Utility Unbilled Accounts	-	1,884,748	1,884,748
Intergovernmental	123,778	-	123,778
Interest and Other	426,391	-	426,391
Gross Receivables	919,183	6,745,247	7,664,430
Less: Allowance for Uncollectibles	(103,510)	(1,653,840)	(1,757,350)
Net Receivables	$ 815,673	$ 5,091,407	$ 5,907,080

Notes Receivable

The City issued a loan of $330,000 to Newberry Hospital, LLC, a North Carolina limited liability company in 2004. The note is non-interest bearing and is to be repaid in annual payments commencing on the December 31 following the thirty-first anniversary of the completion date of the Newberry Senior Housing Apartments, and continuing on each December 31, thereafter. Annual payments will be determined based on certain cash flow factors at the payment date.

The City also issued a loan of $25,000 to Newberry Hospital, LLC in 2004. The note is non-interest bearing and is to be repaid in full on the December 31 following the fifty-first anniversary of the completion date of the Newberry Senior Housing Apartments. These notes are reflected as unavailable revenues on the governmental funds' balance sheet, as they were not collected within the City's availability period.

Unavailable and Unearned Revenues

Governmental funds report as a component of deferred inflows of resources revenues that are not considered to be available to liquidate liabilities (unavailable revenue) of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue).

As of June 30, 2025, the City reported the following unearned and unavailable revenues:

Description	Fund	Unavailable	Unearned
Property Taxes	General	$ 226,619	$ -
Notes Receivable	Community Housing/Development	355,000	-
Other	Tourism	5,468	-
Total Governmental Funds		$ 587,087	$ -

Interfund Receivables and Payables

Interfund balances at June 30, 2025 consisted of the following individual fund receivables and payables (all of which are expected to be repaid within one year except as noted below):

Fund	Receivables	Payables
Major Governmental Fund		
General Fund	$ 25,066	$ 19,771
Other Non Major Governmental Funds		
Other Governmental Funds	17,232	22,527
Totals	$ 42,298	$ 42,298

Outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures/expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

Interfund transfers for the year ended June 30, 2025 consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental Funds		
General Fund	$ -	$ 235,525
Recreation Complex	262,540	-
Other Non Major Governmental Funds		
Other Governmental Funds	2,623,754	2,571,862
Japanese Gardens	15,000	-
Total Governmental Funds	2,901,294	2,807,387
Major Proprietary Fund		
Utility Fund	-	93,907
	$ 2,901,294	$ 2,901,294

Transfers are used to (1) move unrestricted general fund revenues to finance various programs that the government accounts for in other funds, (2) move revenues from the utility system to the general government to finance various programs benefiting the utility system that the government accounts for in other funds, (3) move tourism related revenues from the collecting fund to the expending fund due to legal constraints, or to (4) move other unrestricted revenues to the general fund. The City has established a transfer policy whereby the City makes a transfer from the Proprietary Fund to the General Fund that approximates business license fees, municipal ad valorem taxes, and return on investment that a privately-owned utility would have incurred. The rate of return targeted by the City is 5% of the gross operating revenues of the City. However, the City's policy caps the transfer at $1,866,000. The City made a transfer of approximately $93,907 to the General Fund in the year ended June 30, 2025 in accordance with its transfer policy.

Capital asset activity for the City's governmental activities for the year ended June 30, 2025, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Land	$ 1,536,519	$ 84,693	$ -	$ -	$ 1,621,212
Construction in Progress	-	2,642,887	-	-	2,642,887
Total Capital Assets, Non-Depreciable	1,536,519	2,727,580	-	-	4,264,099
Capital Assets, Depreciable:					
Buildings and Improvements	13,494,541	859,398	6,140	-	14,347,799
Equipment, Furniture, and Fixtures	8,483,038	105,049	-	-	8,588,087
Infrastructure	7,597,137	-	-	-	7,597,137
Vehicles	7,305,796	1,719,503	444,891	-	8,580,408
Total Capital Assets, Depreciable	36,880,512	2,683,950	451,031	-	39,113,431
Less: Accumulated Depreciation for:					
Buildings and Improvements	6,408,739	328,242	3,906	-	6,733,075
Equipment, Furniture, and Fixtures	3,585,821	705,900	-	-	4,291,721
Infrastructure	1,682,889	31,687	-	-	1,714,576
Vehicles	6,306,620	569,368	444,891	-	6,431,097
Total Accumulated Depreciation	17,984,069	1,635,197	448,797	-	19,170,469
Total Capital Assets, Depreciable, Net	18,896,443	1,048,753	2,234	-	19,942,962
Governmental Activities Capital Assets, Net	20,432,962	3,776,333	(2,234)	-	24,207,061

Capital asset additions and depreciation expense for governmental activities were charged to functions as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
General Government	$ 583,976	$ 284,828
Public Safety	720,881	418,934
Public Works	1,306,092	450,519
Parks, Recreation, and Tourism	2,800,581	480,916
Total - Governmental Activities	$ 5,411,530	$ 1,635,197

Capital asset activity for the City's business-type activities for the year ended June 30, 2025, was as follows:

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Non-Depreciable:				
Land	$ 320,344	$ -	$ -	$ 320,344
Construction In Progress	414,395	1,708,110	-	2,122,505
Total Capital Assets, Non-Depreciable	734,739	1,708,110	-	2,442,849
Capital Assets, Depreciable:				
Buildings and Improvements	22,451,887	41,980	-	22,493,867
Utility System	127,643,241	2,384,490	-	130,027,731
Equipment, Furniture, and Fixtures	4,088,052	221,862	9,455	4,300,459
Vehicles	3,820,718	795,898	227,365	4,389,251
Total Capital Assets, Depreciable	158,003,898	3,444,230	236,820	161,211,308
Less: Accumulated Depreciation for:				
Buildings and Improvements	8,457,328	434,093	-	8,891,421
Utility System	59,844,615	2,890,363	-	62,734,978
Equipment, Furniture, and Fixtures	2,816,856	369,972	9,455	3,177,373
Vehicles	3,544,626	332,512	227,137	3,650,001
Total Accumulated Depreciation	74,663,425	4,026,940	236,592	78,453,773
Total Capital Assets, Depreciable, Net	83,340,473	(582,710)	228	82,757,535
Business-type Activities Capital Assets, Net	$ 84,075,212	$ 1,125,400	$ (228)	$ 85,200,384

At June 30, 2025, the City had outstanding business-type activity construction/purchase commitments of approximately $1,400,000.

Long-term Obligations

The City will issue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds or general obligation refunding bonds are direct obligations and pledge the full faith and credit of the City and are subject to the 8% debt limit requirement if not issued under a bond referendum. The City had no outstanding general obligation or general obligation refunding bonds at June 30, 2025. Utility System Revenue Bonds ("RB") are obligations of the City that are secured by revenue from the utility system operations of the City. Financed purchases are special obligations of the City payable from the general revenues of the City. The full faith, credit, and taxing powers of the City are not pledged for the payment of RB and financed purchases nor the interest thereon.

Details on the City's outstanding debt as of June 30, 2025 are as follows:

	Balance at June 30, 2025
Revenue Bond	
$39,005,000 Series 2015 Revenue Bonds were issued in May of 2015 ("Series 2015 Revenue Bonds"), which is due in annual principal installments of $960,000 - $3,745,000 beginning on April 1, 2016 through April 1, 2035. Interest is payable semi-annually on April 1st and October 1st with interest ranging from 2.0% to 5.0%. The proceeds from this bond were used to pay off the 2014 Bond Anticipation Note and to finance improvements to the City's Utility System.	$ 25,250,000
$9,290,000 Series 2021A Revenue Bonds were issued in February of 2021 ("Series 2021A Revenue Bonds"), which is due in annual principal installments of $730,000 - $1,100,000 beginning on September 1, 2021 through September 1, 2031. Interest is payable semi-annually on March 1st and September 1st with interest ranging from 3.0% to 5.0%. The proceeds from this bond were used to pay off the 2009 SRFL.	6,130,000
Financed Purchases	
$537,145 financed purchases was entered into in October 2024, with 16 quarterly payments (including interest) of $37,103 beginning February 1, 2025 through November 1, 2028 which includes interest of 4.7%. The proceeds from this financed purchase were used to purchase a vacuum truck.	476,717
$1,196,029 financed purchases was entered into in December 2024, with 24 quarterly payments (including interest) of $57,818 beginning Febuary 1, 2025 through November 1, 2030 which includes interest of 2.5%. The proceeds from this financed purchase were used to purchase equipment.	1,102,247

Interest paid on the debt issued by the City is generally exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City does not believe it has an arbitrage liability at June 30, 2025.

Presented below is a summary of changes in long-term obligations for the City's governmental activities for the year ended June 30, 2025:

Long-term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt from Direct Borrowings/Placements:					
Financed Purchases - 12/14	$ 25,390	$ -	$ 25,390	$ -	$ -
Financed Purchases - 07/22	50,421	-	50,421	-	-
Financed Purchases - 12/24	-	1,196,029	93,782	1,102,247	178,184
Total Debt	75,811	1,196,029	169,593	1,102,247	178,184
Compensated Absences	473,864	72,961	-	546,825	215,394
Total Governmental Activities	$ 549,675	$ 1,268,990	$ 169,593	$ 1,649,072	$ 393,578

Only the net change is reported for the liability for compensated absences.

Resources from the General Fund and Tourism Fund have generally been utilized to liquidate the governmental activities long-term obligations.

Presented below is a summary of changes in long-term obligations for the City's business-type activities for the year ended June 30, 2025:

Long-term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Debt:					
Series 2015 RB	$ 26,915,000	$ -	$ 1,665,000	$ 25,250,000	$ 2,350,000
Series 2021A RB	6,975,000	-	845,000	6,130,000	275,000
Premium on Series 2015 RB	428,399	-	38,946	389,453	38,946
Premium on Series 2021A RB	1,310,508	-	163,813	1,146,695	163,813
Financed Purchases - 10/24	-	537,145	60,428	476,717	128,426
Total Net Debt	35,628,907	537,145	2,773,187	33,392,865	2,956,185
Compensated Absences	241,868	23,478	-	265,346	98,111
Total Business-type Activities	$ 35,870,775	$ 560,623	$ 2,773,187	$ 33,658,211	$ 3,054,296

Only the net change is reported for the liability for compensated absences.

Resources from the Utility Fund have generally been utilized to liquidate the business-type activities long-term obligations.

The City's outstanding financed purchases from direct borrowings/placements contain provisions that in an event of default, outstanding amounts can become immediately due if the City is unable to make payment. In addition, the City's financed purchases contain provisions that in an event of default, the financer could exercise its option to demand return of the financed equipment.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or City voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2025, the City had no general obligation bonded debt. The City's 8% legal debt limit (on assessed values of approximately $35,486,177) was approximately $2,838,894 which was the unused legal debt margin at June 30, 2025.

Both the principal and interest on the bonds are payable solely from the gross revenues of the Utility System, and are secured by a valid pledge of the gross revenues of the system, subject to the application thereof, for the purposes and on the conditions permitted by the 2015 and 2021 Bond Ordinance. Additionally, the bonds are secured by a statutory lien upon the Utility System. The bond covenants require, among other things, that the City prescribe and maintain, and thereafter, collect rates and charges for the services and facilities furnished by the system which, together with other income, are reasonably expected to yield annual net earnings in the current fiscal year equal to at least the sum of one hundred twenty-five percent (125%) of the annual principal and interest requirements in such fiscal year for all bonds outstanding. The commitment extends until the maturity of the bonds. The City is in compliance with its pledged revenue coverage and other financial covenants and restrictions at June 30, 2025.

Presented below is a summary of debt service requirements to maturity by year for the City's governmental and business-type activities as of June 30, 2025:

	Financed Purchases		
Year Ended June 30,	Principal	Interest	Total
Governmental Activities:			
2026	$ 178,184	$ 53,088	$ 231,272
2027	187,484	43,788	231,272
2028	197,186	34,086	231,272
2029	207,561	23,711	231,272
2030	218,395	12,877	231,272
2031	113,437	2,281	115,718
Totals	$ 1,102,247	$ 169,831	$ 1,272,078

	Revenue Bonds		
Year Ended June 30,	Principal	Interest	Total
Business-type Activities			
2026	$ 2,625,000	$ 1,222,156	$ 3,847,156
2027	2,720,000	1,133,856	3,853,856
2028	2,810,000	1,040,150	3,850,150
2029	2,920,000	935,700	3,855,700
2030	3,030,000	822,050	3,852,050
2031-2035	17,275,000	2,104,300	19,379,300
Totals	$ 31,380,000	$ 7,258,212	$ 38,638,212

	Financed Purchases		
Year Ended June 30,	Principal	Interest	Total
Business-type Activities			
2026	$ 128,426	$ 19,986	$ 148,412
2027	134,507	13,905	148,412
2028	140,863	7,549	148,412
2029	72,921	1,285	74,206
Totals	$ 476,717	$ 42,725	$ 519,442

NOTE 4 – OTHER INFORMATION

Risk Management

Participation in Public Entity Risk Pools for Property and Casualty Insurance

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. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF") and the South Carolina Municipal Insurance Trust ("SCMIT"), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively.

The City pays an annual premium to SCMIRF for its general risk insurance. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City pays an annual premium to SCMIT for its workers compensation insurance. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

Retirement Plans

The City participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"). PEBA, created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the annual comprehensive financial report of the state.

Plan Descriptions

The South Carolina Retirement System (SCRS), a cost–sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South

Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals first elected to the South Carolina General Assembly at or after the 2012 general election.

The South Carolina Police Officers Retirement System (PORS), a cost–sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective membership prior to July 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary for the benefit terms for each system is presented below.

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirements, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

  The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

  The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws.

Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislature included a further provision that if the scheduled contributions are not sufficient to meet the funding period set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

Required employee contributions rates[1] for the following fiscal years are as follows:

	Fiscal Year 2025[1]	Fiscal Year 2024[1]
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contributions rates[1] for the following fiscal years are as follows:

	Fiscal Year 2025[1]	Fiscal Year 2024[1]
SCRS		
Employer Class Two	18.56%	18.56%
Employer Class Three	18.56%	18.56%
PORS		
Employer Class Two	21.24%	21.24%
Employer Class Three	21.24%	21.24%

[1]Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The GAS statement No. 67 valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

The June 30, 2024, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2023. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the systems.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return[1]	7.00%	7.00%
Projected Salary Increases	3.0% to 11% (varies by service)[1]	3.5% to 10.5% (varies by service)[1]
Benefit Adjustments	Lesser of 1% or $500 annually	Lesser of 1% or $500 annually
[1] *Includes inflation at 2.25*		

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina mortality table ("2020 PRSC"), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2024, TPL are as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	20120 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2024 measurement date, for SCRS and PORS are as follows:

Plan	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$61,369,806,968	$37,919,492,371	$23,450,314,597	61.8%
PORS	$10,177,904,231	$7,178,118,865	$2,999,785,366	70.5%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital markets assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach, primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/ Exposure	**Policy Target**	**Expected Arithmetic Real Rate of Return**	**Long-term Expected Portfolio Real Rate of Return**
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity	9.0%	9.60%	0.86%
Private Debt	7.0%	6.90%	0.48%
Real Assets	**12.0%**		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Return	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
Expected Rate of Return			7.74%

Discount Rate

The discount rate used to measure TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	**1% Decrease (6%)**	**Current Discount Rate (7%)**	**1% Increase (8%)**
SCRS	$30,388,957,993	$23,450,314,459	$17,060,373,399
PORS	$4,346,114,555	$299,785,366	$1,897,072,009

Government's Proportionate Share of the Collective Net Pension Liability			
System	**1% Decrease (6%)**	**Current Discount Rate (7%)**	**1% Increase (8%)**
SCRS	$11,908,234	$9,231,189	$7,015,704
PORS	$5,689,053	$3,870,104	$2,554,269

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2025, the City reported a liability of $8,301,075 for the governmental activities and $4,800,218 for the business-type activities on the government wide financial statements for its proportionate share of the NPL. The NPL was measured as of June 30, 2024, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The City's portion of the NPL was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2025, the City reported a liability of $9,231,189 for SCRS and $3,870,104 for PORS on the government-wide financial statements for its proportionate share of the NPL. The NPL was measured as of June 30, 2024, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

For the year ended June 30, 2025, the City recognized pension expense of approximately $1,540,000.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 303,370	$ 11,456
Changes of assumptions	162,744	-
Net difference between projected and actual investment earnings	-	355,680
Change in allocated proportion	-	714,610
Contributions after the measurement date	-	-
Total	$ 466,114	$ 1,081,746

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 363,453	$ 22,188
Changes of assumptions	84,259	-
Net difference between projected and actual investment earnings	-	216,974
Change in allocated proportion	7,536	250,028
Contributions after the measurement date	-	-
Total	$ 455,248	$ 489,190

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

	Amount		
Fiscal Year	SCRS	PORS	Total
2026	$ (327,107)	$ (127,617)	$ (454,724)
2027	280,230	205,956	486,186
2028	(6,046)	(4,414)	(10,460)
Total	$ (52,923)	$ 73,925	$ 21,002

Health Insurance and Other Postemployment Benefits

The City provides a health insurance program through the State for its eligible employees. The City pays a monthly premium to the State for its health coverage (insured plan) with the insurer beings responsible for claims.

In 2015, the GASB issued Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("GASB No. 75"). GASB No. 75 establishes standards for the measurement, recognition and display of Other Postemployment Benefits ("OPEB") expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The City adopted GASB No. 75 for the year ended June 30, 2018 and its implementation had no impact, as the City currently does not provide any significant OPEB benefits (i.e. retiree health benefits, etc.) to its retirees.

Litigation

The City is periodically the subject of litigation by a variety of plaintiffs. The City's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

Grants

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the City. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2025.

Piedmont Municipal Power Agency

The City of Newberry is a member of the Piedmont Municipal Power Agency (PMPA) that was formed in 1979. PMPA is a public body corporate and politic of the State of South Carolina consisting of ten municipalities in South Carolina (each, a "Participant"), which purchase electric power from PMPA. PMPA owns a 25% undivided interest in Unit 2 of Duke Power's Catawba Nuclear Station in York County, South Carolina.

The City has entered into a long-term agreement to purchase electrical power from the PMPA. The agreement expires in 2035 depending on certain contingencies. PMPA's generating capacity is committed to a group of municipalities who have their own electrical utility operations, of which the City is a participant. Any excess energy is sold on the open market. The City is committed to purchase all electric power from PMPA, with the exception of the City's Southeastern Power Administration's allotment, and has pledged its electric system revenues as security for this commitment to PMPA over the term of the agreement. In the fiscal year ended June 30, 2025, the cost of power the City purchased from PMPA amounted to approximately $17,700,000. Because of the nature of the agreement, the aggregate commitments over future years cannot be determined.

The City has agreed pursuant to the Catawba Nuclear Project Power Sales Agreement with PMPA, in exchange for a share of the power and energy from the Catawba Nuclear Station, to take or pay for a cost of its share of the Catawba project output whether or not the project is operable or operating. Such costs are all of PMPA's costs resulting from or attributable to the ownership, operation, maintenance, termination, retirement from service, decommissioning of, necessary repairs and additions, and amounts required to be deposited to debt service funds.

In June 2019 four members initiated a lawsuit, against PMPA and four other members (cities of Rock Hill, Greer, Union and Clinton), alleging, among other things, civil conspiracy and breach of fiduciary duties by certain of the members and seeking, among other things, declarations by a court regarding interpretation of the Catawba Project Power Sales Agreements and Supplemental Power Sales Agreements. Essentially, the lawsuit alleges that the cities of Rock Hill and Greer have conspired with the cities of Clinton and Union, offering 10 years of concessions in rates at the expense of the other members.

Although the City of Newberry is not a party in the lawsuit, if PMPA were on the non-prevailing side of this litigation, PMPA could become subject to a monetary judgment and may be required to change its rate structure/methodology. The combination of an adverse monetary judgment and a new rate methodology based solely upon the Participant's shares are estimated by PMPA's consultants to result in rate increases for the City of Newberry. Such rate increases may have an adverse impact on the financial condition of the City. At this time, the City is not able to predict the outcome of these proceedings or the impact such proceedings may have on the cost of power for the City.

Concentration of Utility Revenue Risk

The City received approximately 20% of its total utility revenues during the year ended June 30, 2025 from one source, Kraft Heinz Foods Company.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes	$ 2,810,383	$ 2,810,383	$ 2,946,932	$ 136,549
Licenses, Permits, and Franchise Fees	3,228,298	3,228,298	3,176,258	(52,040)
Fines and Forfeitures	633,000	633,000	550,704	(82,296)
Charges for Services	77,000	77,000	71,702	(5,298)
Intergovernmental	1,977,236	1,977,236	557,204	(1,420,032)
Miscellaneous	773,932	773,932	890,902	116,970
Interest Revenue	110,000	110,000	171,987	61,987
TOTAL REVENUES	9,609,849	9,609,849	8,365,689	(1,244,160)
EXPENDITURES				
General Government				
City Council	107,782	107,782	127,038	(19,256)
City Manager	348,646	348,646	939,573	(590,927)
Human Resources	100,735	100,735	76,800	23,935
Finance	132,158	132,158	137,951	(5,793)
City Hall	51,329	51,329	54,641	(3,312)
Planning and Development	433,506	433,506	164,399	269,107
Public Safety				
Police Department	2,584,205	2,584,205	2,745,904	(161,699)
Justice and Law	311,874	311,874	315,830	(3,956)
Fire Department	1,625,620	1,625,620	1,598,280	27,340
Public Works				
Public Works Administration	268,977	268,977	236,322	32,655
Streets	2,438,487	2,438,487	965,093	1,473,394
Sanitation	1,355,107	1,355,107	1,276,834	78,273
Building Maintenance	177,196	177,196	160,518	16,678
Garage	154,905	154,905	155,236	(331)
Parks, Recreation, and Tourism	897,824	897,824	1,000,340	(102,516)
Non-Departmental				
General Insurance	198,000	198,000	221,342	(23,342)
Employee Benefits	2,649,451	2,649,451	2,498,104	151,347
Community Promotions and Projects	164,884	164,884	148,743	16,141
Financed Purchases Payments	179,660	179,660	191,937	(12,277)
TOTAL EXPENDITURES	14,180,346	14,180,346	13,014,885	1,165,461
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,570,497)	(4,570,497)	(4,649,196)	(78,699)
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Financed Purchases	1,300,000	1,300,000	1,196,029	(103,971)
Transfers In	4,070,497	4,070,497	2,010,434	(2,060,063)
Transfers Out	(800,000)	(800,000)	(2,245,959)	(1,445,959)
TOTAL OTHER FINANCING SOURCES (USES)	4,570,497	4,570,497	960,504	(3,609,993)
NET CHANGE IN FUND BALANCE	-	-	(3,688,692)	(3,688,692)
FUND BALANCES, Beginning of Year	9,068,535	9,068,535	9,068,535	-
FUND BALANCES, End of Year	$ 9,068,535	$ 9,068,535	$ 5,379,843	$ (3,688,692)

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RECREATION COMPLEX FUND
YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
CPST Revenue	$ 3,295,000	$ 3,295,000	$ 429,635	$ (2,865,365)
Interest	1,000	1,000	1,455	455
Other Revenue	104,500	104,500	112,175	7,675
TOTAL REVENUES	3,400,500	3,400,500	543,265	(2,857,235)
EXPENDITURES				
Other				
Operating Expenditures	269,619	269,619	233,881	35,738
Capital Expenditures	3,438,390	3,438,390	514,328	2,924,062
TOTAL EXPENDITURES	3,708,009	3,708,009	748,209	2,959,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(307,509)	(307,509)	(204,944)	102,565
OTHER FINANCING SOURCES (USES)				
Transfers In	262,540	262,540	262,540	-
TOTAL OTHER FINANCING SOURCES (USES)	262,540	262,540	262,540	-
NET CHANGE IN FUND BALANCE	(44,969)	(44,969)	57,596	102,565
FUND BALANCES, Beginning of Year	253,332	253,332	253,332	-
FUND BALANCES, End of Year	$ 208,363	$ 208,363	$ 310,928	$ 102,565

Note: The notes to the budgetary comparison schedules are an integral part of this schedule.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2025

NOTE 1 – BASIS OF ACCOUNTING

The budgetary comparison schedules have been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

NOTE 2 – BUDGETARY INFORMATION

The City follows the following procedures in establishing its annual budgets:

1. By mid-February of each year, all departments/agencies of the government submit requests for appropriation to the City Manager so that its budget may be prepared. The budget is prepared by fund, function and department, and includes information on the past year, the current year budget and requested appropriations for the next fiscal year.

2. In May of each year, the proposed budget is presented to the City Council for review. The City Council adopts an annual budget for the General Fund, most Special Revenue Funds, Enterprise Fund, and Japanese Gardens Fund prior to the beginning of the next fiscal year. Annual budget administration purposes, the Utility Gross Revenue Fund and any Utility Debt Service or Utility Capital Funds shall be considered a single enterprise fund.

3. The City Manager is authorized to transfer budgeted amounts within any fund as necessary to achieve the goals of the budget provided, however, that no such transfers shall be used to increase the total appropriation of any fund. Changes that alter total expenditures of any fund must be changed by an affirmative vote of a majority of City Council. Budgeted expenditure appropriations lapse at yearend.

4. The budgets for the budgeted funds are legally adopted on a basis consistent with GAAP, with the exception of the Enterprise Fund, which follows the City's budgetary basis. The budgets at the end of the year for these funds represent the budgets adopted and amended by the City Council.

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY SOUTH CAROLINA RETIREMENT SYSTEM LAST TEN FISCAL YEARS

	YEAR ENDED JUNE 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's Proportion of the Net Pension Liability (Asset)	0.039365%	0.04264%	0.04317%	0.04530%	0.04416%	0.04564%	0.04345%	0.04331%	0.04183%	0.04107%
City's Proportionate Share of the Net Pension Liability	$ 9,231,189	$ 10,309,351	$ 10,464,409	$ 9,804,034	$ 11,282,804	$ 10,420,284	$ 9,735,396	$ 9,750,003	$ 8,933,972	$ 7,789,313
City's Covered Payroll	$ 5,409,669	$ 5,409,669	$ 5,394,947	$ 5,140,079	$ 5,121,085	$ 4,926,274	$ 4,818,895	$ 4,502,459	$ 4,369,974	$ 4,050,395
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.64%	190.57%	193.97%	191.44%	229.03%	216.24%	216.22%	223.11%	220.57%	202.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.80%	58.60%	57.10%	60.70%	50.70%	54.40%	54.10%	53.34%	52.91%	56.99%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the measurement date of the pension liability.

The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date. It was again lowered to 7.00% beginning with the year ended June 30, 2021 measurement date.

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	YEAR ENDED JUNE 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 1,003,988	$ 1,004,035	$ 947,353	$ 851,197	$ 796,841	$ 766,528	$ 701,631	$ 610,533	$ 505,169	$ 447,967
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the City	962,673	962,720	906,038	809,882	755,526	725,213	660,316	569,218	505,169	447,967
Contributions from the State	41,315	41,315	41,315	41,315	41,315	41,315	41,315	41,315	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 5,826,173	$ 5,409,669	$ 5,394,947	$ 5,140,079	$ 5,121,085	$ 4,926,274	$ 4,818,895	$ 4,502,459	$ 4,369,974	$ 4,050,395
Contributions as a Percentage of Covered Payroll	17.23%	18.56%	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
POLICE OFFICERS RESTIREMENT SYSTEM
LAST TEN FISCAL YEARS

	YEAR ENDED JUNE 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's Proportion of the Net Pension Liability (Asset)	0.129013%	0.13868%	0.13844%	0.14552%	0.14050%	0.14166%	0.16039%	0.16950%	0.16638%	0.16974%
City's Proportionate Share of the Net Pension Liability	$ 3,870,104	$ 4,221,444	$ 4,151,743	$ 3,744,089	$ 4,659,410	$ 4,059,986	$ 4,544,664	$ 4,643,638	$ 4,220,136	$ 3,699,499
City's Covered Payroll	$ 2,544,950	$ 2,544,950	$ 2,429,740	$ 2,190,923	$ 2,188,103	$ 2,054,864	$ 2,220,013	$ 2,282,656	$ 2,121,035	$ 2,102,812
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	152.07%	165.88%	170.87%	170.89%	212.94%	197.58%	204.71%	203.43%	198.97%	175.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.50%	67.80%	66.40%	70.40%	58.80%	62.69%	61.73%	60.94%	60.44%	64.57%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the measurement date of the pension liability.

The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date. It was again lowered to 7.00% beginning with the year ended June 30, 2021 measurement date.

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS RETIREMENT FUND
LAST TEN FISCAL YEARS

	YEAR ENDED JUNE 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 540,504	$ 540,178	$ 399,120	$ 421,534	$ 399,110	$ 387,148	$ 354,258	$ 360,530	$ 325,050	$ 291,439
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the City	$ 518,696	518,370	377,312	399,726	377,302	365,340	332,450	338,722	325,050	291,439
Contributions from the State	$ 21,808	21,808	21,808	21,808	21,808	21,808	21,808	21,808	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 2,865,480	$ 2,544,950	$ 2,429,740	$ 2,190,923	$ 2,188,103	$ 2,122,519	$ 2,054,864	$ 2,220,013	$ 2,282,656	$ 2,121,035
Contributions as a Percentage of Covered Payroll	18.86%	21.24%	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%

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SUPPLEMENTARY INFORMATION

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GENERAL FUND

The General Fund is the City's main operating fund and is used to account for all financial resources traditionally associated with government except those required to be accounted for in another fund.

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CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	REVISED BUDGET	ACTUAL	VARIANCE
General Government			
City Council			
Salaries	$ 66,333	$ 65,735	$ 598
Operating	41,449	61,303	(19,854)
Total City Council	107,782	127,038	(19,256)
City Manager			
Salaries	202,441	280,556	(78,115)
Operating	146,205	88,478	57,727
Capital Outlay	-	570,539	(570,539)
Total City Manager	348,646	939,573	(590,927)
Human Resources			
Salaries	59,385	58,638	747
Operating	41,350	18,162	23,188
Total Human Resources	100,735	76,800	23,935
Finance			
Salaries	45,732	50,987	(5,255)
Operating	86,426	86,964	(538)
Total Finance	132,158	137,951	(5,793)
City Hall			
Operating	38,038	41,204	(3,166)
Capital Outlay	13,291	13,437	(146)
Total City Hall	51,329	54,641	(3,312)
Planning and Development			
Salaries	115,238	116,924	(1,686)
Operating	318,268	47,475	270,793
Total Planning and Development	433,506	164,399	269,107
Total General Government	1,174,156	1,500,402	(326,246)
Public Safety			
Police Department			
Salaries	1,803,852	1,876,479	(72,627)
Operating	364,778	377,796	(13,018)
Capital Outlay	415,575	491,629	(76,054)
Total Police Department	2,584,205	2,745,904	(161,699)
Justice and Law			
Salaries	126,692	125,401	1,291
Operating	185,182	190,429	(5,247)
Total Justice and Law	311,874	315,830	(3,956)
Fire Department			
Salaries	1,017,030	998,530	18,500
Operating	334,310	370,498	(36,188)
Capital Outlay	274,280	229,252	45,028
Total Fire Department	1,625,620	1,598,280	27,340
Total Public Safety	4,521,699	4,660,014	(138,315)
Public Works			
Public Works Administration			
Salaries	138,127	133,086	5,041
Operating	85,850	54,736	31,114
Capital Outlay	45,000	48,500	(3,500)
Total Public Works Administration	268,977	236,322	32,655

(Continued)

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	REVISED BUDGET	ACTUAL	VARIANCE
Public Works (Continued)			
Streets			
Salaries	$ 380,042	$ 319,381	$ 60,661
Operating	1,583,445	232,373	1,351,072
Capital Outlay	475,000	413,339	61,661
Total Streets	2,438,487	965,093	1,473,394
Sanitation			
Salaries	240,957	256,451	(15,494)
Operating	214,150	176,130	38,020
Capital Outlay	900,000	844,253	55,747
Total Sanitation	1,355,107	1,276,834	78,273
Building Maintenance			
Salaries	151,506	122,684	28,822
Operating	25,690	37,834	(12,144)
Total Building Maintenance	177,196	160,518	16,678
Garage			
Salaries	90,655	119,319	(28,664)
Operating	64,250	35,917	28,333
Total Garage	154,905	155,236	(331)
Total Public Works	4,394,672	2,794,003	1,600,669
Parks, Recreation, and Tourism			
Salaries	446,811	451,227	(4,416)
Operating	451,013	472,441	(21,428)
Capital Outlay	-	76,672	(76,672)
Total Parks, Recreation, and Tourism	897,824	1,000,340	(102,516)
Non-Departmental			
General Insurance			
Operating	198,000	221,342	(23,342)
Total General Insurance	198,000	221,342	(23,342)
Employee Benefits			
SC Retirement	379,420	396,159	(16,739)
SC Police Retirement	620,395	591,340	29,055
Social Security	379,836	387,075	(7,239)
City's Share of Employee Insurance	1,094,000	1,024,338	69,662
Workers' Compensation	125,000	52,033	72,967
Workers' Compensation Deductibles	1,000	-	1,000
Other	49,800	47,159	2,641
Total Employee Benefits	2,649,451	2,498,104	151,347
Community Promotions and Projects			
Operating	164,884	148,743	16,141
Total Community Promotions and Projects	164,884	148,743	16,141
Debt Service			
Lease Purchase Principal and Interest Payments	179,660	191,937	(12,277)
Total Debt Service	179,660	191,937	(12,277)
Total Non-Departmental, Including Debt Service	3,191,995	3,060,126	131,869
TOTAL GENERAL FUND EXPENDITURES	$ 14,180,346	$ 13,014,885	$ 1,165,461

CITY OF NEWBERRY, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Non Major Special Revenue Funds	Non Major Permanent Fund	Total Non Major Governmental Funds
Assets			
Cash and Cash Equivalents	$ 2,926,898	$ -	$ 2,926,898
Cash and Cash Equivalents, Restricted	61,631	12,426	74,057
Receivables, Net:			
Accounts	120,396	-	120,396
Notes	355,000	-	355,000
Due from Other Governments	49,828	-	49,828
Due from Other Funds	17,232	-	17,232
Total Assets	$ 3,530,985	$ 12,426	$ 3,543,411
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	$ 687,509	$ 93	$ 687,602
Interfund Payables	22,527	-	22,527
Total Liabilities	710,036	93	710,129
Deferred Inflows of Resources			
Unavailable Revenues	360,468	-	360,468
Fund Balances			
Nonspendable	-	12,333	12,333
Restricted			
Tourism Related Expenditures	592,094	-	592,094
Streetscape	16,073	-	16,073
Public Safety	61,501	-	61,501
Committed			
Tourism Related Expenditures	185,982	-	185,982
Parks and Recreation	183,143	-	183,143
Public Safety	29,759	-	29,759
Cultural Arts	655,149	-	655,149
Special Events	324,649	-	324,649
Assigned			
Community Development	412,131	-	412,131
Total Fund Balances	2,460,481	12,333	2,472,814
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,530,985	$ 12,426	$ 3,543,411

CITY OF NEWBERRY, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Non Major Special Revenue Funds	Non Major Permanent Fund	Total Non Major Governmental Funds
REVENUES			
Taxes	$ 1,460,103	$ -	$ 1,460,103
Intergovernmental	227,731	-	227,731
Interest	19,574	417	19,991
Miscellaneous	563,549	-	563,549
TOTAL REVENUES	2,270,957	417	2,271,374
EXPENDITURES			
Current			
Public Safety	46,752	-	46,752
Community Development	94,579	-	94,579
Non-Departmental	1,190,915	3,093	1,194,008
Capital Outlay	2,209,581		2,209,581
TOTAL EXPENDITURES	3,541,827	3,093	3,544,920
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,270,870)	(2,676)	(1,273,546)
OTHER FINANCING SOURCES (USES)			
Transfers In	2,623,754	15,000	2,638,754
Transfers Out	(2,571,862)	-	(2,571,862)
TOTAL OTHER FINANCING SOURCES (USES)	51,892	15,000	66,892
NET CHANGES IN FUND BALANCES	(1,218,978)	12,324	(1,206,654)
FUND BALANCES, Beginning of Year	3,679,459	9	3,679,468
FUND BALANCES, End of Year	$ 2,460,481	$ 12,333	$ 2,472,814

CITY OF NEWBERRY, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	NANU Fund	Federal Equitable Sharing Fund	Tourism Fund	Special Events Fund	State Accommodations Tax Fund	Cultural Arts Fund	Community Housing/ Development Fund	Streetscape Fund
Assets								
Cash and Investments	$ 482	$ 8,150	$ 198,159	$ 307,402	$ -	$ 66,375	$ 412,008	$ 16,073
Cash and Investments, Restricted	-	-	-	-	61,631	-	-	-
Receivables, Net:								
Accounts	-	-	38	3,081	-	4,188	123	
Notes	-	-	-	-	-	-	355,000	-
Intergovernmental	-	-	-	-	49,828	-	-	-
Due From Other Funds	-	-	231	14,949	-	-	-	-
Total Assets	$ 482	$ 8,150	$ 198,428	$ 325,432	$ 111,459	$ 70,563	$ 767,131	$ 16,073
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts Payable and Accrued Expenses	$ -	$ -	$ 6,978	$ 783	$ -	$ 3,061	$ -	$ -
Due To Other Funds	-	-	-	-	17,440	3,738	-	-
Total Liabilities	-	-	6,978	783	17,440	6,799	-	-
Deferred Inflows of Resources								
Unavailable Revenues	-	-	5,468	-	-	-	355,000	-
Total Liabilities	-	-	5,468	-	-	-	355,000	-
Fund Balances								
Restricted								
Tourism Related Expenditures	-	-	-	-	94,019	-	-	-
Streetscape	-	-	-	-	-	-	-	16,073
Public Safety	-	-	-	-	-	-	-	-
Committed								
Tourism Related Expenditures	-	-	185,982	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Public Safety	482	8,150	-	-	-	-	-	-
Cultural Arts	-	-	-	-	-	63,764	-	-
Special Events	-	-	-	324,649	-	-	-	-
Assigned								
Community Development	-	-	-	-	-	-	412,131	-
Total Fund Balances	482	8,150	185,982	324,649	94,019	63,764	412,131	16,073
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 482**	**$ 8,150**	**$ 198,428**	**$ 325,432**	**$ 111,459**	**$ 70,563**	**$ 767,131**	**$ 16,073**

(Continued)

