

RED BRIDGE PUBLIC INFRASTRUCTURE DISTRICT NO. 1

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Red Bridge Public Infrastructure District No. 1
Balance Sheet - Governmental Funds
September 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Checking Mt. America CU	\$ 1,606.09	\$ 24,348.94	\$ -	\$ 25,955.03
Mt. America MM	-	-	262,287.01	262,287.01
UMB Bond Fund	-	202,084.49	-	202,084.49
UMB Surplus Fund	-	1,817,180.64	-	1,817,180.64
UMB Unrestricted Subordinate Project Fund	-	-	275.96	275.96
UMB Pledge Revenue Fund	-	2,244.15	-	2,244.15
Due from Other Districts	-	37,991.94	-	37,991.94
Receivable from County Treasurer	-	14,201.73	-	14,201.73
Total Assets	<u><u>\$ 1,606.09</u></u>	<u><u>\$ 2,098,051.89</u></u>	<u><u>\$ 262,562.97</u></u>	<u><u>\$ 2,362,220.95</u></u>
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Retainage Payable	-	-	252,024.91	252,024.91
Total Liabilities	<u>-</u>	<u>-</u>	<u>252,024.91</u>	<u>252,024.91</u>
Fund Balances	<u>1,606.09</u>	<u>2,098,051.89</u>	<u>10,538.06</u>	<u>2,110,196.04</u>
Liabilities and Fund Balances	<u><u>\$ 1,606.09</u></u>	<u><u>\$ 2,098,051.89</u></u>	<u><u>\$ 262,562.97</u></u>	<u><u>\$ 2,362,220.95</u></u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

Red Bridge Public Infrastructure District No. 1
General Fund Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Period Ending September 30, 2024

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures			
Accounting	20,000.00	11,727.15	8,272.85
Auditing	8,000.00	-	8,000.00
Insurance	3,500.00	701.00	2,799.00
District management	4,500.00	11,676.72	(7,176.72)
Legal	10,000.00	15,375.00	(5,375.00)
Banking fees	-	70.00	(70.00)
Contingency	6,020.00	-	6,020.00
Total Expenditures	<u>52,020.00</u>	<u>39,549.87</u>	<u>12,470.13</u>
Other Financing Sources (Uses)			
Developer advance	-	13,500.00	(13,500.00)
Transfers from other funds	52,020.00	42,828.72	9,191.28
Total Other Financing Sources (Uses)	<u>52,020.00</u>	<u>56,328.72</u>	<u>(4,308.72)</u>
Net Change in Fund Balances	-	16,778.85	(16,778.85)
Fund Balance - Beginning	-	(15,172.76)	15,172.76
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 1,606.09</u>	<u>\$ (1,606.09)</u>

SUPPLEMENTARY INFORMATION

Red Bridge Public Infrastructure District No. 1
Debt Service Fund Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Period Ending September 30, 2024

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 63,486.00	\$ 39.59	\$ 63,446.41
Interest Income	70,000.00	80,058.03	(10,058.03)
Transfers from Red Bridge PID No. 2	51,829.00	15,211.43	36,617.57
Total Revenue	<u>185,315.00</u>	<u>95,309.05</u>	<u>90,005.95</u>
Expenditures			
Paying agent fees	7,000.00	14,000.00	(7,000.00)
Bond interest	886,400.00	886,400.00	-
Total Expenditures	<u>893,400.00</u>	<u>900,400.00</u>	<u>(7,000.00)</u>
Other Financing Sources (Uses)			
Transfers to other fund	(52,020.00)	(42,828.72)	(9,191.28)
Transfers from other funds	-	2.10	(2.10)
Total Other Financing Sources (Uses)	<u>(52,020.00)</u>	<u>(42,826.62)</u>	<u>(9,193.38)</u>
Net Change in Fund Balances	(760,105.00)	(847,917.57)	87,812.57
Fund Balance - Beginning	2,763,734.00	2,945,969.46	3,223,412.54
Fund Balance - Ending	<u>\$ 2,003,629.00</u>	<u>\$ 2,098,051.89</u>	<u>\$ 3,311,225.11</u>

Red Bridge Public Infrastructure District No. 1
Capital Projects Fund Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Period Ending September 30, 2024

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest Income	\$ -	\$ 6,257.19	\$ (6,257.19)
Total Revenue	<u>-</u>	<u>6,257.19</u>	<u>(6,257.19)</u>
Expenditures			
Capital outlay	-	124,671.55	(124,671.55)
Total Expenditures	<u>-</u>	<u>124,671.55</u>	<u>(124,671.55)</u>
Other Financing Sources (Uses)			
Transfers to other fund	-	(2.10)	2.10
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2.10)</u>	<u>2.10</u>
Net Change in Fund Balances	-	(118,416.46)	118,416.46
Fund Balance - Beginning	-	128,954.52	8,591,721.48
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 10,538.06</u>	<u>\$ 8,710,137.94</u>

