PRELIMINARY OFFICIAL STATEMENT DATED __________, 2024

NEW ISSUE - BOOK ENTRY **SEE "RATINGS" HEREIN.**

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

$__________*

CITY OF NORTH PORT, FLORIDA
INFRASTRUCTURE SALES SURTAX REVENUE BONDS, SERIES 2024

Dated: Date of Delivery **Due: July 1 in each year as shown on the inside cover**

The City of North Port, Florida (the "City") is issuing its $__________* Infrastructure Sales Surtax Revenue Bonds, Series 2024 (the "Series 2024 Bonds") as fully registered bonds, which initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases will be made in book-entry form only in denominations as described herein. Purchasers of the Series 2024 Bonds (the "Beneficial Owners") will not receive physical delivery of the Series 2024 Bonds. Transfer of ownership in the Series 2024 Bonds will be affected through DTC's book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner which will in turn remit such payments to the Direct Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. Interest on the Series 2024 Bonds is payable semi-annually on January 1 and July 1 of each year, commencing July 1, 2025. Principal of the Series 2024 Bonds is payable on July 1 of the years and in the amounts as shown on the inside cover. Argent Trust Company, Ruston, Louisiana, is serving as the initial Registrar and Paying Agent. All payments of principal of, redemption premium, if applicable, and interest on the Series 2024 Bonds shall be payable in lawful money of the United States of America.

The Series 2024 Bonds are subject to redemption and purchase in lieu of redemption prior to their respective maturities as more fully described herein.

The Series 2024 Bonds are being issued to provide a portion of the funds to (i) finance the Costs of the 2024 Project, as more fully described herein and (ii) pay certain costs of issuance of the Series 2024 Bonds. See "2024 PROJECT" herein.

The Series 2024 Bonds will be issued pursuant to the authority of and in full compliance with the Constitution and the laws of the State of Florida, including particularly Section 212.055(2), Florida Statutes, Chapter 166, Florida Statutes, the Charter of the City, and all other applicable laws (the "Act");

a referendum election held on November 8, 2022 in which the citizens of the City voting in such election approved the issuance of the Series 2024 Bonds in an amount not to exceed $80,000,000 for the purpose of financing [and reimbursing] the costs of the acquisition, construction and equipping of the 2024 Project; Ordinance No. 2022-12 adopted by City Commission on May 24, 2022; and Resolution No. 2024-R-____ adopted by the City Commission on September 10, 2024, as amended and supplemented from time to time, (the "Bond Resolution").

The Series 2024 Bonds and the interest thereon are payable from and secured by a pledge of and lien upon (1) the Infrastructure Sales Surtax Revenues, and (2) until applied in accordance with the provisions of the Bond Resolution, all moneys, including investments thereof, in funds and accounts established under the Bond Resolution except (A) for the Unrestricted Revenue Account and the Rebate Fund and (B) any moneys set aside in a particular subaccount of the Reserve Account if such moneys shall be pledged sley for the payment of a different Series of Bonds for which it was established in accordance with the provisions of the Bond Resolution.

THE SERIES 2024 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS IN THE MANNER AND TO THE EXTENT SET FORTH IN THE BOND RESOLUTION. NO HOLDER OF ANY SERIES 2024 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH SERIES 2024 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2024 BOND FROM ANY MONEYS OF THE CITY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION.

This 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 2024 Bonds are offered for delivery when, as and if issued and received by the Underwriter, subject to the approval of legality by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain other legal matters will be passed upon for the City by Bryant Miller Olive, P.A., Tampa, Florida, as Disclosure Counsel. Certain other legal matters will be passed upon for the City by Amber L. Slayton, Esq., City Attorney. PFM Financial Advisors LLC, Orlando, Florida, is serving as Financial Advisor to the City in connection with the issuance of the Series 2024 Bonds. It is expected that the Series 2024 Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York on or about __________, 2024.

Electronic bids for the Series 2024 Bonds will be received through IHS Markit's Parity/BIDCOMP Competitive Bidding System as described in the Official Notice of Sale.

Dated: __________, 2024

*Preliminary, subject to change.

$__________*
CITY OF NORTH PORT, FLORIDA
Infrastructure Sales Surtax Revenue Bonds,
Series 2024

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS,
PRICES AND INITIAL CUSIP NUMBERS

$__________* Serial Bonds

Maturity (July 1)*	Principal Amount*	Interest Rate	Yield	Price	Initial CUSIP Numbers**
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					

* Preliminary, subject to change

** Neither the City nor the Underwriter is responsible for the use of CUSIP Numbers referenced herein nor is any representation made by the City or the Underwriter as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Official Statement.

RED HERRING LANGUAGE:

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The City has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

CITY OF NORTH PORT, FLORIDA

ELECTED OFFICIALS

CITY COMMISSION
Alice White, Mayor
Phil Stokes, Vice Mayor
Pete Emrich
Barbara Langdon
Debbie McDowell

APPOINTED OFFICIALS
Jerome Fletcher II, ICMA-CM, City Manager
Amber L. Slayton, Esq., City Attorney
Kimberly Williams, CPA, CGFO, CPM, Finance Director
Heather Faust, MMC, City Clerk

FINANCIAL ADVISOR
PFM Financial Advisors LLC
Orlando, Florida

BOND COUNSEL
Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

DISCLOSURE COUNSEL
Bryant Miller Olive P.A.
Tampa, Florida

No dealer, broker, salesman or other person has been authorized by the City or the underwriter listed in the Section entitled "UNDERWRITING" herein to give any information or to make any representations in connection with the Series 2024 Bonds, other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors 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. The information set forth herein has been obtained from the City, The Depository Trust Company and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the City with respect to any information provided by others. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2024 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2024 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2024 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2024 BONDS.

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

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OFFICIAL STATEMENT
relating to

$__________*
CITY OF NORTHPORT, FLORIDA
Infrastructure Sales Surtax Revenue Bonds, Series 2024

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the appendices hereto, is furnished with respect to the sale of $__________* aggregate principal amount of Infrastructure Sales Surtax Revenue Bonds, Series 2024 (the "Series 2024 Bonds") issued by the City of North Port, Florida (the "City").

This introduction is not, and is not intended to be, a summary of this Official Statement. It is only a brief description of, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2024 Bonds is made only by means of this Official Statement and is subject in all respects to the information contained herein.

The Series 2024 Bonds are being issued to provide a portion of the funds to (i) finance [and reimburse] the costs of the acquisition, construction and equipping of the 2024 Project, as more fully described herein and (ii) pay certain costs of issuance of the Series 2024 Bonds. See "2024 PROJECT" herein.

The Series 2024 Bonds and the interest thereon are payable from and secured by a pledge of and lien upon (1) the Infrastructure Sales Surtax Revenues, and (2) until applied in accordance with the provisions of the Bond Resolution, all moneys, including investments thereof, in funds and accounts established under the Bond Resolution except (A) for the Unrestricted Revenue Account and the Rebate Fund and (B) any moneys set aside in a particular subaccount of the Reserve Account if such moneys shall be pledged sley for the payment of a different Series of Bonds for which it was established in accordance with the provisions of the Bond Resolution.

The Series 2024 Bonds are being issued as Additional Bonds (as defined in the Bond Resolution) and payable on a parity with any Additional Bonds issued hereafter shall collectively be referred to herein as the "Bonds").

All Bonds are secured equally and ratably by a pledge of and lien upon the Pledged Funds pursuant to referendum election held on November 8, 2022 in which the citizens of the City voting in such election approved the issuance of the Series 2024 Bonds in an amount not to exceed $80,000,000 for the purpose of financing [and reimbursing] the costs of the acquisition, construction and equipping of the 2024 Project, Ordinance No. 2022-12 adopted by City Commission on May 24, 2022, and the Bond Resolution.

The purpose of this Official Statement, which includes the cover page, inside cover page and the Appendices, is to present information for the offering of the Series 2024 Bonds by the City. Definitions of

* Preliminary, subject to change

certain words and terms having initial capitals used herein and in the hereinafter described Bond Resolution are contained in the Composite of the Bond Resolution attached as APPENDIX C hereto.

AUTHORITY FOR ISSUANCE

The Series 2024 Bonds will be issued pursuant to the authority of and in full compliance with the Constitution and the laws of the State of Florida, including particularly Section 212.055(2), Florida Statutes, Chapter 166, Florida Statutes, the Charter of the City, and all other applicable laws (the "Act"); a referendum election held on November 8, 2022 in which the citizens of the City voting in such election approved the issuance of the Series 2024 Bonds in an amount not to exceed $80,000,000 for the purpose of financing [and reimbursing] the costs of the acquisition, construction and equipping of the 2024 Project; Ordinance No. 2022-12 adopted by City Commission on May 24, 2022; and Resolution No. 2024-R-____ adopted by the City Commission on September 10, 2024, as amended and supplemented from time to time, (the "Bond Resolution").

2024 PROJECT

The "2024 Project" means the acquisition, construction and equipping of the Price Boulevard Widening Project, as more particularly described in the plans and specifications on file or to be on file with the City, as the same may be modified or amended from time to time.

DESCRIPTION OF THE SERIES 2024 BONDS

General

The Series 2024 Bonds shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof. The Series 2024 Bonds are dated the date of their delivery, will mature on the dates, and will bear interest at the rates per annum, all as set forth on the inside cover page.

Interest on the Series 2024 Bonds is payable semiannually on each January 1 and July 1, commencing July 1, 2025 (the "Interest Dates"). Interest on the Series 2024 Bonds shall be payable by check or draft of Argent Trust Company, Ruston, Louisiana (the "Paying Agent" and "Registrar"), with respect to the Series 2024 Bonds, made payable and mailed to the Holder in whose name such Series 2024 Bond shall be registered at the close of business on the date which shall be the fifteenth (15th) day (whether or not a business day) next preceding the applicable Interest Date, or, at the request of such Holder, by bank wire transfer to the account of such Holder. Except as otherwise provided in the Bond Resolution, principal of the Series 2024 Bonds is payable to the Holder, at the designated corporate trust office of the Paying Agent. The principal of, redemption premium, if any and interest on the Series 2024 Bonds are payable in lawful money of the United States of America. All payments of principal and interest on the Series 2024 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Series 2024 Bonds will be issued initially as book-entry obligations and held by DTC as securities depository. For more information regarding DTC and DTC's book-entry system, see "DESCRIPTION OF THE SERIES 2024 BONDS -- Book-Entry Only System" below.

With respect to Series 2024 Bonds registered in the name of Cede & Co., as nominee of DTC, neither the City, nor the Paying Agent will have any responsibility or obligation to any direct DTC Participant or to any indirect DTC Participant. See "-- Book-Entry Only System" below for the definition of "DTC Participant." Without limiting the immediately preceding sentence, neither the City nor the Registrar and the Paying Agent will have any responsibility or obligation with respect to: (i) the accuracy of the records of DTC or any DTC Participant with respect to any ownership interest in the Series 2024 Bonds; (ii) the delivery to any DTC Participant or any other person other than a Registered Owner, as shown in the registration books kept by the Registrar, of any notice with respect to the Series 2024 Bonds, including any notice of redemption; or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner, as shown in the registration books kept by the Registrar, of any amount with respect to principal of, premium, if any, or interest on the Series 2024 Bonds. The City, the Registrar and the Paying Agent may treat and consider the person in whose name each Series 2024 Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Series 2024 Bond for the purpose of payment of principal of, premium, if any, and interest with respect to such Series 2024 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2024 Bond, for the purpose of registering transfers with respect to such Series 2024 Bond, and for all other purposes whatsoever. The Paying Agent will pay all principal of, premium, if any, and interest on the Series 2024 Bonds only to or upon the order of the respective Registered Owner, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided in the Bond Resolution, and all such payments will be valid and effectual to satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2024 Bonds to the extent of the sums so paid. No person other than a Registered Owner, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of the City to make payments of principal of, premium, if any, and interest on the Series 2024 Bonds pursuant to the provisions of the Bond Resolution.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE. THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2024 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2024 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2024 BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2024 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2024 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2024 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2024 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2024 BONDS, AND OTHER RELATED TRANSACTIONS

BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2024 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("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"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has an S&P Global Ratings ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping 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 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 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 maturity to be redeemed.

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

Redemption proceeds and distributions on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Paying Agent, 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 depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Series 2024 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 2024 Bond certificates will be printed and delivered to DTC.

Optional Redemption

The Series 2024 Bonds maturing prior to or on July 1, 2032 are not subject to redemption prior to maturity. The Series 2024 Bonds maturing after July 1, 2032 may be redeemed prior to maturity at the option of the City as a whole or in part, from such maturity or maturities as the City shall designate and by lot within a maturity, on July 1, 2032, or on any date thereafter, at a Redemption Price (as defined in the Bond Resolution) of 100% of the principal amount to be redeemed, together with accrued interest to the date set for redemption.

Mandatory Redemption

The Series 2024 Bonds maturing on July 1, 20__, are subject to mandatory sinking fund redemption, prior to maturity in part, by lot on July 1, 20__ and on each July 1 thereafter at a Redemption Price equal to the principal amount of such Series 2024 Bonds or portions thereof to be redeemed, plus interest accrued thereon to the date of redemption, on July 1 in the following years and in the following Amortization Installments:

Year	Amortization Installment
	$
*	

*Maturity.

Selection of Series 2024 Bonds to Be Redeemed

The Series 2024 Bonds shall be redeemed only in the principal amount of $5,000 each and integral multiples thereof. The City shall, at least thirty-five (35) days prior to the redemption date (unless a shorter time period is satisfactory to the Registrar, but in no event less than twenty-five (25) days) notify the Registrar of such redemption date and of the principal amount of Series 2024 Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Series 2024 Bonds, the particular Series 2024 Bonds or portions of Series 2024 Bonds to be redeemed shall be selected not less than twenty five (25) days prior to the redemption date by the Registrar from the Outstanding Series 2024 Bonds designated by the City or by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Series 2024 Bonds or portions of Series 2024 Bonds in principal amounts of $5,000 and integral multiples thereof. Notwithstanding the foregoing, if less than all of a Term Bond is to be redeemed the aggregate principal amount to be redeemed shall be allocated to the Amortization Installments on a pro-rata basis unless the City, in its discretion, designates a different allocation.

If less than all of the Outstanding Series 2024 Bonds are to be redeemed, the Registrar shall promptly notify the City and Paying Agent (if the Registrar is not the Paying Agent for such Series 2024 Bonds) in writing of the Series 2024 Bonds or portions of Series 2024 Bonds selected for redemption and, in the case of any Series 2024 Bond selected for partial redemption, the principal amount thereof to be redeemed.

Notice of Redemption

Notice of such redemption, which shall specify the Series 2024 Bond or Series 2024 Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the City, and (A) shall be filed with the Paying Agent of such Series 2024 Bonds and (B) shall be mailed first class, postage prepaid, at least twenty (20) days prior to the redemption date to all Holders of Series 2024 Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar as of the date of mailing of such notice. Failure to mail notice to the Holders of the Series 2024 Bonds to be redeemed, or any defect therein, shall not affect the proceedings for redemption of Series 2024 Bonds as to which no such failure or defect has occurred. Failure of any Holder to receive any notice mailed as herein provided shall not affect the proceedings for redemption of such Holder's Series 2024 Bonds.

Redemption of Portions of Series 2024 Bonds

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

The City may provide that a redemption may be contingent upon the occurrence of certain condition(s) and that if such condition(s) do not occur the notice of redemption will be rescinded, provided notice of recission shall be mailed in the manner described in the Bond Resolution to all affected Series 2024 Bondholders as soon as practicable.

Payment of Redeemed Series 2024 Bonds

Notice of redemption having been given substantially as aforesaid, the Series 2024 Bonds or portions of Series 2024 Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City shall default in the payment of the Redemption Price) such Series 2024 Bonds or portions of Series 2024 Bonds shall cease to bear interest. Upon surrender of such Series 2024 Bonds for redemption in accordance with said notice, such Series 2024 Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. Each check or other transfer of funds issued by the Paying Agent to pay the Redemption Price of Series 2024 Bonds being redeemed shall bear the CUSIP number or numbers of such Series 2024 Bonds and identify the payments applicable to each CUSIP number. All Series 2024 Bonds which have been redeemed shall be cancelled by the Registrar and shall not be reissued.