CITY OF NEWBERRY, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

Local Hospitality/ Accommodations Fee Fund	Volunteer Firemen Fund	Victim's Rights Fund	Seizure Fund	Oakland Tennis Fund	Arts Center Fund	Total Special Revenue Funds
$ 397,594	$ 21,198	$ 1,285	$ 59,513	$ 18,450	$ 1,254,609	$ 2,926,898
-	-	-	-	-	-	61,631
100,481	-	-	-	20	12,465	120,396
-	-	-	-	-	-	355,000
-	-	-	-	-	-	49,828
-	-	2,052	-	-	-	17,232
$ 498,075	$ 21,198	$ 3,337	$ 59,513	$ 184,070	$ 1,267,074	$ 3,530,985
$ -	$ 71	$ -	$ -	$ 927	$ 675,689	$ 687,509
-	-	1,349	-	-	-	22,527
-	71	1,349	-	927	675,689	710,036
-	-	-	-	-	-	360,468
-	-	-	-	-	-	360,468
498,075	-	-	-	-	-	592,094
-	-	-	-	-	-	16,073
-	-	1,988	59,513	-	-	61,501
-	-	-	-	-	-	185,982
-	-	-	-	183,143	-	183,143
-	21,127	-	-	-	-	29,759
-	-	-	-	-	591,385	655,149
-	-	-	-	-	-	324,649
-	-	-	-	-	-	412,131
498,075	21,127	1,988	59,513	183,143	591,385	2,460,481
$ 498,075	**$ 21,198**	**$ 3,337**	**$ 59,513**	**$ 184,070**	**$ 1,267,074**	**$ 3,530,985**

CITY OF NEWBERRY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025

	NANU Fund	Federal Equitable Sharing Fund	Tourism Fund	Special Events Fund	State Accommodations Tax Fund	Cultural Arts Fund	Community Housing/ Development Fund
REVENUES							
Taxes:							
Hospitality	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accommodations	-	-	-	-	166,367	-	-
Penalties	-	-	-	-	-	-	-
Intergovernmental:							
Public Safety	-	-	-	-	-	-	-
Local - Other	-	-	-	73,256	-	-	-
Donations	-	-	-	51,205	-	-	222,642
Interest	-	-	902	1,561	-	554	5,895
Other	-	-	24,578	-	302	52,841	-
TOTAL REVENUES	-	-	25,480	126,022	166,669	53,395	228,537
EXPENDITURES							
Public Safety	32	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-
Non-Departmental	-	-	161,216	209,445	95,091	390,295	36,444
Capital Outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	32	-	161,216	209,445	95,091	390,295	36,444
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(32)	-	(135,736)	(83,423)	71,578	(336,900)	192,093
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	110,000	142,410	-	326,344	-
Transfers Out	-	-	-	-	(74,478)	-	(892,540)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	110,000	142,410	(74,478)	326,344	(892,540)
NET CHANGES IN FUND BALANCES	(32)	-	(25,736)	58,987	(2,900)	(10,556)	(700,447)
FUND BALANCES, Beginning of Year	514	8,150	211,718	265,662	96,919	74,320	1,112,578
FUND BALANCES, End of Year	$ 482	$ 8,150	$ 185,982	$ 324,649	$ 94,019	$ 63,764	$ 412,131

(Continued)

CITY OF NEWBERRY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025

Streetscape Fund	Local Hospitality/ Accommodations Fee Fund	Volunteer Firemen Fund	Victim's Rights Fund	Seizure Fund	Oakland Tennis Fund	Arts Center Fund	Total Special Revenue Funds
$ -	$ 1,096,310	$ -	$ -	$ -	$ -	$ -	$ 1,096,310
-	191,630	-	-	-	-	-	357,997
-	5,796	-	-	-	-	-	5,796
-	-	27,731	-	-	-	200,000	227,731
-	-	-	19,836	-	5,282	80,508	178,882
-	-	-	-	-	31,000	-	304,847
-	2,353	-	-	94	-	8,215	19,574
1,500	-	-	-	-	599	-	79,820
1,500	1,296,089	27,731	19,836	94	36,881	288,723	2,270,957
-	-	27,220	19,500	-	-	-	46,752
45,444	-	-	-	-	49,135	-	94,579
-	35,000	-	-	-	-	263,424	1,190,915
-	-	-	-	-	-	2,209,581	2,209,581
45,444	35,000	27,220	19,500	-	49,135	2,473,005	3,541,827
(43,944)	1,261,089	511	336	94	(12,254)	(2,184,282)	(1,270,870)
45,000	-	-	-	-	25,000	1,975,000	2,623,754
-	(1,604,844)	-	-	-	-	-	(2,571,862)
45,000	(1,604,844)	-	-	-	25,000	1,975,000	51,892
1,056	(343,755)	511	336	94	12,746	(209,282)	(1,218,978)
15,017	841,830	20,616	1,652	59,419	170,397	800,667	3,679,459
$ 16,073	$ 498,075	$ 21,127	$ 1,988	$ 59,513	$ 183,143	$ 591,385	$ 2,460,481

CITY OF NEWBERRY

SPECIAL REVENUE FUNDS - NEWBERRY ALLIED NARCOTICS UNIT SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Drug Seizure	$ 2,000	$ 2,000	$ -	$ (2,000)
TOTAL REVENUES	2,000	2,000	-	(2,000)
EXPENDITURES				
Other:				
Operating Expenditures	1,812	1,812	32	1,780
TOTAL EXPENDITURES	1,812	1,812	32	1,780
NET CHANGE IN FUND BALANCE	188	188	(32)	(220)
FUND BALANCES, Beginning of Year	514	514	514	-
FUND BALANCES, End of Year	$ 702	$ 702	$ 482	$ (220)

CITY OF NEWBERRY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TOURISM FUND

YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Rental and other	$ 33,100	$ 33,100	$ 24,578	$ (8,522)
Interest	750	750	902	152
TOTAL REVENUES	33,850	33,850	25,480	(8,370)
EXPENDITURES				
Other:				
Operating Expenditures	199,364	199,364	161,216	38,148
TOTAL EXPENDITURES	199,364	199,364	161,216	38,148
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(165,514)	(165,514)	(135,736)	29,778
OTHER FINANCING SOURCES (USES)				
Transfers In				
Other Special Revenue Funds	110,000	110,000	110,000	-
TOTAL OTHER FINANCING SOURCES (USES)	110,000	110,000	110,000	-
NET CHANGE IN FUND BALANCE	(55,514)	(55,514)	(25,736)	29,778
FUND BALANCES, Beginning of Year	211,718	211,718	211,718	-
FUND BALANCES, End of Year	$ 156,204	$ 156,204	$ 185,982	$ 29,778

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL EVENTS FUND

YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Interest	$ -	$ -	$ 1,561	$ 1,561
Local - Other	52,100	52,100	73,256	21,156
Donations	35,800	35,800	51,205	15,405
TOTAL REVENUES	87,900	87,900	126,022	38,122
EXPENDITURES				
Other:				
Operating Expenditures	232,900	232,900	209,445	23,455
TOTAL EXPENDITURES	232,900	232,900	209,445	23,455
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(145,000)	(145,000)	(83,423)	61,577
OTHER FINANCING SOURCES (USES)				
Transfers In				
Other Special Revenue Funds	145,000	145,000	142,410	(2,590)
TOTAL OTHER FINANCING SOURCES (USES)	145,000	145,000	142,410	(2,590)
NET CHANGE IN FUND BALANCE	-	-	58,987	58,987
FUND BALANCES, Beginning of Year	265,662	265,662	265,662	-
FUND BALANCES, End of Year	$ 265,662	$ 265,662	$ 324,649	$ 58,987

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STATE ACCOMMODATIONS TAX FUND

YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental				
Accommodations Tax	$ 191,787	$ 191,787	$ 166,367	$ (25,420)
Interest	40	40	302	262
TOTAL REVENUES	191,827	191,827	166,669	(25,158)
EXPENDITURES				
Operating Expenditures	108,438	108,438	95,091	13,347
TOTAL EXPENDITURES	108,438	108,438	95,091	13,347
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	83,389	83,389	71,578	(11,811)
OTHER FINANCING SOURCES (USES)				
Transfers Out				
General Fund	(33,341)	(33,341)	(32,068)	1,273
Other Special Revenue Funds	(50,048)	(50,048)	(42,410)	7,638
TOTAL OTHER FINANCING SOURCES (USES)	(83,389)	(83,389)	(74,478)	8,911
NET CHANGE IN FUND BALANCE	-	-	(2,900)	(2,900)
FUND BALANCES, Beginning of Year	96,919	96,919	96,919	-
FUND BALANCES, End of Year	$ 96,919	$ 96,919	$ 94,019	$ (2,900)

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CULTURAL ARTS FUND

YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Newberry Opera House				
Reimbursement	$ 50,000	$ 50,000	$ 52,841	$ 2,841
Interest	500	500	554	54
TOTAL REVENUES	50,500	50,500	53,395	2,895
EXPENDITURES				
Other:				
Operating Expenditures	424,117	424,117	390,295	33,822
TOTAL EXPENDITURES	424,117	424,117	390,295	33,822
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(373,617)	(373,617)	(336,900)	36,717
OTHER FINANCING SOURCES (USES)				
Transfers In				
Other Special Revenue Funds	326,344	326,344	326,344	-
TOTAL OTHER FINANCING SOURCES (USES)	326,344	326,344	326,344	-
NET CHANGE IN FUND BALANCE	(47,273)	(47,273)	(10,556)	36,717
FUND BALANCES, Beginning of Year	74,320	74,320	74,320	-
FUND BALANCES, End of Year	$ 27,047	$ 27,047	$ 63,764	$ 36,717

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY HOUSING/DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental				
Community Development	$ 140,000	$ 140,000	$ 222,642	$ 82,642
Interest Income	-	-	5,895	5,895
TOTAL REVENUES	140,000	140,000	228,537	88,537
EXPENDITURES				
Other:				
Operating Expenditures	55,433	55,433	36,444	18,989
TOTAL EXPENDITURES	55,433	55,433	36,444	18,989
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	84,567	84,567	192,093	107,526
OTHER FINANCING SOURCES (USES)				
Transfers Out				
Other Special Revenue Funds	(892,540)	(892,540)	(892,540)	-
TOTAL OTHER FINANCING SOURCES (USES)	(892,540)	(892,540)	(892,540)	-
NET CHANGE IN FUND BALANCE	(807,973)	(807,973)	(700,447)	107,526
FUND BALANCES, Beginning of Year	1,112,578	1,112,578	1,112,578	-
FUND BALANCES, End of Year	$ 304,605	$ 304,605	$ 412,131	$ 107,526

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STREETSCAPE FUND

YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Other Revenue	$ -	$ -	$ 1,500	$ 1,500
TOTAL REVENUES	-	-	1,500	1,500
EXPENDITURES				
Operating Expenditures	45,000	45,000	45,444	444
TOTAL EXPENDITURES	45,000	45,000	45,444	444
Other Financing Sources (Uses)				
Transfers in/out				
Other funds	45,000	45,000	45,000	-
Total Other Financing Sources (Uses)	45,000	45,000	45,000	-
NET CHANGE IN FUND BALANCE	-	-	1,056	1,056
FUND BALANCES, Beginning of Year	15,017	15,017	15,017	-
FUND BALANCES, End of Year	$ 15,017	$ 15,017	$ 16,073	$ 1,056

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LOCAL HOSPITALITY/ACCOMMODATIONS FEE FUND

YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Fees				
Hospitality	$ 1,050,000	$ 1,050,000	$ 1,096,310	$ 46,310
Accommodations	170,000	170,000	191,630	21,630
Other	2,500	2,500	5,796	3,296
Interest	2,000	2,000	2,353	353
TOTAL REVENUES	1,224,500	1,224,500	1,296,089	71,589
EXPENDITURES				
Operating	-	-	35,000	(35,000)
TOTAL EXPENDITURES	-	-	35,000	(35,000)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,224,500	1,224,500	1,261,089	36,589
OTHER FINANCING SOURCES (USES)				
Transfers Out				
Permanent Fund	(5,000)	(5,000)	(15,000)	(10,000)
General Fund	(253,500)	(253,500)	(253,500)	-
Recreation Complex Fund	(200,000)	(200,000)	(200,000)	-
Other Special Revenue Funds	(821,344)	(821,344)	(1,136,344)	(315,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,279,844)	(1,279,844)	(1,604,844)	(325,000)
NET CHANGE IN FUND BALANCE	(55,344)	(55,344)	(343,755)	(288,411)
FUND BALANCES, Beginning of Year	841,830	841,830	841,830	-
FUND BALANCES, End of Year	$ 786,486	$ 786,486	$ 498,075	$ (288,411)

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
VICTIM'S RIGHTS FUND

YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Court Fines and Assessments	$ 13,000	$ 13,000	$ 19,836	$ 6,836
Interest	250	250	-	(250)
TOTAL REVENUES	13,250	13,250	19,836	6,586
EXPENDITURES				
Other:				
Operating Expenditures	82,833	82,833	19,500	63,333
TOTAL EXPENDITURES	82,833	82,833	19,500	63,333
NET CHANGE IN FUND BALANCE	(69,583)	(69,583)	336	69,919
FUND BALANCES, Beginning of Year	1,652	1,652	1,652	-
FUND BALANCES, End of Year	$ (67,931)	$ (67,931)	$ 1,988	$ 69,919

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OAKLAND TENNIS FUND

YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Local - Other	$ 4,225	$ 4,225	$ 5,282	$ 1,057
Donations	31,600	31,600	31,000	(600)
Interest Income	500	500	599	99
TOTAL REVENUES	36,325	36,325	36,881	556
EXPENDITURES				
Other:				
Operating Expenditures	73,237	73,237	49,135	24,102
TOTAL EXPENDITURES	73,237	73,237	49,135	24,102
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(36,912)	(36,912)	(12,254)	24,658
OTHER FINANCING SOURCES (USES)				
Transfers In	25,000	25,000	25,000	-
TOTAL OTHER FINANCING SOURCES (USES)	25,000	25,000	25,000	-
NET CHANGE IN FUND BALANCE	(11,912)	(11,912)	12,746	24,658
FUND BALANCES, Beginning of Year	170,397	170,397	170,397	-
FUND BALANCES, End of Year	$ 158,485	$ 158,485	$ 183,143	$ 24,658

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ARTS CENTER FUND

YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Local - Other	$ 85,000	$ 85,000	$ 80,508	$ (4,492)
Intergovernmental			200,000	200,000
Interest Income	-	-	8,215	8,215
TOTAL REVENUES	85,000	85,000	288,723	203,723
EXPENDITURES				
Other:				
Operating Expenditures	244,979	244,979	263,424	(18,445)
Capital Outlay	2,200,000	2,200,000	2,209,581	(9,581)
TOTAL EXPENDITURES	2,444,979	2,444,979	2,473,005	(28,026)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,625,000	1,625,000	1,975,000	350,000
TOTAL OTHER FINANCING SOURCES (USES)	1,625,000	1,625,500	1,975,000	350,000
NET CHANGE IN FUND BALANCE	(734,979)	(734,979)	(209,282)	525,697
FUND BALANCES, Beginning of Year	800,667	800,667	800,667	-
FUND BALANCES, End of Year	$ 65,688	$ 65,688	$ 591,385	$ 525,697

CITY OF NEWBERRY, SOUTH CAROLINA

BALANCE SHEET
JAPANESE GARDENS PERMANENT FUND

JUNE 30, 2025

ASSETS		
Cash and Investments, Restricted	$	12,426
TOTAL ASSETS	$	12,426
LIABILITIES		
Accounts Payable	$	93
FUND BALANCES		
Restricted for Japanese Gardens		12,333
TOTAL LIABILITIES AND FUND BALANCES	$	12,426

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JAPANESE GARDENS PERMANENT FUND

YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Interest	$ -	$ -	$ 417	$ 417
TOTAL REVENUES	-	-	417	417
EXPENDITURES				
Maintenance of Japanese Gardens	4,500	4,500	3,093	(1,407)
TOTAL EXPENDITURES	4,500	4,500	3,093	(1,407)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,500)	(4,500)	(2,676)	1,824
OTHER FINANCING SOURCES (USES)				
Transfers In				
Special Revenue Funds	5,000	5,000	15,000	10,000
TOTAL OTHER FINANCING SOURCES (USES)	5,000	5,000	15,000	10,000
NET CHANGE IN FUND BALANCE	500	500	12,324	11,824
FUND BALANCES, Beginning of Year	9	9	9	-
FUND BALANCES, End of Year	$ 509	$ 509	$ 12,333	$ 11,824

CITY OF NEWBERRY

ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating Revenues				
Connection and Reconnection Fees	$ 95,000	$ 95,000	$ 107,996	$ 12,996
Water Receipts	4,486,589	4,486,589	4,117,532	(369,057)
Electric Receipts	24,194,376	24,194,376	25,139,444	945,068
Sewer Receipts	5,855,169	5,855,169	5,548,426	(306,743)
Sales and Use Tax	525,000	525,000	430,984	(94,016)
Utility Penalty	300,000	300,000	338,535	38,535
Water Taps	20,000	20,000	28,710	8,710
Sewer Taps	2,000	2,000	5,100	3,100
Newberry Housing Authority	1,086	1,086	1,086	-
Fire Flow Access Fees	23,000	23,000	21,524	(1,476)
Fiber Optic Revenue	18,000	18,000	21,961	3,961
Other Revenue	62,000	62,000	134,843	72,843
CATV - Pole Rental	89,100	89,100	79,095	(10,005)
Total Operating Revenues	35,671,320	35,671,320	35,975,236	303,916
Operating Expenses				
City Hall	55,680	55,680	42,581	13,099
Finance	718,300	718,300	641,883	76,417
Utility Administration	875,498	875,498	951,422	(75,924)
Warehouse	136,261	136,261	185,749	(49,488)
Information Services	269,930	269,930	259,912	10,018
Electric Distribution	1,747,408	1,747,408	1,805,642	(58,234)
Water and Sewer Maintenance	1,548,846	1,548,846	1,472,606	76,240
Water Production	1,455,030	1,455,030	1,477,361	(22,331)
Waste Treatment	1,310,663	1,310,663	1,555,713	(245,050)
General Insurance	190,000	190,000	184,078	5,922
Facilities and Grounds	177,196	177,196	158,854	18,342
Garage	90,655	90,655	60,874	29,781
Employee Fringe Benefits	1,705,799	1,705,799	1,667,619	38,180
Nondepartmental	18,648,676	18,648,676	18,506,038	142,638
Depreciation	-	-	4,026,940	(4,026,940)
Total Operating Expenses	28,929,942	28,929,942	32,997,272	(4,067,330)
Operating Income (Loss)	6,741,378	6,741,378	2,977,964	(3,763,414)

(Continued)

CITY OF NEWBERRY

ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Nonoperating Income (Expenses)				
Interest Revenue	$ 250,000	$ 250,000	$ 289,030	$ 39,030
Interest Expense, Bank Fees and Other	-	-	(1,280,306)	(1,280,306)
Total Nonoperating Income (Expenses)	250,000	250,000	(991,276)	(1,241,276)
Income (Loss) Before Contributions and Transfers	6,991,378	6,991,378	1,986,688	(5,004,690)
Capital Contributions	-	-	984,922	984,922
Transfer from (to)				
General Fund	(1,942,784)	(1,942,784)	(93,907)	1,848,877
Change in Net Position	5,048,594	5,048,594	2,877,703	(2,170,891)
Net Position, beginning	57,473,121	57,473,121	57,473,121	-
Net Position, ending	$ 62,521,715	$ 62,521,715	$ 60,350,824	$ (2,170,891)

CITY OF NEWBERRY

ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
City Hall				
Operating	$ 55,680	$ 55,680	$ 42,581	$ 13,099
	55,680	55,680	42,581	13,099
Finance				
Salaries and other pay	293,953	293,953	294,028	(75)
Operating	424,347	424,347	347,855	76,492
	718,300	718,300	641,883	76,417
Utility Administration				
Salaries and other pay	617,293	617,293	523,811	93,482
Operating	258,205	258,205	427,611	(169,406)
	875,498	875,498	951,422	(75,924)
Warehouse				
Salaries and other pay	76,734	76,734	74,924	1,810
Operating	59,527	59,527	110,825	(51,298)
	136,261	136,261	185,749	(49,488)
Information Services				
Salaries and other pay	108,238	108,238	110,988	(2,750)
Operating	161,692	161,692	148,924	12,768
	269,930	269,930	259,912	10,018
Electric Distribution				
Salaries and other pay	811,738	811,738	833,670	(21,932)
Operating	935,670	935,670	971,972	(36,302)
	1,747,408	1,747,408	1,805,642	(58,234)
Water and Sewer Maintenance				
Salaries and other pay	646,396	646,396	514,748	131,648
Operating	902,450	902,450	957,858	(55,408)
	1,548,846	1,548,846	1,472,606	76,240
Water Production				
Salaries and other pay	476,785	476,785	477,844	(1,059)
Operating	978,245	978,245	999,517	(21,272)
	1,455,030	1,455,030	1,477,361	(22,331)
Waste Treatment				
Salaries and other pay	276,862	276,862	273,525	3,337
Operating	1,033,801	1,033,801	1,282,188	(248,387)
	1,310,663	1,310,663	1,555,713	(245,050)

(Continued)

CITY OF NEWBERRY

ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
General Insurance				
Operating	$ 190,000	$ 190,000	$ 184,078	$ 5,922
	190,000	190,000	184,078	5,922
Facilities and Grounds				
Salaries and other pay	151,506	151,506	148,877	2,629
Operating	25,690	25,690	9,977	15,713
	177,196	177,196	158,854	18,342
Garage				
Salaries and other pay	90,655	90,655	60,874	29,781
	90,655	90,655	60,874	29,781
Employee Fringe and Benefits				
SC retirement	694,411	694,411	730,300	(35,889)
Social security	271,588	271,588	241,828	29,760
City's share of employee insurance	615,000	615,000	578,516	36,484
Workers' compensation	60,000	60,000	58,313	1,687
Workers' compensation deductibles	15,000	15,000	136	14,864
Unemployment claims	500	500	-	500
Employer/employee relations	30,000	30,000	24,792	5,208
Physical examinations	1,500	1,500	1,839	(339)
Wellness program	6,000	6,000	2,161	3,839
Other	11,800	11,800	6,257	5,543
Compensated absences adjustment	-	-	23,477	(23,477)
	1,705,799	1,705,799	1,667,619	38,180
Nondepartmental				
Sales and use tax	600,000	600,000	634,389	(34,389)
Purchase of electricity	17,823,576	17,823,576	17,718,245	105,331
SCE&G water contract	17,100	17,100	9,997	7,103
Streetlight charges	10,100	10,100	8,951	1,149
Refunds	7,000	7,000	1,241	5,759
Bad debt expense	180,000	180,000	121,784	58,216
Community enhancement	5,000	5,000	1,094	3,906
Web site maintenance	5,900	5,900	10,337	(4,437)
	18,648,676	18,648,676	18,506,038	142,638
Depreciation	-	-	4,026,940	(4,026,940)
Grand Totals	$ 28,929,942	$ 28,929,942	$ 32,997,272	$ (4,067,330)

CITY OF NEWBERRY, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)
YEAR ENDED JUNE 30, 2025

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			$ 189,039	$ 189,039
Court fines and assessments remitted to State Treasurer			(174,648)	(174,648)
Total Court Fines and Assessments retained			14,391	14,391
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			5,445	5,445
Assessments retained			14,391	14,391
Total Surcharges and Assessments retained for victim services			$ 19,836	$ 19,836

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	$ 1,652		$ 1,652
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	14,391		14,391
Victim Service Surcharges Retained by City/County Treasurer	5,445		5,445
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	21,488		21,488
Expenditures for Victim Service Program:	**Municipal**	**County**	**Total**
Salaries and Benefits	19,500		19,500
Operating Expenditures			
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	19,500		19,500
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	$ 1,988		$ 1,988

STATISTICAL SECTION

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

Contents

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

City of Newberry
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	2023 $	2024 $	2025 $
Governmental activities										
Net Investment in Capital Assets	8,034,933	9,369,795	10,263,672	14,981,151	19,985,326	21,109,581	21,006,835	20,691,307	20,357,151	23,104,814
Restricted	10,000	10,000	4,824,694	2,063,901	1,494,574	1,075,595	1,155,190	1,220,692	1,396,961	1,433,530
Unrestricted	3,123,417	2,497,220	1,134,548	(262,678)	(3,583,568)	(4,412,833)	(1,250,684)	1,889,937	2,609,423	(2,447,290)
Total governmental activities net position	11,168,350	11,877,015	16,222,914	16,782,374	17,896,332	17,772,343	20,911,341	23,801,936	24,363,535	22,091,054
Business-type activities										
Net Investment in Capital Assets	30,352,537	32,518,374	36,484,723	39,597,749	42,176,496	43,964,440	46,392,020	47,783,519	48,446,305	51,807,519
Restricted	1,001,647	906,988	538,473	527,951	221,604	1,475,319	1,596,841	2,051,646	1,777,761	1,812,682
Unrestricted	12,895,178	14,706,456	13,214,851	13,609,770	12,975,596	12,763,311	10,472,989	8,414,943	7,249,055	6,730,623
Total business-type activities net position	44,249,362	48,131,818	50,238,047	53,735,470	55,373,696	58,203,070	58,461,850	58,250,108	57,473,121	60,350,824
Primary government										
Net Investment in Capital Assets	38,387,470	41,888,169	46,748,395	54,578,900	62,161,822	65,074,021	67,398,855	68,474,826	68,803,456	74,912,333
Restricted	1,011,647	916,988	5,363,167	2,591,852	1,716,178	2,550,914	2,752,031	3,272,338	3,174,722	3,246,212
Unrestricted	16,018,595	17,203,676	14,349,399	13,347,092	9,392,028	8,350,478	9,222,305	10,304,880	9,858,478	4,283,333
Total primary government net position	55,417,712	60,008,833	66,460,961	70,517,844	73,270,028	75,975,413	79,373,191	82,052,044	81,836,656	82,441,878

City of Newberry
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	$	$	$	$	$	$	$	$	$	$
Expenses										
Governmental activities:										
General government	1,398,601	1,367,851	1,124,666	1,253,699	1,044,017	1,500,490	4,626,393	3,969,255	4,985,245	1,798,649
Public safety	4,668,707	4,693,817	4,247,398	4,861,195	4,770,475	5,370,982	3,506,247	3,672,123	4,568,076	6,918,897
Public works	1,718,116	2,341,691	2,439,920	2,090,022	1,733,827	2,637,915	1,728,407	1,932,243	2,036,233	2,734,555
Recreation	848,809	951,086	940,300	1,922,643	2,248,531	1,650,703	1,282,079	1,141,966	1,342,346	2,015,577
Community development	746,775	426,670	1,137,311	110,505	99,684	55,735	32,287	334,295	339,640	94,579
Community promotions	487,751	580,045	-	-	-	-	-	-	-	-
Interest on long-term debt	39,291	33,159	27,923	26,402	18,897	12,062	56,962	5,610	2,923	22,344
Total governmental activities expenses	9,908,050	10,394,319	9,917,518	10,264,466	9,915,431	11,227,887	11,232,375	11,055,492	13,274,463	13,584,601
Business-type activities: Utility system	33,263,055	33,957,901	34,015,447	32,648,578	31,678,313	30,349,154	32,021,889	33,160,711	33,847,690	34,277,578
Total primary government expenses	43,171,105	44,352,220	43,932,965	42,913,044	41,593,744	41,577,041	43,254,264	44,216,203	47,122,153	47,862,179
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,660,200	1,701,086	1,895,761	176,707	164,432	163,779	231,262	6,792	5,186	259,322
Public safety	553,945	451,471	410,249	381,020	269,740	228,950	934,700	357,469	310,212	310,807
Public works	791,651	803,964	944,662	985,594	1,047,691	1,310,584	880,562	1,152,207	868,709	36,848
Parks, Recreation, & Tourism	101,145	99,276	233,348	237,186	217,631	163,534	29,920	148,297	176,619	15,429
Community promotion and projects	18,118		47,577	54,682	38,243	-	-	-	-	-
Operating grants and contributions	837,886	2,292,761	326,406	219,310	238,104	275,711	2,538,755	2,538,755	854,816	134,766
Capital grants and contributions	227,443	18,300	4,145,105	765,424	824,174	348,561	556,201	-	-	-
Total governmental activities program revenues	4,190,388	5,366,858	8,003,108	2,819,923	2,800,015	2,491,119	5,171,400	4,203,520	2,215,542	757,172
Business-type activities: Utility system										
Charges for services	36,180,215	36,956,770	37,850,492	36,877,552	34,919,904	34,655,427	34,421,459	34,245,803	34,363,272	35,975,236
Operating grants and contributions	103,106	1,726,585	-	-	-	-	-	-	-	-
Capital grants and contributions	409,593	884,223	-	-	305,855	378,696	-	294,868	173,320	984,922
Total business-type activities program revenues	36,692,914	39,567,578	37,850,492	36,877,552	35,225,759	35,034,123	34,421,459	34,540,671	34,536,592	36,960,158
Total primary government program revenues	40,883,302	44,934,436	45,853,600	39,697,475	38,025,774	37,525,242	39,592,859	38,744,191	36,752,134	37,717,330

(Continued)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	$	$	$	$	$	$	$	$	$	$
Net (expense)/revenue										
Governmental activities	(5,717,662)	(5,027,461)	(1,914,410)	(7,444,543)	(7,115,416)	(8,736,768)	(6,060,975)	(6,851,972)	(11,058,921)	(12,827,429)
Business-type activities	3,429,859	5,609,677	3,835,045	4,228,974	3,547,446	4,684,969	2,399,570	1,379,960	688,902	2,682,580
Total primary government net expense	(2,287,803)	582,216	1,920,635	(3,215,569)	(3,567,970)	(4,051,799)	(3,661,405)	(5,472,012)	(10,370,019)	(10,144,849)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	2,470,966	2,304,664	2,276,051	2,327,476	2,329,463	2,398,342	2,543,128	2,645,699	2,821,855	2,815,061
Local hospitality and accommodation fee	865,734	902,536	1,069,577	1,046,678	992,788	1,080,948	1,238,365	1,395,769	1,439,469	1,591,973
Busineess Licenses	-	-	-	1,783,139	1,702,436	1,754,889	1,956,300	2,144,051	2,296,781	3,176,259
Intergovernmental revenue	910,716	426,883	967,743	891,516	1,145,453	1,472,024	1,026,504	1,405,760	531,174	784,935
Interest revenue	11,674	16,222	22,878	45,439	27,748	2,832	4,658	90,039	145,199	193,433
Gain on Sale of Capital Assets	41,446	22,157	39,018	-	55	-	-	-	-	-
Miscellaneous	208,189	197,755	19,133	43,846	67,639	37,835	565,109	195,340	2,520,133	1,899,380
Transfers	1,865,909	1,865,909	1,865,909	1,865,909	1,963,792	1,865,909	1,865,909	1,865,909	1,865,909	93,907
Total governmental activities	6,374,634	5,736,126	6,260,309	8,004,003	8,229,374	8,612,779	9,199,973	9,742,567	11,620,520	10,554,948
Business-type activities:										
Intergovernmental revenue	-	-	-	-	-	-	-	-	-	-
Interest revenue	468,303	138,688	137,093	134,358	54,572	10,314	17,619	274,207	400,020	289,030
Miscellaneous										
Transfers	(1,865,909)	(1,865,909)	(1,865,909)	(1,865,909)	(1,963,792)	(1,865,909)	(1,865,909)	(1,865,909)	(1,865,909)	(93,907)
Total business-type activities	(1,397,606)	(1,727,221)	(1,728,816)	(1,731,551)	(1,909,220)	(1,855,595)	(1,848,290)	(1,591,702)	(1,465,889)	195,123
Total primary government	4,977,028	4,008,905	4,531,493	6,272,452	6,320,154	6,757,184	7,351,683	8,150,865	10,154,631	10,750,071
Change in Net Position										
Government activities	656,972	708,665	4,345,899	559,460	1,113,958	(123,989)	3,138,998	2,890,595	561,599	(2,272,481)
Business-type activities	2,032,253	3,882,456	2,106,229	2,497,423	1,638,226	2,829,374	551,280	(211,742)	(776,987)	2,877,703
Total primary government	2,689,225	4,591,121	6,452,128	3,056,883	2,752,184	2,705,385	3,690,278	2,678,853	(215,388)	605,222

City of Newberry
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax $
2016	2,470,966
2017	2,304,664
2018	2,267,341
2019	2,316,758
2020	2,313,047
2021	2,428,158
2022	2,505,355
2023	2,473,487
2024	3,045,043
2025	2,946,932

City of Newberry
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	$	$	$	$	$	$	$	$	$	$
General fund										
Nonspendable	32,731	27,874	38,027	37,184	24,237	41,763	77,683	51,619	50,580	41,717
Reserved										
Restricted					250,000					
Unreserved										
Unrestricted:										
Committed										
Assigned	1,488,869	1,127,368	1,160,717	2,285,197	1,705,307	1,767,738	1,970,355	1,970,355	864,685	1,355,091
Unassigned	5,825,811	6,264,798	6,872,805	4,373,821	1,394,994	1,129,372	4,108,333	6,845,338	8,153,270	3,983,035
Total General Fund	7,347,411	7,420,040	8,071,549	6,696,202	3,374,538	2,938,873	6,156,371	8,867,312	9,068,535	5,379,843
Recreation Complex										
Restricted	-	-	4,387,422	1,609,536	803,676	414,398	375,374	284,359	253,332	310,928
Total Recreation Complex	-	-	4,387,422	1,609,536	803,676	414,398	375,374	284,359	253,332	310,928
All other governmental funds										
Nonspendable	355,000	-	-	10,000	10,000	17,147	10,000	10,000	10,000	12,333
Reserved										
Restricted	946,494	934,878	437,272	444,365	430,898	651,197	722,105	811,229	1,004,846	669,668
Unreserved, reported in:										
Special revenue funds										
Debt service fund										
Permanent fund										
Unrestricted:										
Committed	1,108,052	769,393	670,377	784,706	759,059	639,297	732,999	800,576	1,552,044	1,378,682
Assigned	739,396	1,078,721	452,826	731,898	686,580	578,876	278,439	406,041	1,112,578	412,131
Unassigned	-	-	-	-	-	-	-	-	-	
Total all other governmental funds	3,148,942	2,782,992	1,560,475	1,970,969	1,886,537	1,886,517	1,743,543	2,027,846	3,679,468	2,472,814
Total all governmental funds	10,496,353	10,203,032	14,019,446	10,276,707	6,064,751	5,239,788	8,275,288	11,179,517	13,001,335	8,163,585

City of Newberry
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	$	$	$	$	$	$	$	$	$	$
Revenues										
Taxes	2,475,067	3,207,772	3,336,918	3,363,436	3,305,836	3,509,106	3,743,720	3,869,256	4,484,512	4,407,035
Licenses, permits and franchise fees	1,660,200	1,701,086	1,895,760	1,959,845	1,866,867	2,121,957	2,419,309	2,517,377	2,359,164	3,176,258
Fines and forfeitures	532,858	429,333	416,323	387,958	274,312	252,387	471,691	357,469	247,829	550,704
Charges for service	1,776,648	903,240	1,059,456	1,120,054	1,180,149	1,299,485	1,141,744	1,307,296	1,050,514	168,583
Intergovernmental	1,997,132	2,741,782	5,229,052	1,743,130	1,667,582	1,904,802	4,121,460	3,944,515	1,385,990	784,935
Miscellaneous	304,168	258,288	436,261	388,171	754,435	184,942	569,767	642,848	2,665,332	2,092,813
Total revenues	8,746,073	9,241,501	12,373,770	8,962,594	9,049,181	9,272,679	12,467,691	12,638,761	12,193,341	11,180,328
Expenditures										
General government	778,396	733,820	697,594	734,414	750,918	774,260	953,260	901,423	850,357	916,426
Public safety	3,637,765	3,473,593	3,295,673	3,104,791	3,089,337	3,237,519	3,273,409	3,552,839	3,610,288	3,985,885
Public works	1,468,908	1,874,829	1,583,281	1,160,214	1,132,662	1,749,306	1,335,372	1,539,208	1,457,861	1,487,911
Recreation	724,731	695,927	645,824	700,641	764,796	850,307	862,525	722,412	811,088	1,157,549
Community development	914,556	1,937,706	1,137,311	110,505	99,684	55,735	32,287	334,295	339,640	94,579
Nondepartmental	2,258,017	2,494,128	2,882,582	3,038,610	3,034,529	3,097,855	3,447,918	3,433,627	3,787,690	4,062,197
Capital Outlay	-	-	55,500	5,589,296	6,103,468	1,898,232	1,213,137	1,174,746	1,229,578	5,411,530
Debt Service										
Principal	307,748	325,093	356,178	381,369	381,785	288,275	123,230	235,212	149,681	169,593
Interest	39,291	33,159	27,923	26,402	18,897	12,062	56,962	5,610	2,923	22,344
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures, including capital	10,129,412	11,568,255	10,681,866	14,846,242	15,376,076	11,963,551	11,298,100	11,899,372	12,239,106	17,308,014
Total capital expenditures only	774,247	2,034,185	1,694,356	5,540,974	6,113,841	1,898,232	1,213,137	1,174,746	1,229,578	5,411,530
Excess of revenues over (under) expenditures	(1,383,339)	(2,326,754)	1,691,904	(5,883,648)	(6,326,895)	(2,690,872)	1,169,591	739,389	(45,765)	(6,127,686)
Other financing sources (uses)										
Transfers in	2,499,520	2,032,456	4,162,496	3,220,048	3,278,976	2,504,196	3,155,963	3,082,932	3,089,377	4,911,728
Transfers out	(633,611)	(166,547)	(2,296,587)	(1,354,139)	(1,315,184)	(638,287)	(1,290,054)	(1,217,023)	(1,223,468)	(4,817,821)
Issuance of debt/construction loan/costs	-	167,524	258,601	275,000	151,147	-	-	298,931	-	1,196,029
Repayment of debt/construction loan/costs	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,865,909	2,033,433	2,124,510	2,140,909	2,114,939	1,865,909	1,865,909	2,164,840	1,865,909	1,289,936
Net change in fund balances	482,570	(293,321)	3,816,414	(3,742,739)	(4,211,956)	(824,963)	3,035,500	2,904,229	1,820,144	(4,837,750)
Debt service as a percentage of noncapital expenditures	3.7%	3.8%	4.3%	4.4%	4.3%	3.0%	1.8%	2.2%	1.4%	1.6%

City of Newberry
Utility Enterprise System (1) Operating Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Electric Receipts	Percent of Total	Water Receipts	Percent of Total	Sewer Receipts	Percent of Total	Other Operating Revenue	Percent of Total	Total Combined Public Utility Operating Revenue
	$		$		$		$		$
2016	25,609,993	70.8%	4,956,538	13.7%	4,496,826	12.4%	1,116,858	3.1%	36,180,215
2017	25,868,884	70.0%	5,137,111	13.9%	4,783,059	12.9%	1,167,716	3.2%	36,956,770
2018	25,929,776	68.5%	5,624,427	14.9%	5,151,668	13.6%	1,144,621	3.0%	37,850,492
2019	24,918,111	67.6%	5,375,207	14.6%	5,459,473	14.8%	1,124,761	3.0%	36,877,552
2020	24,514,618	70.2%	4,350,534	12.5%	5,128,632	14.7%	926,120	2.7%	34,919,904
2021	23,770,041	68.6%	4,573,893	13.2%	5,291,815	15.3%	1,019,678	2.9%	34,655,427
2022	23,660,204	68.7%	4,591,139	13.3%	5,233,211	15.2%	936,905	2.7%	34,421,459
2023	23,234,332	67.8%	4,631,254	13.5%	5,360,869	15.7%	1,019,348	3.0%	34,245,803
2024	23,309,368	67.8%	4,323,120	12.6%	5,561,260	16.2%	1,169,524	3.4%	34,363,272
2025	24,059,233	66.9%	4,127,015	11.5%	5,563,330	15.5%	2,225,658	6.2%	35,975,236

(1) By Resolution adopted on August 27, 1948, Newberry City Council combined the existing Waterworks System, the existing Sewer System and the existing Electrical Distribution System into one system designated as the Combined Public Utility System of the City of Newberry. Since the systems are legally treated as one system, debt covenants are applied to the combined revenues.