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RED BRIDGE PUBLIC INFRASTRUCTURE DISTRICT NO. 1
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

On September 2, 2020, the City Council of Payson City, Utah (the City), authorizing the creation of the Red Bridge Public Infrastructure District No. 1 and Red Bridge Public Infrastructure District No. 2 under Title 17D, Chapter 4 (the "Public Infrastructure Act"), Utah Code Annotated 1953, as amended and relevant portions of Title 17B, Chapter 1, Utah Code (the "Local District Act" and together with "Public Infrastructure Act") and approving the District's Governing Document, as previously amended and supplemented as required under the Public Infrastructure District Act. On October 16, 2020, the Office of the Lieutenant Governor of the State of Utah issued a Certificate of Creation for each Districts.

The Districts were established to provide financing for public infrastructure improvements (the "Public Improvements") to facilitate development within the boundaries of the Districts. Pursuant to the Governing Documents, the Districts have the power to issue bonds for the purpose of paying all or part of the costs of acquiring, acquiring an interest in, improving, or extending certain public improvements, facilities, or property. The Districts have each entered into an interlocal agreement with the City, as previously amended and supplemented (the "City Interlocal Agreements"), each dated as of November 18, 2020, which provides, among other things, that some or all of the Improvements constructed within the Districts will be transferred to the City.

The District has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Revenues

Property Taxes

The primary source of revenue or cash receipts will be ad valorem property taxes. A tax rate is computed by dividing the amount of the taxing entity's budgeted property tax revenue by the taxing entity's taxable value. The tax rate or levy is based on assessed values determined by the County Assessor generally as of January 1 of each year. The State Tax Commission must assess all centrally assessed property by May 1 of each year. County assessors are required to assess all locally assessed property before May 22 of each year.

Generally, the Board of Trustees must adopt a proposed tax rate or, if the tax rate is not more than the certified rate, a final tax rate before June 22. The certified tax rate generally provides a taxing entity with the same amount of property tax revenue it received in the previous tax year plus any revenue generated by additional growth in its taxable value.

County auditors forward to the State Tax Commission a statement prepared by each taxing entity showing the amount and purpose of each levy. Upon determination by the State Tax Commission that the tax levies comply with applicable law and do not exceed maximum permitted rates, the State Tax Commission notifies county auditors to implement the levies by September 30. On or before November 1, the County Treasurer furnishes each taxpayer with the amount of the tax levied. Real property taxes are due on November 30.

RED BRIDGE PUBLIC INFRASTRUCTURE DISTRICT NO. 1
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues (Continued)

Pursuant to the Governing Documents, the maximum debt mill levy each District is permitted to impose for the payment of limited tax debt is 10 mills, or 0.010 per dollar of taxable value. In the event of any statutory change in the methodology of assessment or collection of property taxes in a manner that reduces the amount pledged to the repayment of the Bonds, each District may charge a rate sufficient to receive the amount of property taxes the District would have received before the statutory change in order to pay the debt service on the Bonds. The District, District No. 2, and Red Bridge Public Infrastructure District No. 3 ("District No. 3") may not impose mill levies which, in the aggregate, exceed 10 mills on any given parcel (subject to adjustment). District No. 3 is not a participant of this financing. Neither the District nor District No. 2 levied a debt service mill levy for collection in 2021. The District expects to levy a total mill levy of 3.00 mills, or 0.0030 per dollar of taxable value and District No. 2 expects to levy a total mill levy of 5.50 mills, or 0.0055 per dollar of taxable value, for collection in 2022 and annually thereafter until such time that lesser mill levies are needed to pay Trustee fees, Administrative Expenses, and debt service.

Utah motor vehicles are subject to a 1.5% uniform fee or an age-based uniform fee and aircraft are subject to a different uniform fee. The annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State, excluding exempt property such as aircraft and property subject to a fixed age-based fee. Motor vehicles weighing 12,000 pounds or less and certain other vehicles are subject to an age-based fee that is due each time the vehicle is registered.

The revenues collected from the various uniform fees are distributed by the County to the taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property is distributed. Any uniform fees received by the Districts from the imposition of the applicable Required Mill Levy are included as District Property Tax Revenues in the forecast.

The property taxes resultant from the above tax rates and taxable values have been reduced by 6.4% to allow for uncollectible accounts based on Utah County's five-year average tax collection rate and have been increased by 4.4% to include estimated uniform fees. As a result, the forecast includes a property tax collection rate of 98%.