Purchase in Lieu of Optional Redemption

Notwithstanding anything in the Bond Resolution to the contrary, at any time the Series 2024 Bonds are subject to optional redemption pursuant to the Bond Resolution, all or a portion of the Series 2024 Bonds to be redeemed as specified in the notice of redemption, may be purchased by the Paying Agent, as trustee, at the direction of the City, on the date which would be the redemption date if such

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

Interchangeability, Negotiability and Transfer

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

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

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

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

The Registrar, in any case where it is not also the Paying Agent with respect to the Series 2024 Bonds, forthwith (A) following the fifteenth day prior to an Interest Date for the Series 2024 Bonds, and (B) at any other time as reasonably requested by the Paying Agent, certify and furnish to the Paying Agent the names, addresses and holdings of the Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Series 2024 Bond shall effect payment of interest on such Series 2024 Bonds by mailing a check to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Series 2024 Bonds or the transfer of Series 2024 Bonds shall be registered, the City shall execute and the Registrar shall authenticate and deliver such Series 2024 Bonds in accordance with the provisions of the Bond Resolution. Execution of Series 2024 Bonds by the Mayor and Clerk for purposes of exchanging, replacing or registering the transfer of Series 2024 Bonds may occur at the time of the original delivery of the Series 2024 Bonds. All Series 2024 Bonds surrendered in any such exchanges or registration of transfer shall be held by the Registrar for safekeeping until directed by the City to be cancelled by the Registrar. For every such exchange or registration of transfer, the City or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or registration of transfer. The City and the Registrar shall not be obligated to make any such exchange or transfer of the Series 2024 Bonds during the period commencing on the fifteenth day of the month immediately preceding an Interest Date on the Series 2024 Bonds and ending on such Interest Date, or, in the case of any proposed redemption of Series 2024 Bonds, then, for the Series 2024 Bonds subject to redemption, during the 15 days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

The City may elect to issue any Series 2024 Bonds as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry obligations, provided it shall establish a system of registration therefor by Supplemental Resolution. In accordance with the Bond Resolution, the City elects to initially provide for a book entry only system of registration for the Series 2024 Bonds.

Bonds Mutilated, Destroyed, Lost or Stolen

The following provisions shall only be applicable if DTC's book-entry only system of registration is discontinued.

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

Any such duplicate Series 2024 Bonds issued pursuant to the Bond Resolution shall constitute original contractual obligations on the part of the City whether or not the lost, stolen or destroyed Series 2024 Bond be at any time found by anyone, and such duplicate Series 2024 Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Series 2024 Bonds issued pursuant to the Bond Resolution.

SECURITY FOR THE BONDS

General

All Bonds are secured equally and ratably by a pledge of and lien upon the Pledged Funds pursuant to referendum election held on November 8, 2022 in which the citizens of the City voting in such election approved the issuance of the Series 2024 Bonds in an amount not to exceed $80,000,000 for the purpose of financing [and reimbursing] the costs of the acquisition, construction and equipping of the 2024 Project, Ordinance No. 2022-12 adopted by City Commission on May 24, 2022, and the Bond Resolution.

"Pledged Funds" means (1) the Infrastructure Sales Surtax Revenues, and (2) until applied in accordance with the provisions of the Bond Resolution, all moneys, including investments thereof, in the funds and accounts established hereunder except (A) for the Unrestricted Revenue Account and the Rebate Fund and (B) any moneys set aside in a particular subaccount of the Reserve Account if such moneys shall be pledged solely for the payment of a different Series of Bonds for which it was established in accordance with the provisions of the Bond Resolution.

"Infrastructure Sales Surtax Revenues" means the proceeds received by the City from the levy of the one-cent local government infrastructure sales surtax pursuant to Section 212.055(2), Florida Statutes, as amended, together with any other amounts distributed to the City from the Discretionary Sales Surtax Clearing Trust Fund referred to in Section 212.054, Florida Statutes, as distributed in accordance with the Interlocal Agreement, as applicable, and other applicable provisions of law.

"Interlocal Agreement" means the Interlocal Agreement concerning distribution of the Infrastructure Sales Surtax Revenues, dated June 27, 1989, as amended and supplemented, among the City, Sarasota County, Florida (the "County"), the City of Sarasota, Florida, the City of Venice, Florida, the Town of Longboat Key, Florida and the School Board of Sarasota County, Florida, as the same may be further amended and supplemented from time to time.

Bonds not a Debt of the City

THE BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS IN THE MANNER AND TO THE EXTENT SET FORTH IN THE BOND RESOLUTION. NO HOLDER OF ANY BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH BOND, OR BE ENTITLED TO

PAYMENT OF SUCH BOND FROM ANY MONEYS OF THE CITY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION.

Reserve Funding

The reserve requirement which is applicable to the Series 2024 Reserve Account (the "Reserve Account") is equal to the Reserve Account Requirement. "Reserve Account Requirement" shall mean, as of any date of calculation for the Reserve Account or subaccount therein, an amount equal to the lesser of (1) Maximum Annual Debt Service for all Outstanding Bonds secured thereby, (2) 125% of the average Annual Debt Service for all Outstanding Bonds secured thereby, or (3) the maximum amount of Bond proceeds which may be deposited to the Reserve Account without subjecting the same to yield restriction under the Code, or causing interest on any of the Bonds secured thereby (other than Taxable Bonds) to be included in gross income for purposes of federal income taxation or otherwise violating applicable provisions of the Code; provided, however, the Issuer may establish hereby or by Supplemental Resolution a lesser Reserve Account Requirement with respect to any particular Series of Bonds pursuant to the Bond Resolution, which Reserve Account Requirement may be $0.00. For the purpose of determining the Reserve Account Requirement on any Variable Rate Bonds, the interest rate on the Variable Rate Bonds shall be assumed to be the rate calculated in accordance with the Bond Resolution. The Reserve Account Requirement shall be calculated as of September 30 of each year with respect to the next succeeding Fiscal Year.

Subordinated Indebtedness

The City will not issue any other obligations payable from the Pledged Funds or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien thereon in favor of the Bonds and the interest thereon except in compliance with the provisions of the Bond Resolution. The City may at any time or from time to time issue evidences of indebtedness payable in whole or in part out of the Pledged Funds and which may be secured by a pledge of the Pledged Funds; provided, however, that such pledge shall be, and shall be expressed to be, subordinated in all respects to the pledge of the Pledged Funds created by the Bond Resolution and shall not be subject to acceleration prior to maturity. The City shall have the right to covenant with the holders from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued pursuant to the Bond Resolution. The City agrees to pay promptly any Subordinated Indebtedness as the same shall become due.

Additional Bonds

No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to the Bond Resolution, shall be issued except upon the conditions and in the manner provided in the Bond Resolution.

The City may issue one or more Series of Additional Bonds for any one or more of the following purposes: financing or refinancing the Costs of a Project, or the completion thereof, or refunding any or all Outstanding Bonds or of any Subordinated Indebtedness of the City or of any other indebtedness of the City. No such Additional Bonds shall be issued unless (1) no Event of Default (as specified in the Bond Resolution) shall have occurred and be continuing hereunder and (2) the following conditions are complied with:

(A) Except as otherwise provided in the Bond Resolution, there shall have been obtained and filed with the City a certification of the City Manager: (1) stating that he or she has examined the books and records of the City relating to the Infrastructure Sales Surtax Revenues which have been received by the City for deposit to the Restricted Revenue Account; (2) setting forth the amount of such Infrastructure Sales Surtax Revenues during any twelve (12) consecutive months designated by the City within the twenty-four (24) months immediately preceding the date of delivery of such Additional Bonds with respect to which such statement is made; and (3) stating that the amount of such Infrastructure Sales Surtax Revenues received during the aforementioned 12-month period equals at least 2.00 times the Maximum Annual Debt Service on Bonds then Outstanding and such Additional Bonds with respect to which such statement is made. Such certification may be partially based upon a certification of certain matters related to the calculation of the Maximum Annual Debt Service by the Financial Advisor.

(B) For the purpose of determining the Maximum Annual Debt Service under the Bond Resolution, determining the interest deposit requirement under the Bond Resolution and for determining the Reserve Account Requirement for any Variable Rate Bonds, the interest rate on any Variable Rate Bonds then proposed to be issued and on any Outstanding Variable Rate Bonds shall be deemed to be the lesser of (1) the interest rate for 20 year revenue bonds published by The Bond Buyer no more than two weeks prior to the sale of the Variable Rate Bonds or the applicable determination, or (2) the Maximum Interest Rate.

(C) Additional Bonds shall be deemed to have been issued pursuant to the Bond Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of the Bond Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to the Bond Resolution. Except as provided in the Bond Resolution, all Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other; provided, however, that the City shall include a provision in any Supplemental Resolution authorizing the issuance of Variable Rate Additional Bonds pursuant to the Bond Resolution that in the event the principal thereof is accelerated due to such Bonds being held by the Credit Facility Provider, the lien of any accelerated debt due and owing such Credit Facility Provider on the Pledged Funds shall be subordinate in all respects to the pledge of the Pledged Funds created by the Bond Resolution.

(D) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of the Bonds Resolution shall not apply, provided that the issuance of such Additional Bonds shall result in a reduction of aggregate debt service. The conditions of the Bond Resolution shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

(E) In the event the Act is amended to provide for additional Infrastructure Sales Surtax Revenues to be distributed to the City, the City may, by Supplemental Resolution, extend the pledge of the Infrastructure Sales Surtax Revenues created pursuant to the terms of the Bond Resolution to include such additional Infrastructure Sales Surtax Revenues and may then for the purpose of determining whether there are sufficient Infrastructure Sales Surtax Revenues to meet the coverage tests specified in Bond Resolution, assume that such additional Infrastructure Sales Surtax Revenues were in effect during the applicable twelve (12) consecutive month period.

Accession of Subordinated Indebtedness to Parity Status with the Bonds

The City may provide for the accession of Subordinated Indebtedness to the status of complete parity with the Bonds, if (A) the City shall meet all the requirements imposed upon the issuance of Additional Bonds by the Bond Resolution, assuming, for purposes of said requirements, that such Subordinated Indebtedness shall be Additional Bonds and (B) the Reserve Account, upon such accession, shall contain an amount equal to the Reserve Account Requirement in accordance with the Bond Resolution. If the aforementioned conditions are satisfied, the Subordinated Indebtedness shall be deemed to have been issued pursuant to the Bond Resolution the same as the Outstanding Bonds, and such Subordinated Indebtedness shall be considered Bonds for all purposes provided in the Bond Resolution.

FLOW OF FUNDS

Funds and Accounts

Pursuant to the Bond Resolution, the City created and established the Revenue Fund and the accounts therein from time to time, the Construction Fund and accounts therein from time to time, the Debt Service Fund and accounts therein from time to time and the Rebate Fund and the accounts therein from time to time.

The Revenue Fund, the Construction Fund, the Debt Service Fund and the Rebate Fund and all accounts therein shall constitute trust funds for the purposes provided in the Bond Resolution, shall be held by the City and shall at all times be kept separate and distinct from all other funds of the City and used only as provided in the Bond Resolution. Moneys held in the Revenue Fund, the Construction Fund, the Debt Service Fund and the Rebate Fund and the accounts therein shall be subject to a lien and charge in favor of the holders and registered owners of the Bonds as provided in the Bond Resolution; provided, however, that the Bondholders shall have no lien on or right to payment from amounts on deposit in the Rebate Account.

Construction Fund

Pursuant to the Bond Resolution, the City has covenanted and agreed to establish a special fund to be known as the "City of North Port, Florida Infrastructure Sales Surtax Revenue Bonds Construction Fund," which shall be used only for payment of the Costs of Projects. Moneys in the Construction Fund, until applied to payment of any item of the Costs of a Project in the manner provided in the Bond Resolution, shall be held in trust by the City and shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

The City shall establish within the Construction Fund a separate account for each Project, the Costs of which are to be paid in whole or in part out of the Construction Fund. Pursuant to the Bond Resolution, the City has created for the 2024 Project an account to be known as the "2024 Account" of the Construction Fund.

Pursuant to the Bond Resolution, the City has covenanted that the acquisition, construction and equipping of each Project will be completed without delay and in accordance with sound engineering practices. The City shall only make disbursements or payments from the applicable account of the Construction Fund to pay Costs of the Project for which such account was established, except as provided below with respect to any surplus proceeds in a particular account. The City shall keep records of such disbursements and payments and shall retain all such records for such period of time as is required by applicable law.

Notwithstanding any of the other provisions of the Bond Resolution, to the extent that other moneys are not available therefor, amounts in the 2024 Account of the Construction Fund shall be applied to the payment of principal and interest on the Series 2024 Bonds for which such account was established or to reimburse a Credit Facility Provider for the payment of such principal and interest.

The date of completion of acquisition, construction and equipping of the 2024 Project shall be filed by the City Manager or Clerk or other appropriate officer of the City in the records of the City. Promptly after the date of the completion of the 2024 Project, and after paying or making provisions for the payment of all unpaid items of the Costs of the 2024 Project, the City shall deposit in the following order of priority any balance of moneys remaining in the Construction Fund in (A) any other account established in the Construction Fund for which the City Manager certifies that there are insufficient moneys to pay the Costs of the 2024 Project for which such account was established, (B) the Reserve Account to the extent of any deficiency therein, (C) the Interest Account to pay interest coming due on the Series 2024 Bonds, and (D) such other fund or account established hereunder as shall be determined by the City, provided the City has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Series 2024 Bonds (other than Taxable Bonds) from gross income for purposes of federal income taxation.

Disposition of Infrastructure Sales Tax Revenues

(A) The City shall promptly deposit upon receipt from the State all of the Infrastructure Sales Surtax Revenues into the Restricted Revenue Account. The moneys in the Restricted Revenue Account shall be deposited or credited on or before the 25th day of each month, commencing in the month immediately following delivery of Series 2024 Bonds, or such later date as hereinafter provided, in the following manner and in the following order of priority:

(1) Interest Account. The City shall deposit or credit to the Interest Account the sum which, together with the balance in said Account, shall equal the interest on all of the Outstanding Bonds accrued and unpaid and to accrue to the end of the then current calendar month (assuming that a year consists of twelve (12) equal calendar months of thirty (30) days each). All Hedge Receipts shall be deposited directly to the Interest Account upon receipt. With respect to interest on Bonds which the City has determined are subject to a Hedge Payment, interest on such Bonds during the term of the Qualified Hedge Agreement shall be deemed to include the corresponding Hedge Payments. Moneys in the Interest Account shall be applied by the City (a) for deposit with the Paying Agent to pay the interest on the Bonds on or prior to the date the same shall become due, whether by maturity, redemption or otherwise, and (b) for Hedge Payments. The City shall adjust the amount of the deposit to the Interest Account not later than a month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Date. No further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on the Outstanding Bonds on the next succeeding Interest Date. With respect to debt service on any Bonds which are subject to a Qualified Hedge Agreement, any Hedge Payments due to the Counterparty to such Qualified Hedge Agreement relating to such Bonds shall be paid to the Counterparty to such Qualified Hedge Agreement on a parity basis with the aforesaid required payments into the Debt Service Fund. With respect to any Variable Rate Bonds, the amount to be deposited to the Interest Account shall be determined using an interest rate assumed to be the rate calculated in accordance with the Bond

Resolution; provided, however, the City shall adjust the amount on deposit in the Interest Account prior to each Interest Date so as to provide sufficient moneys to pay the actual interest due on such Variable Rate Bonds on such Interest Date.