City of Newberry
General Government Property Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	General Fund Property Tax	Debt Service Fund Property Tax	Total Property Tax
	$	$	$
2016	2,470,966	-	2,470,966
2017	2,304,664	-	2,304,664
2018	2,267,341	-	2,267,341
2019	2,316,758	-	2,316,758
2020	2,313,047	-	2,313,047
2021	2,428,158	-	2,428,158
2022	2,505,355	-	2,505,355
2023	2,473,487	-	2,473,487
2024	3,045,043	-	3,045,043
2025	2,946,932	-	2,946,932

City of Newberry, South Carolina
Utility Customer Trends - By Service and Category
Last Ten Years (2)

	June 2016	June 2017	June 2018	June 2019	June 2020	June 2021	June 2022	June 2023	June 2024	June 2025
Electric Customers:										
Residential	4,087	4,079	4,010	4095	4058	4113	4434	4440	4433	4433
Commercial	873	880	887	896	894	824	866	895	932	939
Industrial	13	13	14	15	15	14	13	13	13	13
Total	4,973	4,972	4,911	5,006	4,967	4,951	5,313	5,348	5,378	5,385
Water Customers:										
Residential	4,143	4,133	4,124	4020	3860	3819	4277	4242	4270	4278
Commercial	786	751	741	778	795	762	745	752	765	761
Industrial	26	26	29	27	27	27	27	27	28	27
Total	4,955	4,910	4,894	4,825	4,682	4,608	5,049	5,021	5,063	5,066
Sewer Customers:										
Residential	3,597	3,587	3,573	3488	3323	3441	3566	3717	3714	3720
Commercial	589	578	576	571	594	531	546	573	589	586
Industrial	21	21	22	22	22	20	22	22	22	22
Total	4,207	4,186	4,171	4,081	3,939	3,992	4,134	4,312	4,325	4,328
Total Number Utility Customers (1)	5,929	5,917	5,854	5,750	5,700	5,714	5,714	6,358	6,311	6318

(1) The City serves some customers with only electric, only water or only sewer; therefore, total customers billed is based on number of utility bills produced and is not a mathematical computation.
(2) This table differs from the Presentation and Original Statement in the Series 2015, Combined Utility Revenue Bond. This table represents more information than was presented in the Original Statement.

City of Newberry
Utility Enterprise System Units Sold By Source
Last Ten Fiscal Years

Fiscal Year	Electric Kilowatt-hours	Percent Change	Water Cubic Feet	Percent Change	Treated Sewer Cubic Feet	Percent Change
2016	211,675,426	-0.07%	225,270,884	7.16%	113,433,901	3.22%
2017	213,161,698	0.70%	229,138,478	1.72%	113,665,618	0.20%
2018	206,782,301	-2.99%	237,309,488	3.57%	113,463,665	-0.18%
2019	210,670,252	1.88%	223,594,008	-5.78%	114,919,724	1.28%
2020	203,007,486	-3.64%	167,884,301	-24.92%	113,908,697	-0.88%
2021	185,204,588	-8.77%	140,406,879	-16.37%	96,228,589	-15.52%
2022	185,213,633	0.00%	142,751,745	1.67%	89,868,607	-6.61%
2023	181,411,310	-2.05%	144,804,985	1.44%	93,255,243	3.77%
2024	163,276,857	-10.00%	120,060,521	-17.09%	69,486,253	-25.49%
2025	163,109,956	-0.10%	108,750,476	-9.42%	64,659,386	-6.95%

NOTE: Percent change is attributable to the combination of growth and weather conditions.

City of Newberry, South Carolina
Average Historic Utility Rates (1)
Last Ten Fiscal Years

Fiscal Year	Electric	Percent Increase	Water	Percent Increase	Sewer	Percent Increase	TOTAL	Percent Increase
	$	%	$	%	$	%	$	%
2016	138.56	0.00	26.70	13.18	43.66	14.89	208.92	4.38
2017	138.56	0.00	29.08	8.91	48.47	11.02	216.11	3.44
2018	138.56	0.00	31.46	8.18	53.29	9.94	223.31	3.33
2019	138.56	0.00	31.70	0.76	53.77	0.90	224.03	0.32
2020	138.56	0.00	31.95	0.79	54.26	0.91	224.77	0.33
2021	138.56	0.00	32.20	0.78	54.75	0.90	225.51	0.33
2022	138.56	0.00	33.02	2.55	55.42	1.22	227.00	0.66
2023	138.56	0.00	33.79	2.33	56.10	1.23	228.45	0.64
2024	153.65	10.89	35.75	5.80	58.52	4.31	247.92	8.52
2025 (2)	156.27	1.71	36.86	3.10	59.98	2.49	253.11	2.09

(1) This table shows the in-City residential electric, water and sewer charges, based upon the rates in effect at the end of the fiscal years shown, with charges calculated based upon usage of 988 kWh per month for electric (exclusive of wholesale power cost adjustments), 776 cubic feet for water and 776 cubic feet for sewer, and the percentage increase in charges in such fiscal years for such levels of usage.

(2) Rates reflected for June 30, 2025. An overall increase of 2% on electric and 3% on water and sewer became effective on the July 1, 2024 billing (fiscal year 2025).
Additionally, please note that an overall rate increase of 3% on electric, 2.5% on water, and 5% on sewer became effective on the July 1, 2025 billing (fiscal year 2026).

City of Newberry
Principal Utility Customers by Total Billed (1)
June 30, 2025

	Fiscal Year 2025			Fiscal Year 2016		
Customer	**Total Billed**	**Rank**	**Percentage of Total Operating Revenue (2)**	**Total Billed**	**Rank**	**Percentage of Total Operating Revenue (3)**
	$			$		
Kraft Heinz Foods Company	7,210,556	1	20.04%	10,802,344	1	29.86%
Newberry College	1,357,829	2	3.77%	1,134,316	2	3.14%
Newberry County Memorial Hospital	758,894	3	2.11%	752,811	4	2.08%
Valmont Composite Structures	743,624	4	2.07%	623,820	5	1.72%
Newberry Housing Authority-Grant Homes	693,898	5	1.93%	542,506	7	1.50%
Artisan Kitchens LLC	662,538	6	1.84%			
Cal-Maine Foods, Inc. (previosly ISE)	591,394	7	1.64%	607,694	6	1.68%
Wal-Mart	482,677	8	1.34%	458,785	9	1.27%
Samsung	359,864	9	1.00%			
Newberry County Water & Sewer	330,023	10	0.92%			
Saluda Commission of Public Works				1,053,329	3	2.91%
ST Partners, DBA Almark Foods				406,518	10	1.12%
Packaging Corp. of America, Inc.				519,363	8	1.44%
Total	13,191,297		36.67%	16,901,486		46.71%

(1) Source: City of Newberry utility records. Excludes utility billing records for City's own property.

(2) Total audited operating revenue for fiscal year 2025 is $ 35,975,236

(3) Total audited operating revenue for fiscal year 2016 is $ 36,180,215

City of Newberry
Utility Enterprise System Units Sold By Source-Water System
Last Five Fiscal Years

Fiscal Year	Total Annual Flow	Average Flow	Peak Daily Flow	Peak Monthly Flow
2021	191,333,619	462,355	1,035,782	17,235,692
2022	177,261,214	485,600	848,491	15,925,034
2023	160,103,786	462,093	903,885	15,178,694
2024	168,988,788	427,213	741,836	17,585,471
2025	135,127,313	370,212	406,613	13,026,679

City of Newberry
Utility Enterprise System Units Sold By Source-Electric System
Last Five Fiscal Years

Fiscal Year	Total kWh	Peak Demand MW
2021	185,204,588	40.9
2022	185,213,633	40.2
2023	181,411,310	40.0
2024	163,276,857	36.1
2025	163,109,956	34.7

City of Newberry
Utility Enterprise System Units Sold By Source-Sewer System
Last Five Fiscal Years

Fiscal Year	Total Annual Flow	Average Flow	Peak Daily Flow	Peak Monthly Flow
2021	136,855,177	377,175	911,497	13,897,058
2022	123,186,640	337,656	696,524	11,685,829
2023	127,441,043	349,154	845,588	14,381,417
2024	97,510,829	266,423	533,957	10,303,476
2025	102,144,786	279,849	685,294	10,336,096

City of Newberry
Principal Water Customers by Total Billed
June 30, 2025

	Customer Name	Annual Consumption in Cubic Feet	Annual Billing	Percentage of Water Revenues	Percentage of Total System Revenues
1	Kraft Heinz Foods Company	18,112,860	$492,192	11.93%	1.37%
2	Newberry County Water & Sewer Authority	14,789,298	$260,135	6.30%	0.72%
3	Saluda Commission of Public Works	15,639,680	$244,937	5.93%	0.68%
4	Newberry College	2,465,257	$145,889	3.53%	0.41%
5	Samsung	3,786,348	$143,028	3.47%	0.40%
6	Newberry Housing Authority	1,736,723	$79,239	1.92%	0.22%
7	Kiswire	2,875,448	$61,086	1.48%	0.17%
8	Cal-Maine Foods Inc. (previously ISE)	1,522,532	$54,141	1.31%	0.15%
9	Newberry County Memorial Hospital	948,800	$33,401	0.81%	0.09%
10	Newberry SC Preservation	271,870	$32,850	0.80%	0.09%
		62,148,816	$1,546,898	37.48%	4.30%

***Total water dollars sold from July 2024 to June 2025 is:	$4,127,015
***Total system audited operating revenue from July 2024 to June 2025 is:	$35,975,236

City of Newberry
Principal Sewer Customers by Total Billed
June 30, 2025

	Customer Name	Annual Flows in Cubic Feet	Annual Billing	Percentage of Sewer Revenues	Percentage of Total System Revenues
1	Kraft Heinz Foods Company	14,137,842	$1,339,504	24.08%	3.72%
2	Samsung	3,767,300	$216,835	3.90%	0.60%
3	Newberry College	1,819,753	$148,147	2.66%	0.41%
4	Cal-Maine Foods, Inc. (previously ISE	2,929,691	$120,534	2.17%	0.34%
5	Newberry Housing Authority	1,736,723	$108,944	1.96%	0.30%
6	Newberry County Water and Sewer	802,405	$69,888	1.26%	0.19%
7	Newberry Preservation	271,870	$55,174	0.99%	0.15%
8	Newberry County Memorial Hospital	924,767	$53,415	0.96%	0.15%
9	Newberry County	406,905	$33,149	0.60%	0.09%
10	West Fraser	620,250	$31,323	0.56%	0.09%
		27,417,506	$2,176,913	39.13%	6.05%

***Total sewer dollars sold from July 2024 to June 2025 is:	$5,563,330
***Total system audited operating revenue from July 2024 to June 2025 is:	$35,975,236

City of Newberry
Principal Electric Customers by Total Billed
June 30, 2025

	Customer Name	KWH	Annual Billing	Percentage of Electric Revenues	Percentage of Total System Revenues
1	Kraft Heinz Foods Company	43,156,800	$5,377,028	22.35%	14.95%
2	Newberry College	6,680,204	$1,055,804	4.39%	2.93%
3	Valmont	5,382,250	$706,769	2.94%	1.96%
4	Newberry County Mem Hospital	4,965,928	$669,410	2.78%	1.86%
5	Artisan Kitchens	3,970,400	$610,142		1.70%
6	Wal-Mart	3,368,880	$466,450	1.94%	1.30%
7	Newberry Housing	2,281,604	$429,010	1.78%	1.19%
8	Cal-Maine Foods, Inc. (previosly ISE)	2,653,811	$413,293	1.72%	1.15%
9	Newberry Middle School	1,421,400	$251,169	1.04%	0.70%
10	Newberry High School	1,458,151	$250,399	1.04%	0.70%
		75,339,428	$10,229,474	39.98%	28.43%

***Total Electric dollars sold from July 2024 to June 2025 is: $24,059,233

***Total system audited operating revenue from July 2024 to June 2025 is: $35,975,236

City of Newberry
Water Customer Count
Last Ten Fiscal Years

Fiscal Year	Number of Customers	Increase/ Decrease	Percentage of Change (%)
2016	4,955	48	0.97%
2017	4,910	(45)	-0.92%
2018	4,894	(16)	-0.33%
2019	4,825	(69)	-1.43%
2020	4,682	(143)	-3.05%
2021	4,608	(74)	-1.61%
2022	5,049	441	8.73%
2023	5,021	(28)	-0.56%
2024	5,063	42	0.83%
2025	5,067	4	0.08%

City of Newberry
Sewer Customer Count
Last Ten Fiscal Years

Fiscal Year	Number of Customers	Increase/ Decrease	Percentage of Change (%)
2016	4,207	13	0.31%
2017	4,186	(21)	-0.50%
2018	4,171	(15)	-0.36%
2019	4,081	(90)	-2.21%
2020	3,939	(142)	-3.60%
2021	3,992	53	1.33%
2022	4,134	142	3.43%
2023	4,312	178	4.13%
2024	4,325	13	0.30%
2025	4,329	4	0.09%

City of Newberry
Electric Customer Count
Last Ten Fiscal Years

Fiscal Year	Number of Customers	Increase/ Decrease	Percentage of Change (%)
2016	4,973	8	0.16%
2017	4,972	(1)	-0.02%
2018	4,911	(61)	-1.24%
2019	5,006	95	1.90%
2020	4,967	(39)	-0.79%
2021	4,951	(16)	-0.32%
2022	5,313	362	6.81%
2023	5,348	35	0.65%
2024	5,378	30	0.56%
2025	5,385	7	0.13%

City of Newberry
System Wide Customer Count
Last Ten Fiscal Years

Fiscal Year	Number of Customers	Increase/ Decrease	Percentage of Change (%)
2016	14,135	69	0.49%
2017	14,068	(67)	-0.48%
2018	13,976	(92)	-0.66%
2019	13,912	(64)	-0.46%
2020	13,588	(324)	-2.38%
2021	13,551	(37)	-0.27%
2022	14,496	945	6.52%
2023	14,681	185	1.26%
2024	14,766	85	0.58%
2025	14,781	15	0.10%

City of Newberry
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

		Real Property (2)			Personal Property (3)			Total	Total	Estimated	Assessed
Fiscal Year	**Tax Year**	**Residential Property**	**Commercial Property**	**Total Real Property**	**Motor Vehicles**	**Other Personal Property**	**Total Personal Property**	**Taxable Assessed Value**	**Direct Tax Rate (4)**	**Actual Taxable Value (5)**	**Value as a Percentage of Actual Value**
		$	$	$	$	$	$	$	$	$	
2016	2015	8,245,950	13,628,170	21,874,120	2,988,620	3,163,490	6,152,110	28,026,230	83.80	525,189,400	5.34%
2017	2016	8,193,300	13,764,020	21,957,320	2,809,640	3,320,140	6,129,780	28,087,100	83.80	517,955,150	5.42%
2018	2017	7,955,310	12,931,000	20,886,310	2,676,270	3,251,430	5,927,700	26,814,010	83.80	495,267,630	5.41%
2019	2018	8,221,550	13,789,530	22,011,080	2,581,930	3,481,460	6,063,390	28,074,470	83.80	516,886,950	5.43%
2020 (1)	2019	8,627,910	14,334,280	22,962,190	2,677,090	4,183,090	6,860,180	29,822,370	80.70	539,442,904	5.53%
2021	2020	8,656,230	14,343,170	22,999,400	2,863,190	5,351,150	8,214,340	31,213,740	80.70	559,492,747	5.58%
2022	2021	8,823,320	15,239,210	24,062,530	2,970,210	4,232,320	7,202,530	31,265,060	80.70	569,880,099	5.49%
2023	2022	9,125,310	15,680,370	24,805,680	3,094,930	5,393,480	8,488,410	33,294,090	80.70	597,841,162	5.57%
2024	2023	9,668,720	16,256,020	25,924,740	3,325,547	6,235,890	9,561,437	35,486,177	81.70	633,001,172	5.61%
2025	2024	9,788,570	16,341,120	26,129,690	3,504,873	5,033,920	8,538,793	34,668,483	83.40	624,061,753	5.56%

(1) Reassessment.

(2) Source: Newberry County Auditor.
Values related to tax-exempt property are not maintained. $217,030 in assessed value was legally required to be allocated to the FILOT (Oakland Mill Dev.) and is not included in the above figures prior to 2017.

(3) Source: Newberry County Auditor. All years include assessed value of $688,710 for Merchant's Inventory, now paid by the State of South Carolina, instead of local taxpayers to the City.

(4) Tax rates are per $1,000 of assessed value.

(5) Source: Newberry County Auditor.

City of Newberry
Property Tax Rates
(Per $1000 of Assessed Value)
Direct and Overlapping Governments
Last Ten Fiscal Years

		City of Newberry			Overlapping Rates: Newberry County (1)			Overlapping Rates: Newberry County School District (1)				
Fiscal Year	Tax Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Other (1)	Total Direct & Overlapping Rates
2016	2015	82.7	1.1	83.8	125.0	10.5	135.5	186.8	53.0	239.8	6.7	465.8
2017	2016	82.7	1.1	83.8	125.0	9.3	134.3	186.8	53.0	239.8	6.9	464.8
2018	2017	82.7	1.1	83.8	125.5	9.7	135.2	186.8	53.0	239.8	7.0	465.8
2019	2018	82.7	1.1	83.8	125.5	9.7	135.2	186.8	53.0	239.8	7.0	465.8
2020 (2)	2019	79.6	1.1	80.7	122.0	7.1	129.1	180.0	53.0	233.0	6.9	449.7
2021	2020	79.6	1.1	80.7	119.4	7.7	127.1	180.0	53.0	233.0	6.9	447.7
2022	2021	79.6	1.1	80.7	119.4	7.7	127.1	180.0	53.0	233.0	6.9	447.7
2023	2022	79.6	1.1	80.7	121.0	5.1	126.1	180.0	53.0	233.0	6.9	446.7
2024	2023	80.6	1.1	81.7	123.0	5.1	128.1	180.0	53.0	233.0	6.9	449.7
2025	2024	82.3	1.1	83.4	128.6	2.2	130.8	180.0	53.0	233.0	6.2	453.4

(1) Source: Newberry County Auditor.

(2) Reassessment.

City of Newberry
Principal Property Taxpayers (1)
June 30, 2025

Taxpayer	Fiscal Year 2025 (Tax Year 2024) Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)	Fiscal Year 2016 (Tax Year 2015) Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (3)
	$			$		
Artisan Kitchens LLC	1,027,090	1	2.96%			
Oakland Mill Development Group LLC	434,340	2	1.25%	659,120	2	2.35%
WC Fiber LLC	416,180	3	1.20%			
ISE Newberry Inc.	409,540	4	1.18%	404,310	3	1.44%
Wal-Mart Real Est.	394,420	5	1.14%	367,890	4	1.31%
Newberry Real Estate Inv. LLC	370,870	6	1.07%	337,360	6	
Lowe's Home Centers	369,660	7	1.07%	355,180	5	1.27%
Duke Energy Carolinas LLC	324,020	8	0.93%			
RW Winpop SC LLC	298,330	9	0.86%			0.00%
Oakland Mill Development Group 2 LL	260,320	10	0.75%			
Paramount Hotels LLC				222,010	10	0.79%
Newberry Developments LLC				228,940	8	0.82%
West Development LLC				247,380	7	0.88%
TD Bank				228,530	9	0.82%
Bellsouth Tele. Inc.				673,840	1	2.40%
Total	4,304,770		12.42%	3,724,560		13.29%

(1) Source: Newberry County Auditor.

(2) Total assessed valuation for tax year 2024 is $34,668,483 .

(3) Total assessed valuation for tax year 2015 is $28,026,230 .

City of Newberry
Property Tax Levies and Collections (1)
Last Ten Fiscal Years

Fiscal Year	Tax Year	Total Tax Levy for Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Collections/ Adjustments in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
		$	$		$	$	
2016	2015	2,363,599	2,315,551	98.0%	36,927	2,352,478	99.5%
2017	2016	2,314,788	2,279,158	98.5%	7,244	2,286,402	98.8%
2018	2017	2,210,028	2,115,433	95.7%	1,733	2,117,166	95.8%
2019	2018	2,193,934	2,129,504	97.1%	39,091	2,168,595	98.9%
2020	2019	2,380,220	2,260,883	95.0%	49,479	2,310,362	97.1%
2021	2020	2,444,137	2,333,469	95.5%	94,689	2,428,158	99.4%
2022	2021	2,746,113	2,433,333	88.6%	40,154	2,473,487	90.1%
2023	2022	2,680,244	2,552,857	95.3%	60,008	2,612,865	97.5%
2024	2023	2,850,885	2,724,343	95.6%	62,473	2,786,816	97.8%
2025	2024	2,882,753	2,758,373	95.7%	61,337	2,819,710	97.8%

(1) Category includes tax collections for real and personal property as reflected in the general fund for all fiscal years, for current taxes and delinquent taxes respectively.

(2) Total tax levy excludes Merchant's Inventory Reimbursement paid by the State of South Carolina to the City on $688,710 assessed value. Total tax levy also excludes Newberry County and Newberry County School District tax levies.

City of Newberry
Ratios of Outstanding Debt by Type (1)
Last Ten Fiscal Years

	Governmental Activities			Business-Type Activities				
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Financed Purchases	CPU Bonds (2)	Financed Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
	$	$	$	$	$	$		$
2016	-	-	1,165,431	53,993,200	-	55,158,631	28.7%	5339
2017	-	-	1,007,862	51,875,774	-	52,883,636	30.7%	5146
2018	-	-	910,285	49,699,978	-	50,610,263	27.3%	4784
2019	-	-	803,916	47,470,291	-	48,274,207	25.4%	4670
2020	-	-	573,278	45,166,178	-	45,739,456	23.9%	4485
2021	-	-	285,004	40,755,000	-	41,040,004	20.3%	4072
2022	-	-	411,203	38,570,000	-	38,981,203	17.3%	3717
2023			225,492	36,285,000	-	36,510,492	15.3%	3404
2024	-	-	75,811	33,890,000	-	33,965,811	14.3%	3126
2025	-	-	1,102,247	32,916,148	476,717	34,495,112	9.6%	3172

(1) Details of the City's outstanding debt can be found in the notes to the financial statements.

(2) Composed of Combined Public Utility (CPU) debt as follows:
2009 State Revolving Loan which was refinanced as the Refunding Revenue Bonds Series 2021 A and B in February 2021 for fiscal years 2016-2025, and 2015 Bond for fiscal years 2016-2025.

City of Newberry
Ratios of General Bonded Debt Outstanding (1)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
	$	$	$		$

Note: The City of Newberry had no general bonded debt outstanding in the last 10 years.

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Newberry
Schedule of Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

Direct Debt	
City of Newberry:	
General Obligation Debt	$ -
Special Assessment Debt	-
Financed Purchases	1,102,247
Total Direct Debt	1,102,247
Overlapping Debt	
Newberry County, South Carolina Overlapping Debt:	
General Obligation Debt (1)	29,342,746
Estimated % of debt applicable to the City of Newberry (2)	18.52%
Total Overlapping Debt	5,434,277
Total Direct and Overlapping Debt	$ 6,536,524

(1) Source: Newberry County Treasurer

Breakdown of Newberry County's outstanding general obligation debt follows:

2018C County General Obligation Bond	261,446
2020A County General Obligation Bond	747,600
2020B County General Obligation Bond	328,700
2024 County General Obligation Bonds	28,005,000
	$ 29,342,746

(2) The percentage of general obligation debt applicable to the City of Newberry is based on the percentage of assessed valuation of property located in the City. Newberry County assessed valuation, per the Newberry County Auditor, is $187,242,916. City of Newberry assessed valuation from the table within this statistical section labeled "Assessed Value and Estimated Actual Value of Taxable Property" is $34,668,483.

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by City of Newberry residents and businesses. 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.

City of Newberry
Legal Debt Margin Information
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit - 8 percent of total assessed value	$ 2,242,098	$ 2,246,968	$ 2,145,121	$ 2,245,958	$ 2,385,790	$ 2,497,099	$ 2,740,030	$ 2,663,527	$ 2,838,894	$ 2,773,479
Total net debt applicable to limit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Legal debt margin	$ 2,242,098	$ 2,246,968	$ 2,145,121	$ 2,245,958	$ 2,385,790	$ 2,497,099	$ 2,740,030	$ 2,663,527	$ 2,838,894	$ 2,773,479
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed Value - general	$ 34,668,483
Assessed Value - tax increment financing district	$ -
Total assessed value	$ 34,668,483
Debt limit (8% of total assessed value)	$ 2,773,479
Debt applicable to limit:	
Total general obligation bonds	$ -
Legal debt margin	$ 2,773,479

City of Newberry, South Carolina
Pledged-Revenue Coverage
Combined Public Utility System
Last Ten Fiscal Years

Fiscal Year	System Operating Revenues (1)	System Operating Expenses (2)	Amount Available for Debt Service	Audited Debt Service Principal	Audited Debt Service Interest	Audited Debt Service Total	Coverage (3)
	$	$	$	$	$	$	
2016	36,648,518	28,013,464	8,635,054	1,790,943	1,623,215	3,414,158	2.53
2017	37,095,458	28,679,385	8,416,073	2,078,480	1,815,403	3,893,883	2.16
2018	37,987,585	29,008,364	8,979,221	2,136,850	1,750,327	3,887,177	2.31
2019	37,011,910	27,846,952	9,164,958	2,190,741	1,703,141	3,893,882	2.35
2020	34,974,476	26,769,860	8,204,616	2,265,167	1,631,515	3,896,682	2.11
2021	34,665,741	25,111,484	9,554,257	1,415,000	1,827,592	3,242,592	2.95
2022	34,421,459	27,189,866	7,231,593	2,185,000	1,668,194	3,853,194	1.88
2023	34,520,010	27,958,456	6,561,554	2,285,000	1,559,356	3,844,356	1.71
2024	34,763,292	28,565,547	6,197,745	2,395,000	1,452,156	3,847,156	1.61
2025	36,264,266	28,970,332	7,293,934	2,773,187	1,280,306	4,053,493	1.80

(1) Including interest earnings and excluding non-operating income.

(2) Exclusive of depreciation and non-operating expenses.

(3) Debt Service Requirements for 2009 South Carolina Water Pollution Control Revolving Fund (SRF) Loan (FY2016-2021), 2015 Bond (FY2015-2025), and 2021 Bond (FY2021-2025).
Coverage stated is by fiscal year. Bond indentures require coverage of 120% of annual principal and interest.

City of Newberry
Aggregate PMPA Debt Service Table
June 30, 2025

Bond Year Ending	Principal	Interest (1)	Total Debt Service	City's Portion (2)	2024A Bonds (3)	City's Portion (3)
1/1/2026	$27,064,498	$56,244,992	$83,309,490	$7,588,495	$2,421,333	$426,124
1/1/2027	$37,397,129	$46,275,712	$83,672,841	$7,621,592	$2,421,333	$426,124
1/1/2028	$37,863,350	$45,806,790	$83,670,140	$7,621,346	$2,421,333	$426,124
1/1/2029	$38,506,710	$45,168,179	$83,674,889	$7,621,778	$2,421,333	$426,124
1/1/2030	$39,206,961	$44,463,678	$83,670,639	$7,621,391	$2,421,333	$426,124
1/1/2031	$40,050,272	$43,584,534	$83,634,806	$7,618,127	$2,421,333	$426,124
1/1/2032	$44,718,044	$38,915,011	$83,633,055	$7,617,968	$2,421,333	$426,124
1/1/2033	$76,975,000	$6,653,807	$83,628,807	$7,617,581	$2,421,333	$426,124
1/1/2034	$78,562,680	$5,068,567	$83,631,247	$7,617,803	$2,421,333	$426,124
1/1/2035	$0	$0	$0	$0	$2,421,333	$426,124
4/30/2035	$0	$0	$0	$0	$45,400,187	$7,989,860

(1) All tax subsidies on Build America Bonds have been netted out.
(2) City's portion of debt service is allocated on the basis of base billing demand. This amount may be more or less than the City's proportionate share of the Catawba Project due to power purchased by the City of PMPA's wholesale purchase rate which includes power purchased under the Catawba Sales Agreement and the Supplement Agreement.
(3) City's portion of 2024A debt service (interest only until maturity payment on 4/30/25) is allocated on the basis of base billing demand, excluding the City of Rock Hill and Greer Commission of Public Works. This amount is net of debt service reserve funds that will be applied to offset the final interest and principal payment.

City of Newberry, South Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Personal Income	(3) Per Capita Personal Income	(4) Median Household Income	(5) Median Age	(6) Education Level In Years of Formal Schooling	(7) School Enrollment	(8) Unemployment Rate
		$	$	$				%
2016	10,331	191,980,973	18,583	29,034	34.4	13.1	5,889	5.1
2017	10,277	172,519,999	16,787	33,680	39.9	13.1	5,907	3.8
2018	10,580	185,403,920	17,524	35,043	35.0	13.1	6,006	3.4
2019	10,337	189,756,309	18,357	35,645	31.5	13.1	6,000	3.2
2020	10,199	191,394,434	18,766	36,952	34.0	13.1	6,000	3.3
2021	10,079	202,497,189	20,091	31,831	41.2	13.1	6,000	4.0
2022	10,487	224,935,663	21,449	38,613	33.8	13.1	5,497	3.3
2023	10,726	238,363,898	22,223	44,330	42.3	13.1	5,769	3.4
2024	10,866	236,781,006	21,791	47,565	31.8	13.1	5,479	4.6
2025	10,874	359,635,802	33,073	59,670	30.3	13.1	5,672	3.6

(1) Estimates by South Carolina Budget and Control Board for fiscal year 2016.
Fiscal Years 2017-2025 from www.census.gov.
(2) Mathematical computation of per capita personal income multiplied by population.
(3) Fiscal year 2016 estimate from Central Midlands Council of Governments.
Fiscal Year 2017-2025 from www.census.gov.
(4) Fiscal year 2016 estimate from Central Midlands Council of Governments.
Fiscal Year 2017-2025 from www.census.gov.
(5) Estimates from Central Midlands Council of Governments.
(6) Sources: Estimates by Newberry County School District.
(7) Source: Newberry County School District.
(8) Source: South Carolina Department of Employment and Workforce.

CITY OF NEWBERRY
PRINCIPAL EMPLOYERS (1)
CURRENT YEAR AND NINE YEARS AGO

	2025			2016		
EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (2)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (2)
Samsung (*)	1150	1	5.13%			
Newberry County School District (**)	871	2	3.89%	860	2	5.25%
Kraft Heinz Foods (*)	645	3	2.88%	2500	1	15.25%
Newberry County Memorial Hospital	478	4	2.13%	314	5	1.92%
Georgia Pacific (*)	275	5	1.23%	356	3	2.17%
Valmont Composite Structures (*)	250	6	1.12%	200	8	1.22%
Newberry College	247	7	1.10%	320	4	1.95%
Wal-Mart	244	8	1.09%	250	7	1.53%
Daeyoung Electronics (*)	225	9	1.00%			
Komatsu (*)	213	10	0.95%			0.00%
Pioneer Foods (*)			0.00%	200	9	1.22%
Caterpillar, Inc. (*)				275	6	1.68%
Shakespeare Composite Structures				200	10	1.22%
	4598		20.52%	5475		33.40%

(1) Listing of principal employers of Newberry County provided since no listing compiled of principal employers inside City only. A single asterisk (*) is used to denote employers principally located outside the City limits and double asterisks (**) are used to denote employers with principal locations both inside and outside the City limits. No asterisk is used when the employer is principally located inside the City limits. For comparison, the City of Newberry currently has 182 employees. Current year's data derived primarily from Newberry County's website. Data for earlier year derived primarily from previous ACFRs.

(2) Percentage calculated using total Newberry County employment from the 2020 Census - 22,410 .

(3) Percentage calculated using total Newberry County employment from the 2010 Census - 16,393 .

CITY OF NEWBERRY
BUDGETED FULL-TIME EQUIVALENT CITY OF NEWBERRY EMPLOYEES BY FUNCTION (1)
LAST TEN FISCAL YEARS

FUNCTION	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
City Council	7.33	7.33	7.33	7.33	7.33	7.33	7.33	7.33	7.33	7.33
City Administration (2)	3.67	2.17	3.67	3.17	3.67	2.67	2.67	2.67	3.17	3.17
Finance	2	2	2	2	2	2	2	2	2	2
Planning and Development	2	2	2	2	2	1	1	2	2	2
Public Safety										
Police										
Officers	30	30	32	30	30	30	28	29	30	30
Civilians	3	3	3	3	3	3	3	3	3	3
Justice and Law Civilians	3.8	3	3	3	3	3	3	3	3.5	3.5
Fire (3)										
Firefighters and Officers	20	20	20	20	20	20	20	20	20	20
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Public Works Administration	2	2	3	2	3	3	3	2	2	2
Streets	10.5	11	11	11	11	11.5	10.5	9.5	8.5	10
Sanitation	5	5	4	4	5	5	7	5	7	8
Building Maintenance	1	6.5	6.5	3	6.5	3	3	8.5	2.5	1
Garage	3	3	3	3	3	3	3	3	4	4
Recreation (4)	12	10.5	10.5	11	14	15.5	15.5	16.5	17	17.5
Utility System										
Administration/Finance/Warehouse/ management	13	18	13.5	17.5	17.5	17	15	17.84	17.5	16.5
Electric	9	9	9	9	9	10	10	10	11	10
Water/Sewer Maintenance (5)	8	11	11	10	11	12	12	11	10	9
Water Plant	8	7	7.5	7.5	7.5	8	8	8	8	8
Wastetreatment Plant	5	5	5.5	5.5	5	5	5	5	5	5
Newberry Opera House (6)	0	4	4	4	4	4	4	3	3	1
Total	149.3	162.5	162.5	159	168.5	167	164	169.34	167.5	164

(1) Source: City of Newberry Human Resources Director
(2) City Administration comprised of 1 FTE City Manager, 1 Asst. City Manager, .50 Human Resource (City Clerk), and .67 Clerk.
(3) In addition to City staff, there were 14 Volunteer Firefighter positions in fiscal year 2025.
(4) Recreation includes FCC, Rec Complex, and Tennis staff. In fiscal year 2025, the Recreation department had 4 seasonal employees and 18 part-time employees.
(5) In mid-fiscal year 2025, one position was removed from the Water/Sewer crew to offer others on the crew a pay incentive.
(6) In mid-fiscal year 2025, two positions transitioned to be Newberry Opera House employees.

CITY OF NEWBERRY
OPERATING INDICATORS BY FUNCTION (1)
LAST TEN FISCAL YEARS

FUNCTION	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
General Government (2)										
Finance										
Businesses with licenses (for last completed calendar year)	1,074	1,085	1,092	1,183	1,053	1,237	933	1,106	1,271	1,119
Planning and Development										
New contruction values per building permits	$ 1,710,341	$ 5,955,559	$ 7,832,024	$ 7,714,905	$ 4,762,814	$ 4,286,661	$16,482,580	$ 8,242,000	$ 27,326,584	$ 12,064,217
Public Safety										
Police										
Incidences	10,712	10,463	9,837	11,355	10,607	9,340	8,623	9,943	9,785	9677
Arrests and traffic violations	4,556	4,161	4,195	3,717	2,731	3,067	2,779	3,441	2,534	1620
Parking violations	232	96	190	49	109	35	42	52	118	20
Fire										
Volunteer personnel	15	16	20	22	25	21	17	15	14	15
Calls answered	465	383	507	486	455	477	405	537	587	790
Inspections	363	461	266	367	183	255	143	61	167	132
Public Works (3)										
Streets										
Streets resurfaced (miles)	-	2.50	0.75	0	-	-	0.35	0.27	-	0
Sanitation										
Refuse collected in tons per year (4)	7,342	7,918	7,976	8,020	8,276	8,031	7,946	8,058	5,354	4594
Recreation										
# Participants residing within City limits	561	532	617	854	879	307	399	335	340	275
# Participants residing outside City limits	344	384	330	295	320	132	152	132	146	118
# Participants total	905	916	947	1149	1199	439	551	467	486	393
Utility System										
Electric										
Maximum monthly non-coincident purchased demand (kW)	43,300	41,761	41,621	41,683	43,973	40,891	40,195	40,032	34,344	34,051
Water										
Average production (gallons per day)	5,717,657	5,464,778	5,505,258	4,990,181	4,131,715	3,458,414	3,632,543	3,639,531	3,195,781	2,787,691
Sewer										
Average treatment (gallons per day)	3,000,000	2,520,000	2,530,000	2,950,000	2,785,588	2,821,266	2,525,670	2,611,668	2,014,098	2,090,000

(1) Source: Various City of Newberry departments.
(2) General government comprised of City Council, City Manager, Human Resources, Finance and Planning and Development Services, for some of which there are no indicators presently available.
(3) Public Works comprised of Public Works Administration, Street, Sanitation, Building Maintenance and Garage, for some of which there are no indicators presently available.
(4) The City stopped collecting commercial refuse in FY24.

CITY OF NEWBERRY
CAPITAL ASSET STATISTICS BY FUNCTION (1)
LAST TEN FISCAL YEARS

FUNCTION (2)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	41	41	39	39	39	39	39	38	41	41
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	7	7	7	7	8	8	8	7	6	6
Public Works (3)										
Streets										
Streets within City (miles)	87	87	87	87	87	87	87	87	87	87
Sanitation										
Packer trucks	6	6	6	6	6	6	7	7	5	6
Recreation										
Parks	15	16	16	16	16	16	16	16	16	17
Parks acreage	100	315	200	215	215	215	228	228	226	230
Utility System										
Electric										
Miles of primary conductor	262	275	275	280	280	281	281	281	281	281
Miles of secondary conductor	93	103	130	135	135	137	137	137	137	137
Water										
Miles of water main lines	127	127	128	128	128	142	142	142	142	142
Fire hydrants	600	610	625	633	633	640	640	640	640	640
Maximum daily production capacity (gallons)	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000
Sewer										
Miles of sanitary sewer main lines	124	124	124	125	125	127	127	127	127	127
Maximum daily treatment capacity (gallons)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

(1) Source: Various City of Newberry departments.
(2) No capital asset indicators are available for General Government function.
(3) Public Works comprised of Public Works Administration, Street, Sanitation, Building Maintenance and Garage departments, for some of which there are no indicators available.

COMPLIANCE SECTION

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McKinley, Cooper & Co., LLC
CERTIFIED PUBLIC ACCOUNTANTS

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 Honorable Mayor and Members of City Council
City of Newberry
Newberry, South Carolina

We have audited, 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, 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, South Carolina (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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(864) 233-1800 Fax (864) 232-6971 www.mckinleycooper.com

To the Honorable Mayor and Members of City Council
City of Newberry
December 17, 2025

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

McKinley, Cooper & Co., LLC

Greenville, South Carolina
December 17, 2025

APPENDIX C

COPIES OF THE BOND ORDINANCE AND SERIES ORDINANCE

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AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED PUBLIC UTILITY SYSTEM REVENUE BONDS OF THE CITY OF NEWBERRY, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO

Ordinance # 2015-1005

AMENDED AND RESTATED BOND ORDINANCE

ORIGINALLY ADOPTED SEPTEMBER 28, 1993
AMENDED AND RESTATED JUNE 16, 2009

DATED: APRIL 14, 2015

TABLE OF CONTENTS

(This Table of Contents is not a part of this Master Bond Ordinance and is for convenience of reference only.)