Transfers from Red Bridge PID No. 2

The District receives property tax revenue collected by Red Bridge PID No. 2 for the sole purpose of paying debt service costs and obligations of the Districts.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately .10%

Expenditures

Administrative Expenditures

Administrative and operations expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, district management, insurance, and other administrative expenses.

RED BRIDGE PUBLIC INFRASTRUCTURE DISTRICT NO. 1
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures (Continued)

Debt Service

The principal and interest payments are provided based on the debt amortization schedules from the General Obligation Bonds, Series 2021A (discussed under Debt and Leases). The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

The Bonds are issued under the Public Infrastructure District Act, the Local District Act, the Local Government Bonding Act, Title 11, Chapter 14, Utah Code (the "Bond Act"), the Governing Documents and other applicable laws of the State of Utah (the "State").

The Series 2021A Senior Bonds will be issued under an Indenture of Trust (Senior) related to the Series 2021A Senior Bonds to be dated as of July 1, 2021 (the "Senior Indenture") by and between the District and UMB Bank, n.a., as trustee (the "Trustee"). The Series 2021B Subordinate Bonds will be issued under an Indenture of Trust (Subordinate) related to the Series 2021B Subordinate Bonds to be dated as of July 1, 2021 (the "Subordinate Indenture") by and between the District and the Trustee. The Senior Indenture and the Subordinate Indenture are collectively referred to herein as the "Indentures." The Bonds were authorized by separate resolutions adopted by the District's Board of Trustees (the "Board") and District No. 2's Board of Trustees (the "District No. 2 Board") on March 4, 2021 (collectively, the "Bond Resolution").

For the purpose of providing for the payment of the Bonds, the Districts are entering into an Interlocal Capital Pledge Agreement (the "Capital Pledge Agreement") to be dated as of July 1, 2021, in full conformity with the constitution and laws of the State, including the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code (the "Interlocal Act") and the Local District Act and approved by the Bond Resolution.

At public meetings of the Boards, each held on June 19, 2021, each board obtained the consent of 100% of the owners of surface property within the boundaries of the Districts and 100% of the registered voters residing within the boundaries of the Districts to the issuance of \$24,000,000 of limited tax bonds (the "Property Owner Consent"). Pursuant to the provisions of the Public Infrastructure District Act, the Property Owner Consent is sufficient to meet any statutory or constitutional election requirement necessary for the issuance of limited tax bonds. The Governing Documents permit the Districts and District No. 3 to issue up to an aggregate \$24,000,000 in bonds, which amount excludes any bonds issued to refund a prior issuance of bonds by the Districts or District No. 3 and excludes any pledge of property tax revenues by one district to the debt of another district. On March 4, 2021, the Board of Trustees of District No. 3 adopted a resolution consenting to the use of the entirety of the Governing Document Debt Limitation and the imposition of up to 0.010 per dollar of taxable value by the Districts.

RED BRIDGE PUBLIC INFRASTRUCTURE DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (Continued)

The Series 2021A Senior Bonds are limited tax general obligations of the District secured by and payable solely from the "Pledged Revenue" consisting of the following revenues: (a) all District Property Tax Revenues, generally comprised of the revenues resulting from imposition by the Districts of the applicable Required Mill Levy pursuant to the Capital Pledge Agreement (including the allocation to each District of any uniform fees related to personal property); (b) all PILOT Revenue (comprised of certain payments in lieu of taxes); (c) all Pioneering Agreement Revenue (comprised of any payments made by owners of property outside of the Districts for connection into the sewer and water improvements financed by the District); and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The Series 2021B Subordinate Bonds are "cash flow" limited tax general obligations of the District secured by and payable from the "Subordinate Pledged Revenue," generally consisting of: (a) the foregoing-described Pledged Revenue (excluding moneys credited to the Senior Bond Fund) after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Obligations (including the Series 2021A Senior Bonds); and (b) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund. Accordingly, the majority of revenues securing payment of the Series 2021B Subordinate Bonds are pledged by the Senior Indenture to the payment of the Series 2021A Senior Bonds, and the lien thereon of the Series 2021B Subordinate Bonds is junior and subordinate in all respects to the lien of the Series 2021A Senior Bonds and any other Senior Obligations which may be issued by the District in the future.

The District has entered into the Interlocal Capital Pledge Agreement (the "Capital Pledge Agreement") with District No. 2 pursuant to which each District will pledge certain revenues to issuing District for the payment of Bonds and any Additional Obligations, and covenant to take certain actions with respect to generating such revenues