(2) Principal Account. Commencing in the month which is one year prior to the first principal due date (or if the first principal due date is less than one year from the date of issuance of the Bonds, the month immediately following the issuance of the Bonds), the City shall next deposit into the Principal Account the sum which, together with the balance in said Account, shall equal the principal amount on the Outstanding Bonds due and unpaid and that portion of the principal next due which would have accrued on such Bonds during the then current calendar month if such principal amounts were deemed to accrue monthly (assuming that a year consists of twelve (12) equal calendar months having thirty (30) days each) in equal amounts from the next preceding principal payment due date, or, if there is no such preceding payment due date from a date one year preceding the due date of such principal amount. Moneys in the Principal Account shall be applied by the City for deposit with the Paying Agent to pay the principal of the Bonds on or prior to the date the same shall mature, and for no other purpose. The City shall adjust the amount of the deposit to the Principal Account not later than the month immediately preceding any principal payment date so as to provide sufficient moneys in the Principal Account to pay the principal on the Bonds becoming due on such principal payment date. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal coming due on the Outstanding Bonds on the next succeeding principal payment date.

(3) Bond Amortization Account. Commencing in the month which is one year prior to any Amortization Installment due date, there shall be deposited or credited to the Bond Amortization Account an amount which, together with the balance in said Account, shall equal the Amortization Installments of all Bonds Outstanding due and unpaid and that portion of the Amortization Installment next due which would have accrued on said Bonds during the then current calendar month if such Amortization Installment were deemed to accrue daily (assuming that a year consists of twelve (12) months of thirty (30) days each), in equal amounts from the next preceding Amortization Installment due date, or if there is no such preceding Amortization Installment due date, from a date one year preceding the due date of such Amortization Installment. Moneys in the Bond Amortization Account shall be used to purchase or redeem Term Bonds in the manner herein provided or as provided by Supplemental Resolution, and for no other purpose. The City shall adjust the amount of the deposit into the Bond Amortization Account not later than the month immediately preceding any date for payment of an Amortization Installment so as to provide sufficient moneys in the Bond Amortization Account to pay the Amortization Installments on the Bonds coming due on such date. No further deposit need be made to the Bond Amortization Account when the moneys therein are equal to the Amortization Installments coming due on the Outstanding Bonds on the next succeeding Amortization Installment due date. Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account.

Amounts accumulated in the Bond Amortization Account with respect to any Amortization Installment (together with amounts accumulated in the Interest Account with respect to interest, if any, on the Term Bonds for which such Amortization Installment was established) may be applied by the City, on or prior to the sixtieth (60th) day preceding the due date of such Amortization Installment, (a) to the purchase of Term Bonds of the Series and maturity for which such Amortization Installment was established at a price not exceeding par plus accrued interest, or (b) to the redemption at the applicable Redemption Prices of such Term Bonds, if then redeemable by their terms at a price not exceeding par plus accrued interest. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Amortization

Account until such Amortization Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the sixtieth (60th) day preceding the due date of any such Amortization Installment, the City shall proceed to call for redemption on such due date, by causing notice to be given as provided in the Bond Resolution, Term Bonds of the Series and maturity for which such Amortization Installment was established (except in the case of Term Bonds maturing on an Amortization Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Amortization Installment. The City shall pay out of the Bond Amortization Account and the Interest Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the City from the Restricted Revenue Fund.

(4) Reserve Account. There shall be deposited to the Reserve Account an amount which would enable the City to restore the funds on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement applicable thereto. All deficiencies in the Reserve Account must be made up no later than twelve (12) months from the date such deficiency first occurred, whether such shortfall was caused by an increase in the applicable Reserve Account Requirement, a decrease in the aggregate market value of the investments therein of more than 5% (determined as of each September 30), or withdrawal (whether from cash or a draw on a Reserve Account Insurance Policy or Reserve Account Letter of Credit). On or prior to each principal payment date and Interest Date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Reserve Account shall be applied by the City to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account shall be insufficient for such purpose Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement or as a result of a deposit in the Reserve Account of a Reserve Account Letter of Credit or a Reserve Account Insurance Policy, such surplus moneys, to the extent practicable, shall be deposited by the City into the Solid Waste System Reserve Fund and applied as directed by Bond Counsel. The City shall promptly inform each Insurer and Credit Bank of any draw upon the Reserve Account for purposes of paying the principal of or Redemption Price, if applicable, and interest on the Bonds.

Upon the issuance of any Series of Bonds under the terms, limitations and conditions as herein provided, the City shall fund the Reserve Account in an amount at least equal to the applicable Reserve Account Requirement to the extent such Series of Bonds are to be secured by the Reserve Account or any subaccount therein; provided, however, nothing herein shall be construed to require the City to fund the Reserve Account or any subaccount for any Series of Bonds. Upon the adoption of the Supplemental Resolution authorizing the issuance of a Series of Bonds, the City shall determine whether such Series of Bonds shall be secured by the Reserve Account or any subaccount therein and, if the City determines that the Series of Bonds will be secured by a separate subaccount therein, the City shall also establish the Reserve Account Requirement applicable thereto. Such required amount, if any, shall be paid in full or in part from the proceeds of such Series of Bonds or may be accumulated in equal monthly payments to the Reserve Account or subaccount therein over a period of months from the date of issuance of such Series of Bonds, which shall not exceed thirty-six (36) months.

Notwithstanding the foregoing provisions, in lieu or substitution of the required deposits into the Reserve Account, the City may cause to be deposited into the Reserve Account a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums then on deposit in the Reserve Account, if any. The City may also substitute a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for cash on deposit in the Reserve Account upon compliance with the terms of the Bond Resolution. Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any principal payment date or Interest Date on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to the Bond Resolution and available for such purpose. Upon the initial deposit of any such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit, the provider thereof shall be either (a) an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the three highest rating categories by at least one of the three Rating Agencies (without regard to gradations, such as "plus" or "minus" or "1," "2" or "3"), or (b) a commercial bank, insurance company or other financial institution which has been assigned a rating in one of the two highest rating categories by at least one of the three Rating Agencies (without regard to gradations, such as "plus" or "minus" or "1," "2" or "3"). Any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall equally secure all Bonds secured by the Reserve Account or subaccount into which such Policy or Letter of Credit is deposited.

Each Reserve Account Insurance Policy and Reserve Account Letter of Credit shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the provider of the Reserve Account Insurance Policy or Reserve Account Letter of Credit to reimbursement will be subordinated to cash replenishment of the Reserve Account or subaccount to an amount equal to the difference between the full original amount available under the Reserve Account Insurance Policy or Reserve Account Letter of Credit and the amount then available for further draws or claims. If (a) the provider of a Reserve Account Insurance Policy or Reserve Account Letter of Credit becomes insolvent or (b) the provider of a Reserve Account Insurance Policy or Reserve Account Letter of Credit defaults in its payment obligations thereunder or (c) the rating of the provider of a Reserve Account Insurance Policy falls below a rating of "A-" or "A3" by all of the Rating Agencies then rating such provider or (d) the rating of the provider of a Reserve Account Letter of Credit falls below a rating of "AA-" or "Aa3" by at least two of the three Rating Agencies, the obligation to reimburse the provider of the Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be subordinate to the cash replenishment of the Reserve Account or subaccount. Where applicable, the amount available for draws or claims under a Reserve Account Insurance Policy or Reserve Account Letter of Credit may be reduced by the amount of cash or investments deposited in the Reserve Account or subaccount pursuant to the provisions of the Bond Resolution.

If the revolving reinstatement feature described in the preceding paragraph is suspended or terminated or if the Reserve Account Insurance Policy or Reserve Account Letter of Credit is no longer valid and enforceable, the City shall either (i) deposit into the Reserve Account or subaccount an amount sufficient to cause the cash or investments on deposit in the Reserve Account or applicable subaccount to equal the Reserve Account Requirement on all Outstanding Bonds then secured by such Reserve Account or subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (ii) replace such instrument with a Reserve Account Insurance Policy or a Reserve Account Letter of Credit meeting the requirements described herein within six months of such occurrence.

If three days prior to an Interest Date or principal payment date, or such other period of time as shall be required by the terms of the Reserve Account Insurance Policy or Reserve Account Letter of Credit, the City shall determine that a deficiency exists in the amount of moneys available to pay in accordance with the terms of the Bond Resolution interest and/or principal due on the Bonds on such date, the City shall immediately notify (a) the issuer of the applicable Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit and submit a demand for payment pursuant to the provisions of such Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit, (b) the Paying Agent, and (c) the Insurer or Credit Bank, if any, of the amount of such deficiency and the date on which such payment is due.

The City may evidence its obligation to reimburse the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy by executing and delivering to such issuer a promissory note or other evidence therefor; provided, however, any such note or evidence (a) shall not be a general obligation of the City the payment of which is secured by the full faith and credit or taxing power of the City, and (b) shall be payable solely from the Pledged Funds in the manner provided in the Bond Resolution. The obligation to reimburse the provider of a Reserve Account Insurance Policy or Reserve Account Letter of Credit for any Policy Costs shall be subordinate to the payment of Debt Service on the Bonds.

The term "Paying Agent" as used in the Bond Resolution may include one or more Paying Agents for the Outstanding Bonds.

Whenever the amount of cash in the Reserve Account, together with the other amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), the funds on deposit in the Reserve Account may be transferred to the other Accounts of the Debt Service Fund for the payment of the Bonds.

The City may also establish a separate subaccount in the Reserve Account for any Series of Bonds and such subaccount shall be pledged to the payment of such Series of Bonds apart from the pledge provided in the Bond Resolution. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Account Requirement applicable to such Series of Bonds secured by the subaccount; provided the Supplemental Resolution authorizing such Series of Bonds may establish the Reserve Account Requirement relating to such separate subaccount of the Reserve Account at such level as the City deems appropriate. In the event the City by Supplemental Resolution establishes the Reserve Account Requirement for a particular Series of Bonds to be zero ($0.00) or it shall determine that such Series are not to be secured in any manner by the Reserve Account or a subaccount, then it shall not be required to establish a separate subaccount; provided, however, such Series of Bonds shall have no lien on or pledge of any moneys on deposit in the Reserve Account. Moneys used to replenish the Reserve Account shall be deposited in the separate subaccounts in the Reserve Account and in the Reserve Account on a pro-rata basis.

In the event the City shall maintain a Reserve Account Insurance Policy or Reserve Account Letter of Credit and moneys in the Reserve Account or any subaccount, the moneys shall be used prior to making any disbursements under such Reserve Account Insurance Policy or Reserve Account Letter of Credit. The provisions of the any reserve account insurance policy agreements, when executed and delivered, shall be incorporated in the Bond Resolution by reference. The provisions of such Agreements shall supersede the provisions of the Bond Resolution to the extent of any conflict herewith.

(5) Unrestricted Revenue Account. The balance of any moneys after the deposits required by the Bond Resolution may be transferred, at the discretion of the City, to the Unrestricted Revenue Account or any other appropriate fund and account of the City and may be used for any lawful purpose including, without limitation, the early redemption of Bonds. In the event moneys on deposit in the Interest Account and the Principal Account on the third day prior to an Interest Date are not sufficient to pay the principal of and interest on the Bonds coming due on such Interest Date, the City shall transfer moneys from the Unrestricted Revenue Account, if any, to the appropriate Account of the Debt Service Fund to provide for such payment. Any moneys remaining in the Unrestricted Revenue Account on each Interest Date may be used for any lawful purpose.

(B) The City, in its discretion, may use moneys in the Principal Account, the Bond Amortization Account and the Interest Account to purchase or redeem Outstanding Bonds coming due on the next principal payment date, provided such purchase does not adversely affect the City's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased.

(C) At least one business day prior to the date established for payment of any principal of or interest on the Series 2024 Bonds, the City shall withdraw from the appropriate Account of the Debt Service Fund sufficient moneys to pay such principal or interest and deposit such moneys with the Paying Agent. Such deposits with the Paying Agent shall be made in moneys available to make payments of the principal of and interest on the Bonds as the same becomes due.

(D) In the event the City shall issue a Series of Bonds secured by a Credit Facility, the City may establish such separate subaccounts in the Interest Account, the Principal Account and the Bond Amortization Account to provide for payment of the principal of and interest on such Series as may be required by the Credit Facility Provider; provided one Series of Bonds shall not have preference in payment from Pledged Funds over any other Series of Bonds. The City may also deposit moneys in such subaccounts at such other times and in such other amounts from those provided in the Bond as shall be necessary to pay the principal of and interest on such Bonds as the same shall become due, all as provided by the Supplemental Resolution authorizing such Bonds. In the case of Bonds secured by a Credit Facility, amounts on deposit in any subaccounts established for such Bonds may be applied as provided in the applicable Supplemental Resolution to reimburse the Credit Facility Provider for amounts drawn under such Credit Facility to pay the principal of or Redemption Price, if applicable, and interest on such Bonds or to pay the purchase price of any such Bonds which are tendered by the Holders thereof for payment.

(E) The City agrees that at the time of issuing any Variable Rate Bonds it shall establish the Maximum Interest Rate with respect thereto and a Maximum Interest Rate with respect to amounts owed to the Credit Facility Provider which provides liquidity for such Bonds. Any Credit Facility Provider which provides a Credit Facility for liquidity purposes must be rated in one of the two highest short term rating categories assigned by each rating agency rating the Bonds secured by such Credit Facility. Any accelerated principal payments due to a Credit Facility Provider or any interest due in excess of the interest rate on the Variable Rate Bonds to a Credit Facility Provider must be subordinate to the payment of the scheduled debt service on the Bonds.

COVENANTS OF THE CITY

Books and Records

The City may issue notes in anticipation of the issuance of Series 2024 Bonds which shall have such terms and details and be secured in such manner, not inconsistent with the Bond Resolution, as shall be provided by ordinance or resolution of the City.

No Impairment

The pledging of the Pledged Funds in the manner provided in the Bond Resolution shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution, agreement or other proceedings of the City. The City will not take any action or enter into any agreement that shall result in impairing or reducing the level of Infrastructure Sales Surtax Revenues received by the City from that level prevailing at the time the City takes such action or enters into such agreement. The City shall not enter any amendment to the Interlocal Agreement that would otherwise materially impair the rights of the Holders of then Outstanding Series 2024 Bonds.

Receipt of Infrastructure Sales Surtax Revenues.

The City covenants to do all things necessary or required on its part by the Act or otherwise to entitle the City to receive the Infrastructure Sales Surtax Revenues in the amounts it is entitled to receive. The City shall exercise all legally available remedies to enforce such receipt now or hereafter available under law.

Investments

Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund, other than the Reserve Account, may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed for the purposes of such Fund or Account. Moneys on deposit in the Reserve Account may be invested and reinvested in Authorized Investments which mature no later than ten (10) years from the date of investment. All investments shall be valued at the market price thereof. Investments in the Reserve Account shall be valued by the City on an annual basis as of September 30 of each year.

Any and all income received by the City from the investment of moneys in the Construction Fund, the Interest Account, the Principal Account, the Bond Amortization Account, the Restricted Revenue Account and the Reserve Account (to the extent such income and the other amounts in the Reserve Account does not exceed the Reserve Account Requirement) shall be retained in such respective Fund or Account. Any and all income received by the City from the investment of moneys in the Reserve Account (only to the extent such income and other amounts in the Reserve Account exceeds the Reserve Account Requirement) shall be deposited in the Interest Account.

Nothing contained in the Bond Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under the Bond Resolution from being issued or held in book entry form on the books of the Department of the Treasury of the United States.

Separate Accounts

The moneys required to be accounted for in each of the foregoing funds, accounts and subaccounts established herein may be deposited in a single, non-exclusive bank account, and funds allocated to the various funds, accounts and subaccounts established in the Bond Resolution may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds, accounts and subaccounts as provided in the Bond Resolution.

The designation and establishment of the various funds, accounts and subaccounts in and by the Bond Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as provided in the Bond Resolution.

ONE-CENT LOCAL GOVERNMENT INFRASTRUCTURE SALES SURTAX

General

Chapter 212, Part I, Florida Statutes, as amended, imposes a 6% sales tax on the sales price of the tangible personal property sold at retail in the State of Florida (the "State") subject to certain exemptions therefrom. A similar tax is imposed on the cost of tangible personal property when the property is not sold, but is used, consumed, distributed or stored for use or consumption in the State. The largest single source of tax receipts in the State is the sales and use tax.