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED PUBLIC UTILITY SYSTEM REVENUE BONDS OF THE CITY OF NEWBERRY, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF NEWBERRY, SOUTH CAROLINA, IN COUNCIL ASSEMBLED, AS FOLLOWS:

ARTICLE I - FINDINGS AND DETERMINATIONS

Section 1.01. Findings and Determinations.

Incident to the enactment of this amended and restated bond ordinance (this "***Bond Ordinance***"), the City Council of the City of Newberry (the "***City Council***"), the governing body of the City of Newberry, South Carolina (the "***City***"), finds that the facts set forth in this Article exist, and the statements herein are in all respects true and correct:

1. The City is a municipal corporation of the State of South Carolina (the "***State***"), located in Newberry County, South Carolina (the "***County***"), and as such possesses all general powers granted by the Constitution and laws of the State to municipal corporations, including the power to operate utility systems and to furnish water, sewer collection, and electric service for domestic and industrial use both within and without the corporate limits of the City.

2. In the management of the System (hereinafter described and defined) and in its issuing revenue bonds for the purpose of providing financing and/or refinancing for the costs of capital improvements to the System, the City acts by and through the City Council.

3. The City, pursuant to State law, owns, operates, and maintains the following utility systems:

(a) a waterworks system which furnishes water to commercial, industrial and residential users;

(b) a sewer system which provides for the collection, treatment and disposal of sewage from commercial, industrial and residential users; and

(c) an electrical distribution system which furnishes electricity to commercial, industrial and residential users.

4. On August 27, 1948, the City Council combined the waterworks system, the sewer system and the electrical distribution system into a single system which was designated as the combined public utility system of the City of Newberry, South Carolina. As a result, the combined public utility system of the City now consists of the waterworks system, the sewer system and the electrical distribution system. Henceforth, the combined public utility system as now or hereafter constituted is referred to as the "***System***."

5. The revenues of the System are presently pledged and hypothecated to secure the payment of the following revenue bond issued by the City: the now outstanding installments of the originally issued $19,002,796 Combined Public Utility System Revenue Bond, Series 2009, dated June 24, 2009 (the "***Series 2009 Bond***")[1].

6. On June 16, 2009, the City Council enacted an amended and restated Bond Ordinance, the provisions of which amended and restated the bond ordinance duly dated September 28, 1993 (the "***2009 Bond Ordinance***"). After receiving consents, required for immediate implementation, the Series 2009 are currently governed by the provisions of the 2009 Bond Ordinance.

7. Pursuant to Section 12.02 of the 2009 Bond Ordinance, the 2009 Bond Ordinance may be modified or altered in any respect by an ordinance of the City Council, subject to the consent of the Holders (as defined in the 2009 Bond Ordinance) of sixty-six and two-thirds percent (66 2/3%) in principal amount of all Bonds (as defined in the 2009 Bond Ordinance) of each Series (as defined in the 2009 Bond Ordinance) which would be affected by such modification or alteration. However, the consent of the Holders of all Bonds is required when a modification or change is made that will: "(A) extend the maturity of any payment of principal or interest due upon any Bond; (B) effect a reduction in the amount which the City is required to pay by way of principal, interest or redemption premium on any Bonds; (C) effect a change as to the type of currency in which the City is obligated to effect payment of the principal, interest and redemption premium of any Bond; (D) permit the creation of a pledge of the revenues or lien upon the System prior to or equal to the Bonds; (E) permit preference or priority of any Bonds to others; (F) alter or modify the provisions of Section 4.02 or of Articles V, VII, and VIII; or (G) reduce the percentage required for the written consent to the modification or alteration of the provisions of the Master Bond Ordinance."

8. By the terms of this Master Bond Ordinance, the City proposes to amend and restate all provisions of the 2009 Bond Ordinance. As a result, the written consent of the Holder of the Series 2009 Bond is required to implement the provisions of this Master Bond Ordinance. The City intends to solicit and receive the consent of the holder of the Series 2009 Bond, which as previously provided, is the only Bond now Outstanding under the terms of the 2009 Bond Ordinance.

9. The Series 2009 Bond is currently held by the South Carolina Water Quality Revolving Fund Authority (the "***Water Quality Authority***").

10. The Water Quality Authority has initially indicated that they will grant their consent to the implementation of this Master Bond Ordinance. In order to confirm and evidence such consent, the City has requested that the Water Quality Authority execute a written consent certificate (the "***Consent***"), the form of which is attached hereto as **<u>Exhibits A</u>**.

[1] The City recently redeemed its $380,000 Combined Public Utility System Revenue Bond, Series 2007 with available cash and therefore, such issue is no longer outstanding.

11. Upon the receipt of the executed Consent, the Series 2009 Bond shall be subject to the provisions of this Master Bond Ordinance and all future series of Bonds shall be controlled by the provisions of this Master Bond Ordinance.

12. By reason of the foregoing, the City has determined to adopt this Master Bond Ordinance to authorize the issuance of Bonds of the System.

[End of Article I]

ARTICLE II - DEFINITIONS, CONSTRUCTION AND INTERPRETATIONS

Section 2.01. Definition of Ordinance.

This Master Bond Ordinance may be hereafter cited and is hereafter referred to as the Master Bond Ordinance. Such term shall include all ordinances supplemental to, or amendatory of, this Master Bond Ordinance.

Section 2.02. Defined Terms.

In the Master Bond Ordinance, including Article I, unless a different meaning clearly appears from the context, the following terms shall have the following respective meanings:

"***Accreted Value***" shall mean the amounts set forth in or the amounts determined in the manner set forth in, a Series Ordinance, authorizing the issuance of Bonds in the form of Capital Appreciation Bonds.

"***Annual Budget***" shall mean the budget or amended budget of the City for the System in effect as provided in or adopted pursuant to the provisions of this Master Bond Ordinance.

"***Annual Principal and Interest Requirement***" shall mean, with respect to any particular Fiscal Year and to a Series of Bonds Outstanding, an amount (other than amounts paid from proceeds of Bonds) equal to the sum of (1) all interest payable on such Series of Bonds during such Fiscal Year, plus (2) any Principal Installment of such Series of Bonds during such Fiscal Year, minus (3) any Interest Payment Subsidies received by the City, if any, for such Series of Bonds during such Fiscal Year and used to pay debt service on such Series of Bonds during such Fiscal Year.

For purposes of computing the Annual Principal and Interest Requirement:

(a) The rate of interest used to determine (1) above shall be a rate per annum equal to (i) with respect to any Series of Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such Bonds, and (ii) with respect to any Series of Variable Rate Bonds, the actual rate of interest on the date of calculation; provided however, if the Variable Rate Bonds have been Outstanding for at least twelve (12) months, the average rate over the twelve months immediately preceding the date of calculation.

(b) The Principal Installments for each Series of Bonds used to determine (2) above will be the actual planned Principal Installments.

(c) If the date of calculation is within twelve (12) months of the final maturity date of such Series of Bonds and a binding commitment by an institutional lender or municipal underwriting firm exists to provide money to refinance the outstanding aggregate principal amount of such Series of Bonds then Outstanding, the payment terms contained in the commitment are to be used for purposes of calculating the Principal Installments for such Series of Bonds.

(d) The amounts available in the Debt Service Reserve Fund established for a Series of Bonds may be applied against the interest payable on and the Principal Installments due on such Series of Bonds in the last Fiscal Year that such Series of Bonds is Outstanding.

"*Auditor*" shall mean an independent firm of certified public accountants of suitable standing who audits the books, records, and accounts of the System.

"*Authorized Investments*" shall mean, within the limitations set forth herein, any investments now or hereafter permitted under Section 6-5-10 of the South Carolina Code, or any successor or similar statute, and shall also include the South Carolina Investment Fund established at Sections 6-6-10 to 6-6-40 of the South Carolina Code or any successor or similar statute and as the same may be further limited pursuant to the provisions of a Series Ordinance.

"*Authorized Officers*" means the Mayor, the City Manager, the Chief Financial Officer, or any other official authorized by the City Council to act on behalf of the City.

"*Bond Counsel*" shall mean an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the City.

"*Bondholder*" or "*Holder*", or any similar term, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Bond then Outstanding.

"*Bond Payment Date*" shall mean each date as shall be prescribed by any applicable Series Ordinance on which interest on any of the Bonds shall be payable or on which both principal and interest shall be payable on any of the Bonds according to their respective terms.

"*Bonds*" shall mean any indebtedness or obligations (issued as tax-exempt or taxable obligations) including those entered into under the provisions of long-term contracts payable from the revenues of the System, issued in accordance with the provisions of the Enabling Act, this Master Bond Ordinance and a Series Ordinance, excluding (i) indebtedness incurred in accordance with Article VI hereof and (ii) indebtedness incurred through the City's participation in Piedmont Municipal Power Agency.

"*Business Day*" shall mean, except as set forth in a Series Ordinance with respect to the Series of Bonds issued thereunder, any day other than a Saturday, a Sunday, a day on which banking institutions in the State or in the State of New York are required or authorized by law (including executive orders) to close or a day on which the United States federal reserve payment system is not operational.

"*Capital Appreciation Bonds*" shall mean Bonds that bear interest payable only at maturity or payable prior to maturity only on the redemption dates set forth in, and in the amounts determined by reference to the Accreted Value established in accordance with the provisions of the Series Ordinance authorizing the issuance of such Capital Appreciation Bonds.

"*Chief Financial Officer*" shall mean the finance director of the City, or in the absence of such person, the individual to whom the City Manager has delegated the responsibility of supervising and maintaining records and accounts relating to the collection and disbursement of the revenues derived from the operation and maintenance of the System.

"*City*" shall mean the City of Newberry, South Carolina. References to actions required of or permitted by the City shall mean actions taken by or under the authority of the City Council.

"*City Council*" shall mean the City Council of the City of Newberry, South Carolina.

"*City Manager*" shall mean the City Manager of the City of Newberry, South Carolina and in the absence of the City Manager, the assistant City Manager or the interim City Manager.

"*Clerk*" shall mean the City Clerk of the City. The term shall include the acting City Clerk or such other person designated by City Council to fulfill such role whenever, by reason of absence, illness or other reason, the person who is the City Clerk is unable to act.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and the Treasury Regulations issued thereunder, in each case, as from time to time in force.

"*Consulting Engineers*" shall mean a nationally recognized, independent, and qualified consultant having a favorable reputation for skill and experience in the planning, construction and operation and financial feasibility of facilities similar to the System.

"*County*" shall mean Newberry County, South Carolina.

"*Date of Issue*" shall mean that date established in any Series Ordinance from which interest shall accrue on the Bonds of the applicable Series.

"*Debt Service Fund*" shall mean each of the funds herein so designated and designed to provide for the payment of the principal of and interest on all Bonds Outstanding issued pursuant to this Master Bond Ordinance, as the same respectively fall due, and as established by the provisions of Section 7.03 hereof.

"*Debt Service Reserve Fund*" shall mean the funds, if any, so designated and designed (1) to secure the timely payment of the principal of and interest on the respective Series of Bonds Outstanding and issued pursuant to this Master Bond Ordinance and the applicable Series Ordinance, and (2) to provide for the redemption of such Series of Bonds Outstanding prior to their stated maturity, as established by the provisions of Section 7.04 hereof.

"*Defeasance Obligations*," unless otherwise provided in a Series Ordinance for a particular Series of Bonds, shall mean non-callable: (i) Government Obligations; (ii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian; (iii) U.S.

Treasury Securities – State and Local Government Securities; and (iv) general obligation bonds of the State, its institutions, agencies, school districts and political subdivisions.

"*Depository*" shall mean any bank or trust company selected by the City as a depository of moneys or securities held under the provisions of this Master Bond Ordinance and may include the Trustee.

"*Depreciation and Contingent Fund*" shall mean the fund designed to provide for contingencies, for the replacement of depreciated or obsolete parts of the System and for improvements, betterments and extensions of the System, as established by the provisions of Section 7.06 hereof.

"*Electronic Means*" shall mean the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"*Enabling Act*" shall mean Chapter 21 of Title 6 and Chapter 21 of Title 11 of the South Carolina Code, and all other statutory authorizations, authorizing and enabling the City to enact this Master Bond Ordinance.

"*Events of Default*" shall mean those events set forth in Section 13.01 of this Master Bond Ordinance.

"*Fiduciary*" or "*Fiduciaries*" shall mean the Trustee and any Registrar and any other agent of the City appointed pursuant to the authorizations of this Master Bond Ordinance or any Series Ordinance or any or all of them, as may be appropriate.

"*Fiscal Year*" shall mean the period of twelve (12) calendar months, beginning on July 1 of each year, and ending on June 30 of the following year, unless the same shall have been changed pursuant to the authorization of Section 3.01 hereof.

"*General Revenue Fund*" shall mean the account or accounts established and maintained by the City in such fashion as to adequately reflect all of the receipts and revenues derived from the operation of the System and all interest and other income earned by the City in connection with the System, as established by the provisions of Section 7.02 hereof.

"*Government Obligations*" shall mean:

(a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America are pledged; and

(b) obligations, specifically including interest payment strips, including without limitation REFCORP interest strips, the payment of the principal (if any), the premium (if any) and the interest (if any) on which is fully guaranteed as a full faith and credit obligation of the United States of America.

"*Gross Revenues*" or "*Gross Revenues of the System*" shall mean:

(a) all receipts and revenues derived from the operation of the System, except for those allocable to the operation of Special Facilities to the extent the same have been pledged to the payment of Special Facilities Bonds, including all service fees (including connection, tap and impact fees, availability fees, and meter purchases);

(b) all proceeds from the sale or other disposition of any property owned directly or beneficially by the City in connection with the operation of the System;

(c) all interest and other income received directly or indirectly by the City from the investment of moneys or accounts relating to the System; excluding, however, investment income restricted to a purpose inconsistent with the payment of operating expenses or debt service, and specifically excluding (whether or not so restricted) interest earned on any construction fund or construction account created with the proceeds of borrowing by the City;

(d) all other unencumbered money to which the City may become entitled from any source whatsoever in connection with the operation of the System, but specifically excluding any amounts received by way of government grants and aids-to-construction; and

(e) all Interest Payment Subsidies to the extent such monies are not otherwise used to pay debt service on a Series of Bonds. Any Interest Payment Subsidies payable to the Trustee and used to pay debt service on a Series of Bonds shall not be included in Gross Revenues.

All amounts received as *ad valorem* taxes shall not be included in Gross Revenues.

"*Independent Consultant*" shall mean such firm or firms, professional engineers, architects, rate consultants or other professionals who are nationally recognized and have a favorable reputation for consulting services for utility systems similar to the System. Such Independent Consultant shall not be an employee of the City and shall be engaged by the City to perform the tasks set forth to be performed by such Independent Consultant under the provisions of this Master Bond Ordinance. Such term may include, where applicable, the Consulting Engineers.

"*Insurance Consultant*" shall mean a person or firm who is not, and no member, director, officer or employee of which is, an officer or employee of the City, which is qualified to survey risks and to recommend insurance coverage for public utilities and services and organizations engaged in such operations.

"*Insurer*", with respect to any Series of Bonds, shall mean an insurance company that has written a Municipal Bond Insurance Policy covering such Series of Bonds.

"*Interest Payment Subsidies*" shall mean the refundable tax credit subsidies payable to the City from the federal government under any section of the Code that authorizes such tax credits.

"*Junior Lien Bonds*" shall mean any revenue bonds or other obligations issued by the City which are secured by pledges of the revenues of the System which are junior and subordinate in all respects to the pledges made to secure Bonds and to the payment by the City of all Operation and Maintenance Expenses.

"*Mayor*" shall mean the Mayor of the City. The term shall include the acting Mayor or the Mayor Pro Tempore whenever, by reason of absence, illness or other reason, the person who is the Mayor is unable to act.

"*Municipal Bond Insurance Policy*" shall mean any municipal bond insurance policy insuring the payment, when due, of the principal of and interest on a Series of Bonds.

"*Net Earnings*" shall mean, for the period in question, the Gross Revenues of the System, less Operation and Maintenance Expenses and shall otherwise be adjusted as provided in subparagraphs (a) and (b) below.

(a) Net Earnings shall include amounts transferred into the Operation and Maintenance Fund from the Rate Stabilization Fund.

(b) Net Earnings shall not include (i) amounts transferred from the Rate Stabilization Fund into any other fund, excluding the Operation and Maintenance Fund as provided in subparagraph (a) above; and (ii) amounts transferred into the Rate Stabilization Fund.

"*Operation and Maintenance Expenses*" shall mean for the period in question all expenses incurred in connection with the administration and the operation of the System, including, without limiting the generality of the foregoing, such expenses as may be reasonably necessary to preserve the System in good repair and working order, principal and interest payments with respect to lease financing arrangements under Section 6.03 hereof, the fees and charges of the Trustee and the custodian or trustee of any fund, the costs of audits required hereunder, the costs of computation and payment of any arbitrage rebate, and the premiums for all insurance and fidelity bonds required by this Master Bond Ordinance. Operation and Maintenance Expenses shall not include:

(a) depreciation and amortization allowances;

(b) amounts paid as interest on Bonds;

(c) amounts expended for extraordinary repairs to the System;

(d) amounts paid from government grants or aids-to-construction;

(e) unfunded pension or other post-employment benefit liabilities that do not result in any actual disposition of cash;

(f) any financing expenses, underwriting discounts, call premiums, gains or losses on the extinguishment of debt due to the refinancing of the same, and other related or incidental non-recurring expenses resulting from the issuance or refinancing of Bonds; and

(g) any transfers to the general fund (which shall only be payable out of surplus revenues under Section 8.08 herein).

"*Operation and Maintenance Fund*" shall mean the fund established by the provisions of Section 7.05 hereof and designed to provide for the payment of all Operation and Maintenance Expenses.

"*Outstanding*", when used with reference to the Bonds, and except as may be modified pursuant to the provisions of a Series Ordinance, shall mean, as of any date, all such Bonds theretofore or then being authenticated and delivered except:

(a) Bonds cancelled at or prior to such date;

(b) Bonds in lieu of or in substitution for which other Bonds shall have been executed and delivered;

(c) Bonds deemed to have been paid as provided in Article XVI hereof; and

(d) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds, Bonds, to which a Responsible Officer has actual knowledge, held by, or for the account of the City, or by any person controlling, controlled by, or under common control with the City.

"*Paying Agent*" shall mean the financial institution which is authorized by the City Council to pay the principal of or interest on and redemption premium, if any, on any Bonds and having the duties, responsibilities and rights provided for in this Master Bond Ordinance and any Series Ordinance, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Master Bond Ordinance. Pursuant to the provisions of Section 15.02 of this Master Bond Ordinance, the Trustee serves as the Paying Agent.

"*Principal Installment*" shall mean, as of any date of calculation, (i) the aggregate principal amount of Bonds Outstanding due on a Bond Payment Date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due of, and application in accordance with, any mandatory sinking fund payment payable before such future date, plus (ii) any mandatory sinking fund payment due on such certain future date, together with the aggregate amount of the premiums, if any, applicable to such mandatory sinking fund payments, plus (iii) with respect to any Capital Appreciation Bonds required to be paid on such certain date, the Accreted Value as of such certain date of such Capital Appreciation Bonds; and in this latter respect, any reference to "principal" of Bonds in this Master Bond Ordinance shall mean, with respect to Capital Appreciation Bonds, the Accreted Value of such Capital Appreciation Bonds.

"*Rate Stabilization Fund*" shall mean the fund designed to provide for the stabilization of rates by carrying forward surplus revenues.

"*Record Date*" shall mean the fifteenth (15th) day of the month immediately preceding each Bond Payment Date (or such other time or times as shall be prescribed by any applicable Series Ordinance).

"*Redemption Price*" shall mean, with respect to Bonds of any Series or a portion thereof, the principal amount of such Bonds or portion thereof plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms, this Master Bond Ordinance and the applicable Series Ordinance.

"*Registrar*" shall mean the Trustee or any bank or trust company which is authorized by the City Council to maintain an accurate list of those who from time to time shall be the Holders of Bonds of a particular Series and to effect the transfer of such Bonds in accordance with the provisions of this Master Bond Ordinance and having the duties, responsibilities, and rights provided for in this Master Bond Ordinance and any Series Ordinance, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Master Bond Ordinance; however, the City Council may, pursuant to a Series Ordinance, authorize the City to serve as Registrar for the applicable Series of Bonds, in lieu of the institutions referred to above.

"*Reserve Requirement*" shall mean, as of any date of calculation, the debt service reserve requirement, if any, established by a Series Ordinance authorizing a Series of Bonds.

"*Responsible Officer*" means, when used with respect to the Trustee, any vice president, assistant vice president, senior associate, associate or other officer of the Trustee having direct responsibility for the administration of this Master Bond Ordinance.

"*Securities Depository*" shall mean The Depository Trust Company, New York, New York, or any other recognized securities depository selected by the City, which securities depository maintains a book-entry system in respect of the Bonds of any Series, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

"*Securities Depository Nominee*" shall mean, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by any Registrar the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

"*Serial Bonds*" shall mean the Bonds of any Series which are stated to mature in installments and for which there are no mandatory sinking fund provisions.

"*Series*" shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction and designated as a single Series by the authorizing Series Ordinance, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds as herein provided, regardless of variations in maturity, interest rate or other provisions.

"*Series Ordinance*" shall mean an ordinance of City Council authorizing the issuance of a Series of Bonds pursuant to this Master Bond Ordinance in accordance with the terms and provisions hereof, adopted by City Council in accordance with Article IV hereof.

"*South Carolina Code*" shall mean the Code of Laws of South Carolina, 1976, as from time to time amended.

"*Special Facilities*" shall mean those facilities financed with the proceeds of Special Facilities Bonds as described in Section 6.02 hereof.

"*Special Facilities Bonds*" shall mean those obligations issued in accordance with Section 6.02 hereof.

"*State*" shall mean the State of South Carolina.

"*State Treasurer's Office*" shall mean the office of the South Carolina State Treasurer.

"*System*" shall mean the combined public utility system of the City as the same is now, or in accordance with Sections 11.02 and 11.03 of this Master Bond Ordinance may be, constituted, all property real and personal, used and useful therefor, all apparatus and equipment used in connection therewith, and all acquisitions, replacements, enlargements, improvements, extensions, additions and betterments that may be made thereto at any time hereafter; provided, that during such time as any Special Facilities Bonds issued to finance Special Facilities are outstanding, the term "System" shall not include such Special Facilities.

"*Term Bonds*" shall mean the Bonds of any Series which are stated to mature in a single year and which are subject to mandatory sinking fund redemption prior to the stated maturity date.

"*Trustee*" shall mean the financial institution serving as Trustee pursuant to this Master Bond Ordinance and which shall have such other duties, privileges and functions as are set forth herein. Such term shall include any successor and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

"*Variable Rate Bonds*" shall mean, for any period of time, any Bonds which during such period bear interest at a variable rate; provided that Bonds the interest rate on which has been fixed for the remainder of the term thereof shall no longer be Variable Rate Bonds.

"*Water Quality Authority*" shall mean the South Carolina Water Quality Revolving Fund Authority.

Section 2.03. Interpretations.

In this Master Bond Ordinance, unless the context otherwise requires:

(A) Articles, Sections and paragraphs referred to by number shall mean the corresponding Articles, Sections and paragraphs of this Master Bond Ordinance.

(B) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities, including public bodies, as well as natural persons.

(C) The terms "hereby", "hereof", "hereto", "herein", "hereunder", and any similar terms, as used in this Master Bond Ordinance refer to this Master Bond Ordinance or Sections or paragraphs of this Master Bond Ordinance and the term "hereafter" shall mean any date after the date of adoption of this Master Bond Ordinance.

(D) References to the payment of principal of Bonds shall be deemed to include payment of principal both at maturity and by mandatory redemption pursuant to any sinking fund payment obligations.

(E) Any Fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Master Bond Ordinance, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

[End of Article II]

ARTICLE III - FISCAL YEAR

Section 3.01. Establishment and Modification of Fiscal Year.

The System shall continue to be operated on a Fiscal Year basis, which, until changed, shall commence on the first (1st) day of July of each year and shall end on the thirtieth (30th) day of June of the following year. The City may, by ordinance duly enacted by City Council, change the Fiscal Year at any time from that then existing to a different twelve (12) month period.

[End of Article III]

ARTICLE IV - THE BONDS

Section 4.01. Authorization for Bonds in Series.

(A) From time to time and for the purposes of:

(1) Obtaining funds for expansions, additions and improvements of the System, including the recoupment of funds already so expended;

(2) Providing funds for the payment of any bond anticipation note or notes issued in order to defray the costs of expansions, additions and improvements to the System and that were issued in anticipation of the issuance and sale of Bonds;

(3) Refunding Bonds or other obligations issued to provide land or facilities or equipment which are or are to become a part of the System or which are or were payable in whole or in part from revenues of the System;

(4) Providing funds for the payment of interest due on any Bonds;

(5) Funding any Debt Service Reserve Fund or restoring the value of the cash and securities in any Debt Service Reserve Fund to the amount equal to its Reserve Requirement and reimbursing amounts owed to any providers of a surety bond, line of credit, insurance policy or letter of credit established pursuant to Section 7.04(E) hereof; and

(6) Paying the costs of issuance of Bonds, including any credit enhancement therefor.

But, subject to the terms, limitations and conditions herein, the City Council may authorize the issuance of a Series of Bonds by the enactment of a Series Ordinance, and the Bonds of any such Series may be issued and delivered upon compliance with the provisions of this Article. The Bonds of each Series shall be issued in fully registered form, without coupons, and may be book-entry Bonds. The Bonds shall, in addition to the title City of Newberry, South Carolina, Combined Public Utility System Revenue Bonds, bear a letter or number Series designation as may be necessary to distinguish them from the Bonds of every other Series and shall designate the year in which the Series is issued. Bonds of any Series may be authorized to be issued in the form of Serial Bonds or Term Bonds, with or without mandatory sinking fund payments, or Capital Appreciation Bonds, or a combination of any of them, and may bear interest in whatever manner and payable at whatever frequency as shall be prescribed by the applicable Series Ordinance.

(B) Each Series Ordinance shall include a determination to the effect that the issuance of such Series of Bonds is necessary to provide funds to be used and expended for one or more of the purposes enumerated in paragraph (A) above. In addition each Series Ordinance shall specify and determine:

(1) The then period of usefulness of the System;

(2) The Date of Issue of such Series of Bonds or method for determining the same;

(3) The maximum authorized principal amount of such Series of Bonds, and the manner of determining the precise principal amount and the officials authorized to make such determination;

(4) Bond Payment Dates and the date or dates of maturity and the amounts thereof, or the manner of determining such dates and amounts and the officials authorized to make such determinations, provided that the Series Ordinance shall specify a date beyond which the final maturity of such Series shall not extend, which date shall not be longer than forty-five (45) years from the Date of Issue of such Series of Bonds as prescribed by Section 6-21-220 of the Enabling Act;

(5) The purposes for which such Series of Bonds are being issued;

(6) The title and designation of the Bonds of such Series;

(7) The manner in which Bonds of such Series are to be sold and provisions for the sale thereof;

(8) The interest rate or rates, or the manner of determining such rate or rates, of the Bonds of such Series, including whether and on what terms there shall be entered by the City an agreement for any form of interest rate swap or similar transaction with respect to such Series;

(9) The portion of such Series that are Serial Bonds and that are Term Bonds and that are Capital Appreciation Bonds, if any, including the amount and date of each mandatory redemption or sinking fund installment, if any, required by such Series Ordinance to be paid for the retirement of any such Bonds, or the manner of making such designations and the officials authorized to make such designations;

(10) The Redemption Price or Redemption Prices and the redemption date or redemption dates and other terms of redemption, if any, applicable to any of the Bonds of such Series for such payments, or the manner of determining such dates and prices and the officials authorized to make such determinations;

(11) The Trustee, the Paying Agent, and the Registrar for such Bonds and if other than the Trustee, the manner of determining the Paying Agent, the Registrar and the escrow agent, if such Bonds are refunding Bonds;

(12) The form or forms of the Bonds of such Series;

(13) The manner of numbering and lettering, and the denomination or denominations of the Bonds of such Series;

(14) Whether the Bonds of such Series shall be issued in book-entry form pursuant to Section 4.20 hereof;

(15) That the then applicable Reserve Requirement, if any, for all Series of Bonds Outstanding have been met;

(16) The disposition of the proceeds of the sale of the Bonds of such Series and the manner of their application;

(17) That a Debt Service Fund shall be and a Debt Service Reserve Fund may be established for the Series of Bonds, and that a construction fund be established if the proceeds of the Bonds of any Series are intended to be used for the expansion or improvement of the System, and that a capitalized interest account and/or a cost of issuance account be established as a standalone account or within any such construction fund if interest for any period is to be paid from proceeds of such Series of Bonds; and

(18) Any other provisions or funds deemed advisable by the City for the Bonds and any other applicable redemption requirement for the Bonds of such Series and the method of satisfying the same and not in conflict with or in substitution for the provisions of this Master Bond Ordinance.

Section 4.02. Conditions to Issuance of Bonds of a Series.

All Bonds shall be issued in compliance with the following provisions of this Section 4.02.

(1) Bonds shall be stated to mature and/or have mandatory or sinking fund redemptions on such day or days in the years and amounts prescribed or approved by the Series Ordinance.

(2) Bonds shall bear interest at the rate or rates and on the occasions prescribed or approved by the Series Ordinance.

(3) Bonds shall be issued for a purpose or purposes set forth in Section 4.01(A) herein.

(4) There shall exist, on the occasion of the issuance of the Bonds, no default in the payment of the principal of or interest on any Bonds or any Junior Lien Bonds then Outstanding.

(5) Unless on the date of delivery of such Series of Bonds there shall be on deposit in each Debt Service Reserve Fund the amount equal to the applicable Reserve Requirement, there shall be deposited in such Debt Service Reserve Funds such amounts

as may be necessary to make the value of the moneys and securities in each Debt Service Reserve Fund equal to the applicable Reserve Requirement, unless:

(a) the Series Ordinance and any previous Series Ordinances shall have provided for successive monthly payments beginning in the first month following the date of the issuance of the Bonds of any such Series in substantially equal monthly amounts (the "***Monthly Series Payments***") so that by the end of twelve (12) months from the date of issuance of such Series of Bonds there shall be in the applicable Debt Service Reserve Fund an amount equal to the applicable Reserve Requirement with respect to such Bonds; and

(b) there shall be no unremedied defaults of any Monthly Series Payments required to have been made.

(6) Except in the case of the first Series of Bonds issued hereunder or in the event no Bonds are Outstanding, or in the case of Bonds issued for the purpose of refunding any Bonds and which meet the test prescribed in Section 4.02(7) hereof:

Net Earnings during the most recent Fiscal Year for which audited financial statements of the System are completed shall be certified by the Auditors, the Independent Consultant or the Consulting Engineers on the basis of such audited financial statements to be not less than one hundred twenty-five percent (125%) of the maximum Annual Principal and Interest Requirements on all Bonds Outstanding and on such proposed Series of Bonds; provided that for purposes of this Section 4.02(6), such Net Earnings may be adjusted to reflect (1) any rate increases currently adopted and to be in effect prior to, coincident with or during the current Fiscal Year of the issuance of such proposed Series of Bonds and determined pro forma as though such rate increases had been in continuous effect during such recent Fiscal Year; (2) in the event a utility, system or enterprise that is in existence and operating and whose current customers have become customers of the System prior to the issuance of the proposed Series of Bonds or will become customers of the System concurrently with the issuance of such proposed Series of Bonds, 100% of the Net Earnings that the Auditors, the Independent Consultant or the Consulting Engineers estimate would have been received during such Fiscal Year if the utility, system or enterprise had been a part of the System throughout such recent Fiscal Year, taking into account, for the estimation of such Net Earnings in this subparagraph (2) only, the then-existing customer base and population of the acquired utility, system or enterprise; (3) in the event proceeds of such proposed Series of Bonds will be used to construct or to acquire a newly-constructed utility, system, enterprise, or component of the System which will serve an existing customer base and currently-populated area, 100% of the Net Earnings, estimated by the Independent Consultant or the Consulting Engineers, to be received by the System during the first Fiscal Year beginning after the date on which such project constructed or acquired with the proceeds of the proposed Series of Bonds is placed in service, taking into account for the estimation of such Net Earnings in this subparagraph (3) only the then-existing customer base and population; (4) in the event proceeds of such proposed Series of Bonds will be used to pay interest on such proposed Series, 100% of the interest that will accrue on such Series of Bonds following the date of

delivery of the proposed Series and that will be paid from such proceeds; and (5) in the event proceeds of such proposed Series of Bonds will be used to construct or to acquire an expansion to the System and to the extent not included by sub-paragraph (3), 100% of estimated Net Earnings to be received by the System in the first Fiscal Year following the completion of such project, certified by the Consulting Engineers or the Independent Consultant, from customers under long-term contracts which extend for the life of such proposed Series of Bonds.

In the event that a Series of Bonds is Outstanding and the City determines to issue a note or other obligation in anticipation of the issuance of a Series of Bonds, for the purposes of complying with the additional bonds test established in this Section 4.02(6) above, the Auditors, the Independent Consultant, the Consulting Engineers or the City shall project the maturity schedule (including rate, term and principal maturities) of the future Series of Bonds that will be used to pay the note or other obligation at maturity; such future Series of Bonds and the accompanying projections shall qualify as a proposed Series of Bonds for purposes of the additional bonds test in Section 4.02(6) herein.

Whenever this Section 4.02(6) requires a certification for the most recent Fiscal Year for which audited financial statements are available, the City may, in its discretion, provide for a special audit and a certification based upon such special audit, in lieu of the audit for such Fiscal Year, provided such special audit covers twelve (12) consecutive calendar months of the eighteen (18) full consecutive calendar months preceding the date of issuance of the proposed Series of Bonds.

(7) In the case of Bonds issued for the purpose of refunding any Series of Bonds either:

(a) The Annual Principal and Interest Requirements of the refunding Bonds shall not exceed one hundred ten percent (110%) of the Annual Principal and Interest Requirements of the Series of Bonds being refunded for any Fiscal Year until a time subsequent to the last maturity of such Series of Bonds not refunded and which remain Outstanding following the issuance of the refunding Bonds; or

(b) The test prescribed by paragraph (6) above shall be complied with.

(8) If any Series of Bonds shall contain Variable Rate Bonds:

(a) The Series Ordinance shall provide for and specify a maximum interest rate on (i) such Bonds and (ii) any reimbursement obligation to a liquidity provider for such Bonds;

(b) The liquidity provider for such Bonds shall be rated within the highest two short term rating categories by any rating agency then rating any Series of Bonds; and

(c) Any accelerated principal payments or any interest computed at a rate in excess of that on such Bonds due to the liquidity provider for such Bonds pursuant to any reimbursement agreement with such liquidity provider shall be subordinate to the payment of debt service on all Bonds; provided, however, if either of the tests referred to in Section 4.02(6) or 4.02(7) of this Master Bond Ordinance is calculated (and met) assuming such accelerated principal payment and such excess interest amount to the liquidity provider, then such accelerated principal payment and excess interest amount may be on a parity with the payment of debt service on all Bonds.

(9) Any Series Ordinance authorizing a Series of Bonds may prescribe, in addition to the requirements set forth in Sections 4.02(6) and (7) hereof, further requirements that must be met for the issuance of Bonds on a parity with the Bonds Outstanding.

(10) All amounts then due under a reimbursement agreement with any provider of a surety bond, insurance policy or letter of credit as contemplated under Section 7.04(D) hereof shall have been paid.

Section 4.03. Reliance on Certificates.

Each of the City, the Trustee and any purchaser of any Bonds shall be entitled to conclusively rely upon certificates of the Auditors and the certificates and reports of the Independent Consultant or the Consulting Engineers and certificates of any Insurance Consultant, made in good faith, pursuant to any provision of this Master Bond Ordinance.

Section 4.04. Execution of Bonds.

(A) Unless otherwise prescribed by any Series Ordinance, the Bonds shall be executed in the name of and on behalf of the City by the Mayor or in his absence the Mayor pro-tempore, the corporate seal of the City shall be impressed or reproduced thereon and the same shall be attested by the Clerk. Such officers may employ facsimiles of their signatures.

(B) In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signatures or such facsimiles shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office.

Section 4.05. Authentication.

Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Trustee or the Registrar shall be entitled to any right or benefit under this Master Bond Ordinance. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee or Registrar, and such executed certificate of the Trustee or Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Master Bond Ordinance. The

Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by any authorized signatory of the Trustee or by any authorized officer of the Registrar.

Section 4.06. Medium of Payment.

The Bonds shall be payable with respect to principal, interest, and premium, if any, in lawful money of the United States of America, unless otherwise provided in a Series Ordinance.

Section 4.07. Mutilated, Lost, Stolen or Destroyed Bonds.

In the event any Bond is mutilated, lost, stolen or destroyed, the City may execute and the Trustee may authenticate a new Bond of the same Series of like date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the City and to the Trustee evidence of such loss, theft or destruction satisfactory to the City and the Trustee together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the City shall pay the same. The City and the Trustee may charge the Holder or owner of such Bond with their reasonable fees and expenses (including reasonable attorney's fees, costs and expenses) in connection therewith.

Section 4.08. Transfer and Registry; Persons Treated as Owners.

(A) As long as any Bonds shall be Outstanding, the City shall cause books for the registration and for the transfer of Bonds to be kept. Such books shall be kept by the Trustee unless there shall have been appointed a Registrar other than the Trustee to keep the books of registration for any particular Series of Bonds. The transfer of each Bond may be registered only upon the registration books of the City kept for that purpose by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof and an assignment with a written instrument of transfer satisfactory to the Trustee or the Registrar, as the case may be, duly executed by the registered owner or his duly authorized attorney. Upon the registration or transfer of any Bond, the City shall cause to be issued, subject to the provisions of Section 4.11 hereof, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

(B) The City, the Trustee, and any Registrar may deem and treat the person in whose name any Bond shall be registered upon the registration books of the City as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium (if any) and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or, upon his order, shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid; and none of the City, the Trustee and any Registrar shall be affected by any notice to the contrary.

Section 4.09. Date and Payment Provisions.

Unless otherwise provided in any Series Ordinance with respect to Bonds issued thereunder, each Bond of a Series shall be authenticated on such dates as they shall, in each case, be delivered. Each Bond shall bear interest from the Date of Issue if no interest has yet been paid; otherwise from the last date to which interest has been paid and which date is on or prior to the date of such Bond's authentication.

Owners of at least $1,000,000 principal amount of Bonds may, by written notice containing wiring instructions filed with the Trustee, at least twenty (20) days prior to any Bond Payment Date, provide for the payment of the interest on such Bonds by wire transfer to an account at a bank located in the continental United States.

Section 4.10. Interchangeability of Bonds.