Section 212.055(2), Florida Statutes, as amended, authorizes local governments to impose a discretionary sales surtax of an additional 0.5% or 1% to finance, plan and construct infrastructure projects, among other purposes. However, local governments may not impose the surtax on the portion of any sales amount which exceeds $5,000 on any item of tangible personal property. The levy of the surtax must be pursuant to an ordinance enacted by a majority of the members of the county's governing authority and must be approved by a majority of electors of the county voting in a referendum on the surtax. Distribution of the surtax proceeds may be governed by an interlocal agreement by and among a county, the municipalities therein, and the school district. If no interlocal agreement is in place, then the distribution of surtax proceeds will be governed by Section 218.62, Florida Statutes.

History and Authorization

On March 29, 2022, the Board of County Commissioners of the County, by a majority, enacted Ordinance No. 2022-001 which provided for the extension of the levy and imposition, throughout the incorporated and unincorporated areas of the County, of an additional tax of 1.0% on all transactions occurring in the County (the "One-Cent Local Government Infrastructure Sales Surtax"). On November 8, 2022, the levy of the One-Cent Local Government Infrastructure Sales Surtax was placed on the ballot and approved by a majority of the electors of the County who voted in the referendum. The One-Cent Local Government Infrastructure Sales Surtax is effective for a period which commences on January 1, 2025 and ends on December 31, 2039. The City receives a share of the distribution of the One-Cent Local Government Infrastructure Sales Surtax pursuant to the Interlocal Agreement.

Collections

The Florida Department of Revenue ("FDOR") has the responsibility to administer, collect, and enforce sales surtaxes, including the One-Cent Local Government Infrastructure Sales Surtax. The proceeds of each county's discretionary sales surtax collections are transferred to the Discretionary Sales Surtax Clearing Trust Fund (the "Trust Fund"). A separate account in the Trust Fund is established for each county imposing such a surtax. FDOR is authorized to deduct 3% of the total revenue generated for all counties levying a surtax for administrative costs. The amount deducted for administrative costs is required to be used only for those costs solely and directly attributable to the surtax. The total administrative costs are to be prorated among those counties levying the surtax on the basis of the amount collected for a particular county to the total amount collected for all counties. Historically the FDOR has deducted less than 1.0% for administrative costs. FDOR is required to submit annually, no later than March 1st, a report detailing the expenses and amounts deducted for administrative costs to the President of the Florida Senate, the Speaker of the Florida House of Representatives, and the governing authority of each county levying the surtax. After receipt of such report and after reviewing the FDOR budget, the Florida Legislature may increase the administrative charge but not in excess of the 3% limit.

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

Pursuant to Section 212.055(2)(d), Florida Statutes, the proceeds of any discretionary sales surtax and any interest accrued thereto may be expended to finance, plan and construct infrastructure. Neither the proceeds nor any interest accrued thereto may be used for operational expenses of any infrastructure, except a county that has a population of fewer than 75,000 and that is required to close a landfill may use the proceeds or interest for long-term maintenance costs associated with landfill closure. "Infrastructure" means, among other things, any fixed capital expenditure or fixed capital outlay associated with the construction, reconstruction or improvement of public facilities which have a life expectancy of 5 or more years and any land acquisition, land improvement, design, engineering costs, and all other professional and related costs required to bring the public facilities into service.

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

Pursuant to Section 212.055(2)(e), Florida Statutes, school districts, counties and municipalities receiving discretionary sales surtax proceeds may pledge such proceeds for the purpose of servicing new bond indebtedness incurred pursuant to law. Local governments may use the services of the Division of Bond Finance of the State Board of Administration pursuant to the State Bond Act to issue any bonds through the provisions of Section 212.055(2)(e), Florida Statutes. Counties and municipalities may join together for the issuance of bonds authorized by that Section.

One-Cent Local Government Infrastructure Sales Surtax Revenues

Pursuant to Ordinance 2022-001 and the affirmative vote of County electors, the County extended the levy and imposition of the One-Cent Local Government Infrastructure Sales Surtax for a term commencing on January 1 2025, and ending on December 31, 2039. That portion of the One-Cent Local Government Infrastructure Sales Surtax which is distributed to the City constitutes "Infrastructure Sales Surtax Revenues" for purposes of the Bond Resolution and is pledged to the payment of the Bonds issued pursuant to the Bond Resolution. In the Bond Resolution, the City has irrevocably pledged the Infrastructure Sales Surtax Revenues to the payment of debt service on the Bonds issued pursuant to the Bond Resolution. See "APPENDIX C – Composite of the Bond Resolution."

The discretionary sales surtax is distributed by the FDOR pursuant to the Interlocal Agreement. Twenty-five percent (25%) of each distribution of the proceeds of such surtax shall be distributed by FDOR to the School Board. The remainder is distributed to the County and the municipalities therein in the same proportion that the population of each municipality and the unincorporated area bears to the entire population of the County. See "--Historical Population Distribution Factors" table below. The distribution of the proceeds of such surtax shall be automatically adjusted annually effective each October 1 while such surtax remains in effect, pursuant to the final population estimates issued under Section 186.901, Florida Statutes, for the preceding calendar year. The County shall notify FDOR as to the annual adjustment of the distribution formula at least 60 days prior to October 1 of each year.

The share of the discretionary sales surtax that is to be distributed to the City will be affected by changes in the relative populations of the unincorporated and incorporated areas within the County. Such relative populations are subject to change through normal increases and decreases of population within the existing unincorporated and incorporated areas of the County and are also subject to change by annexation and de-annexation.

The total amount of discretionary sales surtax collected within the County and distributed to the City is subject to increase or decrease due to increases or decreases in the dollar volume of taxable sales within the County, which, in turn, is subject to among other things, (i) legislative changes which may include or exclude from taxation sales of particular goods or services, and (ii) changes in the dollar volume of purchases in the County, which is affected by changes in population and economic conditions.

Continued increases in use of electronic commerce and other internet-related sales activity may have a material adverse impact upon the amount of One-Cent Local Government Infrastructure Sales Surtax revenues collected within the County.

Communications Services Tax Portion of Discretionary Sales Surtax

Effective October 1, 2001, the structure for the imposition of taxes on telecommunications and other communications services was completely changed by Chapter 202, Florida Statutes (the "CST Law"). The CST Law rescinded or modified various taxes imposed upon certain telephone and other telecommunications and communications services (including the discretionary sales surtax on certain long distance services) and replaced the revenues from such taxes with revenues from a new state tax and a local option tax imposed on communications services.

The "Replacement Local Option Communications Services Tax" is imposed in the City pursuant to Section 202.19(5), Florida Statutes, at a rate of 0.6% on the sale price of communications services and is included in the Infrastructure Sales Surtax Revenues which are pledged to the Bonds. The Replacement Local Option Communications Services Tax collected under the CST Law is deposited along with the discretionary sales surtax into the Discretionary Sales Surtax Clearing Trust Fund and is then distributed by FDOR to the City as part of the discretionary sales surtax, with no distinction made as to the portion of the distribution constituting Replacement Local Option Communications Services Tax; thus, the Replacement Local Option Communications Services Tax collected, so deposited and transferred to the County is included in Infrastructure Sales Surtax Revenues. Except for the Replacement Local Option Communications Services Tax received by the County pursuant to Section 202.19(5), Florida Statutes, no other revenues received by the City pursuant to the CST Law are pledged to the Bonds.

"Communication services" are defined as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including video services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance, including transmission, conveyance, or routing in which computer processing applications are used to act on the form, code, or protocol of the content for purposes of transmission, conveyance, or routing without regard to whether such service is referred to as voice-over-Internet-protocol services or is classified by the Federal Communications Commission as enhanced or value-added. The term does not include:

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

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

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Historical Distributions

The following table sets forth historical population distribution factors of the One-Cent Local Government Infrastructure Sales Surtax for the last ten years.

HISTORICAL POPULATION DISTRIBUTION FACTORS FOR SARASOTA COUNTY[1]

Fiscal Year	Sarasota County School Board	Sarasota County	City of North Port[2]	City of Sarasota	City of Venice	Town of Longboat Key
2022-23	25.00%	46.85%	13.57%	9.37%	4.43%	0.79%
2022-21	25.00	47.08	13.27	9.41	4.43	0.81
2020-21	25.00	46.99	13.26	9.86	4.10	0.79
2019-20	25.00	47.16	12.96	9.97	4.10	0.81
2018-19	25.00	47.37	12.69	10.03	4.09	0.82
2017-18	25.00	47.62	12.37	10.06	4.11	0.83
2016-17	25.00	48.02	11.90	10.12	4.10	0.85
2015-16	25.00	48.16	11.68	10.19	4.10	0.86
2014-15	25.00	48.23	11.53	10.26	4.11	0.87
2013-14	25.00	48.30	11.47	10.27	4.09	0.88

(1) Numbers may not add to 100% due to rounding.

(2) Future distributions of Infrastructure Sales Surtax Revenues to the City would be negatively impacted by a de-annexation of the De-annexation Area, as defined in "LITIGATION" herein, since distributions are based in part on the population of each of the MUNICIPALITIES, as defined in the Interlocal Agreement. Such de-annexation would reduce the City's population by an estimated 13,500 residents. See "LITIGATION" herein for more information regarding the litigation related to the de-annexation of the De-annexation Area.

Source: Florida Department of Revenue. Local Government Financial Information Handbook

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Historical Collections

The following table sets forth the historical collections of the Infrastructure Sales Surtax Revenues by the City:

CITY OF NORTH PORT, FLORIDA
HISTORICAL INFRASTRUCTURE SALES SURTAX REVENUES

Year Ended September 30	Infrastructure Sales Surtax Revenues[1]	Percentage Change
2023	$17,231,850	5.45%
2022	16,341,885	24.40
2021	13,137,051	22.38
2020[2]	10,734,747	(0.82)
2019	10,823,129	9.31
2018	9,901,615	8.43
2017	9,131,513	5.21
2016	8,679,097	6.20
2015	8,172,571	10.08
2014	7,424,336	--

(1) Future distributions of Infrastructure Sales Surtax Revenues to the City would be negatively impacted by a de-annexation of the De-annexation Area, as defined in "LITIGATION" herein, since distributions are based in part on the population of each of the MUNICIPALITIES, as defined in the Interlocal Agreement. Such de-annexation would reduce the City's population by an estimated 13,500 residents. See "LITIGATION" herein for more information regarding the litigation related to the de-annexation of the De-Annexation Area.

(2) Negative percentage changes for fiscal year ended September 30, 2020 was primarily due to COVID-19. See "RISK FACTORS" herein for more information.

Source: City of North Port Annual Comprehensive Financial Report for Fiscal Years ended September 30, 2014 through and including 2023.

The amount of Sales Tax Revenues received by the City for the seven-month period ending April, 2024 was $10,498,296 (unaudited), which when compared to the same seven month period for the fiscal year ended September 30, 2023 ($10,213,623) reflects an approximate total 3% increase in collections. The table below reflects month by month collections and percentage increase/decrease for that comparison period.

Month	Monthly Sales Tax Revenue Collections[1]	Month	Monthly Sales Tax Revenue Collections (unaudited)[2][3]	Percent Increase/(Decrease)
October 2022	$961,717	October 2023	$1,082,927	12.6%
November 2022	$1,168,244	November 2023	$1,166,491	(0.2%)
December 2022	$1,184,850	December 2023	$1,215,947	2.6%
January 2023	$1,412,619	January 2024	$1,391,591	(1.5%)
February 2023	$1,308,172	February 2024	$1,296,581	(0.1%)
March 2023	$1,345,160	March 2024	$1,367,460	1.7%
April 2023	$1,506,374	April 2024	$1,526,490	1.3%

(1) The City received quarterly reconciliation distributions which are not included in the amounts described above. They included $636,556 for the first quarter and $689,931 for the second quarter.

(2) The City received quarterly reconciliation distributions which are not included in the amounts described above. They included $679,915 for the first quarter and $770,894 for the second quarter.

(3) Future distributions of Infrastructure Sales Surtax Revenues to the City would be negatively impacted by a de-annexation of the De-annexation Area, as defined in "LITIGATION" herein, since distributions are is based in part on the population of each of the MUNICIPALITIES, as defined in the Interlocal Agreement. Such de-annexation would reduce the City's population by an estimated 13,500 residents. See "LITIGATION" herein for more information regarding the litigation related to the de-annexation of the De-annexation Area.

Source: City of North Port, Florida

Based on information currently available, the City anticipates that the fiscal year ending September 30, 2024 Sales Surtax Revenues will approximately be equal to the fiscal year ending September 30, 2024 budget.

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CITY OF NORTH PORT, FLORIDA
PRO FORMA DEBT SERVICE COVERAGE
ON THE BONDS

Fiscal Year Ended September 30	Maximum Annual Debt Service[(1)]	Infrastructure Sales Surtax Revenues[(2)]	Pro-Forma Debt Service Coverage
2023	$__________	$__________	___x

(1) Maximum Annual Debt Service includes actual debt service on the Bonds and estimated debt service on the Series 2024 Bonds based on a final maturity of __________ and an estimated true interest cost rate of ______%. For this purpose, Maximum Annual Debt Service is shown in the period it accrues rather than the period it is paid. See "DEBT SERVICE REQUIREMENTS FOR THE BONDS" herein for more information regarding debt service on the Series 2024 Bonds.

(2) Assumes that the de-annexation of the De-annexation Area, as defined in "LITIGATION" herein, does not occur. See "LITIGATION" herein for more information regarding the litigation related to the de-annexation of the De-annexation Area.

The amount of One-Cent Local Government Infrastructure Sales Surtax revenues distributed to the City is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the County, (ii) legislative changes relating to the sales tax, which may include changes in the scope of taxable sales, changes in the tax rate and changes in the amount of sales tax revenue deposited into the Discretionary Sales Surtax Trust Fund, (iii) changes in the relative population of the City to the relative population of unincorporated County and the other municipalities in County, which affect the percentage of Community Investment Tax Revenues distributed to the City, and (iv) other factors which may be beyond the control of the City or the Bondholders, including but not limited to pandemics and the potential for increased use of electronic commerce and other internet-related sales activity that could have a material adverse impact upon the amount of sales tax collected by the State and then distributed to the City.

INVESTMENT CONSIDERATIONS

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

1. Climate Change and Natural Disasters. The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on coastal communities such as the City. Such effects can be exacerbated by change in climate. The occurrence of such extreme weather events could damage the local infrastructure that provides essential services to the City. The economic impacts resulting from such extreme weather events could include a loss of property values, a decline in revenue base, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially impair the financial condition of the City. The City has been hardening its facilities and infrastructure in an effort to absorb such risks and events. The City has promoted resiliency through

maintaining building codes that require waterfront properties to maintain sea walls and new builds elevated. The City also is working to identify municipal facilities that are vulnerable to sea level rise or flooding and possibly relocating them to areas less prone to flooding. The City continues to monitor sea level rise. Additionally, the City is in the process of putting together an environmental plan as it relates to certain environmental matters, including resiliency.

On September 28, 2022, Hurricane Ian made landfall in Lee County as a Category 5 storm with peak winds of 160 mph. The hurricane brought over 10 feet of storm surge, affecting Lee County's barrier islands, Fort Myers Beach, and coastal areas along the Caloosahatchee River. The City suffered damage to its infrastructure, homes, businesses, and schools. Despite the storm's magnitude, the City mitigated its losses through an enterprise risk management approach. The Risk Management Division identifies and evaluates potential loss areas to reduce their occurrence. Routine losses are self-insured, while unpredictable or catastrophic losses are covered by re-insurance companies. The City maintains a comprehensive commercial reinsurance portfolio to protect its assets. The City incurred approximately $58 million in hurricane-related expenditures. Of this total, debris cleanup and management accounted for $49 million, with the remaining $9 million attributed to other storm-related costs. In response to these expenses, the City has received $41 million from State and federal disaster funds and anticipates future reimbursements to cover a portion of the remaining costs. Importantly, the City has sufficient reserves to cover its share of the expenses incurred. The City's risk management strategy and access to disaster recovery funds have helped alleviate the financial impact of Hurricane Ian, demonstrating effective preparedness and response to a major natural disaster.

2. Cybersecurity. The City, like many other governmental entities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computers, other sensitive digital systems, and networks. There can be no assurance that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant.

To address cybersecurity risks the City’s IT Division performs weekly vulnerability scanning, contracts for annual penetration testing and risk assessments, replicates server snapshots to two remote locations as well as performs real-time replication for mission critical server infrastructure. The IT Division also enforces cybersecurity training for all City employees, including a mandatory annual Cybersecurity Awareness Training and New Hire Cybersecurity Training for all newly employed staff, bi-weekly phishing campaigns, and weekly security awareness newsletters. Additionally, the IT Division has put in place an Incident Response Plan that is regularly reviewed. The City maintains cyber liability insurance that is renewed on an annual basis.

During the 2022 Florida Legislative session, CS/HB 7055 was passed which requires State agencies and local governments, such as the City, to report all ransomware incidents and high severity level cybersecurity incidents to the Cybersecurity Operations Center ("CSOC") and the Cybercrime Office within the Florida Department of Law Enforcement as soon as possible but no later than 48 hours after discovery of the cybersecurity incident and no later than 12 hours after discovery of a ransomware incident. Local governments must also report such incidents to their respective sheriff’s office. CS/HB 7055 requires State agencies to report low level cybersecurity incidents and provides that local governments may report such incidents. It also requires State agencies and local governments to submit after-action reports to FLDS following a cybersecurity or ransomware incident. CS/HB 7055 requires the

CSOC to notify the State Legislature of high severity level cybersecurity incidents. State agency and local government employees are required to undergo certain cybersecurity training within 30 days of employment and annually thereafter. Further, local governments are required to adopt cybersecurity standards that safeguard the local government's data, IT, and IT resources and it is illegal for any local government in the State to pay ransoms when attacked. The effective date of CS/HB 7055 was July 1, 2022.

3. COVID-19. The outbreak of the highly contagious COVID-19 pandemic in the United States that occurred March 2020 had a negative financial impact on local, state and national economies around the globe, including initially significantly increased unemployment in certain sectors including especially travel, hospitality and restaurants. COVID-19 is a respiratory virus that was first reported in China and thereafter spread around the world, including the United States. This led to quarantine, remote work and other "social distancing" measures throughout the United States which resulted in a period of less travel resulting in declines in certain revenue sources. While many of the effects of COVID-19 were temporary, it altered the behavior of businesses and people in a manner resulting in negative impacts on global and local economies, including supply chain issues and rising inflation. There can be no guarantee that COVID-19 or another outbreak of a highly contagious disease will not have negative financial impacts on the City on the collection of ad valorem taxes in the future.

4. Legislative Risks. There can be no assurance that legislation or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the City's finances.

This section does not purport to summarize all risks that may be associated with purchasing or owning the Bonds and prospective purchasers are advised to read this Official Statement in its entirety for a more complete description of investment considerations relating to the Series 2024 Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the proceeds of the Series 2024 Bonds are summarized below:

SOURCES:

Principal Amount
Original Issue Premium

Total Sources

USES:

Redeem the Refunded Bonds
Deposit to 2024 Account in the Construction Fund
Costs of Issuance[1]

Total Uses

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(1) Includes the fees and out-of-pocket expenses for Bond Counsel, Financial Advisor, Underwriter's Discount, printing, ratings, legal and other associated costs of issuance.

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DEBT SERVICE REQUIREMENTS FOR THE SERIES 2024 BONDS

The following table sets forth the annual debt service requirements with respect to the Series 2024 Bonds:

Year Ending (July 1)	Principal	Interest	Annual Debt Service
2025	$	$	$
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
Totals	$	$	$

[Remainder of page intentionally left blank]

AUDITED FINANCIAL STATEMENTS

The audited financial statements of the City as of September 30, 2023, included in the attached "APPENDIX B – Annual Comprehensive Financial Report for Fiscal Year Ended September 30, 2023," have been audited by Mauldin & Jenkins, CPAs & Advisors, independent auditors, as stated in their report appearing therein. The consent of the City's auditor to include in this Official Statement the aforementioned report was not requested, and the Audited financial statements of the City are provided only as publicly available documents. The City's auditor was not requested nor did it perform any procedures with respect to or participate in the preparation of this Official Statement or the information presented herein.

The Series 2024 Bonds are payable solely from Pledged Revenues as provided in the Bond Resolution. See "SECURITY FOR THE BONDS" herein. The audited financial statements are presented for general information purposes only.

INVESTMENT POLICY

The City's investment policy applies to all funds held by the City other than pension fund assets. The investment objective of the City is to invest funds in safe, liquid, minimum risk instruments that will provide the maximum amount of investment earnings.

The City's investment policy promotes investments that enable it to meet its day-to-day requirements. Investments are made in accordance with known/anticipated cash needs and cash flow requirements.

The City's current investment policy was adopted in April, 2016 pursuant to Ordinance No 2016-10 adopted by the City Commission and may be modified from time to time.

Pursuant to such investment policy, the City is required to limit investments to:

A. U.S. Treasuries and Government Guaranteed Obligations

B. Federal Agencies and Government Sponsored Enterprises (GSE)

C. Supranationals

D. Corporates

E. Municipals

F. Agency Mortgage Backed Securities

G. Asset-backed securities

H. Non-Negotiable Certificates of Deposit and Savings Accounts

I. Commercial Paper

J. Repurchase Agreements

K. Money Market Funds

L. Fixed Income Mutual Funds

M. Local Government Investment Pools

N. The Florida Local Government Surplus Funds Trust Funds ("Florida Prime")

O. Investment in any derivative products or the use of reverse repurchase agreements requires specific City Commission approval prior to their use.

TAX MATTERS

Opinion of Bond Counsel

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

Internal Revenue Code of 1986

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

Collateral Tax Consequences

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2024 Bonds. Prospective purchasers of the Series 2024 Bonds should be aware that the ownership of the Series 2024 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2024 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2024 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2024 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2024 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

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

Other Tax Matters

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

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

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

Tax Treatment of Original Issue Discount

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

Tax Treatment of Bond Premium

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

LITIGATION

There is no pending or, to the knowledge of the City, any threatened litigation against the City of any nature whatsoever which in any way questions or affects the validity of the Series 2024 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Bond Resolution, or the collection of Pledged Revenues. Neither the creation, organization or existence, nor the title of the present members of the City Commission, or other officers of the City is being contested.

***West Villagers for Responsible Government, Inc., and John Meisel v. City of North Port*, Case No. 2D2023-2425 (Fla. 2nd DCA) (Lower Court Case No. 2022-CA-005583 SC (Fla. 12th Cir. Ct., Sarasota Cnty.)):**

This is an appellate proceeding before the Second District Court of Appeal of the State of Florida ("District Court") on a petition for certiorari filed by West Villagers for Responsible Government, Inc., and John Meisel ("Petitioners"), challenging the lower court's ruling in favor of the City in West Villagers for Responsible Government, Inc., and John Meisel v. City of North Port, Case No. 2022-CA-005583 SC (Fla. 12th Cir. Ct., Sarasota Cnty.).

In 2020, the Petitioners submitted a citizens' petition proposing that the City Commission introduce an ordinance contracting (de-annexing) all land west of the Myakka River from the City's municipal boundaries ("De-annexation Area"), under section 171.051(2), Florida Statutes (2020) ("2020 Statute"). The De-Annexation Area totals approximately 15,955 acres (consisting of 8,730 acres in the West Villages Improvement District; 6,982 acres of State Park/Preserve lands; and 243 acres of other land). The De-annexation Area has an estimated population of 13,500 residents. Approximately 24.92% of the City's ad valorem tax billings ($7,717,592.66) for calendar year 2023, and an estimated 10.25% of the City's total amended general fund revenues budgeted for Fiscal Year ending September 30, 2024 as of July 30, 2024 are attributable to the De-annexation Area.

This case presents novel issues of law. There are no reported cases in the State where a court has ordered or upheld the contraction of such a large and highly urbanized portion of a city.

Following a quasi-judicial hearing, the City Commission entered an order rejecting the petition for contraction in 2021. The City Commission's 2021 order was ultimately quashed on judicial review, and the matter returned to the City Commission on remand. The order quashing the 2021 order concluded the City Commission failed to state its findings with the level of specificity required by the 2020 Statute, and that it applied an incorrect definition of the 2020 Statute in determining the proposed contraction was not "feasible." On remand, the City Commission applied the court's definition of "feasible," made specific findings, and entered a new order rejecting the petition for contraction in 2022. The Petitioners filed a petition for certiorari with the lower court challenging the City Commission's 2022 Order (Case No. 2022-CA-005583 SC). The lower court entered an order on October 9, 2023, rejecting the Petitioners' arguments and denying their petition for certiorari.

The Petitioners filed their petition for certiorari in the District Court seeking to quash the lower court's October 9, 2023, order. After conducting oral argument, the District Court entered an order denying their petition on May 3, 2024. In the order, the District Court declined to provide a written opinion explaining the basis for its decision.

Following the May 3, 2024, order, the Petitioners filed a timely motion requesting the District Court to issue a written opinion. One issue the Petitioners raised in their motion was that, during oral argument, the District Court judges stated that they intended to enter an order asking the parties to provide supplemental briefing on whether a city commission's order rejecting a petition for contraction under the 2020 Statute is quasi-judicial or legislative in nature. The May 3, 2024, order was entered without ordering supplemental briefing.

On June 26, 2024, the District Court entered an order requesting the parties to submit supplemental briefing on this limited issue. Supplemental briefing is expected to be completed in September 2024. The Petitioners' motion for a written opinion will remain pending until supplemental briefing is complete.

***West Villagers for Responsible Government, Inc., and John Meisel v. City of North Port*, Case No. 2D2024-1009 (Fla. 2nd DCA) (Lower Court Case No. 2023-CA-004655 SC (Fla. 12th Cir. Ct., Sarasota Cnty.)):**

This appeal is related to the above-referenced proceeding. After the City Commission entered its 2022 order rejecting the petition for contraction, in addition to filing a petition for certiorari, the Petitioners also filed a separate petition for a writ of mandamus with the lower tribunal (Case No. 2023-

CA-004655 SC). Their petition for mandamus requested that the lower tribunal issue a writ compelling the City Commission (i) to introduce the Petitioners' proposed contraction ordinance, as requested in their petition for contraction; (ii) to notice a public meeting to consider the ordinance; and (iii) to submit the proposed contraction to a vote of the electorate if, at the public meeting, a petition signed by at least 15% of the qualified voters in the De-annexation Area is submitted requesting a referendum on the question. In their petition for mandamus, the Petitioners argued that these are actions they are entitled to have the City perform under the 2020 Statute, specifically section 171.051(1), (3), and (4), Florida Statutes.

After briefing concluded, the lower court issued an order rejecting the Petitioners' arguments and denying their petition for mandamus on April 2, 2024. The court disagreed with the Petitioners' interpretation of the 2020 Statute on multiple grounds. Under the plain language of the 2020 Statute, the court concluded a city commission is not required to introduce a contraction ordinance or proceed with any subsequent steps under the 2020 Statute where it has validly rejected a petition for contraction under section 171.051(2). Additionally, the court concluded that section 171.051(4) of the 2020 Statute only requires a city commission to hold a referendum before adopting a contraction ordinance if a petition for a referendum signed by 15% of qualified voters is submitted, such that no referendum is required before a city commission votes not to pass a contraction ordinance.

Following the lower court's April 2, 2024, order, the Petitioners timely filed a notice of appeal to the District Court. Their initial brief is currently due on July 31, 2024.

The City experiences claims, litigation, and various legal proceedings which, except as described in the above paragraphs, individually are not expected to have a material adverse effect on the operations or financial condition of the City, but may, in the aggregate, have a material impact thereon. Except as described in the above paragraphs, in the opinion of the City Attorney, however, the City will either successfully defend such actions or otherwise resolve such matters without any material adverse consequences on the financial condition of the City.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Series 2024 Bonds are subject to an approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, whose approving opinion (a form of which is attached hereto as "APPENDIX D – Form of Bond Counsel Opinion") will be available at the time of delivery of the Series 2024 Bonds. The actual legal opinion to be delivered by Bond Counsel may vary from that text if necessary to reflect facts and law on the date of delivery. Such opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

Bond Counsel has not been engaged to, nor has it undertaken to, review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2024 Bonds; provided, however, that Bond Counsel will render an opinion to the Underwriter of the Series 2024 Bonds (upon which opinion only the Underwriter may rely) relating to the fairness of the presentation of certain statements which summarize provisions of the Bond Resolution, the Series 2024 Bonds, and federal tax law, and (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2024 Bonds.

Certain legal matters will be passed upon by Amber L. Slayton, Esq., City Attorney, and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel to the City.

RATINGS

Moody's Investors Service, Inc. ("Moody's) has assigned a rating of "____" (____ outlook), to the Series 2024 Bonds. The rating reflects only the views of said rating agency and an explanation of the rating may be obtained only from said rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency, if in their judgment, circumstances so warrant. A downward change in or withdrawal of such rating may have an adverse effect on the market price of the Series 2024 Bonds. An explanation of the significance of the rating can be received from the rating agency at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the City except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative rulemaking, the FFSC has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not been in default on any bond issued since December 31, 1975 that would be considered material by a reasonable investor.

The City has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The City does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2024 Bonds because the City would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the City would have been pledged or used to pay such securities or the interest thereon.

CONTINUING DISCLOSURE

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

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E –

Form of Continuing Disclosure Certificate" attached hereto. The Continuing Disclosure Certificate will be executed by the City upon the issuance of the Series 2024 Bonds. These covenants have been made in order to assist the Underwriter in complying with the continuing disclosure requirements of the Rule.

With respect to the Series 2024 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. The City inadvertently failed to timely file its audited financial statements for each of the past five Fiscal Years, such filings have since been cured. In addition, the City inadvertently failed to timely file certain financial information and operating data for the Fiscal Years ended September 30, 2019 and 2020 as well as certain financial obligations in the Fiscal Years ending September 30, 2020 and 2023, such filings have since been cured. Other than as described above, the City has complied in all material respects with its previous undertakings during the previous five years and intends to satisfy all future disclosure obligations required pursuant to the Rule. The City's dissemination agent for the Series 2024 Bonds will initially be Digital Assurance Certification, LLC.

UNDERWRITING

The Series 2024 Bonds are being purchased at competitive sale by __________ (the "Underwriter") at an aggregate purchase price of $__________ (representing the par amount of the Series 2024 Bonds of $____________ [plus/less] an original issue [premium/discount] of $_________ and less an Underwriter's discount of $____________). The Underwriter's obligations are subject to certain conditions precedent, and it will be obligated to purchase all of the Series 2024 Bonds if any Series 2024 Bonds are purchased. The Series 2024 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2024 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City. The Underwriter and its affiliates may make a market in credit default swaps with respect to municipal securities in the future.

FINANCIAL ADVISOR

The City has retained PFM Financial Advisor LLC, Orlando, Florida, as Financial Advisor in connection with the City's financing plans and with respect to the authorization and issuance of the Series 2024 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor did not participate in the underwriting of the Series 2024 Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2024 Bonds upon an event of default under the Bond Resolution 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 the federal bankruptcy code, the remedies specified by the Bond Resolution and the Series 2024 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds, including Bond Counsel's approving opinion, will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX C – Composite of the Bond Resolution" attached hereto for a description of events of default and remedies.