Bonds of a Series, upon surrender thereof at the office of the Trustee or the Registrar, as the case may be, for the Bonds of such Series with a written instrument of transfer satisfactory to the Trustee or the Registrar, duly executed by the Holder or his duly authorized attorney, may, at the option of the Holder and upon payment by such Holder of any charges made pursuant to Section 4.11 hereof, be exchanged for an equal aggregate principal amount of Bonds of such Series of like maturity and interest rate of any other authorized denominations.

Section 4.11. Regulations With Respect to Exchanges and Transfer.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the City shall execute and the Trustee or the Registrar, as the case may be, shall authenticate and deliver Bonds in accordance with the provisions of this Master Bond Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee or the Registrar, as the case may be, to the City. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Master Bond Ordinance. There shall be no charge to the Holder for such exchange or transfer of Bonds except that the Trustee or the Registrar, as the case may be, may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Trustee or the Registrar, as the case may be, shall be required to register, transfer or exchange Bonds of a Series during the period between a Record Date and its related Bond Payment Date, or to register, transfer or exchange any Bonds called for redemption after the mailing of any notice of redemption of such Bond.

Section 4.12. Cancellation and Destruction of Mutilated, Paid or Surrendered Bonds.

Upon the surrender of mutilated Bonds pursuant to Section 4.07 hereof, or Bonds paid or surrendered, the same shall be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate evidencing such destruction shall be furnished by the Trustee or the Registrar, as the case may be, to the City. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Master Bond Ordinance.

Section 4.13. Notice of Redemption.

If any of the Bonds, or portions thereof, are called for redemption, the Trustee shall give notice to the Holders of any Bonds to be redeemed, in the name of the City, of the redemption of such Bonds, or portions thereof. Notice of each redemption of Bonds is required to be mailed by the Trustee by first class mail, postage prepaid, at least thirty (30) but no more than sixty (60) days prior to the redemption date to each registered owner of Bonds to be redeemed, at the address of such owner recorded on the bond register and to be otherwise given in accordance with, among others, the following requirements:

(1) notices must contain, at a minimum, the complete official name of the Bonds, CUSIP number, Bond numbers, principal amount of each Bond to be redeemed (if less than all), publication date, redemption date, redemption price, redemption agent's name and address with contact person and phone number, Trustee's name and address, date of the Bonds, interest rate, maturity date, the place or places where amounts due will be payable, and any other descriptive information deemed necessary by the Trustee;

(2) notices must be sent to Bondholders of $1,000,000 or more, to the Municipal Securities Rulemaking Board, if necessary (via its Electronic Municipal Market Access (EMMA) system, as may be amended or modified), and any Securities Depository by such method or such other method as is standard in the industry; in addition, any Bondholder holding in excess of $1,000,000 principal amount of Bonds may request the Trustee to send notices to any additional addressee specified;

(3) a second notice to registered owners of the Bonds must be mailed by the means specified above to any registered owner of Bonds who has not presented Bonds for redemption 60 days after the redemption date;

(4) notice of redemptions effected by advance refundings must also be given in accordance with the above requirements at least thirty (30) days but no more than sixty (60) days prior to the actual redemption date; and

(5) CUSIP number identification with appropriate dollar amounts for each CUSIP number must accompany all redemption payments and interest payments, whether by check or by wire transfer.

The obligation to provide notice shall not be conditioned upon the prior payment to the Paying Agent of money or the delivery to the Paying Agent of Authorized Investments or Government Obligations sufficient to pay the redemption price of the Bonds to which such notice relates or the interest thereon to the redemption date.

If at the time of mailing of a notice of redemption, there shall not have been deposited with the Trustee or Paying Agent moneys sufficient to redeem all the Bonds or portions thereof called for redemption, which moneys are or will be available for redemption of such Bonds, such notice is required to state that it is conditional on the deposit of the redemption moneys with the Trustee or Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

The failure of the Trustee to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any other Bonds for which notice is properly given. Any Bondholder may waive notice of redemption by delivery of a written waiver to the Trustee.

Any Series Ordinance providing for the issuance of Bonds consisting of contractual obligations not in the form of an instrument or providing for Bonds in bearer form may provide alternative methods for delivery of notice of redemption.

Provided sufficient funds for such redemption are on deposit with the Trustee, all Bonds so called for redemption shall cease to bear interest on the specified redemption date and shall no longer be deemed to be Outstanding hereunder. If said money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 4.14. Cancellation of Bonds Which Have Been Redeemed.

All Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the City. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Master Bond Ordinance.

Section 4.15. Restriction on Optional Redemption.

Notwithstanding anything in this Master Bond Ordinance to the contrary, no redemption of Bonds which is at the option of the City may be effected unless all amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy, line of credit or letter of credit as contemplated under Section 7.04(D) hereof shall have been paid in full or shall be paid in full upon the redemption of the Bonds.

Section 4.16. Selection of Bonds To Be Redeemed.

In the event that less than all of the Bonds of any Series are to be redeemed at the option of the City, Bonds to be redeemed shall be in such order of maturity as selected by the City. In the event of redemption of less than all of the Bonds of a Series of any maturity, the Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee. The portion of any Bond of a denomination which is larger than the minimum denomination for the Bonds of such Series shall be in the principal amount of such minimum denomination or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of minimum denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of the minimum denomination; provided further that, if less than all of the beneficial interests in a Bond of a single maturity registered in the name of a Securities Depository or a Securities Depository Nominee are to be redeemed, the beneficial interests to be redeemed shall be selected by lot or in such manner as may be directed by the Securities Depository. If there shall be drawn for redemption less than all of a Bond, the City shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of the same Series in any authorized denomination. The procedures for selection of Bonds of a Series for redemption set forth in this Section 4.16 are subject, however, to any alternative provisions set forth in a Series Ordinance applicable to such Series of Bonds.

Section 4.17. Purchase of Bonds.

The Trustee shall, if and to the extent practicable, purchase Bonds at the written direction of the City at such time, in such manner and at such price as may be specified by the City. The Trustee may so purchase Bonds with any money then held by the Trustee which is available for the redemption or purchase of Bonds and in excess of that set aside for the payment of Bonds called for redemption; provided, that the Trustee is provided with an opinion of counsel (who shall be acceptable to the Trustee) to the effect that such redemption or purchase complies with any limitations or restrictions on such redemption or purchase contained in this Master Bond Ordinance.

Section 4.18. Bonds Issued as Taxable Obligations.

Notwithstanding anything in this Master Bond Ordinance to the contrary, the City may from time to time, pursuant to one or more Series Ordinances, provide for the issuance of Bonds the interest on which may be includable in gross income of the Holders of such Bonds for federal income taxation purposes. In such event, such Bonds may, at the option of the City, be issued as coupon bonds, payable to bearer, as provided in the applicable Series Ordinance. Such Series Ordinance shall provide such rules and regulations with respect to the ownership, transfer and substitution of such Bonds as are not inconsistent with the other provisions of this Master Bond Ordinance.

Section 4.19. Security for Payment of Bonds; Priority of Lien.

The Bonds shall be payable solely from and shall be secured by a pledge of the Gross Revenues. Pursuant to the provisions of Section 6-21-330 of the Enabling Act and as additional security for the payment of all Bonds, a statutory lien on the System is hereby created and granted. Such pledge and lien securing the Bonds shall at all times and in all respects be and remain superior to pledges and liens made and given to secure any other bonds or other obligations payable from the revenues of the System. The Bonds shall not constitute an indebtedness of the City within the meaning of any provision, limitation or restriction of the Constitution or the laws of the State, other than those provisions authorizing indebtedness payable solely from a revenue-producing project not involving revenues from any tax or license, and the faith, credit and taxing power of the City are expressly not pledged therefor. The City is not obligated to pay any of the Bonds or the interest thereon except from the Gross Revenues.

Section 4.20. Bonds in Book-Entry Form.

Notwithstanding any other provision of this Master Bond Ordinance with respect to the form of Bonds to the contrary, a Series Ordinance may provide for the issuance of one or more

Series of Bonds solely in fully registered form registerable to a Securities Depository, a Securities Depository Nominee or the beneficial owner of the Bonds. The Series Ordinance may further provide that such Series of Bonds shall be evidenced by one or more certificates or by a system of book entries in a form satisfactory to the Chief Financial Officer and to provide for payment, redemption, notices and like provisions in a manner consistent with such system of registration.

Section 4.21. Waiver of Certain Provisions.

Notwithstanding anything in this Master Bond Ordinance to the contrary, whenever all of the debt issued or all of the obligations incurred by the City under a Series Ordinance are acquired by and are held by a single entity, that single entity, at its sole option, may waive any provision or requirement of this Master Bond Ordinance that relates separately to the governance of such Series and is for the protection and benefit of such single entity only and not for the protection or benefit of any other Holder or Holders of Bonds.

[End of Article IV]

ARTICLE V - RATES AND CHARGES

Section 5.01. Rate Covenant.

(A) It is hereby determined that the rates for services and facilities furnished by the System shall, until otherwise revised, be as now established. Said rates and charges are determined to be sufficient to meet the requirements of this Master Bond Ordinance but they shall be revised by the City Council whenever necessary in order that they shall at all times be maintained on a basis sufficient to meet the requirements of this Master Bond Ordinance. The City specifically covenants and agrees to maintain rates and charges for all services furnished by the System which shall at all times be sufficient:

(1) To maintain the Debt Service Funds and thus provide for the punctual payment of the principal of and interest on the Bonds;

(2) To maintain the Debt Service Reserve Funds in the manner prescribed herein and in any applicable Series Ordinance;

(3) To provide for the payment of the Operation and Maintenance Expenses as may be necessary to preserve the same in good repair and working order;

(4) To build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order;

(5) To pay all amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy or letter of credit as contemplated under Section 7.04(D) hereof;

(6) To provide for the punctual payment of the principal of and interest on all Junior Lien Bonds that may from time to time hereafter be outstanding; and

(7) To discharge all obligations imposed by the Enabling Act and by this Master Bond Ordinance and any applicable Series Ordinance.

(B) The City covenants and agrees that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the System which, together with other income, are reasonably expected to yield annual Net Earnings in the current Fiscal Year equal to at least the sum of one hundred twenty-five percent (125%) of the Annual Principal and Interest Requirements in such Fiscal Year for all Bonds Outstanding. Promptly upon any material change in the circumstances affecting the System, but not less frequently than once in each Fiscal Year, the City, with or without the aid of the Independent Consultant, shall review the rates and charges for its services and shall promptly revise such rates and charges as necessary to comply with the foregoing requirement. Prior to the beginning of each Fiscal Year, the City shall adopt an Annual Budget including amended rate schedules for such Fiscal Year which shall set forth in reasonable detail the estimated Revenues, Operating and Maintenance

Expenses and other expenditures of the System for such Fiscal Year which shall include the amount to be deposited during such Fiscal Year in the Depreciation and Contingent Fund. The City may, at any time, adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

(C) If the City, after adopting the Annual Budget, determines that revenues may not be sufficient to meet the rate covenant established hereinabove or if the audited financial statements of the City indicate that the City did not satisfy the rate covenant for the prior year, the City shall, within fifteen (15) days, engage an Independent Consultant to prepare a report recommending such actions which will provide sufficient revenues in the following Fiscal Year to permit the City to meet such rate covenant. Copies of such report shall be made available to the City and the Trustee no later than seventy-five (75) days after the engagement of an Independent Consultant.

The City agrees that it shall use its best efforts to effect such changes recommended by the Independent Consultant in its report. So long as the City uses its best efforts to comply with such recommendations, failure to comply with the rate covenant shall not constitute an Event of Default under Article XIII hereof; provided however, a failure to comply with the rate covenant for a period of two consecutive Fiscal Years shall constitute an Event of Default.

[End of Article V]

ARTICLE VI - JUNIOR LIEN BONDS AND SPECIAL FACILITIES BONDS

Section 6.01. Right to Issue Junior Lien Bonds; Accession Thereof to Status of Bonds.

Notwithstanding that Bonds may be Outstanding, the City may, at any time, and without limitation and free of all conditions issue Junior Lien Bonds, in such amount as it may from time to time determine, payable from the revenues of the System, provided that the pledge of revenues of the System granted for the protection of said Junior Lien Bonds, shall at all times be and remain subordinate and inferior in all respects to the pledges of revenues made or authorized for the Bonds and to the payment of all Operation and Maintenance Expenses; and provided, further, that the maturity of Junior Lien Bonds may not be accelerated and paid in full unless all of the Bonds shall have been paid or provision therefor has been made pursuant to Article XVI hereof.

By proceedings authorizing the issuance of Junior Lien Bonds, the City may provide for the accession of such Junior Lien Bonds to the status of Bonds provided all of the following conditions are met. Any such subsequent proceedings adopted by the City Council providing for such accession shall make the findings provided in subparagraphs (l) through (4) and state whether and to what extent a Debt Service Reserve Fund shall be established as set forth in subparagraph (5).

(1) The Junior Lien Bonds were issued for a purpose or purposes set forth in Section 4.01(A) hereof.

(2) There shall exist on the date of accession (a) no default in the payment of the principal of or interest on any Bonds or any Junior Lien Bonds then Outstanding, (b) no default in the performance of any duties required under the provisions of this Master Bond Ordinance, and (c) no amount owed by the City with respect to the full funding of a Debt Service Reserve Fund, either by way of cash or reimbursement of any other funding mechanism, except in accordance with Section 4.02(5)(a) hereof.

(3) There shall be deposited in the Debt Service Fund for such Series of newly-acceded Bonds the amounts which would have been required under the provisions of Section 8.02 hereof to be accumulated therein on the date of accession if said Junior Lien Bonds had originally been issued as Bonds.

(4) On the date of accession, the earnings tests prescribed by Section 4.02(6) hereof shall have been met.

(5) In the event such proceedings require a Reserve Requirement to be maintained for such Series of newly-acceded Bonds, then in such event, there shall be on deposit on the date of accession in a Debt Service Reserve Fund an amount equal to the Reserve Requirement established for such Junior Lien Bonds which are being acceded to the status of Bonds.

(6) The City shall obtain an opinion of Bond Counsel to the effect that: (a) this Master Bond Ordinance and the proceedings authorizing such Junior Lien Bonds have been duly adopted and are in full force and effect; (b) the Junior Lien Bonds have been duly and lawfully authorized and executed by the City and are valid and binding

upon, and enforceable against, the City (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting rights and remedies of creditors); and (c) this Master Bond Ordinance creates the valid pledge which it purports to create of the revenues and of moneys and securities on deposit in any of the funds established hereunder subject to the application thereof to the purposes and on the conditions permitted by this Master Bond Ordinance.

(7) In the event such Junior Lien Bonds were issued with variable rates, the provisions of subparagraph (8) of Section 4.02 shall have been met.

Section 6.02. Right to Issue Special Facilities Bonds.

The City shall have at all times the right to enter into contracts, leases or other agreements pursuant to which it will agree to construct, operate and pay the costs of Special Facilities to be financed by its issuance of Special Facilities Bonds, subject to the following conditions:

(1) It shall have been determined to the satisfaction of the City that the rents, revenues or receipts to be derived from the Special Facilities shall be at least equal to the principal, interest and any reserve requirements contained in the ordinance authorizing such Special Facilities Bonds and to pay all operation, maintenance and other costs and expenses applicable to such Special Facilities; and

(2) The revenues derived from Special Facilities need not be deposited in the General Revenue Fund, and may be pledged to secure Special Facilities Bonds; but no debt service or other costs or expense related to any Special Facilities may be paid from System revenues deposited in the General Revenue Fund except pursuant to Section 8.08 hereof.

For purposes herein, the terms "Special Facilities" shall include all or a portion of water, sewer or electric (or those enterprises, if any, referred to in Section 11.02 hereof) facilities and rights to all or a portion of the use of, or the capacity available from any such facilities.

Section 6.03. Lease Financing Agreements.

The City shall have at all times the right to enter into capital leases or other lease financing agreements secured by a lien on the property, plant and equipment comprising a part of the System, provided, however, that: (1) the aggregate principal amount of such obligations outstanding at any time shall not exceed twenty-five percent (25%) of the value of the equipment of the System less accumulated depreciation as shown on the audited balance sheet of the City for the most recent Fiscal Year for which audited financial statements are available; and (2) the loss of the property secured by the lien will not materially adversely affect the ability of the City to meet its financial obligations under this Master Bond Ordinance.

[End of Article VI]

ARTICLE VII - ESTABLISHMENT OF FUNDS

Section 7.01. Requirement for Special Funds.

For so long a time as any sum remains due and payable by way of principal or interest on Bonds, the following funds or accounts relating to the Gross Revenues of the System shall be established and maintained, and deposits shall be made therein in the manner herein required.

Section 7.02. The General Revenue Fund.

(A) There shall be established and maintained a fund or account designated as the General Revenue Fund. This account shall be so maintained as to accurately reflect:

(1) the Gross Revenues of the System; and

(2) Net Earnings.

(B) Except as otherwise specifically directed or permitted herein, all Gross Revenues of the System shall be deposited in accordance with and in the manner prescribed by Article VIII hereof into this fund. Money in the General Revenue Fund shall be withdrawn and made use of only in the manner and in the order of priority specified in Article VIII hereof. So long as the City establishes, from an accounting standpoint, proper records of receipts and disbursements for the General Revenue Fund, the General Revenue Fund may be used for the purposes of the Operation and Maintenance Fund, the Depreciation and Contingent Fund, subject to the prior applications of the amounts in the General Revenue Fund for the purposes set forth in Sections 7.03 and 7.04 hereof.

Section 7.03. Debt Service Funds.

(A) There shall be established and maintained a Debt Service Fund for each Series of Bonds Outstanding. The respective Debt Service Funds are intended to provide for the ratable payment of the principal of, redemption premium, if any, and interest on the respective Series of Bonds as the same respectively fall due. Payments into such Debt Service Funds shall be made in the manner prescribed by this Master Bond Ordinance, including the applicable provisions of Article VIII hereof, and, except as herein provided, all money in the respective Debt Service Funds shall be used solely to pay the principal of, redemption premium, if any, and interest on the respective Series of Bonds, and for no other purpose. Each Debt Service Fund shall bear a number Series designation as may be necessary to distinguish each Debt Service Fund.

(B) The Debt Service Funds shall be kept in the complete custody and control of the Trustee and withdrawals from the Debt Service Funds shall be made only by such Trustee who shall transmit to each Bondholder, at such times as may be appropriate, the sums required to pay the principal of, redemption premium, if any, and interest on the respective Series of Bonds. Amounts held by the Trustee due to non-presentment of Bonds on any redemption date must be retained by the Trustee for a period of at least one year after the final maturity of such Bonds. Provided, however, in the event (1) a Series of Bonds is purchased by a single institution and thereafter held by a single Bondholder, and (2) there is not established for such Series of Bonds a Reserve Requirement, the Debt Service Fund established for such Series of Bonds may be held

by the Holder of that Series of Bonds, and the Holder of any such Series of Bonds must provide to the Trustee, as and when requested by the Trustee, a written certificate containing current information as to the principal Outstanding, the redemption premium, if any, and accrued interest on such Series of Bonds, and, if the Holder of such Series of Bonds does not provide the Trustee such written certificate within five (5) Business Days of a request by the Trustee, the Trustee, for all purposes of this Master Bond Ordinance, shall conclusively assume that such Series of Bonds has been paid in accordance with the original tenor of such Series of Bonds.

(C) Money in the Debt Service Funds (if held by the Trustee) shall be invested and reinvested by the Trustee at the written direction of the Chief Financial Officer or his designee in Authorized Investments, maturing not later than the date on which such money is required to pay the principal of, premium, if any, and interest on the next occurring maturity of the Bonds. The Trustee shall have no responsibility for the investment of money in a Debt Service Fund that is not held by the Trustee. Unless otherwise provided in a Series Ordinance, all earnings from such investments shall be added to and become a part of the Debt Service Fund in which such investments are held, but shall be credited against payments that would otherwise be made to such Debt Service Fund pursuant to the provisions of Section 8.02 hereof.

(D) All monies received by the Trustee as Interest Payment Subsidies shall be deposited in the Debt Service Fund for such Series of Bonds and used to pay debt service on the Series of Bonds with respect to which such Interest Payment Subsidy was received.

(E) Within each Debt Service Fund, the Trustee, or as otherwise provided in the Series Ordinance, is authorized to create sub-accounts, as it determines necessary for the timely payment of the principal of, interest on, and sinking fund installments due on the Bonds.

Section 7.04. The Debt Service Reserve Funds.

(A) Each Series Ordinance may create a Debt Service Reserve Fund for the Series of Bonds authorized thereby. Any such Debt Service Reserve Fund shall be for the equal and ratable benefit only of Bonds of that Series. Each such Debt Service Reserve Fund is intended to insure the timely payment of the principal of, and premium, if any, and interest on, that Series of Bonds, and to provide for the redemption of such Bonds prior to their stated maturities. Any Debt Service Reserve Fund shall be maintained in an amount equal to the Reserve Requirement for such Series of Bonds. Unless otherwise provided in a Series Ordinance, money in a Debt Service Reserve Fund shall be used for the following purposes, and for no other:

(1) To prevent a default in the payment of the principal of or interest on that Series of Bonds, by reason of the fact that money in its Debt Service Fund is insufficient for such purposes;

(2) To pay the principal of, interest on, and redemption premium, if any, of the Bonds of that Series in the event that all Outstanding Bonds of that Series be redeemed as a whole; or

(3) To effect partial redemption of the Bonds of that Series; but subject to the restrictions of Section 4.15 hereof and provided that subsequent to said partial

redemption, the market value of the cash and securities in the Debt Service Reserve Fund shall be not less than the Reserve Requirement therefor.

Notwithstanding the provisions of Section 7.04(A)(1-3) above and permitted by the Code and Section 4.21 hereof, if the Debt Service Reserve Fund was funded with cash generated by the System, then, upon the written consent of the Holder of such Series of Bonds secured by such Debt Service Reserve Fund, the monies in such Debt Service Reserve Fund may be returned to the City. The requirements for and provisions governing any Debt Service Reserve Fund in the remainder of this Master Bond Ordinance shall, in references to "the Debt Service Reserve Fund", "the Reserve Requirement" and "the Bonds", be deemed to refer to each such Debt Service Reserve Fund created by a Series Ordinance, if any, and in each case to the respective Reserve Requirement for the respective Series of Bonds, and to Bonds only of that respective Series and not to any other Bonds.

(B) (1) Each Debt Service Reserve Fund shall be kept in the complete custody and control of the Trustee and withdrawals therefrom shall be made only by the Trustee who shall transmit to the Bondholders, at such times as may be appropriate, the sums required to pay the principal of, redemption premium, if any, and interest on the Bonds.

(2) If a Series of Bonds is held by the Water Quality Authority, then the Debt Service Reserve Fund for such Series of Bonds may be kept in the custody and control of the State Treasurer's Office and invested in the Local Government Investment Pool in Authorized Investments. Withdrawals therefrom shall be made only as directed by the Water Quality Authority at such times as may be required to pay the principal and interest on such Series of Bonds. Any withdrawal of the monies in a Debt Service Reserve Fund that exceeds the Reserve Requirement shall be transferred in accordance with the provisions of Section 7.04(C) hereof.

(C) Except as provided in Section 7.04(B)(2) herein, money in a Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the written direction of the Chief Financial Officer or his designee in Authorized Investments. Subject to the remaining provisions of this paragraph (C), the earnings from such investments shall be added to and become a part of the Debt Service Reserve Fund. Except as provided in a Series Ordinance, if as of any date of calculation, the value of the securities and money in a Debt Service Reserve Fund shall exceed its Reserve Requirement, such excess shall either be used to effect partial redemption of Bonds of that Series, or shall be removed from such Debt Service Reserve Fund and, either (i) transferred into the applicable Debt Service Fund, as directed in writing by the Chief Financial Officer, or (ii) transferred to the General Revenue Fund, as permitted by the provisions of the Code.

(D) In the event a Series Ordinance requires a Debt Service Reserve Fund to be established for a Series of Bonds, unless otherwise required by such Series Ordinance, the City, in lieu of the deposit of moneys into a Debt Service Reserve Fund, may alternatively satisfy the Reserve Requirement by causing to be so credited an irrevocable and unconditional surety bond, line of credit, letter of credit or insurance policy equal to the Reserve Requirement therefor.

(E) In the event the amount credited to a Debt Service Reserve Fund under a surety bond, letter of credit, or insurance policy (the "***Original Funding Instrument***") also includes

amounts available under another surety bond, letter of credit, or insurance policy (the "***Additional Funding Instrument***"), draws on the Original Funding Instrument and the Additional Funding Instrument shall be made on a pro rata basis to fund any insufficiency in the Debt Service Fund. In the event a Debt Service Reserve Fund is funded with both monies and a surety bond, letter of credit, or insurance policy (1) any withdrawals from such Debt Service Reserve Fund shall be made first from such monies (or the liquidation of investments made therewith) and second from such surety bond, line of credit, letter of credit, or insurance policy, and (2) cash deposits to such Debt Service Reserve Fund shall be used first to restore the cash balance and second to reinstate the surety bond, line of credit, letter of credit, or insurance policy. The surety bond, line of credit, letter of credit, or insurance policy shall be payable (upon the giving of notice as required thereunder) on any Bond Payment Date on which moneys will be required to be withdrawn from such Debt Service Reserve Fund and applied to the payment of the principal of or interest on the Outstanding Series of Bonds to which such surety bond, line of credit, letter of credit, or insurance policy relates when such payments cannot be made by amounts otherwise credited to such Debt Service Reserve Fund.

Section 7.05. The Operation and Maintenance Fund.

(A) There shall be established and maintained an Operation and Maintenance Fund. The Operation and Maintenance Fund is intended to provide for the payment of the Operation and Maintenance Expenses.

(B) Withdrawals from the Operation and Maintenance Fund shall be made by or on the order of the City in accordance, as nearly as may be practicable, with the Annual Budget then in effect.

Section 7.06. The Depreciation and Contingent Fund.

(A) There shall be established and maintained a Depreciation and Contingent Fund held and administered by the City. This fund shall be maintained in an amount to be established not less frequently than annually by the City Council in order to provide a reasonable reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions of the System.

(B) Money in this fund shall be used solely:

(1) For the purpose of restoring depreciated or obsolete items of the System;

(2) For improvements, betterments and extensions to the System, other than for those things which are reasonably necessary to maintain the System in good repair and working order;

(3) To defray the cost of unforeseen contingencies and extraordinary repairs to the System;

(4) To prevent defaults of Bonds and Junior Lien Bonds; and

(5) For optional redemption of Bonds or Junior Lien Bonds.

(C) Withdrawals from this fund shall be made by or on order of the City.

Section 7.07. The Rate Stabilization Fund.

The City Council may, by ordinance, establish a Rate Stabilization Fund, as needed, and, if created, shall administer such fund under the provisions of this Master Bond Ordinance and State law.

Section 7.08. Investments of Funds.

Whenever, in the opinion of the City, it becomes desirable to invest money in any of the funds established by this Article (other than the Debt Service Reserve Funds, the Debt Service Funds, and any capitalized interest account) the City may make Authorized Investments. Earnings resulting from the investment of money in a particular fund shall be deposited into the General Revenue Fund (i) except as otherwise provided in Sections 7.03, 7.04 and 7.07 hereof, and (ii) unless the City Council shall have determined pursuant to the Annual Budget that any such earnings on amounts in the Depreciation and Contingent Fund shall remain therein.

[End of Article VII]

ARTICLE VIII - DISPOSITION OF REVENUES

Section 8.01. Deposits to General Revenue Fund; Dispositions Therefrom.

The Gross Revenues of the System, except customers' deposits and that money the disposition of which is controlled by other provisions of this Master Bond Ordinance, are declared to be a part of the General Revenue Fund and shall from time to time be promptly deposited in a bank or depository in an account which will reflect the fact that they are a part of the General Revenue Fund. If Bonds are Outstanding, the dispositions from the General Revenue Fund required by the remaining Sections of this Article shall be made on or before the Business Day which is five (5) Business Days prior to the end of each month. Payments from the General Revenue Fund shall be made in the order of priority established by the sequence of the remaining Sections of this Article.

Section 8.02. Payments for Bonds.

Provision shall be made for the payment of principal of, premium, if any, and interest on all Bonds then Outstanding without priority of any other Bonds but ratably as to each Series of Bonds. To that end:

(1) There shall be deposited into each Debt Service Fund the monthly fraction of the aggregate amount of interest to become due on the respective Series of Bonds on the next ensuing Bond Payment Date; provided, however, that if provision has been made for the payment of all or part of the next installment of interest to become due on any Bonds, or the Trustee is in receipt of any Interest Payment Subsidies, pursuant to any other provision of this Master Bond Ordinance, or any Series Ordinance, or by reason of investment earnings, then, in such event, the deposits required by this paragraph may be omitted, or reduced accordingly.

(2) There shall be deposited into each Debt Service Fund the monthly fraction of the Principal Installment of the respective Series of Bonds next becoming due and payable (whether at stated maturity or by sinking fund installments), so that on each principal maturity date, the amount of principal to be paid shall have been accumulated and be on hand; provided, however, that if provision has been made for the payment of all or part of the next installment of principal to become due on the respective Series of Bonds, pursuant to any other provision of this Master Bond Ordinance, or any Series Ordinance, or by reason of investment earnings, then, in such event, the deposits required by this paragraph may be omitted, or reduced accordingly.

(3) If, on the occasion when the deposits required by paragraphs (1) and (2) of this Section, are to be made, the sum total of the deposits required thereby plus previous monthly deposits and the remaining deposits to be made prior to the next succeeding principal and interest payment dates, will be less than the sum required to effect the payment of the next succeeding installment of either principal or interest, or both on the respective Series of Bonds, as the case may be, a sum equal to such deficiency shall be added to the deposits so to be made.

Section 8.03. Deposits for the Debt Service Reserve Funds - Valuation.

Deposits shall next be made in the amounts required by this Section 8.03 or Section 4.02(5) into the respective Debt Service Reserve Funds. Except as provided in Section 7.04(B)(2), the Trustee shall calculate the value of the cash and securities in each Debt Service Reserve Fund forty-five days prior to each Bond Payment Date in order to determine if each Debt Service Reserve Fund contains the Reserve Requirement therefor, and the extent to which payments therefor or withdrawals must be made therefrom, and the timing thereof, pursuant to this Master Bond Ordinance and the respective Series Ordinances. To the extent the Trustee determines that a deficiency exists, but such deficiency is solely the result of accounting practices governing the valuation of securities in the Debt Service Reserve Fund, the Trustee may alternatively calculate the value of the securities in each Debt Service Reserve Fund as of the maturity date of such securities, so long as such securities mature on or prior to the Bond Payment Date. Unless a Debt Service Reserve Fund is being funded pursuant to Section 4.02(5)(a) of this Master Bond Ordinance or then contains in cash and securities (or a surety bond, insurance policy, or letter of credit as herein described) an amount at least equal to its Reserve Requirement, unless otherwise provided in the Series Ordinance, there shall be paid into such Debt Service Reserve Fund on the last Business Day of each of the twenty-four (24) months following a determination of a deficiency in such Debt Service Reserve Fund one-twenty-fourth (1/24) of the amount necessary to re-establish in such Debt Service Reserve Fund its Reserve Requirement; provided, however, nothing herein shall preclude the City from fully re-establishing such Reserve Requirement in a more timely fashion than as so prescribed. Any surety bond, line of credit, insurance policy or letter of credit being used to meet the Reserve Requirement of a Debt Service Reserve Fund shall be valued at the amount still remaining to be drawn thereon; and in the event that any such surety bond, line of credit, insurance policy or letter of credit has been drawn upon, the amount necessary to restore the principal balance thereof shall be paid by the City in the same manner and on a parity with the payments described in this Section 8.03 or as provided in an insurance agreement or applicable Series Ordinance.

The market value of any Authorized Investments in a Debt Service Reserve Fund shall be calculated as follows:

(1) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if published therein, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(2) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(3) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(4) as to any investment not specified above, the value thereof established by prior agreement between the City and the Trustee.

Section 8.04. Deposits for the Operation and Maintenance Fund.

There shall be deposited in the Operation and Maintenance Fund, either from the General Revenue Fund or the Rate Stabilization Fund, the amounts budgeted for Operation and Maintenance Expenses for the ensuing month and any amounts required for an operational reserve.

Section 8.05. Reimbursement of Interest on Amounts Advanced by Credit Providers for the Debt Service Reserve Fund.

Provision shall then be made for payment of interest and any fees or penalties on amounts advanced by the provider of any surety bond, line of credit, letter of credit or insurance policy as contemplated in Section 7.04(D) hereof.

Section 8.06. Deposits for the Depreciation and Contingent Fund.

There shall be deposited into the Depreciation and Contingent Fund that sum which is one-twelfth (1/12) of the sum which has been currently determined by the City Council to be the budgeted requirement therefor for the then current Fiscal Year.

Section 8.07. Payments for Junior Lien Bonds.

Provision shall then be made for the payment of any other indebtedness which is junior and subordinate to the Bonds in the order of priority contemplated by the proceedings authorizing their issuance.

Section 8.08. Use of Surplus Money.

All money remaining after making the payments required by Sections 8.01 to 8.07, shall be disposed of for any lawful purpose in such manner as the City Council shall from time to time determine.

The City may determine by ordinance of the City Council, at any time, to deposit any percentage or any set amount of surplus money under this Section 8.08 into the Rate Stabilization Fund; provided, however, that any amounts deposited into the Rate Stabilization Fund shall not exceed the amount budgeted for the Operation and Maintenance Fund for the then current Fiscal Year. Amounts on deposit in the Rate Stabilization Fund may, at the direction of an Authorized Officer, be used to make deposits into the Operation and Maintenance Fund required by Section 8.04 hereof. Amounts on deposit in the Rate Stabilization Fund may, at the option of the City Council, be withdrawn and used for any other required purpose of the System, but in such event, such withdrawal, if for a purpose other than the payments of Operation and Maintenance Expenses, shall be excluded from Net Earnings.

[End of Article VIII]

ARTICLE IX - AGREEMENT TO FURNISH INFORMATION WITH RESPECT TO SYSTEM

Section 9.01. Keeping Records.

The City recognizes that those who may from time to time hereafter be Bondholders will, throughout the life of the Bonds, require full information with respect to the System, the fiscal affairs of the System, and all matters incident to each. To that end the City hereby covenants and agrees that it will install and thereafter at all times maintain proper books of records and accounts, separate and distinct from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the System, and all revenues and receipts derived therefrom, directly or indirectly. Such books and records shall be kept in such fashion as to reveal in detail:

(A) The number of customers who may from time to time make use of the System;

(B) The Gross Revenues of the System and the source from whence derived;

(C) All expenses incurred in the operation of the System suitably identified as to purpose;

(D) The Net Earnings of the System;

(E) All expenditures made from the several funds established by this Master Bond Ordinance, and Series Ordinances authorizing the issuance of the Bonds; and

(F) The rate schedules that may from time to time be in force.

Section 9.02. Audit Required.

The City further covenants and agrees that so long as any Bonds are Outstanding, it will, not later than one hundred eighty (180) days after the close of each Fiscal Year, cause to be made and completed by the Auditors, an audit of the records, books and accounts pertaining to the System, made in accordance with generally accepted accounting practices, showing, among other things, Gross Revenues and Net Earnings; and that it will furnish a copy of such audit to the Trustee. The Trustee shall have no duty to review or analyze such audit and shall hold such audit solely as a repository for the benefit of the Holders; the Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein in any manner. Such audit shall contain a schedule demonstrating whether the City has complied with the rate covenant of Section 5.01(B) hereof for such Fiscal Year. The cost of such audit shall be treated as Operation and Maintenance Expenses. Any audits made available to the City shall not otherwise be restricted as to their subsequent dissemination to any party.

[End of Article IX]

ARTICLE X - INSURANCE

Section 10.01. Insurance.

(A) The City covenants and agrees that so long as any Bonds are Outstanding:

(1) To the extent coverage is available, that it will insure and at all times keep the System insured against physical loss or damage with a responsible insurance company or companies, authorized and qualified under the laws of the State, to assume the risks insured against, in such amount as private corporations engaged in similar endeavors would customarily insure for;

(2) That it will secure adequate fidelity bonds (blanket or individual) of a surety company doing business in the State, indemnifying the City against defalcation of all persons handling money derived from the System or signing checks on any bank accounts relating to the System, other than the Trustee or any Registrar:

(3) That all premiums on all bonds or insurance policies shall be deemed an Operation and Maintenance Expense;

(4) That all insurance policies shall be open to the inspection of any Bondholder at any reasonable time;

(5) That all money received by the City as a consequence of any defalcation, covered by any fidelity bond, shall be used to restore the fund depleted by the defalcation. All sums received by the City from insurance with respect to the System may, to the extent necessary, be applied to the repair and replacement of the damaged or destroyed property, but, in the event that such money is not used for such purposes, then the same shall be deposited in the Depreciation and Contingent Fund; and

(6) That it will comply with the requirements of State law regarding the mandatory purchase of liability insurance contained in Section 15-78-140(b) of the South Carolina Code.

(B) Insurance required by this Section 10.01 may be provided through the South Carolina Insurance Reserve Fund. The City may obtain or adopt alternative risk management programs which an Insurance Consultant determines to be reasonable, including, without limitation, self-insurance in whole or in part individually or in connection with other institutions, participation in programs of captive insurance companies; participation with other governmental entities in mutual or other cooperative insurance or other risk management programs, participation in state or federal insurance programs, taking advantage of state or federal laws now or hereafter in existence limiting liability, or establishing or participating in other alternative risk management programs; all as may be approved by the Insurance Consultant as reasonable and appropriate risk management by the City. If the City shall be self-insured for any coverage, the City shall obtain a report of an Insurance Consultant stating whether the anticipated funding of any self-insurance fund is actuarially sound, and if not, the required funding to produce such result and such coverage shall be reviewed by the Insurance Consultant not less frequently than annually. Any self-insurance program shall be subject to annual review by the Insurance Consultant who shall provide a written report to the City which shall include recommendations relating to such self-insurance program. The City shall provide to the Trustee annual certification evidencing compliance with the Insurance Consultant's recommendations.

(C) All costs and expenses of providing the insurance required by this Section 10.01 shall be payable solely from the Gross Revenues of the System as an Operation and Maintenance Expense.

[End of Article X]

ARTICLE XI - ADDITIONAL COVENANTS

Section 11.01. Additional Covenants to Secure Bonds.