CONTINGENT FEES

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

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2024 Bonds, the security for the payment of the Series 2024 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument. Copies of such documents may be obtained from the office of the City Clerk, Heather Faust, MMC, City Hall Second Floor, 4970 City Hall Boulevard, North Port, Florida 34286, telephone (941)429-7270.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2024 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the City. At the time of delivery of the Series 2024 Bonds, the City will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement (excluding the information herein regarding DTC and its book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2024 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

CITY OF NORTH PORT, FLORIDA

By:____________________________________
Mayor

By:____________________________________
City Manager

By:____________________________________
Finance Director

APPENDIX A

General Information Concerning the City of North Port

APPENDIX A

General Information Concerning the City of North Port

Locale, Area and Climate

The City of North Port (the "City") is located in Sarasota County, Florida (the "County") which is located on the southwest coast of Florida, approximately 35 miles south of St. Petersburg and 50 miles south of Tampa. The County is bounded by Manatee County to the north and east, DeSoto County also to the east, Charlotte County to the south, and the Gulf of Mexico to the west. The incorporated municipalities in the County include the county seat of Sarasota, and the other municipalities of Venice, North Port, and a portion of the Town of Longboat Key. Land area of the County is 556 square miles. Average temperatures range from 62 degrees Fahrenheit in January to 82 degrees Fahrenheit in July. Average annual rainfall is 52 inches.

The City is a residential community located in the southernmost city in the County, midway between the cities of Tampa and Fort Myers, near the Gulf of Mexico. The City was incorporated on June 18, 1959. The City is comprised of 104.1 square miles. As of the 2020 census data, the City is the County's largest municipality in population.

Population

The City's population has steadily increased from 60,295 in 2014 to 86,552 in 2023. The following table presents population data for the City, County and for the State of Florida.

Nort Port, Florida
Population Data

Year	North Port	Percentage Change	Sarasota County	Percentage Change	State of Florida	Percentage Change
2014	60,295	-	387,140	-	19,507,369	-
2015	62,235	3.2	392,090	1.3	19,815,183	1.6
2016	64,472	3.6	399,538	1.9	20,148,654	1.7
2017	67,196	4.2	407,260	1.9	20,484,142	1.7
2018	70,631	5.1	417,442	2.5	20,840,568	1.7
2019	73,652	4.3	426,275	2.1	21,208,589	1.8
2020	77,561	5.3	438,816	2.9	21,538,187	1.5
2021	78,129	0.7	441,508	0.6	21,898,945	1.7
2022	81,823	4.7	452,378	2.5	22,276,132	1.7
2023	86,552	5.8	464,223	2.6	22,634,867	1.6

Source: U.S. Bureau of Census and University of Florida, Bureau of Business and Economic Research Florida Statistical Abstracts.

Government

The City is managed under a Commission/City Manager form of government. The legislative and governing body of the City consists of five elected citizens who are qualified voters in the City. The five elected commissioners annually select a Mayor. Each commissioner is elected to a four-year staggered term. There is a limit of two terms that any commissioner may serve. The Commission appoints the City Manager, who is the chief administrative officer of the City and directs the business of the City and its various departments. The Commission determines policy, adopts legislation, approves the City's budget, sets taxes and fees, and appoints the City Clerk, Deputy City Clerk and the City Attorney.

The present Commissioners and the years in which their terms expire are as follows:

Commissioner	Term Expires
Alice White, Mayor	November 2024
Phil Stokes, Vice Mayor	November 2026
Pete Emrich	November 2026
Barbara Langdon	November 2024
Debbie McDowell	November 2024

Budgetary Process

The annual budget serves as the foundation for the City's financial planning and control functions. All departments of the City are required to submit requests for appropriation to the City Manager each year. The City Manager uses these requests as the starting point for developing a recommended budget. The City Manager then presents this recommended budget to the Commission for review during the month of July. The Commission is required to hold public hearings on the proposed budget and adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function and department. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund as well as for major special revenue funds, the comparison is presented as required supplementary information. For other governmental funds, the budget-to-actual comparison is presented in the combining and individual fund statements and schedules subsection.

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Labor Force, Employment and Unemployment Statistics

Average employment and unemployment information is presented in the following tables

Resident Labor Force, Employment, Unemployment
Sarasota County, Florida, United States, 2019-2023[1]

	2019	2020	2021	2022	2023
Sarasota County					
Labor Force	187,320	183,596	189,065	194,996	202,564
Employment	181,333	170,379	181,481	189,193	196,466
Unemployment	5,987	13,217	7,584	5,803	6,098
Unemployment Rate	3.2%	7.2%	4.0%	3.0%	3.0%
Florida					
Labor Force	10,256,000	10,077,000	10,320,000	10,692,000	10,989,000
Employment	9,923,000	9,258,000	9,839,000	10,371,000	10,669,000
Unemployment	333,000	819,000	482,000	321,000	320,000
Unemployment Rate	3.3%	8.1%	4.7%	3.0%	2.9%
United States					
Labor Force	163,539,000	160,742,000	161,204,000	164,287,000	167,123,000
Employment	157,538,000	147,795,000	152,581,000	158,291,000	161,045,000
Unemployment	6,001,000	12,947,000	8,623,000	5,996,000	6,078,000
Unemployment Rate	3.7%	8.1%	5.3%	3.6%	3.6

(1) The table contains the annual average data.

Source: Florida Department of Commerce and United States Department of Labor, Bureau of Labor Statistics.

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Private Employment: Average Monthly Private Employment Covered by Unemployment Compensation Law by Major Industry Group
State of Florida and Sarasota County, 2022

	State of Florida	Percentage[(1)]	Sarasota County	Percentage[(1)]
Accommodation and food services	1,008,895	11.4%	21,625	12.5%
Administrative and waste services	748,423	8.4	12,145	7.0
Arts, entertainment and recreation	245,716	2.8	5,465	3.2
Construction	604,571	6.8	16,935	9.8
Educational services	602,674	6.8	9,121	5.3
Finance and insurance	444,578	5.0	5,822	3.4
Health care and social assistance	1,287,910	14.5	33,317	19.2
Information	156,474	1.8	1,883	0.1
Management of companies and enterprises	126,239	1.4	1,506	0.9
Manufacturing	408,338	4.6	9,165	5.3
Natural Resources and Mining	71,847	0.8	218	0.1
Other services (except public administration)	278,449	3.1	6,913	4.0
Professional and technical services	714,030	8.0	12,426	7.2
Real estate and rental and leasing	212,399	2.4	4,501	2.6
Retail trade	1,128,077	12.7	23,476	13.6
Transportation and warehousing	436,278	4.9	3,835	2.2
Utilities	29,645	0.3	348	0.2
Wholesale trade	376,725	4.2	4,519	2.6
TOTAL	8,881,268	100.0%	173,220	100.0%

(1) Totals may not add to 100% due to rounding.

Source: Florida Department of Commerce and United States Department of Labor, Bureau of Labor Statistics.

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Government Employment: Average Monthly Employment Covered by Unemployment Compensation Law by Level of Government State of Florida and Sarasota County, 2022[1]

	State of Florida	Percentage[2]	Sarasota County	Percentage[2]
Federal	149,755	14.2%	1,043	7.4%
State	207,276	19.7	1,847	13.1
Local	692,544	66.0	11,244	79.6
Total	1,049,575	100.00%	14,134	100.00%

(1) The table contains the most recent annual data. The most recent data is available at: https://data.bls.gov/cew/apps/data_views/data_views.htm#tab=Tables.

(2) The percentages may not equal 100% because of rounding.

Source: U.S. Bureau of Labor Statistics (QCEW).

Principal Employers

The following tables show the ten largest employers in Sarasota County and the ten largest manufacturing employers.

Principal Employers
Sarasota County, Florida
September 30, 2023

Employer	Total Employed
Sarasota Memorial Hospital	9,785
School Board of Sarasota County	5,917
Publix Super Markets, Inc.	4,611
Sarasota County Government	3,692
PGT Innovations	2,416
Walmart	1,883
City of North Port	896
City of Sarasota	865
Target	585
Lowe's Home Centers	555

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Property Taxes

Property tax levies, based on assessed values as of January 1, become due and payable on November 1 of each year. A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percent each month thereafter. Accordingly, taxes collected will never be 100 percent of the tax levy. Taxes become delinquent on April 1 of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1 of each year. Collections received subsequent to the tax sales are remitted by the Tax Collector directly to the certificate holders.

CITY OF NORTH PORT, FLORIDA
Property Tax Levies and Tax Collections
Last Ten Fiscal Years
(Unaudited)

		Collection within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Amount[1]	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2014	8,339,025	8,073,073	97	25,255	8,098,328	97
2015	9,551,208	9,203,451	96	33,350	9,236,801	97
2016	10,390,485	10,053,675	97	36,046	10,089,721	97
2017	11,347,328	10,981,013	97	14,695	10,995,708	97
2018	12,520,445	12,065,182	96	15,950	12,081,132	96
2019	14,093,894	13,573,579	96	23,248	13,596,827	96
2020	17,876,524	17,208,377	96	49,350	17,257,727	97
2021	19,281,714	18,527,656	96	78,001	18,605,657	96
2022	21,644,129	20,938,139	97	59,337	20,938,139	97
2023	27,424,237	26,356,535	96	-	26,356,535	96

(1) Includes discount taken for early payment of property taxes.

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

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CITY OF NORTH PORT, FLORIDA
Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended September 30	Real Property: Residential Property	Real Property: Commercial Property	Real Property: Industrial Property[1]	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2014[2]	-	-	-	154,015,443	1,009,895,744	2,421,145,761	3.45
2015	2,817,111,574	288,915,800	424,517,200	149,974,143	1,034,434,435	2,646,084,282	3.60
2016	2,987,267,151	312,499,500	511,460,900	159,553,703	1,083,308,501	2,887,472,753	3.60
2017	3,327,431,094	345,523,900	578,100,800	158,748,029	1,143,143,888	3,266,659,935	3.48
2018	3,732,427,469	355,551,900	642,928,000	158,375,711	1,223,791,242	3,665,491,838	3.41
2019	4,073,971,470	376,435,000	806,399,900	176,326,733	1,301,480,420	4,131,652,683	3.41
2020	4,582,623,191	401,740,000	822,657,800	180,890,829	1,372,828,786	4,615,083,034	3.87
2021	4,969,512,124	483,608,200	993,301,900	209,550,067	1,536,978,525	5,118,993,766	3.77
2022	5,839,531,140	536,841,800	796,597,000	226,578,833	1,653,370,743	5,746,178,030	3.77
2023	7,294,012,930	621,232,600	928,325,900	245,844,355	1,808,709,309	7,280,706,476	3.77

Note: Property is assessed at market value. The Save Our Homes Amendment caps homesteaded property at a maximum increase in the taxable value of 3% per year. Tax rate is per $1,000 of assessed value.

(1) Industrial property amount includes railroad properties classified as centrally assessed property.

(2) Information for the breakdown of the real property not available from the County for 2014.

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

CITY OF NORTH PORT, FLORIDA
Direct and Overlapping Property Tax Rate
(Per $1,000 of Assessed Value)
Last Ten Fiscal Years

	City of North Port		Overlapping Rates[1]		
Fiscal Year Ended September 30,	Operating Millage	Total City Millage	Sarasota County	School Board of Sarasota County	Total Direct and Overlapping Rates
2014	3.4474	3.4474	4.8987	7.9700	16.3161
2015	3.5974	3.5974	4.8827	7.7770	16.2571
2016	3.5974	3.5974	4.8319	7.7630	16.1923
2017	3.4770	3.4770	4.8148	7.4330	15.7248
2018	3.4070	3.4070	4.7857	7.2090	15.4017
2019	3.4070	3.4070	4.7681	7.0030	15.1781
2020	3.8735	3.8735	4.7946	6.9430	15.6111
2021	3.7667	3.7667	4.8083	6.9750	15.5500
2022	3.7667	3.7667	4.7910	6.7090	15.2667
2023	3.7667	3.7667	4.7537	6.2720	14.7924

(1) Overlapping rates are those of county governments that apply to property owners within the City of North Port.

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

CITY OF NORTH PORT, FLORIDA
Principal Property Taxpayers Located Within the City
(Unaudited)

Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
16979 TTS LLC	$60,711,887	0.83%
West Shore Toledo LLC	46,332,770	0.64
The Flats at Sundown LLC	42,366,200	0.58
Manasota Beach Ranchlands LLLP	38,525,653	0.53
CEAI Lakes at North Port LLC	36,654,200	0.50
Lennar Homes LLC	33,143,734	0.46
NX North Port Owner LLC	31,767,300	0.44
Twenty Three Realty LLC	25,661,600	0.35
Main Street Ranchlands LLLP	23,117,507	0.32
Huntington National Real Estate Investment	20,688,270	0.28
Total	$358,969,121	4.93%

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Exemptions from Ad Valorem Taxation

General. State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable, scientific, and governmental uses. Certain additional exemptions and limitations are described below. This description does not purport to describe all exemptions available to property owners in the State, and reference is made to the State Constitution and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Where applicable, it is noted where the City has imposed such optional exemptions or limitations. Certain recent amendments to existing provisions relating to ad valorem tax exemptions are described under "*Constitutional Exemptions.*- Recent Constitutional Amendments." below.

Constitutional Exemptions.

Exempt Entities/Exempt Purposes. The State Constitution provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes (exempt purposes) may be exempted by general law from taxation. State law provides that all property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation and all property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes (at least 50%) shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.

Household Goods and Personal Effects. The State Constitution provides that there shall be exempt from taxation, cumulatively, to every head of a family residing in the State, household goods and personal effects to the value fixed by general law, not less than one thousand dollars and to every widow or widower or person who is blind or totally and permanently disabled, property not less than five hundred dollars. State law exempts from taxation to every person residing and making his or her permanent home in the State, all household goods and personal effects and exempt property up to the value of $500 of every widow, widower, blind person, or totally and permanently disabled person who is a resident of the State.

Economic Development. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the State Constitution and general law, grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law. Such an exemption may be granted only by ordinance of the county or municipality, and only after the electors of the county or municipality voting on such question in a referendum authorize the county or municipality to adopt such ordinance. An exemption so granted shall apply to improvements to real property made by or for the use of a new business and improvements to real property related to the expansion of an existing business and shall also apply to tangible personal property of such new business and tangible personal property related to the expansion of an existing business. The amount or limits of the amount of such exemption shall be specified by general law (up to 100% in certain circumstances) and the period of time for which such exemption may be granted to a new business or expansion of an existing business shall be determined by general law. State law provides that the authority to grant such exemption shall expire ten years from the date of approval by the electors of the county or municipality, and may be renewable by referendum as provided by general law and that exemptions may be granted for up to 10 or 20 years depending on the use of the applicable facility. The City has enacted an ordinance granting the exemption described in this paragraph.

Historic Preservation. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of the State Constitution and general law, grant historic preservation ad valorem tax exemptions to owners of historic properties. This exemption may be granted only by ordinance of the county or municipality. The amount or limits of the amount of this exemption and the requirements for eligible properties must be specified by general law. State law provides that such exemption may be for an amount up to 50% of the assessed value of the property. The period of time for which this exemption may be granted may continue until the ordinance is repealed or the property no longer qualifies for the exemption. The City has not enacted an ordinance granting the exemption described in this paragraph.

Tangible Personal Property and Solar Devices. The State Constitution provides that by general law and subject to conditions specified therein, $25,000 of the assessed value of property subject to tangible personal property tax shall be exempt from ad valorem taxation. Effective January 1, 2018 through December 31, 2037, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.

Property Dedicated In Perpetuity for Conservation. The State Constitution provides that there shall be granted an ad valorem tax exemption for certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

Homestead Exemption. In addition to the exemptions described above, the State Constitution also provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to $50,000. The first $25,000 applies to all property taxes, including school district taxes. The additional exemption, up to $25,000, applicable to the assessed value of the property between $50,000 and $75,000, applies to all levies other than school district levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following homestead exemptions are authorized by State law.

Certain Persons 65 or Older. A board of county commissioners or the governing authority of any municipality may adopt an ordinance to allow an additional homestead exemption equal to (i) of up to $50,000 for persons age 65 or older with household income that does not exceed the statutory income limitation of $20,000 (as increased by the percentage increase in the average cost of living index each year since 2001) or (ii) the assessed value of the property with a just value less than $250,000, as determined the first tax year that the owner applies and is approved, for any person 65 or older who has maintained the residence as his or her permanent residence for not less than 25 years and whose household income does not exceed the statutory income. The City has enacted an ordinance providing for the $25,000 exemption from County ad valorem taxes described in this paragraph.