The City further covenants and agrees:

(A) That neither the System, nor any part thereof, nor any of the revenues derived from the System, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except as herein disclosed and provided for;

(B) That it will permit no free service to be rendered, or use to be made of the services and facilities of the System, and for the services and facilities of the System used by the City, the reasonable cost and value of such services and facilities shall be paid as such services accrue. The revenue so received from the City shall be deemed revenue derived from the operation of the System, and shall be accounted for in the same manner as other revenues of the System;

(C) It will permit no customer to be connected to the System, or to receive any service afforded by the System, unless a proper meter is installed, and such customer shall become obligated to pay for the service rendered at the appropriate rate according to the rate schedule then in force;

(D) That it will permit, so long as there are any Bonds Outstanding, any Bondholder to inspect the System and all records and accounts thereof under reasonable terms and conditions and after reasonable notice has been given;

(E) That it will not make any use, and it shall direct the Trustee in writing and each Fiduciary not to make any use of the proceeds of any Series of Bonds, other than Bonds issued pursuant to Section 4.18 hereof, which, if such use had been reasonably expected on the date of the issuance of the Bonds of such Series would have caused such Bonds or any other Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and will observe and not violate the requirements of Section 148 of the Code;

(F) That so long as there are any Bonds Outstanding, it will perform all duties with reference to the System required by the Constitution and statutes of the State;

(G) That it will not pledge, mortgage or otherwise encumber the System or any part thereof, or any revenues therefrom, except in the manner herein authorized, and (except as provided in Section 11.03 hereof) it will not sell, lease or dispose of any portion of the System, necessary or useful (as determined by the City) in the operation of the System, until all Bonds shall be paid in full, or unless and until provision shall have been made for the payment of all Bonds and the interest thereon in full, and that it will maintain in good condition and operate said System and to collect and charge such rates for the services and facilities of the System so that the income and revenues of the System shall be sufficient at all times to meet the requirements of this Master Bond Ordinance. If pursuant to this paragraph anything belonging to the System which is not deemed by the City to be necessary or useful therefor shall be sold or disposed of, the proceeds of such sale or disposition shall be deposited at the direction of the City in the Depreciation and Contingent Fund or in the General Revenue Fund;

(H) That no payments on account of appropriations to the general fund of the City shall be made except as permitted under Section 8.08 hereof; and

(I) That, as to any Series of Bonds that are intended to be exempt from taxation at the time of issuance, it will take all steps in order to maintain the tax-exempt status thereon.

Section 11.02. Acquisition of Additional Utilities.

No provision of this Master Bond Ordinance shall prevent the combining of the System with any other utility system or enterprise of whatever type if such combination then be permitted or authorized by the provisions of the South Carolina Code and if the requirements set forth below are met and provided that garbage collection and solid waste disposal units may be added only if any indebtedness financing the same is issued either as Junior Lien Bonds or Special Facilities Bonds; but no such combination shall impair the validity or priority of the pledge of revenues and the lien thereon created by this Master Bond Ordinance, or enlarge the provisions of this Master Bond Ordinance relating to the issuance and the securing of Bonds. The City shall have the right from time to time to add other utilities, enterprises, activities and facilities (which at the date of enactment of this Master Bond Ordinance were not included in the definition of System hereunder) to the definition of System hereunder, provided that:

(A) the City Council shall have determined that such utilities, enterprises, activities or facilities are of a similar public utility nature as are the utilities now constituting the System;

(B) the City Council shall have enacted an appropriate amendatory ordinance to this Master Bond Ordinance;

(C) the City shall have received an opinion of Bond Counsel to the effect that such action to be taken under this Section is authorized under this Master Bond Ordinance and the laws of the State and will not adversely affect the excludability of interest on the Bonds which were intended upon their issuance to be exempt from federal income taxation; and

(D) for each of the five (5) Fiscal Years following the date of the additions to the System, Net Earnings, as shall have been forecasted either by Consulting Engineers or Independent Consultants, will be not less than one hundred twenty-five percent (125%) of the Annual Principal and Interest Requirements on all Bonds then proposed to be Outstanding in each of such five (5) Fiscal Years; provided, however, that in the event that Bonds are being issued to acquire or improve the acquired utility, this paragraph (D) shall not apply and the City shall meet the requirements of Article IV hereof before issuing such Bonds and acquiring such utility.

Section 11.03. Sale, Exchange, Removal or Disposal of Component of System.

(A) The City may from time to time sell, exchange, remove or dispose of, (but not lease, contract or agree for the use thereof) an entire component comprising a part of the System, if it determines by ordinance:

(1) that the sale, exchange, removal or other disposition thereof would not materially reduce Net Earnings; or

(2) that the sale, exchange, removal or other disposition thereof (1) would not materially adversely affect the ability of the City to comply with the rate covenant, set forth in Section 5.01 hereof, for the current and next succeeding Fiscal Year, and (2) would be for a consideration of not less than reasonable value as may be determined in the sole discretion of the City Council.

(B) In addition to the provisions of Section 11.03(A) hereof, if the City determines to sell, exchange, remove or dispose of an entire component comprising a part of the System the following conditions shall also be met:

(1) an opinion of Bond Counsel to the effect that the sale, exchange, removal or disposal of a component of the System from the System has been effected in accordance with the terms of this Master Bond Ordinance; and

(2) notice shall be provided to any rating agency, if any, then rating any Series of Bonds regarding the sale, exchange, removal or disposal of such component from the System.

(C) If the City sells, exchanges, removes or otherwise disposes of a component of the System, the proceeds, if any, of such transaction may be applied, at the discretion of the City, as follows:

(1) to the payment or satisfaction, in whole or in part, of (1) Bonds associated with or related to such component and (2) any other type of indebtedness of the City associated with or related to such component; or

(2) to the payment or satisfaction, in whole or in part, of the amount due under any type of contractual obligations of the City associated with or related to such component; or

(3) to the payment of the construction or purchase of additional improvements or expansions to the System.

[End of Article XI]

ARTICLE XII - MODIFICATION OF ORDINANCE

Section 12.01. Modification Without Bondholder Approval.

(A) Provided always that the security of the Bonds shall not be diminished, or in any manner impaired, the City Council may for any one or more of the following purposes at any time, or from time to time, enact an ordinance, supplementing this Master Bond Ordinance, which supplemental ordinance shall be fully effective in accordance with its terms:

(1) to provide for the issuance of a Series of Bonds in accordance with Article IV of this Master Bond Ordinance;

(2) to add to the covenants and agreements of the City in this Master Bond Ordinance, other covenants and agreements thereafter to be observed;

(3) to surrender any right, power or privilege reserved to or conferred upon the City by this Master Bond Ordinance;

(4) to implement an addition to the System pursuant to Section 11.02 hereof;

(5) to cure, correct and remove any ambiguity or inconsistent provisions contained in this Master Bond Ordinance; and

(6) to permit changes to this Master Bond Ordinance so that interest on any Series of Bonds intended to be excluded from gross income of the Holders thereof for federal income tax purposes is or remains so excluded.

(B) It is further provided that, except for a Series Ordinance as permitted by subsection (A), such supplemental ordinance shall not become effective until a copy thereof, duly certified, shall have been filed in the office of the Clerk of Court for the County. The Trustee, after due timely notification from the City to a Responsible Officer, shall promptly give notice of enactment and a copy of any modification made hereunder to any Insurer.

Section 12.02. Modification With Bondholder Approval.

The rights and duties of the City and the Bondholders and the terms and provisions of this Master Bond Ordinance may be modified or altered in any respect by an ordinance enacted by City Council with the consent of the Holders of fifty-one percent (51%) in principal amount of all Bonds of each Series which would be affected by such modification or alteration then Outstanding, such consent to be evidenced in such manner as may be acceptable to the Trustee; however no such modification or alteration shall, without the consent of the Holders of all Bonds affected by such change or modification:

(A) Effect a change as to the type of currency in which the City is obligated to effect payment of the principal, interest and redemption premium of any Bond;

(B) Permit the creation of a pledge of the revenues of the System prior to or equal to the Bonds, except as otherwise provided herein;

(C) Permit preference or priority of any Bonds to others;

(D) Alter or modify the provisions of Section 4.02 or of Articles V, VII, and VIII hereof; or

(E) Reduce the percentage required for the written consent to the modification or alteration of the provisions of this Master Bond Ordinance.

Section 12.03. Procedure for Procuring Bondholder Approval.

The City and the Trustee may conclusively rely upon the registry books maintained by the Registrar to determine who are the Holders of the Bonds. Any and all modifications made in the manner hereinabove provided for shall not become effective until there has been filed with the Clerk of Court for the County and the Trustee a copy of such amendatory ordinance hereinabove provided for, duly certified, as well as proof of consent to such modification by the Holders (depending on the type of modification) of (A) fifty-one percent (51%) in principal amount of the Bonds of each Series then Outstanding or (B) all Bonds Outstanding. In the event that any Series of Bonds are held under a book-entry system pursuant to Section 4.20 hereof, the approvals of the Bondholders may be obtained in the manner provided in the agreement with the Securities Depository.

Section 12.04. Notice to Rating Agencies.

Any rating agency rating a Series of Bonds shall be provided notice and a copy of any amendment to this Master Bond Ordinance or to any Series Ordinance within fifteen (15) days of its execution or enactment; notice provided via the Municipal Securities Rulemaking Board's EMMA system shall be sufficient for purposes of this Section 12.04.

[End of Article XII]

ARTICLE XIII - EVENTS OF DEFAULT

Section 13.01. Events of Default.

(A) Each of the following events is hereby declared to be an "Event of Default":

(1) Payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption;

(2) Payment of any installment of interest on any Bonds shall not be made when the same becomes due and payable;

(3) Payment of any installment of either interest or principal on any Junior Lien Bonds shall not be made when the same becomes due and payable or any other event of default shall exist with respect to any Junior Lien Bonds;

(4) Except as provided in Section 5.01(C) hereof, the City shall not comply with the rate covenant in Section 5.01(B) herein;

(5) The City shall for any reason be rendered incapable of fulfilling its obligations hereunder;

(6) An order or decree shall be entered with the consent or acquiescence of the City appointing a receiver, or receivers, of the System, or of the revenues thereof, or any proceedings shall be instituted with the consent or acquiescence of the City for the purpose of effecting a composition between the City and its creditors whose claims relate to the System, or for the purpose of adjusting claims of such creditors, pursuant to any Federal or State statute now or hereafter enacted, or if such order or decree, having been entered without the consent or acquiescence of the City, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry thereof, or if such proceeding having been instituted without the consent or acquiescence of the City, shall not be withdrawn or any orders entered shall not be vacated, discharged, or stayed on appeal within sixty (60) days after the institution of such proceedings, or the entry of such orders;

(7) The City shall fail to operate the System in an efficient and businesslike fashion so as to materially impair the operations of the System or shall default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in this Master Bond Ordinance, and such default as to efficient operation or otherwise shall continue for thirty (30) days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the City by any Bondholder, provided that in the case of default specified in this paragraph (7), if the default be such that it cannot be corrected within the said thirty (30) day period, it shall not constitute an event of default if corrective action is instituted by the City within said thirty (30) day period and diligently pursued until the default is corrected;

(8) The occurrence of an event of default on the part of the City under any reimbursement agreement between the City and a provider of a surety bond, insurance policy or letter of credit as contemplated under Section 7.04(D) hereof; and

(9) Such other events of default as may be specified in a Series Ordinance.

In determining whether a default in payment has occurred under paragraphs (1) or (2) of this subsection (A) and in determining whether a payment on Bonds has been made under any other provision of this Master Bond Ordinance, no effect shall be given to payments made under a Municipal Bond Insurance Policy.

(B) The foregoing provisions of paragraph (4), (5) and (6) of the preceding subsection (A) are subject to the following limitations: If by reason of force majeure the City is unable in whole or in part to carry out its agreements herein contained (other than the obligations on the part of the City contained in any of Section 4.02 or Articles V, VII and VIII hereof as to which this paragraph shall have no application), the City shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, tunnels or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the City, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the City, and the City shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the City unfavorable to the City.

[End of Article XIII]

ARTICLE XIV - REMEDIES

Section 14.01. Acceleration; Annulment of Acceleration.

(A) Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding shall, by notice in writing to the City Council, declare all Bonds Outstanding immediately due and payable; and such Bonds shall become and be immediately due and payable, anything in the Bonds or in this Master Bond Ordinance to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

(B) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Master Bond Ordinance, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if:

(1) Moneys shall have been deposited in each Debt Service Fund sufficient to pay all matured installments of interest and principal (other than principal then due only because of such declaration) of all Outstanding Bonds of the respective Series;

(2) Moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee;

(3) All other amounts then payable by the City hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and

(4) Every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 14.02. Additional Remedies and Enforcement of Remedies.

(A) Upon the occurrence and continuance of any Event of Default, subject to the provisions of Section 17.01 hereof, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall proceed forthwith to protect and enforce its rights and the rights of the Bondholders under this Master Bond Ordinance by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(1) Seeking a *writ of mandamus*, requiring the City to carry out its duties and obligations under the terms of this Master Bond Ordinance and under the Enabling Act;

(2) Suit upon all or any part of the Bonds;

(3) Civil action to require the City to account as if it were the trustee of an express trust for the Holders of Bonds;

(4) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; or

(5) Enforcement of any other right of the Bondholders conferred by law or by this Master Bond Ordinance including the right to make application for the appointment of a receiver to administer and operate the System.

(B) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised by counsel shall be necessary or expedient:

(1) To prevent any impairment of the security under this Master Bond Ordinance by any acts which may be unlawful or in violation of this Master Bond Ordinance; or

(2) To preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of this Master Bond Ordinance and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

(C) When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 14.03. Application of Revenues and Other Moneys After Default.

(A) The City covenants that if an Event of Default shall happen and shall not have been remedied, the City, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee:

(1) Forthwith, all moneys and securities then held by the City which is credited to any fund under this Master Bond Ordinance (specifically including any moneys and securities in any construction fund created with proceeds of Bonds if construction of the projects to be paid for thereby has been completed or terminated, but exclusive of any amounts remaining in such construction fund that are owed to or subject to dispute with any contractor); and

(2) As promptly as practicable after receipt thereof, all Gross Revenues.

(B) During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, Gross Revenues, payments and receipts in its possession and the income therefrom as follows and in the following order:

(1) To the payment of the reasonable and proper charges of the Trustee, including reasonable counsel fees, costs and expenses; and

(2) To the payment of the interest and principal (and redemption premium, if any) then due on the Bonds, as follows:

(a) Unless the principal of all of the Bonds shall have become or has been declared due and payable,

(i) First: To the payment of the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference.

(ii) Second: To the payment to the persons entitled thereto of the unpaid Principal Installments (and redemption premiums, if any) of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal (plus redemption premium, if any) due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or has been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any differences as to the respective rates of interest specified in the Bonds;

(3) To the payment of the amounts required by Section 8.03, ratably, according to the amounts due thereon to the persons entitled thereto;

(4) To the payment of the necessary Operation and Maintenance Expenses;

(5) To the payment of the amounts required by Section 8.05, ratably, according to the amounts due thereon to the persons entitled thereto;

(6) To the payment of the amounts required by Section 8.06, ratably, according to the amounts due thereon to the persons entitled thereto; and

(7) To the payment of the amounts required by Section 8.07, ratably, according to the amounts due thereon to the persons entitled thereto.

Section 14.04. Remedies Not Exclusive.

No remedy by the terms of this Master Bond Ordinance conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Master Bond Ordinance or existing at law or in equity or by statute (including the Enabling Act) on or after the date hereof.

Section 14.05. Remedies Vested in Trustee.

All rights of action (including the right to file proof of claims) under this Master Bond Ordinance or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 14.03 hereof, any recovery of judgment shall be for the equal benefit of the Holders of the Bonds then Outstanding.

Section 14.06. Majority of Bondholders Control Proceedings.

If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Master Bond Ordinance to the contrary, the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Master Bond Ordinance or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is in accordance with law and the provisions of this Master Bond Ordinance (including indemnity to the Trustee) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Bondholders not joining in such direction and provided further that nothing in this Section 14.06 shall impair the right of the Trustee in its discretion to take any other action under this Master Bond Ordinance which it may deem proper and which is not inconsistent with such direction by Bondholders.

Section 14.07. Individual Bondholder Action Restricted.

(A) No Holder of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Master Bond Ordinance or for the execution of any trust hereunder or for any remedy under this Master Bond Ordinance unless:

(1) An Event of Default has occurred:

(a) under paragraph (1) or (2) of subsection (A) of Section 13.01 hereof;

(b) as to which a Responsible Officer of the Trustee has actual notice; and

(c) as to which the Trustee has been notified in writing;

(2) The Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Master Bond Ordinance or to institute such action, suit or proceeding in its own name; and

(3) Such Bondholders shall have offered the Trustee reasonable indemnity satisfactory to the Trustee, the sufficiency of which shall be determined in the Trustee's sole discretion; and

(4) The Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of sixty (60) days after receipt by it of such request and offer of indemnity.

(B) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Master Bond Ordinance or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(C) Nothing contained in this Master Bond Ordinance shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond:

(1) To receive payment of the principal of or interest on such Bond on the due date thereof; or

(2) To institute suit for the enforcement of any such payment on or after such due date.

Section 14.08. Termination of Proceedings.

In case any proceeding taken by the Trustee or any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, the City, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 14.09. Waiver and Non-waiver of Event of Default.

(A) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article XIV to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(B) The Trustee may waive any Event of Default which in its opinion (which may be based upon an opinion of counsel) shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Master Bond Ordinance, or before the completion of the enforcement of any other remedy under this Master Bond Ordinance.

(C) Notwithstanding anything contained in this Master Bond Ordinance to the contrary, but subject to Section 17.01 hereof, the Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one Series of Bonds shall at the time be Outstanding, the Holders of a majority in principal amount of all Bonds then Outstanding of each such Series), shall waive any Event of Default hereunder and its consequences; provided, however, that except under the circumstances set forth in subsection (B) of Section 14.01 hereof or subsection (B) of this Section 14.09, a default in the payment of the principal of, premium, if any, or interest on, any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all Bonds at the time Outstanding.

(D) In case of any waiver by the Trustee of an Event of Default hereunder, the City, the Trustee, each Insurer and the Bondholders shall be restored to their former positions and rights under this Master Bond Ordinance, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 14.09.

Section 14.10. Notice of Defaults.

(A) Within thirty (30) days after:

(1) The receipt of notice of an Event of Default as provided in Section 14.07(A)(1)(b) or (c) hereof; or

(2) The occurrence of an Event of Default under Paragraph (1) or (2) of subsection (A) of Section 13.01 hereof, as to which the Trustee shall be deemed to have notice,

the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each Insurer of any Series of Bonds then Outstanding, if any, and to each Holder of Bonds then Outstanding, provided that, except in the case of a default in

the payment of principal of, together with premium, if any and interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment (which may be based upon advice of counsel), it determines that the withholding of such notice is in the best interests of the Bondholders.

(B) The Trustee shall promptly notify the City and each Insurer of any Series of Bonds then Outstanding of any Event of Default actually known to a Responsible Officer of the Trustee.

Section 14.11. Rights of Insurers.

Any Series Ordinance may provide that any Insurer insuring the applicable Series of Bonds upon the occurrence of an Event of Default and with respect to all remedies provided herein, may act as the Holder of all Outstanding Bonds of that Series and permit the acceleration of the Bonds of all Series or may prevent the annulment of the acceleration of the Bonds of all Series. Such Insurer may be subrogated to the rights to payment of the Holders of any Bonds with respect to which it pays any principal or interest on the Bonds owned by that Holder.

[End of Article XIV]

ARTICLE XV - TRUSTEE AND ITS FUNCTIONS; OTHER FIDUCIARIES

Section 15.01. Appointment and Vesting of Powers in Trustee; Limitation of Rights of Bondholders to Appoint Trustee.

Prior to the delivery of any Bonds pursuant to this Master Bond Ordinance, City Council shall appoint the Trustee. Such appointment shall be made by means of the Series Ordinance adopted by City Council in connection with the issuance of the first Series of Bonds pursuant to this Master Bond Ordinance. The Trustee shall be and is hereby vested with all rights and powers necessary to enable it to discharge its duties hereunder. The right of the Bondholders to appoint a trustee hereunder is limited to the circumstances contemplated by Section 15.10 hereof.

Section 15.02. Functions of Trustee.

The Trustee shall have the following additional functions:

(A) To authenticate the Bonds of all Series that may be issued;

(B) To act as custodian of the Debt Service Funds;

(C) Except as otherwise provided herein, to act as custodian of the Debt Service Reserve Fund;

(D) Except as otherwise provided herein, to act as Paying Agent for the Bonds;

(E) Unless otherwise prescribed by any Series Ordinance, to act as Registrar for the Bonds, and to maintain a set of registration books therefor, which shall at all times accurately reflect the names and addresses of all those who may be Holders of any Bonds;

(F) To make reports to the City on a monthly or such other basis as may be requested by the City, but not less often than semi-annually:

(1) Establishing balances on hand;

(2) Listing investments made for any fund handled by the Trustee;

(3) Establishing the market value of the Debt Service Reserve Funds; and

(4) Listing all securities, if any, pursuant to Section 15.13 hereof.

Section 15.03. Duty of Trustee with Respect to Deficits in the Debt Service Funds.

It shall be the further duty of the Trustee to give written notice to the City three (3) Business Days prior to each Bond Payment Date, if there is any deficiency in any Debt Service Fund held by the Trustee which would result in a need for further moneys to meet the payment of interest and/or principal falling due on the next ensuing Bond Payment Date, and the extent, if any, to which resort must be had to the respective Debt Service Reserve Fund to meet such deficiency.

Section 15.04. Acceptance by Trustee Required.

Prior to the delivery of any Bonds, the Trustee appointed pursuant to Section 15.01 hereof shall signify its acceptance of the powers, duties and obligations conferred and imposed upon it by this Master Bond Ordinance, by executing and delivering to the City a written acceptance thereof.

Section 15.05. Liability as to Recitals in Bond Ordinance and Bonds.

The recitals of fact made in this Master Bond Ordinance and in the Bonds shall be taken as statements of the City, and the Trustee shall not be deemed to have made any representation as to the correctness of the same, nor shall the Trustee be deemed to have made any representation whatsoever as to the validity or sufficiency of this Master Bond Ordinance or of the Bonds issued hereunder except with respect to the authentication of any Bonds. Nor shall the Trustee be under responsibility or duty with respect to the issuance of said Bonds, or the application of the proceeds thereof, except to the extent provided for herein. Nor shall the Trustee be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

Section 15.06. Trustee May Rely on Notices, etc.

The Trustee shall conclusively rely upon and shall at all times be fully protected in acting upon any notice, resolution, request, consent, order, certificate, statement, opinion, bond, or other paper or document believed to be genuine and to have been signed by the proper party or parties.

Section 15.07. Trustee Permitted to Resign.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving to the City Council and the Bondholders written notice of such resignation, specifying a date (not less than sixty (60) days after such notice) when such resignation is intended to take effect. Such resignation shall take effect immediately upon but not before the appointment and qualification of a successor. If after sixty (60) days no successor has been appointed, the Trustee may petition a court of competent jurisdiction to appoint a successor.

Section 15.08. Removal of Trustee.

(A) The Trustee may be removed at any time by the Holders of not less than fifty percent (50%) of the principal amount of Bonds at such time Outstanding upon thirty (30) days written notice to the Trustee.

(B) Provided an Event of Default has not occurred and is not continuing, the Trustee may be removed at any time by the City upon (30) days written notice to the Trustee.

(C) Any such removal shall take effect immediately after such (30) day written notice period and upon, but not before, the appointment and qualification of such successor.

Section 15.09. Appointment of Successor Trustee Upon Resignation or Removal of Trustee.

(A) In case at any time the Trustee shall resign, or be removed or become incapable of acting, or be adjudged bankrupt or insolvent, or a receiver of its property shall be appointed, or any public officer shall take charge or control of its property or affairs, a successor thereto shall be promptly appointed by an ordinance of City Council duly enacted. Such successor shall in all instances be a bank or trust company and duly chartered pursuant to the laws of the United States or of the State, and shall have a combined capital and surplus of not less than $500,000,000.

(B) Immediately following such appointment the City shall give written notice of such appointment to the Bondholders and any Registrar other than the Trustee.

Section 15.10. When Bondholder May Seek Successor Trustee.

If, in a proper case, no appointment of a successor Trustee shall be made within sixty (60) days of the notice of resignation or removal pursuant to Section 15.09, any Bondholder, the resigning or removed Trustee, may make application to any court of competent jurisdiction for the appointment of a successor and said court may thereupon, after such notice, if any, as such court may prescribe, appoint a successor.

Section 15.11. Acceptance by Successor Trustee.

Any successor Trustee appointed hereunder shall execute and deliver to its predecessor and to the City a written acceptance of such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder with like effect as if originally named as such Trustee and its predecessor shall be obligated to pay over, transfer, assign and deliver all moneys, securities and other property held by it to its successor; and on the written request of the City, or the successor, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may be reasonably required for the vesting and confirming in such successor all the right, title and interest of the predecessor in and to any property held by it.

Section 15.12. Effect of Trustee Merging With Another Bank.

Any bank or trust company into which the Trustee may be merged, or with which it may be consolidated, or any bank or trust company resulting from any merger or consolidation to which it shall be a party, or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall become the successor without the execution or filing of any paper or the performance of any further act; provided, always, that if the City shall be dissatisfied for any reason with the institution resulting from the merger, consolidation or other action spoken of above, then the City may at any time within thirty (30)

days after such action name a new Trustee (with the qualifications prescribed by Section 15.09 hereof) in lieu of the Trustee then acting.

Section 15.13. Trustee to Secure Funds and Securities Held in Trust.

Unless the same be secured as trust funds in the manner provided by the regulations of the Comptroller of the Currency as from time to time in effect, all funds or securities in the custody of the Trustee, in excess of the amount of such deposit insured by the Federal Deposit Insurance Corporation, shall be invested in Authorized Investments at the written direction of the City.

Section 15.14. Disposition of Paid Bonds.

It shall be the duty of the Trustee to cancel all Bonds which shall have been paid, whether upon their maturity or redemption prior to maturity; such cancellation shall be done in such fashion as to render such Bonds incapable of further negotiation or hypothecation. In any event it shall furnish appropriate certificates to the City indicating the disposition of such Bonds. Upon effecting such cancellation, the Trustee shall furnish appropriate certificates to the City setting forth the disposition made of the Bonds so cancelled.

Section 15.15. Appointment of Substitute Registrar.

The City may, from time to time, appoint a Registrar or Registrars to act in the place and stead of the Trustee as Registrar of the Bonds of one or more Series. The City shall cause written notice of such appointment to be mailed to the Holders of all Bonds affected by such appointment thirty (30) days prior to the effective date of such appointment.

Section 15.16. Additional Provisions Regarding the Trustee.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Master Bond Ordinance, and no implied covenants or obligations should be read into this Master Bond Ordinance against the Trustee. If any Event of Default under this Master Bond Ordinance shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Master Bond Ordinance and shall use the same degree of care as a prudent person would exercise or use in the circumstances in the conduct of such prudent person's own affairs.

The Trustee agrees to perform the trust functions provided herein upon and subject to the following expressed terms and conditions:

(A) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers appointed with due care and the Trustee shall not be liable for any gross negligence or willful misconduct of any such attorney, agent or receiver appointed with due care.

(B) The Trustee may consult with counsel, and the advice of such counsel or any opinion of counsel shall be full and complete authorization in respect of any action taken, suffered or omitted by the Trustee hereunder and in good faith and in reliance thereon.

(C) The permissive items assigned to the Trustee as enumerated herein shall not be construed as a duty.

(D) The Trustee shall not be accountable for the use or application by the City of any money paid over by the Trustee in accordance with the provisions of this Master Bond Ordinance.

(E) Before taking any action under this Master Bond Ordinance relating to an Event of Default or in connection with its duties under this Master Bond Ordinance other than making payments of principal and interest on the Bonds as they become due or causing an acceleration of the Bonds whenever required by this Master Bond Ordinance, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all costs and expenses to which it may be put (including legal fees, costs and expenses) and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated to have resulted from its own negligence or willful misconduct in connection with any action so taken.

(F) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(G) None of the provisions of this Master Bond Ordinance shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds cannot be assured to the Trustee's satisfaction.

(H) So long as investments are made in Authorized Investments, the Trustee may conclusively rely upon the City's written instructions as to both the suitability and legality of all investments directed hereunder. Ratings of Authorized Investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of investments or their compliance as Authorized Investments after the initial purchase of such investments. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge reasonable fees for such trades, including cash sweep accounts. Notwithstanding anything to the contrary herein, in the absence of written investment instructions from the City, the Trustee shall not be responsible or liable for keeping moneys held by it hereunder fully invested. While invested in Authorized Investments, the Trustee shall not be liable for any losses from such investments. Broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered.

(I) The Trustee shall have no duty to review or analyze any financial statements delivered to it hereunder (including the audit required by Section 9.02 hereof) or verify the accuracy thereof and shall hold such financial statements solely as a repository for the benefit of the Bondholders; the Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein.

(J) The City shall pay to the Trustee reasonable compensation for all services performed by it hereunder and also its reasonable expenses, charges and other disbursements and the fees, costs, and expenses of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder. If the Trustee is required by governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto, the Trustee shall notify the City of same in writing. Payment for such extraordinary fees, costs and expenses (including but not limited to reasonable attorney's fees, costs and expenses) shall be made promptly by the City only after said notice.

(K) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Master Bond Ordinance arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation: acts of God; earthquakes; fire; flood; hurricanes or other catastrophic storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(L) Notwithstanding anything to the contrary herein, to the extent that the Trustee is not otherwise acting in the capacity as dissemination agent, the Trustee shall not have any liability to any party in connection with any failure to timely file any notice with the Municipal Securities Rulemaking Board (via its EMMA system).

(M) The Trustee shall have the right to accept and act upon directions or instructions delivered using Electronic Means; provided, however, that the City shall provide to the Trustee an incumbency certificate listing Qualified Officers with the authority to provide such directions or instructions (each a "***Qualified Officer***") and containing specimen signatures of such Qualified Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee directions or instructions using Electronic Means and the Trustee in its discretion elects to act upon such directions or instructions, the Trustee's understanding of such directions or instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Trustee shall conclusively presume that directions or instructions that purport to have been sent by an Qualified Officer listed on the incumbency certificate provided to the Trustee have been sent by such Qualified Officer. The City shall be responsible for ensuring that only Qualified Officers transmit such directions or instructions to the Trustee and that all Qualified Officers treat applicable user and authorization

codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or instructions and (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

[End of Article XV]

ARTICLE XVI - DEFEASANCE

Section 16.01. Defeasance Generally.

Subject to the provisions of any Series Ordinance, if all of the Bonds issued pursuant to this Master Bond Ordinance and any other amounts required to be paid to a provider of a surety bond, line of credit, letter of credit or insurance policy hereunder shall have been paid and discharged, then the obligations of the City under this Master Bond Ordinance, the pledge of Gross Revenues made hereby, and all other rights granted hereby shall cease and determine. Subject to the provisions of any Series Ordinance, Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances:

(A) The Trustee shall hold, at the stated maturities of such Bonds, in trust and irrevocably appropriated thereto, sufficient money for the payment thereof;

(B) If default in the payment of the principal of such Bonds or the interest thereon shall have occurred, and thereafter tender of such payment shall have been made, and the Trustee shall then hold in trust and irrevocably appropriated thereto, sufficient money for the payment thereof to the date of the tender of such payment; or

(C) Payment of the principal of and interest on the Bonds either (A) shall have been made or caused to be made in accordance with the terms thereof; or (B) shall have been provided for by irrevocably depositing with a bank or other financial institution in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, or (2) Defeasance Obligations, the principal of and interest on which when due (without reinvestment thereof) will, as certified in a verification report provided by an independent entity providing such services and deemed qualified by the Trustee, provide money which, together with the money, if any, deposited at the same time, shall be sufficient to pay, when due, the principal, interest and redemption premium, if any, due and to become due on and prior to the maturity of, or, if the City has irrevocably elected to redeem Bonds, on and prior to the redemption date of, such Bonds.

Section 16.02. Money to be Held in Trust – When Returnable to City.

Any money which at any time shall be deposited with the Trustee or other escrow holder authorized under Section 16.01(C), by or on behalf of the City, for the purpose of paying and discharging any Bonds or the interest thereon, shall be and is hereby assigned, transferred and set over to the Trustee or such other escrow holder in trust for the respective Holders of the Bonds, and such money shall be and is hereby irrevocably appropriated to the payment and discharge thereof. But if, through lapse of time or otherwise, the Holders of said Bonds shall no longer be entitled to enforce payment of their obligations, then, in such event, it shall be the duty of the Trustee or such other escrow holder to forthwith return said funds to the City.

Section 16.03. Deposits With Trustee Subject to Conditions of Article XVI.

The City covenants and agrees that any money which it shall deposit with the Trustee shall be deemed to be deposited in accordance with, and subject to, the applicable provisions of

this Article, and that whenever it shall have elected to redeem Bonds it will irrevocably bind and obligate itself to give notice of redemption thereof, and will further authorize and empower the Trustee to cause the publication of such notice of redemption in its name and on its behalf.

Section 16.04. No Defeasance of Series of Bonds Paid by Insurer.

In the event that the principal and/or interest due on a Series of Bonds shall be paid by an Insurer pursuant to a Municipal Bond Insurance Policy, such Series of Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City until the Insurer has been reimbursed in full therefor in accordance with the terms of the Municipal Bond Insurance Policy, and the assignment and pledge of the Gross Revenues of the System and all covenants, agreements and other obligations of the City to the registered Holders shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered Holders.

[End of Article XVI]

ARTICLE XVII - MISCELLANEOUS

Section 17.01. Miscellaneous Rights of An Insurer.

(A) Notwithstanding any provision of this Master Bond Ordinance to the contrary, each Insurer shall be deemed the exclusive Holder of all Bonds of a Series insured by that Insurer, for the purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies. No rights granted to an Insurer by this Master Bond Ordinance shall be effective at any time that such Insurer is in breach of its obligations under the Municipal Bond Insurance Policy or is subject to bankruptcy or receivership proceedings. Additionally, this paragraph (A) shall be effective only in the event the Insurer's Municipal Bond Insurance Policy results in the applicable Series of Bonds being rated in at least the three (3) highest rating categories of either Standard & Poor's or Moody's Investors Service, Inc.

(B) Any provision of this Master Bond Ordinance expressly recognizing or granting rights in or to an Insurer may not be amended in any manner which affects the rights of such Insurer hereunder without the prior written consent of each such Insurer.

(C) To the extent that an Insurer makes payment of the principal of or interest on any Bonds, it shall become the owner and Holder of such Bonds, appurtenant coupons or right to payment of such principal of or interest on such Bonds and shall be fully subrogated to all of the registered Holders' rights thereunder, including the registered Holders' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note an Insurer's rights as subrogee on the registration books of the City maintained by the Trustee or Registrar upon receipt of proof from the Insurer as to payment of interest thereon to the registered Holders of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Insurer's rights as subrogee on the registration books of the City maintained by the Trustee or Registrar upon surrender of the Bonds by the registered Holders thereof to the Insurer or its agent.

(D) In the event that the principal of and/or interest on any Bonds shall be paid by the Insurer pursuant to the terms of its Municipal Bond Insurance Policy, (i) such Bonds shall continue to be "Outstanding" under this Master Bond Ordinance and (ii) the assignment and pledge of the Gross Revenues and all covenants, agreements and other obligations of the City to the registered Holders shall continue to exist, and the Insurer shall be fully subrogated to all of the rights of such registered Holders in accordance with the terms and conditions of subparagraph (C) above and the Insurer's Municipal Bond Insurance Policy.

(E) The terms and provisions of this Master Bond Ordinance or of any applicable Series Ordinance may not be terminated as long as there are any moneys owed to an Insurer under such terms and provisions of this Master Bond Ordinance or the applicable Series Ordinance or any agreement between such Insurer and the City.

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Section 17.02. Purpose of Covenants in Bond Ordinance.

Every covenant, undertaking and agreement made on behalf of the City, as set forth in this Master Bond Ordinance is made, undertaken and agreed to, for the proper securing of the payment of the principal of and interest on the Bonds. Each shall be deemed to partake of the obligation of the contract between the City and the Bondholders and shall be enforceable accordingly. In this connection, any provider of a surety bond, line of credit, insurance policy or letter of credit as contemplated under Section 7.04(D) hereof may enforce the terms, conditions and obligations under this Master Bond Ordinance as a third party beneficiary hereunder. Nothing in this Master Bond Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, an Insurer, the Trustee, and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Master Bond Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Master Bond Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, an Insurer, the Trustee, and the registered owners of the Bonds.

Section 17.03. Effect of Remedies Granted by Ordinance Not Being Available to Holders of Other Bonds.

If it shall be held by any court of competent jurisdiction that any right or remedy granted by this Master Bond Ordinance or any Series Ordinance to the Holders of any Bond is not available to the Holders of all other Bonds, then such rights and remedies are herewith conferred upon the Holders of such other Bonds.

Section 17.04. Severability.

If any Section, paragraph, clause or provision of this Master Bond Ordinance shall be held invalid, the invalidity of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Master Bond Ordinance.

Section 17.05. Repealing Clause.

All ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistencies.

Section 17.06. Authorization to Sign.

For purposes of all consents and other necessary documentation associated with the issuance of Bonds, the Authorized Officers and the Clerk shall be authorized to sign on behalf of the City and the City Council.

Section 17.07. Direction to Index Bond Ordinance.

This Master Bond Ordinance shall be forthwith codified in the Code of City Ordinances as required by law or by the rules and regulations of the City, and the same shall be indexed

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under the general heading "AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED PUBLIC UTILITY SYSTEM REVENUE BONDS OF THE CITY OF NEWBERRY, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO."

Section 17.08. Governing Law.

The terms of this Master Bond Ordinance shall be governed by the laws of the State, without regard to conflict of law principles.

[End of Article XVII]

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DONE, RATIFIED AND ENACTED this 14th day of April, 2015.

CITY OF NEWBERRY, SOUTH CAROLINA

(SEAL)

Foster Senn

Mayor

Attest:

M. Jennifer O'Shields

City Clerk
City of Newberry, South Carolina

First Reading: March 30, 2015
Second Reading: April 14, 2015

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EXHIBIT A

CONSENT OF SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

The undersigned hereby certifies that she is authorized to execute and deliver this Consent on behalf of the South Carolina Water Quality Revolving Fund Authority (the "*Authority*") as holder of the now outstanding installments of the original issued not exceeding $19,236,065, plus accrued interest, if any, Combined Public Utility System Revenue Bond, Series 2009, dated June 24, 2009 (the "*Series 2009 Bond*").

The Authority hereby consents to the execution and delivery of "AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED PUBLIC UTILITY SYSTEM REVENUE BONDS OF THE CITY OF NEWBERRY, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO" dated ______, 2015 (the "*Bond Ordinance*").

By granting this Consent, the Authority expressly authorizes the Series 2009 Bond to be governed by the terms of the Bond Ordinance. Further, the Authority expresses no opinion as to whether the consent of any other person is required for such amendment.

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

By ______________________________
Ashlie Lancaster, Interim Director
Office of Local Government,
South Carolina Budget and Control Board

Dated: _________, 20___

AN ORDINANCE

PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED PUBLIC UTILITY SYSTEM REVENUE BONDS IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING TEN MILLION DOLLARS ($10,000,000), OF THE CITY OF NEWBERRY, SOUTH CAROLINA; PROVIDING FOR THE ISSUANCE OF BOND ANTICIPATION NOTES; AND OTHER MATTERS RELATING THERETO

DATED: JUNE 16, 2026
(2026 Series Ordinance)

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEWBERRY, THE GOVERNING BODY OF THE CITY OF NEWBERRY, SOUTH CAROLINA, IN A MEETING DULY ASSEMBLED:

ARTICLE I - FINDINGS OF FACT

Section 1.01 Findings

Incident to the enactment of this ordinance (this "***2026 Series Ordinance***"), and the issuance of the bonds and notes provided for herein, the City Council of the City of Newberry (the "***City Council***"), the governing body of the City of Newberry, South Carolina (the "***City***"), finds that the facts set forth in this Article exist and the following statements are in all respects true and correct:

(1) The City Council has made general provision for the issuance from time to time of Combined Public Utility System Revenue Bonds (the "***Bonds***") of the City by a bond ordinance entitled, "AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED PUBLIC UTILITY SYSTEM REVENUE BONDS OF THE CITY OF NEWBERRY, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO" duly enacted on April 14, 2015 (the "***Bond Ordinance***"). Terms utilizing initial capitals and not otherwise defined herein shall have the meanings ascribed thereto in the Bond Ordinance.

(2) It is provided in and by the Bond Ordinance that, upon enactment of a "Series Ordinance," there may be issued one or more Series of Bonds for any of the following purposes: (1) obtaining funds for expansions, additions and improvements to the City's combined public utility system (the "***System***"), including the recoupment of funds already so expended; (2) providing funds for the payment of any bond anticipation notes; (3) refunding Bonds and certain other obligations; (4) providing funds for the payment of interest due on any Bonds; (5) funding or restoring the value of a Debt Service Reserve Fund, if any, or otherwise meeting the applicable Reserve Requirement; and (6) paying the costs of issuance of Bonds, including payment of any premium due on any Municipal Bond Insurance Policy or other credit enhancement.

(3) The City currently has the following indebtedness which is paid solely from the revenues derived from the System, including (i) the $39,005,000 original principal amount Combined Public Utility System Improvement Revenue Bonds, Series 2015 dated May 26, 2015, currently outstanding in the principal amount of $23,500,000, and (ii) the $9,290,000 original principal amount Combined Public Utility System Improvement Revenue Bonds, Series 2021A dated February 9, 2021, currently outstanding in the principal amount of $5,255,000.

(4) Upon a review of the System, the City has determined to provide for the acquiring, engineering, permitting, constructing, furnishing and equipping of improvements to the System, including water treatment plant repairs and upgrades, electric substation replacements, repairs and upgrades, sewer line repairs and replacements, water line repair and

replacement, warehouse improvements, water tower improvements, meter replacements and other general System upgrades (collectively, the "***Project***").

(5) The City has determined to issue the Series 2026 Bonds (as defined herein) to: (i) defray the costs of the Project, including the recoupment of funds previously expended; and (ii) pay the costs of issuance of the Series 2026 Bonds, including the payment of any premium due on any Municipal Bond Insurance Policy (as defined in the Bond Ordinance).

(6) By reason of the foregoing, the City has determined to enact this 2026 Series Ordinance in accordance with the terms and provisions of the Bond Ordinance in order to issue bonds on a parity with the Outstanding Bonds for the purposes set forth above.

Section 1.02 Determinations Required by Section 4.01(B) of the Bond Ordinance.

(a) The City shall hereby specify and determine:

(1) the System is expected to have a period of usefulness of not less than 40 years;

(2) the Date of Issue of any Series 2026 Bonds shall be the date on which the same are executed and delivered, or such other date as shall be determined by an Authorized Officer pursuant to Article V hereof;

(3) the maximum aggregate authorized principal amount of the Series 2026 Bonds is set forth at Section 4.01 hereof, and the exact principal amount of any Series of Series 2026 Bonds shall be determined by an Authorized Officer at the closing thereof pursuant to Article V hereof;

(4) the Bond Payment Dates, the Record Dates, and the dates of maturity and amounts thereof of such Series 2026 Bonds shall be determined by an Authorized Officer at the closing of such Series 2026 Bonds pursuant to Article V hereof, provided, however, no such Series 2026 Bond shall mature later than 40 years from the Date of Issue thereof;

(5) Series 2026 Bonds are being issued for the purposes set forth in Section 4.01(A) of the Bond Ordinance, as set forth at Section 4.02 hereof;

(6) the title and designation of the Series 2026 Bonds shall be as set forth at Section 4.01 hereof or as otherwise determined by an Authorized Officer pursuant to Article V hereof;

(7) Series 2026 Bonds shall be sold in accordance with Article VIII hereof;

(8) Series 2026 Bonds shall bear interest at rates as determined by an Authorized Officer through the sale procedures of Article VIII hereof, and the City will not enter into any interest rate swap or similar transaction with respect to the Series 2026 Bonds;

(9) Series 2026 Bonds may be issued as either Serial Bonds or Term Bonds (with appropriate mandatory redemption provisions), as determined by an Authorized Officer pursuant to Article V hereof;

(10) the Redemption Prices and dates applicable to any Series of Series 2026 Bonds shall be as determined by an Authorized Officer at the closing of such Series 2026 Bonds pursuant to Article V hereof;

(11) The Bank of New York Mellon Trust Company, N.A. (the "***Trustee***") shall serve as Trustee, Paying Agent, and Registrar for the Series 2026 Bonds;

(12) Series 2026 Bonds shall be in the form as provided at Section 4.09 hereof and Exhibit A hereof, with such revisions as may be approved by an Authorized Officer pursuant to Article V hereof upon the advice of Bond Counsel, the execution thereof being conclusive evidence of such approval;

(13) the initial maturity of the Series 2026 Bonds shall be numbered R-1 and any other Series 2026 Bonds thereafter shall be sequentially numbered "R- " thereafter, and shall be issued in denominations of $5,000 or any integral multiple thereof in one or more Series in the denomination of the principal amount of such Series of Series 2026 Bonds;

(14) Series 2026 Bonds may be issued in book-entry form as permitted by Section 4.20 of the Bond Ordinance determined by an Authorized Officer at the closing of such Series 2026 Bonds pursuant to Article V hereof;

(15) the Reserve Requirement has been met, as applicable, with respect to the Parity Bonds;

(16) the proceeds of Series 2026 Bonds shall be applied as set forth at Article VII hereof; and

(17) no 2026 Debt Service Reserve Fund is contemplated to be established in connection with the Series 2026 Bonds, and thus no Reserve Requirement is anticipated to be established, however if the Authorized Officer determines that a Debt Service Reserve Fund shall assist the City in obtaining more advantageous terms, he may establish both a Debt Service Reserve Fund and establish a Reserve Requirement to be met from proceeds of the Series 2026 Bonds or available funds of the City; and

(18) the 2026 Debt Service Fund is established pursuant to Section 4.06 hereof; the 2026 Costs of Issuance Account is established pursuant to Section 7.02 hereof.

[End of Article I]

ARTICLE II - DEFINITIONS AND CONSTRUCTION

Section 2.01 Definitions

(a) Except as provided in subsection (b) below, all terms which are defined in Section 2.02 of the Bond Ordinance shall have the same meanings in this 2026 Series Ordinance as such terms are prescribed to have in the Bond Ordinance.

(b) As used in this 2026 Series Ordinance, unless the context shall otherwise require the following terms shall have the following respective meanings:

"***2026 Construction Fund***" shall mean the fund of that name established by Section 7.02 of this 2026 Series Ordinance.

"***2026 Costs of Issuance Account***" means that account within the 2026 Construction Fund created pursuant to Section 7.02 hereof.

"***2026 Debt Service Fund***" shall mean the fund of that name established by this 2026 Series Ordinance pursuant to Section 7.03 of the Bond Ordinance.

"***2026 Debt Service Reserve Fund***" shall mean the fund of that name established by this 2026 Series Ordinance pursuant to Section 7.04 of the Bond Ordinance.

"***2026 Series Ordinance***" shall mean this Series Ordinance of the City Council.

"***Authorized Officer***" means the Mayor, the City Manager, the Chief Financial Officer or any temporary, or interim holder of the foregoing offices or positions, and other officers or employees of the City designated from time to time as such by the City by Ordinance or ordinance; each person listed above, or designated from time to time as an Authorized Officer, may act individually as the Authorized Officer or on behalf of the Authorized Officers.

"***BAN Act***" means Title 11, Chapter 17 of the South Carolina Code.

"***Book-Entry System***" means, with respect to the Series 2026 Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in the Series 2026 Bonds may be transferred only through a book-entry, and (ii) physical Series 2026 Bonds in fully registered form are registered only in the name of a Securities Depository or its Securities Depository Nominee. The book-entry maintained by the Securities Depository is the record that identifies the owners of participatory interests in the Series 2026 Bonds, when subject to the Book-Entry System.

"***Bond Purchase Agreement***" shall mean the contract between the City and the Underwriter pursuant to Section 8.01(a) of this 2026 Series Ordinance.

"***Clerk***" means the municipal clerk of the City, including any acting, interim or temporary clerk.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Continuing Disclosure Undertaking*" means the agreement, which may also be referred to as the Disclosure Dissemination Agent Agreement, of the City pursuant to Section 9.02 of this 2026 Series Ordinance.

"*Date of Issue*" means, with respect to Series 2026 Bonds, the date of delivery thereof, or such alternate date determined pursuant to Article V hereof.

"*DTC*" means The Depository Trust Company.

"*Governmental Unit*" means a state or local governmental unit within the meaning of Section 141(b) of the Code.

"*Nongovernmental Person*" means any Person other than a Governmental Unit.

"*Person*" means firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities, including public bodies, as well as natural persons.

"*Rule 15c2-12*" means United States Securities and Exchange Commission Rule 15c2-12, as amended.

"*Securities Depository*" shall mean DTC, or another recognized securities depository selected by the City, which securities depository maintains a Book-Entry System in respect of the Series 2026 Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

"*Securities Depository Nominee*" shall mean, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Registrar the Series 2026 Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its Book-Entry System. Cede & Co. shall serve as the initial Securities Depository Nominee hereunder.

"*Series 2026 Bonds*" shall mean the Series of Bonds authorized and designated by Section 4.01 of this 2026 Series Ordinance.

"*Series 2026 Note*" means the one or more bond anticipation notes authorized and designated by Section 10.01 of this 2026 Series Ordinance.

"*South Carolina Code*" shall mean the Code of Laws of South Carolina 1976, as from time to time amended.

"*Taxable Bonds*" has the meaning given such term in Section 9.01(f) hereof.

"*Trustee*" shall mean The Bank of New York Mellon Trust Company, N.A., its successors and assigns.

"*Underwriter*" shall mean Raymond James & Associates, Inc., its successors and assigns.

Section 2.02 Authority for this 2026 Series Ordinance

This 2026 Series Ordinance is enacted pursuant to the provisions of the Bond Ordinance.

[End of Article II]

ARTICLE III - USEFUL LIFE

Section 3.01 Determination of the Useful Life of the System

The period of usefulness of the System is hereby determined to be not less than forty (40) years from the date of enactment of this 2026 Series Ordinance.

[End of Article III]

ARTICLE IV - AUTHORIZATION AND TERMS OF THE SERIES 2026 BONDS

Section 4.01 Principal Amount; Designation of Series 2026 Bonds

(a) Pursuant to the provisions of the Bond Ordinance, a Series of Bonds of the City entitled to the benefits, protection, and security of the provisions of the Bond Ordinance is hereby authorized in the principal amount of not exceeding Ten Million Dollars ($10,000,000); such Bonds so authorized shall be designated the "City of Newberry, South Carolina Combined Public Utility System Revenue Bonds, Series 2026" and shall bear a numeric or alphanumeric Series designation as may be necessary to distinguish them from the Bonds of every other Series (the "***Series 2026 Bonds***").

(b) As determined by the Authorized Officer, the Series 2026 Bonds may be sold as a single Series or from time to time as multiple Series bearing any such designation as appropriate. References herein to the Series 2026 Bonds shall include all Series of Bonds authorized by this 2026 Series Ordinance. All of or a separate Series of the Series 2026 Bonds may be issued as Taxable Bonds and in such event, such bonds shall bear an appropriate designation so as to distinguish its tax status.

(c) Should the Series 2026 Bonds not be issued in calendar year 2026, the designation for the Series 2026 Bonds and all other references to "2026" recited herein shall be changed to appropriately reflect the year of such actual issuance. References herein to the Series 2026 Bonds shall include all Series of Bonds authorized hereunder.

Section 4.02 Purposes of the Series 2026 Bonds

The Series 2026 Bonds are authorized for the principal purposes of:

(a) defraying the costs of the Project and reimbursing the City for costs of the Project that were previously incurred;

(b) funding the 2026 Debt Service Reserve Fund, if any, in an amount equal to the Reserve Requirement, or paying the premium associated with the issuance of a credit instrument, which in lieu of cash, shall satisfy the Reserve Requirement; and

(c) paying certain costs and expenses relating to the issuance of the Series 2026 Bonds, including the payment of any premium due on any Municipal Bond Insurance Policy.

Section 4.03 Date of Issue; Interest Rates; Maturity; Redemption

(a) The Date of Issue of each Series of Series 2026 Bonds shall be the date of delivery thereof, subject to an alternate designation by the Authorized Officer pursuant to Article V hereof. The Series 2026 Bonds shall mature on such dates and in such principal amounts, and shall bear interest at such rates, not to exceed 7.00% per annum, as may be determined by an Authorized Officer pursuant to Article V hereof. Series 2026 Bonds shall mature as Serial Bonds or Term Bonds, with such mandatory sinking fund installments as are set forth in a schedule approved by the Authorized Officer prior to or simultaneously with the issuance of such Series 2026 Bonds.

(b) Interest on any Series of Series 2026 Bonds shall be payable on such Bond Payment Dates as are determined by the Authorized Officer pursuant to Article V hereof. Such interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Consistent with the terms of the Bond Ordinance, the Record Dates for the payment of interest on Series 2026 Bonds shall be the 15th day of the month prior to each Bond Payment Date.

(c) Series 2026 Bonds may be subject to redemption prior to maturity, upon such terms and conditions, and at such Redemption Prices, as may be established by an Authorized Officer pursuant to Article V hereof, prior to or simultaneously with the issuance of the applicable Series of Series 2026 Bonds.

(d) Whenever any action on account of the Series 2026 Bond results in such action being taken on a Saturday, Sunday, or legal holiday or bank holiday in the State or in any state where the corporate trust office of the Trustee is located, the action shall be taken on the first Business Day occurring thereafter.

Section 4.04 Authentication; Payment of Series 2026 Bonds

(a) Each of the Series 2026 Bonds shall be authenticated by the Registrar on or before such date as they shall, in each case, be delivered. Each of the Series 2026 Bonds shall bear interest from their respective Date of Issue if no interest has yet been paid; otherwise from the last date to which interest has been paid and which date is on or prior to the date of authentication such Series 2026 Bonds.

(b) The interest on all Series 2026 Bonds shall be paid by check or draft mailed from the office of the Trustee to the person in whose name of the Series 2026 Bonds is registered at the close of business on the Record Date; provided, however, that any Holder of Series 2026 Bonds in the aggregate principal amount of $1,000,000 or more may request (in writing, delivered to the Paying Agent), prior to the applicable Record Date, that interest payments be made by wire transfer to such Holder at an account maintained by a financial institution located in the continental United States specified in such request.

(c) Presentment of the Series 2026 Bonds for payment shall not be required, except for the final payment of the principal and interest thereon or upon such other condition or indicia of satisfaction as may be mutually agreed upon by the City and the Holder of such Series 2026 Bonds, notice of which shall be provided to the Trustee in advance of such final payment.

Section 4.05 Denomination and Numbering of the Series 2026 Bonds

(a) Series 2026 Bonds shall be issued in denominations of $5,000 or any multiple thereof. Each Series 2026 Bond shall be numbered by the Trustee in such a fashion as to reflect the fact that it is one of the Series 2026 Bonds, and to identify the owner thereof on the books kept by the Registrar. The initial maturity of the Series 2026 Bonds shall be numbered R-1, and thereafter sequentially "R-" numbered for identification.

(b) As necessary for the marketability and sale of the Series 2026 Bonds, the Authorized Officer may determine to authorize any Serial Bonds to be issued with split serial maturities. However, the preference is given for each separate maturity to have the same single rate of interest for each Series 2026 Bond of that maturity.

Section 4.06 Establishment of 2026 Debt Service Fund

In accordance with Section 7.03 of the Bond Ordinance, the 2026 Debt Service Fund is hereby directed to be established by the Trustee on or before the Date of Issue of the Series 2026 Bonds for the benefit of the Holders of the Series 2026 Bonds. In the event that more than one Series of Bonds is issued pursuant to the terms of this 2026 Series Ordinance, a separate Debt Service Fund shall be established for each such Series.

Section 4.07 2026 Debt Service Reserve Fund

In accordance with Section 7.04 of the Bond Ordinance and the terms of this 2026 Series Ordinance, if an Authorized Officer determines that the 2026 Debt Service Reserve Fund is necessary and desirable, he shall direct the Trustee in writing to establish such 2026 Debt Service Reserve Fund. If established, the 2026 Debt Service Reserve Fund shall be maintained by the Trustee in accordance with the provisions of the Bond Ordinance in an amount equal to the Reserve Requirement, as may be determined by an Authorized Officer.

Section 4.08 Appointment of Trustee, Paying Agent and Registrar

The Trustee is hereby appointed to act as Trustee, Paying Agent, and Registrar for the Series 2026 Bonds. The Trustee shall signify its acceptance of the duties of Trustee, Paying Agent and Registrar upon delivery of the Series 2026 Bonds. The City shall pay to the Trustee from time to time reasonable compensation based on the then-standard fee schedule of such parties for all services rendered under the Bond Ordinance and this 2026 Series Ordinance, and also all reasonable expenses, charges, counsel fees, cost and expenses, and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Bond Ordinance and this 2026 Series Ordinance.

The Series 2026 Bonds shall be presented for registration of transfers and exchanges, and notices and demands to or upon the Trustee and the City in respect of the Series 2026 Bonds may be served, at the corporate trust office of the Trustee.

The Trustee (or any affiliate thereof that holds the funds and accounts hereunder as depository on behalf of the Trustee) shall be a member of the Federal Deposit Insurance

Corporation (the "***FDIC***") and shall remain such a member throughout the period during which it shall act as Trustee, Paying Agent, and Registrar. The Trustee, in its capacity as Trustee, Paying Agent, and Registrar, shall accept its appointment by a written instrument embodying its agreement to remain, or maintain an affiliate that serves as depository that is, a member of the FDIC. Unless the same be secured as trust funds in the manner provided by the applicable regulations of the Comptroller of the Currency of the United States of America, and unless otherwise provided for in the Bond Ordinance and in this 2026 Series Ordinance, all moneys in the custody of the Trustee (or such affiliate thereof) in excess of the amount of such deposit insured by the FDIC shall be secured in Government Obligations or other applicable provisions of State law at the written direction of the Authorized Officer that are at least equal to the sum on deposit and not insured by the FDIC.

Section 4.09 Form of Series 2026 Bonds

Series 2026 Bonds, together with the certificate of authentication, certificate of assignment and/or statement of insurance, if any, are to be in substantially the form attached hereto as Exhibit A with such necessary and appropriate variations, omissions and insertions as permitted or required upon advice of Bond Counsel and as determined by an Authorized Officer, or as otherwise authorized by the Bond Ordinance or this 2026 Series Ordinance. The execution of Series 2026 Bonds shall constitute conclusive evidence of the approval of any changes to the form of any Series 2026 Bond.

Section 4.10 Book-Entry System

Pursuant to Section 4.20 of the Bond Ordinance, any Series of Series 2026 Bonds may be held under a Book-Entry System of a securities depository as determined pursuant to Article V hereof.

(a) Notwithstanding anything to the contrary herein, so long as the Series 2026 Bonds are being held under a Book-Entry System of a Securities Depository, transfers of beneficial ownership of the Series 2026 Bonds will be effected pursuant to rules and procedures established by such Securities Depository. If held under a Book-Entry System, the initial securities depository for the Series 2026 Bonds will be DTC. DTC and Cede & Co., and any-successor securities depositories and successor securities depository nominees, are hereinafter referred to as the "Securities Depository" and "Securities Depository Nominees," respectively.

(b) As long as a Book-Entry System is in effect for the Series 2026 Bonds, the Securities Depository Nominee will be recognized as the Holder of the Series 2026 Bonds for the purposes of: (i) paying the Principal Installments, interest, and Redemption Price, if any, on such Series 2026 Bonds, (ii) selecting the portions of such Series 2026 Bonds to be redeemed, if Series 2026 Bonds are to be redeemed in part, (iii) giving any notice permitted or required to be given to Bondholders under this 2026 Series Ordinance, (iv) registering the transfer of Series 2026 Bonds, and (v) requesting any consent or other action to be taken by the Holders of such Series 2026 Bonds, and for all other purposes whatsoever, and the City shall not be affected by any notice to the contrary.

(c) The City shall not have any responsibility or obligation to any participant, any beneficial owner or any other person claiming a beneficial ownership in any Series 2026 Bonds which are registered to a Securities Depository Nominee under or through the Securities Depository with respect to any action taken by the Securities Depository as Holder of such Series 2026 Bonds.

(d) The Paying Agent shall pay all Principal Installments, interest and Redemption Price, if any, on Series 2026 Bonds issued under a Book-Entry System, only to the Securities Depository or the Securities Depository Nominee, as the case may be, for such Series 2026 Bonds, and all such payments shall be valid and effectual to fully satisfy and discharge the obligations with respect to the Principal Installments of, interest on, and Redemption Price, if any, of such Series 2026 Bonds.

(e) In the event that the City determines that it is in the best interest of the City to discontinue the Book-Entry System of transfer for the Series 2026 Bonds, or that the interests of the beneficial owners of the Series 2026 Bonds may be adversely affected if the Book-Entry System is continued, then the City shall notify the Securities Depository of such determination. In such event, the Registrar shall authenticate, register, and deliver physical certificates for the Series 2026 Bonds in exchange for the Series 2026 Bonds registered in the name of the Securities Depository Nominee. Prior to any transfer of the Series 2026 Bonds that is outside of a Book-Entry System (including, but not limited to, the initial transfer outside of a Book-Entry System) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(f) In the event that the Securities Depository for the Series 2026 Bonds discontinues providing its services, the City shall either engage the services of another Securities Depository or arrange with the Registrar for the delivery of physical certificates in the manner described in subsection (e) above.

(g) In connection with any notice or other communication to be provided to the Holders of Series 2026 Bonds by the City or by the Registrar with respect to any consent or other action to be taken by the Holders of Series 2026 Bonds, the City or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository Nominee notice of such record date not less than 15 days in advance of such record date to the extent possible.

(h) At the closing of any Series 2026 Bonds and the delivery of the same to the purchaser thereof through the facilities of DTC, the Registrar may maintain custody of Bond certificates on behalf of DTC in accordance with DTC's "FAST" closing procedures.

[End of Article IV]

ARTICLE V - CERTAIN DELEGATIONS AND AUTHORIZATIONS

Section 5.01 Certain Delegations

The City hereby expressly delegates to the Authorized Officer the authority, with respect to the Series 2026 Bonds, to determine, in connection with any Series of Series 2026 Bonds issued hereunder:

(1) whether to issue the Series 2026 Bonds as a single Series or from time to time in several Series;

(2) the manner of sale of such Series 2026 Bonds in accordance with Article VIII hereof;

(3) whether to create and distribute preliminary and final Official Statements in connection with the issuance of such Series 2026 Bonds;

(4) the final form of such Series 2026 Bonds, whether to modify the Series designation in accordance with Section 4.01 hereof, and the exact principal amount of any Series of such Series 2026 Bonds, provided that the aggregate principal amount of all Series 2026 Bonds shall not exceed $10,000,000;

(5) whether and the extent to which such Series of Series 2026 Bonds shall be issued as Term Bonds or Serial Bonds, or some combination thereof;

(6) the Date of Issue (if other than the date of delivery), Bond Payment Dates, rate or rates of interest obtained using the sale procedures of Article VIII hereof, the maturity schedule, and the final maturity of each Series of Series 2026 Bonds, provided, however, that no Series 2026 Bonds shall mature later than April 1, 2056;

(7) whether any Series of the Series 2026 Bonds shall be subject to optional or mandatory redemption prior to maturity, and if so, the redemption provisions and Redemption Prices applicable thereto;

(8) whether such Series 2026 Bonds shall be issued in book-entry form and held under a Book-Entry System as permitted by Section 4.20 of the Bond Ordinance and as further described in Section 4.10 hereof;

(9) whether to obtain a Municipal Bond Insurance Policy, credit enhancement, or both, and if so, to make appropriate arrangements therefor;

(10) whether to establish a Reserve Requirement for such Series 2026 Bonds and to establish a 2026 Debt Service Reserve Fund in accordance with Section 4.07 hereof;

(11) whether such Series 2026 Bonds will be designated as "qualified tax-exempt obligations" pursuant to the Code;

(12) whether the Series 2026 Bonds (or any Series thereof) shall be issued as a Taxable Bond;

(13) the form of any Continuing Disclosure Undertaking (as defined herein), and any continuing financial and operating disclosures associated therewith under Section 9.02 hereof; and

(14) such other matters regarding the Series 2026 Bonds as are necessary or appropriate to effect the issuance and sale thereof.

[End of Article V]

ARTICLE VI - EXECUTION; NO RECOURSE

Section 6.01 Execution of the Series 2026 Bonds

The Series 2026 Bonds shall be executed and attested by the Mayor and the Clerk, respectively, in accordance with the applicable provisions of the Bond Ordinance; however, in the absence of the Mayor or the Clerk for any reason, an Authorized Officer shall be authorized to either execute the Series 2026 Bonds or attest to the execution of the Series 2026 Bonds on behalf of the absent party; however, in no event shall the same Authorized Officer be permitted to both execute and attest to the Series 2026 Bonds. If acting on behalf of an absent person, such Authorized Officer shall be authorized to execute, sign, certify or attest any documentation otherwise required of the Mayor or Clerk respecting the issuance and delivery of the Series 2026 Bonds.

Facsimiles or electronic signatures by the Mayor or the Clerk, or any Authorized Officer are expressly authorized and permitted with respect to the Series 2026 Bonds and all closing documents and certificates associated therewith.

Section 6.02 No Recourse on the Series 2026 Bonds

All covenants, stipulations, promises, agreements and obligations of the City contained in the Bond Ordinance or in this 2026 Series Ordinance shall be deemed to be the covenants, stipulation, promises, agreements and obligations of the City and not those of any officer or employee of the City in his or her individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Series 2026 Bonds or for any claim based thereon or on the Bond Ordinance or on this 2026 Series Ordinance, either jointly or severally, against any officer or employee of the City or any person executing the Series 2026 Bonds.

[End of Article VI]

ARTICLE VII - APPLICATION OF BOND PROCEEDS; ESTABLISHMENT OF FUNDS

Section 7.01 Use and Disposition of Bond Proceeds

Upon the delivery of the Series 2026 Bonds and receipt of the proceeds thereof, net of underwriter's discount, such funds shall be disbursed as follows:

(1) if an Authorized Officer determines to fund the 2026 Debt Service Reserve Fund, the sum or instrument equal to the Reserve Requirement, whether in cash or otherwise through another credit instrument, shall be deposited into the 2026 Debt Service Reserve Fund;

(2) to effect the redemption of any Series 2026 Notes issued hereunder, if any; and

(3) the remaining net proceeds shall be deposited in the 2026 Construction Fund and used to defray the costs of the Project and the costs of issuance of the Series 2026 Bonds, including the costs of any Municipal Bond Insurance Policy.

Section 7.02 Establishment of 2026 Construction Fund; 2026 Cost of Issuance Account; and Excess Funds

(a) There is hereby established the 2026 Construction Fund, and within such fund there may be additionally created a "2026 Costs of Issuance Account." Subject to Section 7.08 of the Bond Ordinance, moneys in the 2026 Costs of Issuance Account shall be invested and reinvested at the written direction of the City in Authorized Investments. Upon written notification from the City that the payment of all costs of issuance for the Series 2026 Bonds have been paid, the remaining sums therein shall be transferred by the Trustee and applied as follows: first to the 2026 Construction Fund, and then to the 2026 Debt Service Fund.

(b) There shall be paid into the 2026 Construction Fund the sums prescribed by paragraph (3) of Section 7.01 hereof. As directed by the Authorized Officer, the 2026 Construction Fund shall be held and controlled by the Trustee or City in compliance with the provisions of the Code. Moneys held in the 2026 Construction Fund, including all subaccounts thereunder, shall be invested and reinvested at the written direction of the Authorized Officer in Authorized Investments, and all earnings therein shall be added to the 2026 Construction Fund. If there are any funds remaining in the 2026 Construction Fund, including any subaccounts thereunder, upon completion of the Project, such funds shall be transferred to the 2026 Debt Service Fund and used to pay principal of and interest on the Series 2026 Bonds as the same come due.

[End of Article VII]

ARTICLE VIII - SALE OF BONDS

Section 8.01 Sale of the Series 2026 Bonds

Any Series 2026 Bonds sold on a negotiated basis may be sold pursuant to either of the following methods as determined by an Authorized Officer:

(a) *Negotiated Public Offering:* Any Series 2026 Bonds may be sold to the Underwriter pursuant to the terms of a Bond Purchase Agreement for resale in the public capital markets, and if any Series 2026 Bonds are sold to the Underwriter, the selection of the Underwriter, including the process for selecting the Underwriter, is approved, authorized, and ratified. The Bond Purchase Agreement shall be executed by an Authorized Officer upon advice of Bond Counsel and the Municipal Advisor. The execution of the Bond Purchase Agreement by such Authorized Officer shall constitute conclusive evidence of his or her approval thereof. In such case, the City hereby authorizes an Authorized Officer to prepare, or cause to be prepared, a preliminary official statement and authorize the distribution of the preliminary official statement by the Underwriter. The City authorizes an Authorized Officer to designate the preliminary official statement as "final" for purposes of Rule 15c2-12. Such Authorized Officer is further authorized to see to the completion of the final form of the official statement upon the sale of such Series 2026 Bonds so that it may be provided to the Underwriter. The execution and delivery of the final official statement by an Authorized Officer shall constitute conclusive evidence of the City's approval thereof. In connection with any Negotiated Public Offering, an Authorized Officer is authorized to perform all actions necessary to comply with Rule 15c2-12 and any other applicable securities laws.

(b) *Direct Placement*: In lieu of, or in addition to, the public sale provisions in Section 8.01(a) above, any Series 2026 Bonds may be sold to an institution or institutions as a single instrument as a means of making a commercial loan (a "***Direct Placement Purchaser***"). An Authorized Officer is authorized to distribute a request for proposals to prospective purchasers of Series 2026 Bonds and award such Series 2026 Bonds to a Direct Placement Purchaser on the basis of the terms and conditions contained therein. Such Series 2026 Bonds shall be issued as a single Bond (or separate single Bonds if the Series 2026 Bonds are sold in multiple Series), without CUSIP identification (unless otherwise agreed by the Direct Placement Purchaser and an Authorized Officer on behalf of the City), and shall not be issued in book-entry-only form. No official statement shall be prepared in connection with the sale of such Series 2026 Bonds; however, a limited offering memorandum may be prepared upon the advice of the Municipal Advisor. The Direct Placement Purchaser of any such Series 2026 Bonds shall execute an investor letter to the City acknowledging its purchase of such Series 2026 Bonds as a means of making a commercial loan. If sold to a Direct Placement Purchaser, no Bond Purchase Agreement shall be required.

Section 8.02 Certain Financial Information to be Provided to Purchaser

As requested by a Direct Placement Purchaser of the Series 2026 Bonds, the City may furnish, or agree or arrange to provide, financial information related to or affecting the System as the Direct Placement Purchaser may reasonably request or require, and as may be agreed upon between such Direct Placement Purchaser and the City. Upon reasonable notice, the City shall

permit any Holder of the Series 2026 Bonds, or its agents and representatives, to inspect during regular business hours the City's books and records relating to or affecting the System and to make extractions therefrom.

[End of Article VIII]

ARTICLE IX - TAX AND DISCLOSURE COVENANTS

Section 9.01 Tax Covenants

(a) *General Tax Covenant.* The City will comply with all requirements of the Code in order to preserve the tax-exempt status of the Series 2026 Bonds, including without limitation, (i) the requirement to file Form 8038-G, *Information Return for Tax-Exempt Governmental Bonds*, with the Internal Revenue Service, and (ii) the requirement to rebate certain arbitrage earnings to the United States Government pursuant to Section 148(f) of the Code. In this connection, the City covenants to execute any and all agreements or other documentation as it may be advised by Bond Counsel will enable it to comply with this Section 9.01, including its certification on reasonable grounds that the Series 2026 Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code.

(b) *Tax Representations*. The City hereby represents and covenants that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2026 Bonds to become includable in the gross income of the Holders thereof for federal income tax purposes pursuant to the provisions of the Code and the United States Treasury Regulations (the "***Regulations***"). Without limiting the generality of the foregoing, the City represents and covenants that:

(1) All property financed or refinanced with the proceeds of the Series 2026 Bonds will be owned by the City or another political subdivision of the State so long as the Series 2026 Bonds are Outstanding in accordance with the rules governing the ownership of property for federal income tax purposes.

(2) The City shall not use, and will not permit any party to use, the proceeds of the Series 2026 Bonds, or any bonds refunded thereby, in any manner that would result in (i) 10% or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any Nongovernmental Person, (ii) 5% or more of such proceeds being considered as having been used directly or indirectly in any trade or business of any Nongovernmental Person that is either "unrelated" or "disproportionate" to the governmental use of the financed facility by the City or by any other Governmental Unit (as the terms "unrelated" and "disproportionate" are defined for purposes of Section 141(b)(3) of the Code) or (iii) 5% or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any Nongovernmental Person.

(3) The City is not a party to, and will not enter into or permit any other party to enter into, any contract with any person involving the management of any facility financed or refinanced with the proceeds of the Series 2026 Bonds or by notes paid by the Series 2026 Bonds that does not conform to the guidelines set forth in Revenue Procedure 2017-13, or a successor revenue procedure, Code provision or Regulations.

(4) The City will not sell, or permit any other party to sell, any property financed or refinanced with the Series 2026 Bonds to any person unless it obtains an opinion of nationally recognized bond counsel that such sale will not affect the tax-exempt status of the Series 2026 Bonds.

(5) The Series 2026 Bonds will not be "federally guaranteed" within the meaning of Section 149(b) of the Code. The City shall not enter into, or permit any other party to enter into, any leases or sales or service contract with any federal government agency with respect to any facility financed or refinanced with the proceeds of the Series 2026 Bonds and will not enter into any such leases or contracts unless it obtains the opinion of nationally recognized bond counsel that such action will not affect the tax-exempt status of the Series 2026 Bonds.

(c) *Arbitrage Bonds, Rebate*. The City covenants that no use of the proceeds of the sale of the Series 2026 Bonds shall be made which, if such use had been reasonably expected on the date of issue of such Series 2026 Bonds, would have caused the Series 2026 Bonds to be "arbitrage bonds" as defined in the Code, and to that end the City shall:

(1) comply with the applicable Regulations so long as the Series 2026 Bonds are Outstanding;

(2) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code and Regulations relating to required rebate of certain amounts to the United States Government;

(3) make such reports of such information at the time and places required by the Code and Regulations; and

(4) take such other action as may be required to assure that the tax-exempt status of the Series 2026 Bonds will not be impaired.

(d) *Tax Certificate*. An Authorized Officer is hereby authorized and directed to execute, at or prior to delivery of any Series of Bonds, a certificate or certificates specifying actions taken or to be taken by the City, and the reasonable expectations of such officials, with respect to such Series of Bonds, the proceeds thereof, or the City.

(e) *Reimbursement Declaration*. The City hereby declares its intention to reimburse itself for a portion of the costs of the Project with the proceeds of Series 2026 Bonds. To that end, the City Council determines and declares as follows:

(1) no funds from any sources other than the Series 2026 Bonds are or are reasonably expected to be, reserved, allocated on a long-term basis or otherwise set aside by the City pursuant to the budget or financial policies of the City for the financing of the portion of the costs of acquisition, construction, and equipping of the Project to be funded with the Series 2026 Bonds;

(2) The City reasonably expects that all or a portion of the expenditures incurred for the Project and the issuance of the Series 2026 Bonds will be paid prior to the issuance of the Series 2026 Bonds;

(3) The City intends and reasonably expects to reimburse itself for all such expenditures paid by it with respect to the Project prior to the issuance of the Series 2026 Bonds from the proceeds of the Series 2026 Bonds, and such intention is consistent with the budgetary and financial circumstances of the City;

(4) all of the costs to be paid or reimbursed from the proceeds of the Series 2026 Bonds will be for costs incurred in connection with the issuance of the Series 2026 Bonds, or will, at the time of payment thereof, be properly chargeable to the capital account of the Project (or would be so chargeable with a proper election) under general federal income tax principles; and

(5) this 2026 Series Ordinance shall constitute a declaration of official intent under Section 1.150-2 of the Regulations.

(f) *Bank Qualified*. The Series 2026 Bonds may be designated by an Authorized Officer pursuant to Article V hereof as "qualified tax-exempt obligations" in accordance with Section 265(b)(3)(B) of the Code.

(g) *Taxable Bonds*. Prior to the issuance of a Series of Series 2026 Bonds, the Authorized Officer may, pursuant to Article V hereof, in consultation with Bond Counsel, designate such Series of Bonds as taxable under the Code. The election to issue a Series of Taxable Bonds shall be clearly indicated by including the phrase "Taxable Series," or words to that effect, in the series designation of such Taxable Bonds. The above provisions of this Section 9.01 shall not be applicable to any Series of Taxable Bonds.

(h) The Trustee shall have no responsibility to monitor the City's compliance with the covenants set forth in this Section 9.01.

<u>Section 9.02</u> <u>Disclosure Covenants</u>

(a) The City hereby covenants and agrees that it will comply with and carry out all of the provisions of any continuing disclosure certificate or agreement, executed by an Authorized Officer and dated the date of delivery of the Series 2026 Bonds, which will meet the requirements, as applicable, of Section 11-1-85 of the South Carolina Code, which may require, among other things, that the City file with a central repository when requested:

(1) a copy of its annual independent audit within 30 days of its receipt and acceptance, and

(2) event-specific information, within 30 days of an event adversely affecting more than five percent of its Gross Revenues.

The only remedy for failure by the City to comply with the covenants in this Section 9.02(a) shall be an action for specific performance of this covenant. The City specifically reserves the

right to amend this covenant to reflect any change in Section 11-1-85 of the South Carolina Code, without the consent of any Bondholder.

(b) The City hereby covenants and agrees that it will comply with and carry out all of the provisions of any continuing disclosure certificate, which will meet the requirements, as applicable, of Rule 15c2-12 (the "***Continuing Disclosure Undertaking***"). The Continuing Disclosure Undertaking shall be executed by an Authorized Officer and dated the date of delivery of the Series 2026 Bonds. Notwithstanding any other provision of this 2026 Series Ordinance, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an event of default hereunder; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Section. The execution of the Continuing Disclosure Undertaking shall constitute conclusive evidence of the approval by the person executing the same of any and all modifications and amendments thereto. Additionally, an Authorized Officer is authorized to contract with a dissemination agent for certain dissemination services associated with the execution and delivery of the Continuing Disclosure Undertaking.

(c) In the event any Series 2026 Bonds are not sold as securities, but rather sold to a Direct Placement Purchaser as a commercial loan, no Continuing Disclosure Undertaking shall be required as to such Series 2026 Bonds, but the City may covenant to provide information to the Direct Placement Purchaser as may be mutually agreed.