In addition, veterans 65 or older who are partially or totally permanently disabled may receive a discount from tax on homestead property if the disability was combat related and the veteran was honorably discharged upon separation from military service. The discount is a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veteran's Affairs. The City has not enacted an ordinance providing for the exemption from County ad valorem taxes described in this paragraph.

Deployed Military Personnel. The State Constitution provides that by general law and subject to certain conditions specified therein, each person who receives a homestead exemption; who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature divided by the number of days in that year.

Certain Active Duty Military and Veterans. A military veteran who was honorably discharged, is a resident of the State, and who is disabled to a degree of 10% or more because of misfortune or while serving during wartime may be entitled to a $5,000 reduction in the assessed value of his or her property. This exemption is not limited to homestead property. A military veteran who was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on homestead property. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions.

Certain Totally and Permanently Disabled Persons. Real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

Survivors of First Responders. Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January 1 of the year in which the first responder died.

Save Our Homes Portability Affected by Storm Damage (SOH). Owners of homestead property that was significantly damaged or destroyed as a result of a named tropical storm or hurricane can elect to have the property deemed abandoned if the owner establishes a new homestead by January 1 of the second year immediately following the storm or hurricane. This will allow the owner of the homestead property to keep their SOH benefit if they move from the significantly damaged or destroyed property to establish a new homestead by the end of the year following the storm.

Property Tax Relief for Natural Disasters. In light of the recent natural disasters, the state legislature created a property tax relief credit for homestead parcels on which certain residential improvements were damaged or destroyed by a hurricane that occurred in 2016 or 2017, namely hurricanes Hermine, Matthew, and Irma. If the residential improvement is rendered uninhabitable for at least 30 days due to a hurricane that occurred during the 2016 or 2017 calendar year, taxes initially levied in 2019 may be abated. Due to this reduction in ad valorem tax revenue, the legislature is required to appropriate funds to offset the deficit in certain taxing jurisdictions.

Other Exemptions. Other exemptions include, but are not limited to, nonprofit homes for the aged (subject to income limits for residents), proprietary continuing care facilities, not for profit sewer water/waste water systems, certain hospital facilities and nursing homes for special services, charter schools, certain historic property used for commercial purposes and certain tangible personal property.

Recent Constitutional Amendments. There were two constitutional amendments that were approved by voters on the November 3, 2020 ballot relating to property tax exemptions. The first will extend the amount of time homeowners may transfer their "Save Our Homes" tax benefits from a prior home to a new home. Currently, the State Constitution gives a homeowner two years to transfer the benefits, which range from $25,000 to $50,000 in homestead exemptions, over to their new "homestead." This amendment will extend that period from two years to three years. The second will transfer homestead property tax discounts for veterans with permanent combat-related disabilities to their surviving spouse. The discount will remain in effect until the spouse remarries, dies or disposes of the property. Currently, that discount expires upon the veteran's death. Both amendments have an effective date of January 1, 2021.

During the 2021 State legislative session, State Senate Bill 7061 was passed by the Senate and the House and signed into law by the Governor. This law exempts fully from ad valorem taxation certain affordable housing properties that previously received a 50% discount from ad valorem taxes, along with certain other insignificant or indeterminate modifications to State law regarding ad valorem taxes.

During the 2022 State legislative session, State House Bill 7071 was passed by the Senate and the House and signed into law by the Governor. This law contains provisions for tax relief and changes to tax policy including, but not limited to, the following: providing property tax relief for residential property rendered uninhabitable for 30 days or more due to a catastrophic event; providing property tax relief for property owners affected by the sudden and unforeseen collapse of a residential building; increasing the widows, widowers, blind, or totally and permanently disabled property tax exemption from $500 to $5,000; providing an alternative assessment methodology for land used in the production of aquaculture products; clarifying the extent of the homestead exemption on classified lands; updating the qualifying operations for the deployed service member property tax exemption; and providing alternative dates from which to calculate the 15-year required term of an affordable housing agreement for establishing qualification for a property tax exemption. This law took effect on July 1, 2022. Further, State House Bill 777 was passed by the Senate and the House, which would require a local government seeking voter approval to levy certain optional local taxes to be held at a general election. The bill applies to the following local option taxes: tourist development taxes; tourist impact taxes; ad valorem taxes levied by a children's services independent special district; county, municipal and school district voted millage increase and local option fuel taxes and took effect on October 1, 2022.

During the 2023 State legislative session, State House Bill 7063 was passed by the Senate and the House and signed into law by the Governor. The law expanded the current homestead exemption for the surviving spouse of a first responder who dies in the line of duty to include first responders who die in the line of duty while employed by the United States Government.

During the 2024 State legislative session, State House Joint Resolution 7017 passed by the State Senate and House and Signed by Officers and filed with Secretary of State. The bill would amend Article VII, Section 6(a) of the State Constitution requiring the existing $25,000 assessed value amount, which is exempt from all ad valorem taxes other than school district taxes, be adjusted annually for positive inflation growth. The amendment must be placed on the ballot at the 2024 general election, or an earlier special election held for the purpose of proposing the amendment to the voters, where 60 percent of the electors voting on the measure must approve it for passage. If approved, the amendment would take effect on January 1, 2025. House Bill 7019 passed by the State Senate and House and ordered enrolled would implement the amendment to Article VII, Section 6 of the State Constitution proposed in HJR 7017 by making conforming statutory changes. If HJR 7017 is approved by the voters, this bill amends section 196.031, Florida Statutes, to add an annual positive inflation adjustment to the current exemption on the assessed value for all levies, other than school district levies, of $50,000 up to $75,000. The bill would also create s. 218.136, Florida Statutes, requiring the Legislature to appropriate funds to offset reductions in ad valorem tax revenue experienced by fiscally constrained counties as a result of the annual positive inflation adjustment. To receive the offset, a qualifying county must annually apply to the Department of Revenue and provide documentation regarding the county's estimated reduction in ad valorem tax revenue. If a fiscally constrained county fails to apply for the distribution, its share reverts to the fund from which the appropriation was made. The bill provides emergency rulemaking authority to the Department of Revenue to administer the provisions of the act. While the City cannot predict whether HJR 7017 will be approved by the voters or whether HB 7019 will be signed into law, the City does not expect, if passed, it will have a material impact on its ability to pay debt service on the Bonds.

During the 2024 State legislative session, House Bill 7073 was passed by the State Senate and House and into law by the Governor. HB 7073 will provide affordable housing ad valorem tax exemption on certain new, low-income housing projects for the first 15 years of the project effective at the beginning of the 2026 tax roll. The property is exempt from ad valorem tax beginning with the January 1 assessment immediately succeeding the date the property was placed in service. Effective at the beginning of the 2025 tax roll, the taxing authority can elect, upon adoption of an ordinance or resolution approved by a two-thirds vote of the governing body, to opt out of the state law that exempts certain affordable housing properties, if certain conditions are met. HB 7073 also provides that the local option ad valorem exemption applies to up to 100 percent of the assessed value of each residential unit used to provide affordable housing and requires the property appraiser to include the proportionate share of residential common areas, including land, to each unit when determining the value of the exemption. The City does not expect HB 7073 will have a material impact on its ability to pay debt service on the Bonds.

Future Amendments Relating to Ad Valorem Taxation. Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the State legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or have otherwise restricted the ability of local governments in the State to levy ad valorem taxes at then current levels.

Educational Facilities

Residents of the County are served by a variety of educational facilities. The public school system includes adult classes and a technical institute. The County also has special facilities for both gifted and handicapped children. A number of private and parochial schools also operate in the County.

State College of Florida and New College of Florida are public institutions of higher education. New College of Florida was established by the Florida Legislature in 2001 as the "Honors College for the State of Florida." Additionally, the University of South Florida and Eckerd College both have campuses in Sarasota. The Ringling School of Art and Design is one of the best-known institutions in the south for preparing students for practitioners of fine arts. Numerous additional educational opportunities are offered within the County in art, theater and music.

Direct and Overlapping Debt

The following table shows direct debt of the City for the year ended September 30, 2023.

CITY OF NORTH PORT, FLORIDA
Direct and Overlapping Governmental Activities Debt
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Overlapping debt			
Sarasota County School Board	$233,662,822	18.64%	$43,565,236
Sarasota County Board of County Commissioners	325,754,000	18.64%	60,735,164
Subtotal, overlapping debt			$104,300,400
City of North Port, direct debt			$29,405,000
Total direct and overlapping debt			$133,705,400

(1) The percentage of overlapping debt applicable to each governmental unit is estimated using taxable assessed property values.

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

FLORIDA RETIREMENT SYSTEM AND OTHER POSTEMPLOYMENT BENEFIT PLANS

Florida Retirement System Defined Benefit Pension Plan

General Information

All of the City's full-time, non-uniform (general) employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost- sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the Department of Management Services, Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: (http://www.dms.myflorida.com/workforce_operations/retirement/publications).

Florida Retirement System Pension Plan

Plan Description

The FRS Pension Plan is a cost-sharing multiple-employer qualified defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") available for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the Pension Plan prior to July 1, 2011, vest at 6 years of creditable service, while employees enrolled in the Pension Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Pension Plan may include up to 4 years of credit for military service toward creditable service. The Pension Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Pension Plan provides retirement, disability, death benefits and annual cost-of-living adjustments to eligible participants.

The DROP Program, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Pension Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings.

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The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service:	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of- living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary on a pretax basis to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, were as follows:

Membership Class	October 1, 2022 - June 30, 2023	July 1, 2023 - September 30, 2023
Regular	11.91%	13.57%
Special Risk – Regular	57.00	58.68
Special Risk – Administrative	31.57	34.52
Elected Officers	38.57	39.82
Senior Management Services	27.83	32.67
DROP Participants	18.60	21.13

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

The City's contributions, including employee contributions, to the Pension Plan totaled $9,193,366 for the fiscal year ended September 30, 2023.

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

At September 30, 2023, the City reported a liability of $52,639,805 for its proportionate share of the Pension Plan's net pension liability, an increase of $10,403,453 over last year's liability of $42,236,351. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportionate share of the net pension liability was based on the City's 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the City's proportionate share was .132105358 percent, which was an increase of .018591303 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of $13,883,026. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$4,942,423	$-
Change of Assumptions	3,431,499	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,198,381	-
Changes in Proportion and Differences Between City Pension Plan Contributions and Proportionate Share of Contributions	7,495,475	
City Pension Contributions Subsequent to the Measurement Date	2,036,359	-
Total	$20,104,137	$

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

The deferred outflows of resources related to the Pension Plan, totaling $2,036,359 resulting from City contributions to the Pension Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2024	$2,462,407
2025	(975,594)
2026	14,775,572
2027	1,403,556
2028	401,837
Thereafter	-

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Actuarial Assumptions

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%	Per year
Salary Increases	3.25%	Average, including inflation
Investment Rate of Return	6.70%	Net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.10%
Fixed Income	19.80	4.50	4.40	3.40
Global Equity	54.00	8.70	7.10	18.10
Strategic Investments	3.80	6.30	6.10	7.70
Private Equity	11.10	11.90	8.80	26.30
Real Estate (Property)	10.30	7.60	6.60	14.80
Total	100.00%			
Assumed Inflation - Mean			2.40%	1.40%

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability was 6.70%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

Description	1% Decrease in Discount Rate 5.70%	Current Discount Rate 6.70%	1% Increase in Discount Rate 7.70%
City's Proportionate Share of the Net Pension Liability	$89,919,504	$52,639,805	$21,450,874

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2023, the City reported a payable in the amount of $166,482 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

HIS Plan

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement. Detailed information about the HIS Plan's fiduciary's net position is available in a separately issued Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report which may be obtained through the Florida Department of Management Services website at:
http://www.dms.myflorida.com/workforce_operations/retirement/publications.

Benefits Provided

For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution for the period October 1, 2022 through June 30, 2023 was 1.66% and for the period July 1, 2023 through September 30, 2023 was 2.00% pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding five years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled $830,593 for the fiscal year ended September 30, 2023.

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

At September 30, 2023, the City reported a liability of $18,043,693 for its proportionate share of the HIS Plan's net pension liability, an increase of $7,396,443 over last year's liability of $10,647,249. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportionate share of the net pension liability was based on the City's 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the City's proportionate share was .113615723 percent, which was an increase of .013090293 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of $7,675,032. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$264,147	$42,351
Changes of Assumptions	474,363	1,563,547
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	9,318	-
Changes in Proportion and Differences Between City HIS Plan Contributions and Proportionate Share of Contributions	2,735,567	
City HIS Plan Contributions Subsequent to the Measurement Date	257,622	-
Total	$3,741,017	$1,605,898

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

The deferred outflows of resources related to the HIS Plan, totaling $257,622 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2024	$328,049
2025	198,896
2026	330,922
2027	649,082
2028	343,825
Thereafter	26,723

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Actuarial Assumptions

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Municipal bond rate	3.65%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

Discount Rate

The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The discount rates used at the two dates differ due to changes in the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

Description	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
City's Proportionate Share of the Net Pension Liability	$ 20,585,037	$18,043,693	$ 15,937,088

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Pension Plan Fiduciary Net Position

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payable to the Pension Plan

At September 30, 2023, the City reported a payable in the amount of $21,062 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2023.

Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2022-23 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 11.30%, Special Risk Administrative Support class 12.95%, Special Risk class 19.00%, Senior Management Service class 12.67% and City Elected Officers class 16.34%. The allocations include a required employee contribution of 3% of gross compensation for each member class.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over his/her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

Effective July 1, 2017, retirees of the Investment Plan are eligible for renewed membership in the Investment Plan. The retiree must be employed in an FRS-covered position on or after July 1, 2017 in order to gain renewed membership. This new provision does not afford renewed membership retroactively for the period of July 1, 2010 to June 30, 2017, nor does it grant disability benefits for renewed members.

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

The City's Investment Plan pension expense totaled $3,595,604 for the fiscal year ended September 30, 2023.

Municipal Police Officers' Pension - Local Option Trust Fund

Plan Description

Full-time police officers of the City of North Port Police Department participate in either the City of North Port, Florida Police Officers' Pension - Local Option Trust Fund (the "Plan") or the Florida Retirement System (FRS). Per Resolution passed by the City, effective July 1, 2016, police officers hired on or after this date participate solely in the FRS. Members active on July 1, 2016 had the option of participating prospectively in the FRS. The Florida Police Officers' Pension – Local Option Trust Fund is a single-employer defined benefit pension plan that was established December 14, 1979, pursuant to Florida Statutes, Chapter 185 and the City of North Port (City) Ordinance. Benefit provisions are established by City ordinances and the Florida Statutes and may be amended by the City Commission. The Plan is managed by a five-member Board of Trustees comprised of two members appointed by the Commission of the City of North Port, Florida (the City), two police officers elected by the Plan membership and one member elected by the other four members and subsequently appointed, as a ministerial duty, by the City Commission. The Plan is part of the City's financial reporting entity and is therefore included in these financial statements as a Pension Trust Fund. The City of North Port, Florida Police Officers' Pension – Local Option Trust Fund annually issues a publicly available financial report that includes financial statements and required supplementary information. The latest available report may be obtained by writing to the Board of Trustees, c/o Amber McNeill, Plan Administrator, Resource Centers, LLC, 4100 Center Pointe Drive, Ste. 108, Fort Myers, Florida 33916.

Benefits Provided

Under the Plan, a member may retire with normal benefits after the earlier of age 55 with 10 years of credited service, or completion of 25 years of credited service, regardless of age. Normal retirement benefits for members hired prior to May 27, 2014 are 3.5% of the member's average final compensation times credited service years, plus a $165 monthly benefit supplement. For members hired after May 27, 2014, the normal retirement benefit is 3.15% of average final compensation times credited service years, plus a $165 monthly benefit supplement. Early retirement benefits are available for members who are age 45 and have ten years of credited service. For members hired prior to May 27, 2014, the monthly pension benefit calculated as of the date of early retirement is reduced 3% per year for each year prior to normal retirement and the member has less than 15 years of credited service, 2% per year for members with at least 15 years of service but less than 20 years of service, and 1% per year for members with more than 20 years of service. For members hired after May 27, 2014, the monthly pension benefit calculated as of the date of early retirement is reduced 3% for each year by which the commencement of benefits precedes the normal retirement date. Additionally, the Plan has provisions for disability retirement, death benefits and deferred vested benefits.

Any member who is eligible for normal retirement may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a police officer. Upon participation in the DROP, the member becomes a retiree for all plan purposes so that he or she ceases to accrue any further benefits under the Plan. The DROP balance at September 30, 2023 was $369,709.

Effective October 1, 2015, a supplemental retirement benefit in the form of individual share accounts was created for each active police officer (including DROP participants). The supplemental share plan retirement benefit is funded solely by premium tax revenues received by the City pursuant to Florida Statutes Chapter 185. A plan member with ten or more years of credited service upon termination of employment shall be eligible to receive a distribution of 100% of the balance in his or her share account, together with all earnings and losses and interest credited to the share account through date of termination of employment.

Contributions

Contribution requirements are established and may be amended by the City Commission and are based on the benefit structure established by the City. Plan members are required to contribute 8% of their annual covered salary. The payments are deducted from the members' salary and remitted by the City to the Plan at the end of each pay period. The City makes quarterly contributions to the Plan based on the greater of an actuarially determined employer contribution based on a percentage of covered payroll or the minimum percentage of 18% as specified by City ordinance. In addition, the Plan receives an annual contribution of casualty insurance premium tax monies from the State of Florida pursuant to Chapter 185, Florida Statutes (the state contribution). The City recognizes these on-behalf payments from the State as revenue and personnel expenditures in the City's General Fund before they are recorded as contributions in the Police Officers' Pension Fund.

The City's contributions, including employee contributions, to the Pension Plan totaled $1,990,204 for the fiscal year ended September 30, 2023.

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

At September 30, 2022, the City reported a net pension liability of $9,228,140 for the Police Officers' Pension, an increase of $13,453,604 over last year's asset of $4,225,464. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2021, updated to September 30, 2022.

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For the fiscal year ended September 30, 2023, the City recognized pension expense of $3,583,888. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$704,737	$335,865
Change of assumptions	1,661,592	
Net difference between projected and actual earnings on Pension Plan investments	6,208,259	
City Pension Plan contributions subsequent to the measurement date	2,172,683	
Total	$10,747,271	$335,865

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

The deferred outflows of resources related to the Pension Plan, totaling $2,172,683 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Amount
2024	$2,380,568
2025	1,716,405
2026	1,423,011
2027	2,718,941
2028	-
Thereafter	-

Source: Annual Comprehensive Financial Report of Sarasota County for the Fiscal Year ended September 30, 2023.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2021, updated to September 30, 2022, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Service Based
Investment Rate of Return	7.00%

Mortality Rate Healthy Active Lives:
Female: PubS.H-2010 (Above Median) for Employees, set forward one year.
Male: PubS.H-2010 (Above Median) for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:
Female: PubS.H-2010 for Healthy Retirees, set forward one year.
Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:
80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

The most recent actuarial experience study used to review the other significant assumptions was dated September 9, 2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce long term expected rates of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic equity	7.5%
International equity	8.5
Intermediate fixed income	2.5
Global bond	3.5
Real estate	4.5
GTAA	3.5

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all 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 total pension liability.

Changes in the Net Pension Liability of the City:

The changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at September 30, 2022	$59,189,794	$63,415,259	$(4,225,465)
Changes for the year:			
Service cost	1,489,129	-	1,489,129
Interest on total pension liability	4,158,366	-	4,158,366
Differences between expected and actual experience	809,284	-	809,284
Change in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(2,547,375)	(2,547,375)	-
Contributions – employer & employee	-	2,580,617	(2,580,617)
Net investment income	-	(9,157,448)	9,157,448
Administrative expenses	-	(84,955)	84,955
Other changes	335,040	-	335,040
Net change	4,244,444	(9,209,161)	13,453,605
Balances at September 30, 2023	63,434,238	$54,206,098	9,228,140

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

Description	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability	$16,296,410	$9,228,140	$2,842,940

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Pension Plan Fiduciary Net Position

Detailed information regarding the Plan's fiduciary net position is available in the separately issued City of North Port, Florida Police Officers' Pension – Local Option Trust Fund financial report.

Municipal Firefighters' Pension - Local Option Trust Fund

Plan Description

Full-time firefighters of the City of North Port Fire Department participate in either the City of North Port, Florida Firefighters' Pension - Local Option Trust Fund (the "Plan") or the Florida Retirement System (FRS). Firefighters hired after July 1, 2016 participate solely in the FRS. Members active on July 1, 2016 had the option of participating prospectively in the FRS. The Plan is a single employer defined benefit pension fund that was established November 5, 1974, pursuant to Florida Statutes, Chapter 175, and City Ordinance 74-13. The Plan was amended most recently by Ordinance 2012-18. Benefit provisions are established by City ordinances and the Florida Statutes and may be amended by the City Commission. The Plan is managed by a five-member Board of Trustees comprised of two members appointed by the Commission of the City of North Port, Florida (the City), two members elected by the Plan membership and one member elected by the other four members and subsequently appointed, as a ministerial duty, by the City Commission. The Plan is part of the City's financial reporting entity and is therefore included in these financial statements as a Pension Trust Fund. The City of North Port, Florida Firefighters' Pension – Local Option Trust Fund annually issues a publicly available financial report that includes financial statements and required supplementary information. The latest available report may be obtained by writing to the Board of Trustees, c/o David A. Carroll, Plan Administrator, 492 River Hills Drive, Max Meadows, Virginia 24360.

Benefits Provided

Under the Plan, a member may retire with normal benefits after the earlier of age 55 with 10 years of credited service, or age 52 with 25 years of credited service. Reduced early retirement benefits are available once a member reaches age 50 and accumulates 10 years of credited service. Normal retirement benefits are 3.5% (3.0% for members hired on or after October 12, 2012) of the member's average final compensation times credited service years. Early retirement benefits are the same as normal retirement benefits, reduced by 3.0% for each year by which the commencement of benefits precedes the normal retirement date. Additionally, the Plan has provisions for disability retirement, death benefits and deferred vested benefits.

Any member hired before October 1, 2012, who is eligible for normal retirement may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a firefighter. Upon participation in the DROP, the member becomes a retiree for all plan purposes so that he or she ceases to accrue any further benefits under the Plan. Members hired on or after October 1, 2012, are not eligible to participate in the DROP. The DROP balance as of September 30, 2023, was $361,081.

Effective September 1, 2012, a supplemental retirement benefit in the form of individual share accounts was created for each active firefighter, living retiree (including DROP participants) and disability benefit recipients and beneficiary survivors receiving a survivor retirement benefit. For plan years beginning October 1, 2012 and later, all premium tax revenues received by the City in excess of $250,000 will be allocated to the share accounts based on years of credited service. Effective December 31, 2013, and each December 31 thereafter, each share account will be credited or debited with earnings or losses based upon the amount in the share account at the close of the immediately preceding plan year at a rate equal to the Plan's actual net rate of investment return for the preceding plan year. An active firefighter (including DROP participants) with ten or more years of credited service upon termination of employment shall be eligible to receive a distribution of 100% of the balance in their respective share account, together with all earnings and losses and interest credited to the share account through the date of termination of employment. Retiree participants (including disability benefit recipients and beneficiary survivors) shall receive distribution of the annual share allocation in the form of a thirteenth monthly check equal to the annual crediting described above. Vested terminated members shall be entitled to participate in this supplemental retirement benefit upon commencing receipt of retirement benefits from the Plan.

Contribution

Contribution requirements are established and may be amended by the City of North Port Commission and are based on the benefit structure established by the City. Members are required to contribute 10.6% of their salary (effective March 1, 2016). Pursuant to Chapter 175 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on North Port properties is collected by the state and remitted to the Fund for the state's annual contribution amount. The City recognizes these on-behalf payments from the State as revenue and personnel expenditures in the City's General Fund before they are recorded as contributions in the Firefighters' Pension Fund. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions at actuarially determined rates. Administrative costs are financed through investment earnings.

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related To Pensions

At September 30, 2023, the City reported a net pension liability of $13,014,551 for the Firefighters' Pension, an increase of $17,858,278 over last year's net pension asset of $4,843,727. The net pension asset was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2021, updated to September 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of $3,884,607. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$470,711	$509,082
Change of assumptions	2,973,694	-
Net difference between projected and actual earnings on Pension Plan Investments	6,858,758	-
City Pension Plan Contributions subsequent to the measurement date	1,053,356	-
Total	$11,356,519	$509,082

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

The deferred outflows of resources related to the Pension Plan, totaling $1,053,356 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2024	3,062,936
2025	2,635,143
2026	1,379,388
2027	2,716,614
2028	-
Thereafter	-

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022, using the following actuarial assumptions applied to all measurement periods:

Inflation	2.50%
Salary Increases	Service based
Investment Rate of Return	6.75%

Mortality Rate Healthy Active Lives:
Female: PubS.H-2010 for Employees, set forward one year.
Male: PubS.H-2010 for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:
Female: PubS.H-2010 for Healthy Retirees, set forward one year.
Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:
80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

The most recent actuarial experience study used to review the other significant assumptions was dated June 13, 2022.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce long term expected rates of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic equity	7.5%
International equity	8.5
Broad market fixed income	2.5
Global fixed income	3.5
Real estate	4.5
GTAA	3.5

Discount Rate

The discount rate used to measure the total pension asset was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all 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 total pension liability.

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at September 30, 2022	$60,561,162	$65,404,889	$(4,843,727)
Changes for the year:			
Service cost	1,007,552	-	1,007,552
Interest on total pension liability	4,204,163	-	4,204,163
Differences between expected and actual experience	613,506	-	613,506
Change in assumptions	4,000,894	-	4,000,894
Benefit payments, including refunds of employee contributions	(3,018,499)	(3,018,499)	-
Contributions – employer & employee	-	1,126,563	(1,126,563)
Net investment income	-	(9,073,913)	9,073,913
Administrative expenses	-	(84,813)	84,813
Net change	6,807,616	(11,050,662)	17,858,278
Balances at September 30, 2023	$67,368,778	$54,354,227	$13,014,551

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension asset of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1- percentage-point higher (7.75%) than the current rate:

Description	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City's net pension (asset) liability	$22,302,214	$13,014,551	$5,397,758

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Pension Plan Fiduciary Net Position

Detailed information regarding the Plan's fiduciary net position is available in the separately issued City of North Port, Florida Firefighters' Pension – Local Option Trust Fund financial report.

Applicable totals for all of the City's defined benefit pension plans are reflected below:

	Police Officers Pension	Firefighters' Pension	FRS Pension	HIS Pension	Total
City's net pension liability	9,228,140	13,014,551	52,639,805	18,043,693	92,926,189
Deferred outflows of resources	10,747,271	11,356,519	20,104,137	3,741,017	45,948,944
Deferred inflows of resources	335,865	509,082	-	1,605,898	2,450,845
Pension expense/expenditure	3,583,888	3,884,607	13,883,026	7,675,032	29,026,553

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

Retired Police Officers, Firefighters and general employees, as well as their dependents, are permitted to remain covered under the City's single-employer defined benefit medical plan as long as they pay the premium not exceeding the rate developed by blending the claims experience of all plan members for the plan and coverage elected. The plan does not issue a stand-alone financial report.

Benefits Provided

The City subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The City has assumed an obligation to pay for the implicit subsidy for the covered lifetimes of the current retirees and their spouses, as well for the covered lifetimes of the current employees after they retire in the future.

The plan also provides all retirees and their dependents with dental, vision and life benefits at a subsidized cost.

Funding Policy

Currently, the City's OPEB benefits are unfunded. Since this OPEB is directly tied to insurance coverage for active employees, a separate single employer benefit plan has not been established to account for the benefits and obligations related to the implicit rate subsidy. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the ultimate subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term fixed income instruments according to its investment policy.

Employees Covered by Benefit Terms

Per the most current actuarial valuation census date of September 2022, the following employees were covered by the benefits terms:

Active employees	648
Inactive employees or spouses currently receiving benefits	25
Total	673

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Total OPEB Liability

At September 30, 2023, the City reported a total OPEB liability of $4,001,789, a decrease of $1,499 over last year's liability of $4,003,288. The total OPEB liability was measured as of September 30, 2023 and was determined by an actuarial valuation date of October 1, 2021.

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	4.00%
Discount Rate	4.77%
Healthcare cost trend rates	9.00% for 2022, decreasing to an ultimate rate of 4.50% for 2037 and later years
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Rate Index as of September 30, 2022.

Mortality rates were based on the PubS.H-2010 Mortality Table – Safety for Police & Fire and PubG.H-2010 Mortality Table – General for all other participants.

The actuarial assumptions used in the October 1, 2021 valuation were based on census data as of September 30, 2022.

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

	Total Pension Liability
Total OPEB Liability, September 30, 2021	$4,003,288
Service Cost	154,218
Interest	183,534
Changes in assumptions and other inputs	(28,030)
Benefit payments	(311,221)
Net change	(1,499)
Balances at September 30, 2023	$4,001,789

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Changes of assumptions reflects a change in the discount rate from 4.77% for 2022 to 4.87% for 2023.

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

The following represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	Discount Rate		
	1% Increase	Valuation Rate	1% Decrease
Net OPEB liability	$3,736,792	$4,001,789	$4,295,478
Change	-6.62%		7.34%

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

The following represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	Health Care Trend		
	1% Increase	Valuation Rate	1% Decrease
Net OPEB liability	$4,386,699	$4,001,789	$3,670,399
Change	9.62%		-8.28%

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

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

For the year ended September 30, 2023, the City recognized OPEB expense of $331,207. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$121,698	$14,092
Changes of assumptions	734,101	1,043,737
Total	$855,799	$1,057,829

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

Future deferred outflows/inflows of resources are as follows:

Fiscal Year Ending September 30	Amount
2024	$(6,546)
2025	(6,546)
2026	(6,546)
2027	(6,546)
2028	(6,546)
Thereafter	(169,300)

Source: City of North Port Annual Comprehensive Financial Report for fiscal year ended September 30, 2023.

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Plan amendments have been made, so that the plan is in compliance with IRC Section 457, as amended by the 1996 changes to the tax code. The assets are now held in various custodial accounts. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the various participants of the plan.

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Risk Management attempts to identify and evaluate the areas of potential loss to the City in order to reduce their occurrences. Acknowledging that some loss is inevitable, routine or predictable losses are self-insured, while other more unpredictable or catastrophic losses ae transferred to insurance companies.

Effective October 1, 2018, the City became self-insured with respect to employee medical coverage. This covers all eligible active employees and their dependents, as well as retirees that opt in. The Humans Resources Department manages the medical self-insured plan.

The City has a self-insurance risk retention program for workers' compensation, automobile liability and general liability (including employee benefits, law enforcement, public officials' and employment practices liability). Workers' compensation risks in excess of $350,000 per occurrence, automobile liability risks in excess of $100,000 per person/per accident, and general liability risks in excess of $100,000 per person/per occurrence are co-insured with an outside carrier.

The programs are accounted for using internal service funds. Revenues for these funds consist mostly of amounts contributed by other City funds. Both revenues and the related charges are recorded as interfund services. Accordingly, the related charges are reflected as expenditures, or expense items, in the appropriate funds.

Liabilities of the self-insurance funds are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities typically include an amount for claims that have been incurred but not reported (IBNRs). There were no material amounts of IBNR claims recorded as of fiscal year- end.

Self-insurance risk claims expense for fiscal year ending September 30, 2023 were as follows: workers' compensation ($913,060); automobile ($283,450) and general liability ($427,924). Self-insurance medical claims expense for the same period was $8,034,358.

CONTINGENT LIABILITIES

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

APPENDIX B

Annual Comprehensive Financial Report for Fiscal Year Ended September 30, 2023

APPENDIX C

Composite of the Bond Resolution

APPENDIX D

Form of Bond Counsel Opinion

APPENDIX E

Form of Continuing Disclosure Certificate