(d) The Trustee shall have no responsibility to monitor the City's compliance with the covenants set forth in this Section 9.02.

[End of Article IX]

ARTICLE X - BOND ANTICIPATION NOTES

<u>Section 10.01</u> <u>Authority to Issue Series 2026 Note</u>

(a) If the Authorized Officer should determine that issuance of a Series 2026 Note, in one or more series, pursuant to the BAN Act would be in the best interest of the City, upon the advice of the Municipal Advisor, the Authorized Officer is hereby directed and authorized to effect the issuance of a Series 2026 Note pursuant to the BAN Act. If a Series 2026 Note is issued and if, upon the maturity thereof the Authorized Officer should determine that renewal or refunding of any Series 2026 Note would be in the best interest of the City, the Authorized Officer is directed and authorized to continue the renewal or refunding of the Series 2026 Note until the Authorized Officer determines to issue Series 2026 Bonds on the basis as aforesaid, and such Series 2026 Bonds are issued. However, in no event shall the Series 2026 Note or any renewal or refunding notes issued hereunder be issued more than four times under the terms and provisions of this 2026 Series Ordinance. Notwithstanding anything in the 2026 Series Ordinance to the contrary, all references in this 2026 Series Ordinance to Series 2026 Note shall, as the context may require, be read as referring to the any applicable renewal or refunding notes.

(b) The aggregate stated principal amount of all Series 2026 Notes outstanding from time to time shall not exceed $10,000,000.

(c) The proceeds of any Series 2026 Note issued hereunder shall be applied for the purpose for which proceeds of the Series 2026 Bonds may be applied pursuant to Section 7.01 hereof, to provide for the renewal or refunding of any Series 2026 Note, or to provide for the costs of issuance thereof, or any combination thereof.

<u>Section 10.02</u> <u>Details of Series 2026 Note</u>

Subject to changes in terms required for any particular issue of Series 2026 Notes (to include date changes to denote the applicable calendar year of issuance), a Series 2026 Note and additional series thereof, if any, shall be subject to the following particulars:

(a) Series 2026 Notes shall be dated and bear interest either from the original date of delivery thereof or in such manner as shall be determined by the Authorized Officer; shall be payable upon the stated maturity thereof at the interest rate or rates determined by the Authorized Officer in the manner prescribed by Sections 10.02(c) or 10.02(d) below on the basis determined by an Authorized Officer; and shall mature on such date, not to exceed one year from the date of delivery thereof. Series 2026 Notes may be issued as draw-down obligations, in which event interest shall accrue and be payable thereon based on the dates of and principal amounts advanced.

(b) Series 2026 Notes shall be numbered from R-1 upwards for each issue and shall be in the denomination of $1,000 or any integral multiple thereof requested by the purchaser thereof or as may be specified by the Authorized Officer. The Authorized Officer shall determine the paying agent and registrar for any Series 2026 Note, if any, prior to the sale thereof. Series 2026 Notes shall be payable, both as to principal and interest, in legal tender upon maturity.

(c) Series 2026 Notes shall bear such rate or rates of interest as shall at the sale of Series 2026 Note referred to in Section 10.02(d) hereof be determined by the Authorized Officer to be in the best interest of the City; provided, however, that:

(1) the interest rate named shall be expressed multiples of 1/20th or 1/8th of 1.00%;

(2) all other restrictions as may be imposed by the Authorized Officer prior to the sale of the Series 2026 Note that are deemed to be in the best interest of the City shall apply;

(3) a zero (0.0) percentage point rate is prohibited; and

(4) no rate of interest shall exceed 7.00% per annum.

(d) In the discretion of the Authorized Officer, Series 2026 Notes may be sold competitively at a time certain after public notice or through direct negotiation.

(e) Series 2026 Notes shall be sold as tax-exempt obligations pursuant to the Code, subject to the tax covenants set forth at Section 9.01 hereof, unless the Authorized Officer determines, upon the advice of Bond Counsel, to issue such Series 2026 Note as a taxable obligation.

(f) Series 2026 Notes shall be issued in fully registered form, in substantially the form attached hereto as Exhibit B, provided, however, that such form may be substantially revised upon advice of Bond Counsel to achieve the objectives of the City as determined by the Authorized Officer, including any modification to accommodate a draw-down structure. Each series of the Series 2026 Notes shall state on their face that they are issued in anticipation of the issuance of the Series 2026 Bonds and are payable, both as to principal and interest, from the proceeds thereof.

(g) In the event any Series 2026 Note is mutilated, lost, stolen or destroyed, the City may execute a new Series 2026 Note of like date and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Series 2026 Note, such mutilated Series 2026 Note shall first be surrendered to the City or to its designated agent, and in the case of any lost, stolen or destroyed Series 2026 Note, there shall be first furnished to the City or its agent evidence of such loss, theft or destruction satisfactory to the City or its agent, together with indemnity satisfactory to it; provided that, in the case of a holder which is a bank or insurance company, the agreement of such bank or insurance company to indemnify shall be sufficient. In the event any such Series 2026 Note shall have matured, instead of issuing a duplicate Series 2026 Note, the City may pay the same without surrender thereof. The City or its agent may charge the holder of such Series 2026 Note with its reasonable fees and expenses in this connection.

(h) Any Series 2026 Note issued in fully-registered form shall be transferable only upon the books of registry of the City, which shall be kept for that purpose at the office of the registrar (the "***Note Registrar***"), by the registered owner thereof or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Note Registrar, duly executed by the registered owner or his duly authorized

attorney. Upon the transfer of any Series 2026 Note, the Note Registrar shall issue, subject to the provisions of Paragraph (i) below, in the name of the transferee, a new Series 2026 Note or Series 2026 Notes of the same aggregate principal amount as the unpaid principal amount of the surrendered Series 2026 Note or Series 2026 Notes. Any holder of a Series 2026 Note in fully registered form requesting any transfer shall pay any tax or other governmental charge required to be paid with respect thereto. As to any Series 2026 Note in fully registered form, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal and interest of any Series 2026 Note in fully-registered form shall be made only to or upon the order of the registered holder thereof, or his duly authorized attorney, and the City, the Note Registrar shall not be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2026 Note to the extent of the sum or sums so paid.

(i) Any Series 2026 Note issued in fully-registered form, upon surrender thereof at the office of the Note Registrar, with a written instrument of transfer satisfactory to the Note Registrar, duly executed by the holder of the Series 2026 Note or his duly authorized attorney, may, at the option of the holder of the Series 2026 Note, and upon payment by such holder of any charges which the City or the Note Registrar may make as provided in Paragraph (j) below, be exchanged for a principal amount of Series 2026 Note in fully-registered form of any other authorized denomination equal to the unpaid principal amount of surrendered Series 2026 Note.

(j) In all cases in which the privilege of exchanging or transferring Series 2026 Note in fully registered form is exercised, the City shall execute and deliver a Series 2026 Note in accordance with the provisions hereof. All Series 2026 Notes in fully-registered form surrendered in any such exchanges or transfers shall forthwith be cancelled by the City. There shall be no charge to the holder of such Series 2026 Note for such exchange or transfer of a Series 2026 Note in fully registered form except that the City and Note Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(k) The Authorized Officer, in his discretion and on advice received, shall determine whether the Series 2026 Note shall be subject to redemption prior to maturity at the option of the City, including applicable redemption dates and prices. In the event that the City shall elect to redeem a Series 2026 Note, it shall give notice to the Note Registrar and paying agent, if any, of such optional redemption. Such notice shall specify the date fixed for redemption.

(l) To the extent the City has not issued and does not intend to issue tax-exempt obligations in calendar year 2025 or any subsequent year to which such designation may apply, which together with the Series 2026 Note do not add up to more than $10,000,000 in the aggregate, the Series 2026 Note is hereby accordingly designated a "qualified tax-exempt obligation" in accordance with Section 265(b)(3) of the Code.

Section 10.03 Security for Series 2026 Note

The City hereby obligates itself to issue the Series 2026 Bonds in an amount and in time sufficient to pay the principal of and interest on any Series 2026 Note. For the payment of any Series 2026 Note, there are hereby pledged the proceeds derived from the sale of the Series 2026 Bonds issued pursuant to this 2026 Series Ordinance or if such Series 2026 Bonds are not issued

prior to the maturity of any Series 2026 Note, from the sale, issuance and delivery of renewal or refunding Series 2026 Note. The proceeds of such Series 2026 Bonds, when received by the City, shall be applied first to the payment of principal of and interest on any Series 2026 Notes. The City shall either issue such Series 2026 Bonds and apply the proceeds to the redemption of any Series 2026 Notes or shall provide funds therefor from other sources, including the issuance of renewal or refunding Series 2026 Notes.

[End of Article X]

ARTICLE XI – MISCELLANEOUS

Section 11.01 Severability

If any one or more of the covenants or agreements provided in this 2026 Series Ordinance on the part of the City or any fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this 2026 Series Ordinance.

Section 11.02 Further Action

The City authorizes the Authorized Officers to execute and sign all other documents, certificates, and agreements necessary or convenient to effect the purchase and sale of the Series 2026 Bonds.

Section 11.03 Professional Services

The City hereby authorizes, approves, or ratifies, as applicable, the engagement of First Tryon Advisors to act as Municipal Advisor (the "***Municipal Advisor***") and Pope Flynn, LLC to act as Bond Counsel and disclosure counsel (if applicable) in connection with the issuance of the Series 2026 Bonds and authorizes (or ratifies, as applicable) an Authorized Officer to engage the services of such other professionals and institutions of a type and in a manner customary in connection with the issuance of municipal bonds, including, but not limited to, contractual arrangements with other professionals, rating agencies, verification agents, financial and trust institutions, printers and the suppliers of other goods and services in connection with the sale, execution and delivery of the Series 2026 Bonds, as is necessary and desirable.

Section 11.04 Table of Contents and Section Headings Not Controlling

The Table of Contents and the headings of the several articles and sections of this 2026 Series Ordinance have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this 2026 Series Ordinance.

Section 11.05 2026 Series Ordinance to Constitute Contract

In consideration of the purchase and acceptance of Series 2026 Bonds by those who shall purchase and hold the same from time to time, the provisions of this 2026 Series Ordinance shall be deemed to be and shall constitute a contract between the City and the Holder from time to time of the Series 2026 Bonds, and such provisions are covenants and agreements with such Holder which the City hereby determines to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants and agreements herein set forth to be performed on behalf of the City shall be for the benefit, protection, and security of the Holder of the Series 2026 Bonds.

Section 11.06 Series 2026 Bonds Issued as Multiple Series

In the event Series 2026 Bonds are sold in more than one Series, separate funds and accounts shall be created and maintained for each Series of Series 2026 Bonds and appropriate numeric or alphanumeric designations shall be established so as to appropriately account for the funds established pursuant to Article VII hereof, as contemplated by Article VII of the Bond Ordinance. Notwithstanding anything in the 2026 Series Ordinance to the contrary, in the event that Series 2026 Bonds are sold in more than one Series, all references in this 2026 Series Ordinance to Series 2026 Bonds shall, as the context may require, be read as referring to the applicable Series of Series 2026 Bonds.

Section 11.07 Ratification of Prior Action

All prior actions of Authorized Officers in furtherance of the purposes of this 2026 Series Ordinance (including, but not limited to, any negotiated sale of Series 2026 Bonds or the selection of the Underwriter) are hereby approved, ratified and confirmed.

Section 11.08 General Repealer; Effective Date

All rules, regulations, resolutions, and ordinances and parts thereof, procedural or otherwise in conflict herewith or the proceedings authorizing the issuance of the Series 2026 Bonds are, to the extent of such conflict, hereby repealed and this 2026 Series Ordinance shall take effect and be in full force upon adoption thereof.

DONE, RATIFIED AND ENACTED this 16th day of June 2026

CITY OF NEWBERRY,
SOUTH CAROLINA

(SEAL)

By: Foster Senn
Mayor

Attest:

Ivy Rice
City Clerk

First Reading: June 9, 2026
Second Reading: June 16, 2026

EXHIBIT A

(FORM OF BOND)

CITY OF NEWBERRY
STATE OF SOUTH CAROLINA
COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND,
SERIES 2026

No. ___________

Interest Rate	Maturity Date	Date of Issue	CUSIP

Registered Holder: CEDE & CO.

Principal Amount: DOLLARS ($________________)

CITY OF NEWBERRY, SOUTH CAROLINA (the "***City***"), acknowledges itself indebted and for value received hereby promises to pay, solely from the sources and as hereinafter provided, to the Registered Holder named above or registered assigns, the Principal Amount set forth above on the Maturity Date stated above, unless this Series 2026 Bond (this "***Series 2026 Bond***" or this "***bond***") be subject to redemption and shall have been redeemed prior thereto as hereinafter provided, at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the "***Trustee***") in the City of Jacksonville, State of Florida, and to pay interest on such principal amount at the annual Interest Rate stated above (calculated on the basis of a 360-day year of twelve 30-day months) until the obligation of the City with respect to the payment of such principal amount shall be discharged.

This bond is a Series 2026 Bond issued pursuant to and in accordance with the Constitution and statutes of the State of South Carolina (the "***State***") including particularly Title 6, Chapter 21 of the Code of Laws of South Carolina 1976, as amended (the "***South Carolina Code***"), and "AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED PUBLIC UTILITY SYSTEM REVENUE BONDS OF THE CITY OF NEWBERRY, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO" duly enacted on April 14, 2015 (the "***Bond Ordinance***") and a Series Ordinance entitled, "AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED PUBLIC UTILITY SYSTEM REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING [TEN MILLION] DOLLARS ($[10,00,000]), OF THE CITY OF NEWBERRY, SOUTH CAROLINA; PROVIDING FOR THE ISSUANCE OF BOND ANTICIPATION NOTES; AND OTHER MATTERS RELATING THERETO" (the "***2026 Series Ordinance***") duly enacted by the City on June 16, 2026 (the Bond Ordinance and the 2026 Series Ordinance are hereinafter together referred to as the "***Ordinances***").

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinances. Certified copies of the Ordinances are on file in the office of the Trustee and in the offices of the City.

The Series 2026 Bonds are issued for the principal purposes of obtaining funds (a) to defray the costs of the Project, and (b) to pay the costs and expenses related to the issuance of the Series 2026 Bonds, including the payment of the premium due on a Municipal Bond Insurance Policy.

This bond bears interest from the _____ 1 or the _____ 1 to which interest has been paid next preceding the authentication date hereof, unless the authentication date hereof is a _____ 1 or a _____ 1, in which event this bond will bear interest from the earlier of such authentication date or the date to which interest has last been paid; provided that if the authentication date hereof precedes _____ 1, 20__, or if the City shall fail to pay interest on _____ 1, 20__, then this bond will bear interest from _____ 1, 20__. Interest on this bond is payable on _____ 1 and _____ 1 of each year beginning _____ 1, 20__. The interest so payable on any _____ 1 or _____ 1 will be paid to the person in whose name this bond is registered at the close of business on the 15th day of ____ or ____ as the case may be next preceding such _____ 1 or _____ 1.

Interest hereon is payable by check or draft mailed at the times provided herein from the Corporate Trust Office of the Paying Agent to the person in whose name this bond is registered on the Record Date at the address shown on the registration books kept by The Bank of New York Mellon Trust Company, N.A., in Jacksonville, Florida (the "***Registrar***"). The principal of, redemption premium, if any, and interest on this bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

[So long as Cede & Co., as nominee of The Depository Trust Company, is the Registered Holder of the Bonds, references in this bond to the Bondholders or Registered Holders of the Series 2026 Bonds shall mean Cede & Co. and shall not mean the beneficial owners.]

For the payment of the principal of and interest on this bond and the issue of which it forms a part, there are hereby irrevocably pledged the Gross Revenues. The pledge and lien given by the City to secure the Series 2026 Bonds is on a parity in all respect with the pledge of revenues of the System given to secure the City's _____________________ ("***Parity Bonds***").

For the payment of the principal of and interest on this bond issued pursuant to the Bond Ordinance, there are hereby irrevocably pledged the Gross Revenues. Additionally, the Series 2026 Bonds are further secured by a statutory lien on the System as provided in Section 6-21-330 of the South Carolina Code. Such pledge securing this bond shall have priority over all other pledges except those made to secure any Bonds (as defined hereinbelow) as may be currently outstanding or issued from time to time in the future.

THE FULL FAITH, CREDIT AND TAXING POWERS OF THE STATE OF SOUTH CAROLINA OR THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND, AND THIS BOND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING

OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN THOSE PROVISIONS PROVIDING FOR INDEBTEDNESS PAYABLE FROM A REVENUE-PRODUCING PROJECT OR A SPECIAL SOURCE, WHICH SOURCE DOES NOT INVOLVE REVENUES FROM ANY TAX OR LICENSE PURSUANT TO THE PROVISIONS OF S.C. CONST. ART. X, SEC. 14 (10)), BUT SHALL BE PAYABLE SOLELY FROM THE GROSS REVENUES OF THE SYSTEM.

In addition, the Bond Ordinance authorizes the issuance of additional bonds from time to time on a parity with the Parity Bonds and the Series 2026 Bonds which, when issued in accordance with the provisions of the Bond Ordinance, will rank equally and be on a parity therewith (the "***Additional Bonds***"). The Parity Bonds, the Series 2026 Bonds, and any Additional Bonds are hereinafter collectively referred to as the "***Bonds***."

The City has covenanted to continuously operate and maintain the System and fix and maintain such rates for the services and facilities furnished by the System as shall at all times be sufficient (1) to maintain the Debt Service Funds and thus provide for the punctual payment of the principal of and interest on all Bonds, (2) to maintain the Debt Service Reserve Funds, if any, in the manner therein prescribed, (3) to provide for the payment of Operation and Maintenance Expenses, (4) to build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order, (5) to pay all amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy or letter of credit as contemplated under Section 7.04(d) of the Bond Ordinance, (6) to provide for the punctual payment of the principal of and interest on all Junior Lien Bonds that may from time to time hereafter be outstanding, and (7) to discharge all obligations imposed by the Enabling Act, by the Bond Ordinance and any applicable Series Ordinance.

The Bond Ordinance provides that, in addition to other remedies, upon a default in payment of principal of or interest on any Bond, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding shall, declare all Bonds Outstanding immediately due and payable.

This Series 2026 Bond is transferable, as provided in the Bond Ordinance, only upon the registration books of the City kept for that purpose and maintained by the Registrar, by the holder hereof in person or by his duly authorized attorney, upon (i) surrender of this Series 2026 Bond and an assignment with a written instrument of transfer satisfactory to the Trustee or any other Registrar, as the case may be, duly executed by the Holder hereof or his duly authorized attorney and (ii) payment of the charges, if any, prescribed in the Ordinances. Thereupon a new Series 2026 Bond of the then outstanding principal amount, then current maturity schedule and interest rate shall be issued to the transferee in exchange therefor as provided in the Bond Ordinance. The City, the Trustee, and the Registrar may deem and treat the person in whose name this Series 2026 Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or Redemption Price hereof and interest due hereon and for all other purposes.

For every exchange or transfer of the Series 2026 Bonds, the City or the Trustee or Registrar, as the case may be, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

[Insert Redemption Provisions]

[If less than all of the Series 2026 Bonds are to be redeemed, the particular Series 2026 Bonds or portions of Series 2026 Bonds to be redeemed will be selected by the Trustee. Series 2026 Bonds in denomination of more than $5,000 may be redeemed in part from time to time in one or more units of $5,000 in the manner provided in the Ordinances.]

This Series 2026 Bond and the interest hereon are exempt from all State, City, municipal, school district, and all other taxes or assessments imposed within the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer and certain franchise taxes.

Whenever the terms of this Series 2026 Bond require any action be taken on a Saturday, Sunday, or legal holiday or bank holiday in the State or in any state where the corporate trust office of the Trustee is located, the action shall be taken on the first Business Day occurring thereafter.

It is hereby certified and recited that all conditions, acts, and things required by the Constitution and statutes of the State to exist, be performed or happen precedent to or in the issuance of this Series 2026 Bond, exist, have been performed and have happened, that the amount of this Series 2026 Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by such Constitution or statutes.

This bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

IN WITNESS WHEREOF, THE CITY OF NEWBERRY, SOUTH CAROLINA, has caused this Series 2026 Bond to be signed by the signature of the Mayor of the City, its corporate seal to be reproduced hereon and the same to be attested by the signature of the Clerk.

CITY OF NEWBERRY,
SOUTH CAROLINA

(SEAL)

By: ______________________________
Mayor

Attest:

____
City Clerk

CERTIFICATE OF AUTHENTICATION

This Series 2026 Bond is one of the Series 2026 Bonds of the issue described in the within mentioned Ordinances.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Registrar

By: ______________________________
Authorized Officer

Authorization Date: ___________, 2026

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

____

____
(please print or type name and address of Transferee of Transferee)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints ____________________ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

______________________ ______________________
Signature (Authorized Officer)

Dated:

[(STATEMENT OF INSURANCE)

________________ has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Series 2026 Bond to ______________________, or its successor, as paying agent for the Bonds. Such policy is on file and available for inspection at the offices of the paying agent and a copy thereof may be obtained therefrom.]

EXHIBIT B

(FORM OF BOND ANTICIPATION NOTE)

THE TRANSFER OR SALE OF THIS NOTE IS RESTRICTED. THIS NOTE MAY ONLY BE TRANSFERRED OR SOLD BY THE REGISTERED HOLDER TO PERSONS WHO EXECUTE AN INVESTMENT LETTER TO THE CITY OF NEWBERRY, THE FORM OF WHICH SHALL BE APPROVED BY THE CITY.

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CITY OF NEWBERRY
COMBINED PUBLIC UTILITY SYSTEM REVENUE
BOND ANTICIPATION NOTE, SERIES ____
ISSUED PURSUANT TO TITLE 11, CHAPTER 17,
CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED

$[] No. 1

The CITY OF NEWBERRY, SOUTH CAROLINA (the "***City***") hereby acknowledges itself indebted, and for value received, promises to pay to _____________ the sum of __________________________ Dollars ($___________), _____ [days/months] from the date hereof, or on the occasion of the delivery of an issue of a water and sewer system revenue refunding bond anticipation note or the Combined Public Utility System Revenue Bonds (the "***Bonds***"), to pay interest on said principal sum, on the basis of a 360 day year, from the delivery date hereof, at the rate of _____________ hundredths per centum (_____%) per annum, payable upon the stated maturity or earlier redemption date of this Combined Public Utility System Revenue Bond Anticipation Note, Series ____ (this "***Note***").

Both the principal of and interest on this Note are payable in any coin or currency of the United States of America, which is, at the time of payment, legal tender for the payment of public and private debts.

This Note is issued by the City pursuant to the authorization of Title 11, Chapter 17 (Sections 11-17-10 to 11-17-120, inclusive) of the Code of Laws of South Carolina 1976, as amended, a bond ordinance enacted by the City Council of the City of Newberry (the "***City Council***"), the governing body of the City Council dated April 14, 2015 and a series ordinance duly enacted by the City Council on June 16, 2026 (collectively, the "***Ordinance***"), in anticipation of the issuance of the Bonds, to be issued by the City pursuant to the authority of Title 6, Chapter 21 of the Code of Laws of South Carolina 1976, as amended. For the payment of this Note, both principal and interest, the proceeds of the Bonds are hereby irrevocably pledged, and the City has irrevocably covenanted and agreed to effect the issuance of the Bonds or of a refunding bond anticipation note on or prior to the stated maturity of this Note.

[In the event this Note is subject to redemption, the following provision shall be applicable to this Note. If by reason of the issuance of a refunding bond anticipation note or the Bonds in anticipation of which this Note is issued, on a date earlier than the stated maturity of this Note, this Note shall be redeemable upon payment of the principal amount due hereon, plus interest hereon to the redemption date, upon written notice of redemption to the payee hereof, seven (7) days prior to the date fixed for redemption.]

THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THIS NOTE.

This Note is a non-negotiable instrument but may be assigned by the payee hereof, or any assignee of such payee, by an instrument in writing, duly executed by the payee or any assignee of the payee, notice of which shall be given to the City.

This Note and the interest hereon are exempt from all State, municipal, school, city and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

Whenever the terms of this Note require any action be taken on a Saturday, Sunday, or legal holiday or bank holiday in the State or in any state where the corporate trust office of the Trustee is located, the action shall be taken on the first Business Day occurring thereafter.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of South Carolina to exist, to happen, or to be performed precedent to or in the issuance of this Note, do exist, have happened and have been performed in regular and due time, form and manner, and that the City has irrevocably obligated itself to issue and sell prior to the stated maturity hereof, in the manner prescribed by law, the Bonds in anticipation of which this Note is issued.

IN WITNESS WHEREOF, THE CITY OF NEWBERRY, SOUTH CAROLINA, has caused this Note to be executed in its name by the Mayor of the City, and attested to by the Clerk; the official seal of the City is to be impressed hereon, and this Note shall be dated as of the ____ day of ____, 2026.

CITY OF NEWBERRY,
SOUTH CAROLINA

(SEAL)

By: ___________________________
Mayor

Attest:

____
City Clerk
City of Newberry, South Carolina

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ________________________ the within Combined Public Utility System Revenue Bond Anticipation Note, Series ___ of the City of Newberry, South Carolina.

____

Dated: _______________, 20____

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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______, 2026

City of Newberry
Newberry, South Carolina

Raymond James & Associates, Inc.
Atlanta, Georgia

Re: $_____ City of Newberry, South Carolina Combined Public Utility System Revenue Bonds, Series 2026

Ladies and Gentlemen:

We have acted as bond counsel to the City of Newberry, South Carolina (the "*City*"), in connection with the issuance of its $_____ Combined Public Utility System Revenue Bonds, Series 2026 (the "*Series 2026 Bonds*"). In such capacity, we have examined such laws and certified proceedings and other documents as we have deemed necessary to render this opinion.

The Series 2026 Bonds are authorized and issued pursuant to (i) the provisions of the Constitution and laws of the State of South Carolina (the "*State*"), including particularly Title 6, Chapter 21, Code of Laws of South Carolina 1976, as amended (the "*Enabling Act*"), (ii) a Bond Ordinance enacted by the City Council of the City of Newberry, as the governing body of the City (the "*City Council*") on April 14, 2015 (the "*Bond Ordinance*"), and (iii) a Series Ordinance enacted by the City Council on June 16, 2026 (the "*2026 Series Ordinance*," and together with the Bond Ordinance, the "*Ordinances*"). Under the Ordinances, the City has pledged certain revenues (the "*Gross Revenues*," as such term is more particularly defined in the Bond Ordinance) for the payment of principal of and interest on the principal, premium, if any, and interest on the Series 2026 Bonds, when due. As additional security for the Series 2026 Bonds, a statutory lien on the System is granted pursuant to the provisions of the Enabling Act. Terms using initial capitals herein and not otherwise defined shall have the meanings assigned thereto in the Ordinances.

Regarding questions of fact material to our opinion, we have relied upon representations of the City contained in the Ordinances and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that:

1. The City is a validly existing municipal corporation of the State, with the power to enact the Ordinances, perform the agreements on its part contained therein, and issue the Series 2026 Bonds.

2. The Ordinances have been duly and lawfully enacted by the City, are in full force and effect, and constitute valid and binding obligations of the City enforceable against the City in accordance with their terms.

3. The Ordinances create a valid pledge of and lien on the Gross Revenues for the payment of the Series 2026 Bonds on a parity with the pledge and lien in favor of other Bonds issued or to be issued under the Ordinances. Additionally, the Series 2026 Bonds are secured by a statutory lien on the System under Section 6-21-330 of the Enabling Act.

4. The Series 2026 Bonds have been duly and lawfully authorized, executed, and issued by the City and are valid and binding upon, and enforceable against, the City in accordance with their terms. The Series 2026 Bonds are limited obligations of the City, payable solely from the Gross Revenues of the System.

5. Interest on the Series 2026 Bonds (i) is excluded from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the "*Code*"). Such interest is, however, taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section

59(k) of the Code) for the purpose of determining the application of the 15-percent alternative minimum tax imposed on the adjusted financial statement income of such corporations.

Our opinion as to the exclusion of interest on the Series 2026 Bonds from gross income is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order for that interest to be, and continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause interest on the Series 2026 Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date of issuance of the Series 2026 Bonds.

6. Under existing laws of the State, the Series 2026 Bonds and the interest thereon are exempt from all income taxation in said State, except estate, transfer and certain franchise taxes. It should be noted, however, that Section 12-11-20, Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank, which includes interest paid on the Series 2026 Bonds.

The City has designated the Series 2026 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to the interest on the Series 2026 Bonds.

We express no opinion regarding federal, state, or local tax consequences arising with respect to the Series 2026 Bonds except as stated above.

The rights of the owners of the Series 2026 Bonds and the enforceability of the Series 2026 Bonds and the Ordinances are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In our capacity as bond counsel, we express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement relating to the Series 2026 Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

We have been advised on this date that there is no litigation threatened or pending which, in any manner, affects the validity of the Series 2026 Bonds.

Sincerely,

Pope Flynn, LLC

APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (this "Disclosure Agreement") is executed and delivered by the City of Newberry, South Carolina (the "City"), and Digital Assurance Certification, L.L.C. ("DAC") in connection with the issuance by the City of $___________ in aggregate principal amount of its Combined Public Utility System Revenue Bonds, Series 2026 (the "Series 2026 Bonds"). The Series 2026 Bonds are being issued under the authority of the Constitution and laws of the State of South Carolina, including Title 6, Chapter 21, Code of Laws of South Carolina, 1976 as amended, and an Amended and Restated Bond Ordinance enacted on April 14, 2015 (the "Bond Ordinance"), and a Series Ordinance enacted on June 16, 2026 (the "Series Ordinance") (the Bond Ordinance and the Series Ordinance are hereinafter referred to collectively as the "Ordinance"). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City for the benefit of the Beneficial Owners (as herein defined) of the Series 2026 Bonds and in order to assist the Participating Underwriter (as herein defined) in complying with the Rule (as herein defined).

Section 2. Definitions. In addition to the definitions set forth in the Ordinance, which apply to any capitalized terms used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to the Rule and this Disclosure Agreement.

"Beneficial Owners" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2026 Bonds (including persons holding Series 2026 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2026 Bonds for federal income tax purposes.

"City" shall mean the City of Newberry, South Carolina and its successors and assigns.

"Dissemination Agent" shall mean any Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation, and initially shall mean DAC.

"EMMA" shall mean MSRB's Electronic Municipal Market Access system.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) of this definition. The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall mean any period of 12 consecutive months adopted by the City as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"Official Statement" shall mean the Official Statement of the City relating to the Series 2026 Bonds.

"Participating Underwriter" shall mean Raymond James & Associates, Inc.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of South Carolina.

"System" shall mean the combined public utility system of the City.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent (if any) to, not later than seven months after the end of the City's Fiscal Year (the "Reporting Date"), beginning for the Fiscal Year ended June 30, 2026, provide to the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA) an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 business days prior to the Reporting Date, the City shall provide the Annual Report to the Dissemination Agent (if any). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the System may be submitted separately from the balance of the Annual Report (*i.e.*, in the event that the audited financial statements have not been completed by the Reporting Date). In such event, the audited financial statements will be submitted promptly upon their availability. In the event that the audited financial statements are not available at the time of the Reporting Date and will be submitted at a later date, the City shall indicate in the Annual Report the date on which the audited financial statements of the System will be submitted. The audited financial statements of the System, when available, will be provided to the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA).

(b) The City or the Dissemination Agent (if any) shall also:

(i) determine each year prior to the Reporting Date the appropriate electronic format prescribed by the MSRB for filing with the MSRB, the proper form of such filing and the proper location for such filing (which, as of the date hereof, is EMMA);

(ii) if the Annual Report is not timely distributed/filed (or the audited financial statements which were to be separately submitted) by the date required in subsection (a), send a notice to the MSRB in an electronic format prescribed by the MSRB (which as of the date hereof is EMMA) in substantially the form attached hereto as Exhibit A; and

(iii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and the date provided.

Section 4. Content of Annual Reports. The City's Annual Report for each Fiscal Year shall contain or incorporate by reference the following:

(a) The System's financial statements for the preceding Fiscal Year, which are to be prepared in accordance with generally accepted accounting principles, as in effect from time to time and which shall be accompanied by an opinion letter, if available at the time of the submission of the Annual Report to the MSRB pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

(b) If generally accepted accounting principles changed from the previous Fiscal Year and if such changes are material to the City, a narrative description (as required by Section 7 of this Disclosure Agreement) of the impact of the changes on the City.

(c) A statement indicating that the Fiscal Year of the City has not changed, or, if the Fiscal Year has changed, a statement indicating the City's new Fiscal Year.

(d) To the extent not included in items provided pursuant to subsections (a) or (b) above, information for the preceding Fiscal Year regarding the following categories of financial information and operating data contained in the Official Statement:

(i) FINANCIAL FACTORS—Historical Debt Service Coverage of the System
(ii) THE SYSTEM—Electric Unit—*Electric Customers*
(iii) THE SYSTEM—Electric Unit—*Usage*
(iv) THE SYSTEM—Electric Unit—*Ten Largest Electricity Customers*
(v) THE SYSTEM—Electric Unit—*PMPA – Billing, Indebtedness, New Capital* (Aggregate PMPA Debt Service Table only)
(vi) THE SYSTEM—Electric Unit—*Electric Service Rates*
(vii) THE SYSTEM—Waterworks Unit—*Water Customers*
(viii) THE SYSTEM—Waterworks Unit—*Usage*
(ix) THE SYSTEM—Waterworks Unit—*Ten Largest Water Customers*
(x) THE SYSTEM—Waterworks Unit—*Water Service Rates and Fees*

(xi) THE SYSTEM—Sewer Unit—*Sewer Customers*
(xii) THE SYSTEM—Sewer Unit—*Usage*
(xiii) THE SYSTEM—Sewer Unit—*Ten Largest Sewer Customers*
(xiv) THE SYSTEM—Sewer Unit—*Sewer Service Rates and Fees*
(xv) THE SYSTEM—Ten Largest System Customers
(xvi) THE SYSTEM—Summary of Recent Rate History.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB in an electronic format prescribed by the MSRB (which, as of the date hereof, is EMMA). The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Series 2026 Bonds:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults, if material.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or a Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2026 Bonds, or other material events affecting the tax status of the Series 2026 Bonds.

(vii) Modification to rights of Beneficial Owners, if material.

(viii) Bond calls, if material, and tender offers.

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Series 2026 Bonds, if material.

(xi) Rating changes.

(xii) Bankruptcy, insolvency, receivership, or a similar proceeding by the City.

(xiii) Consummation of a merger, consolidation, acquisition involving the City, or sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(xiv) Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.

(xv) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the City, any of which affect Beneficial Owners, if material.

(xvi) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) For the purposes of the event identified in subsection (a)(xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(c) If the City obtains knowledge of the occurrence of a Listed Event, the City or the Dissemination Agent (if any) shall file in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) (other than tender offers) and (ix) need not be given under this Disclosure Certificate any earlier than the notice (if any) of the underlying event is given to the owners of the affected Series 2026 Bonds pursuant to the Ordinance.

(d) The content of any notice of the occurrence of a Listed Event under subsection (a) above shall be determined by the City and shall be in substantially the form attached hereto as Exhibit B.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2026 Bonds. If the City's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the City and the City shall have no further responsibility hereunder. The City will provide notice of such termination to the MSRB in an electronic format prescribed by the MSRB (which, as of the date hereof, is EMMA).

Section 7. Amendment; Waiver. This Disclosure Agreement may not be amended unless independent counsel experienced in securities law matters has rendered an opinion to the City to the effect that the amendment does not violate the provisions of the Rule.

In the event that this Disclosure Agreement is amended or any provision of this Disclosure Agreement is waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the Annual Report. If the amendment or waiver relates to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible, the comparison must also be qualitative. A notice of the change in the accounting principles shall be filed with the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA) on or before the effective date of any such amendment or waiver.

Section 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 9. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, any Beneficial Owner from time to time of the Series 2026 Bonds may initiate an action against the City to compel performance. A default under this Disclosure Agreement shall not be deemed a "default" or an "event of default" under the Ordinance, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The City may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and the City may, from time to time, discharge the Dissemination

Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto), and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2026 Bonds. The City has engaged DAC as the initial Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Beneficial Owners or any other party.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Participating Underwriter, the Dissemination Agent, if any, and Beneficial Owners from time to time of the Series 2026 Bonds, and shall create no rights in any other person or entity.

Section 12. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorney's fees).

Section 13. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Agreement shall be accompanied by identifying information prescribed by the MSRB.

As of the date of this Disclosure Agreement, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed, and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

Section 16. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

[Signatures appear on the following pages]

Date: __________, 2026.

CITY OF NEWBERRY, SOUTH CAROLINA

By:____

Mayor

DIGITAL ASSURANCE CERTIFICATION,
L.L.C.

By:______________________________________
Title:

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Newberry, South Carolina

Name of Bond Issue: $______________ City of Newberry, South Carolina Combined Public Utility System Revenue Bonds, Series 2026

CUSIP Numbers[1] __________________

Date of Issuance: ___________, 2026

NOTICE IS HEREBY GIVEN that the City of Newberry, South Carolina (the "City") has not provided an Annual Report due with respect to the above-named bonds (the "Series 2026 Bonds") as required by its Continuing Disclosure Agreement, dated __________, 2026. The City anticipates that the Annual Report will be filed by _________________________.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to __________________.

Dated:__________________________

CITY OF NEWBERRY, SOUTH CAROLINA

Name:______________________________________
Title:_______________________________________

[1]No representation is made as to the correctness of the CUSIP number(s) either as printed on the Series 2024A Bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

EXHIBIT B

NOTICE TO EMMA OF
[INSERT THE LISTED EVENT]

Relating to

$____________
CITY OF NEWBERRY, SOUTH CAROLINA
COMBINED PUBLIC UTLITY SYSTEM REVENUE BONDS, SERIES 20226

CUSIP NUMBERS[2]

Notice is hereby given that [insert the Listed Event] has occurred with respect to the above-captioned bonds (the "Series 2026 Bonds"). [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of the Listed Events described in Section 5(a)(ix) shall include the following:

> City of Newberry, South Carolina (the "City") has reserved the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional redemption provisions of said defeased bonds.

OR

> The City has covenanted not to exercise any optional redemption provisions under the ordinance pursuant to which the Series 2026 Bonds were issued; however, the sinking fund provision will survive the defeasance.

AND

[2]No representation is made as to the correctness of the CUSIP number either as printed on the bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

The Series 2026 Bonds have been defeased to [maturity/the first call date, which is __________]. This notice does not constitute a notice of redemption and no bonds should be delivered to the City or to the Paying Agent as a result of this mailing. A Notice of Redemption instructing you where to submit your bonds for payment will be mailed _______ to _______ days prior to the redemption date.]

Dated:_____________________

CITY OF NEWBERRY, SOUTH CAROLINA

Name: ___________________________
Title:_____________________________

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APPENDIX F

FORM OF SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By ________________________________
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500 (8/24)

City of Newberry
SOUTH · CAROLINA

CITY OF NEWBERRY, SOUTH CAROLINA • COMBINED PUBLIC UTILITY SYSTEM REVENUE BONDS, SERIES 2026

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
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