

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2026

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
SUMMARY
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

10/21/25

	ACTUAL 2024	BUDGET 2025	ACTUAL 6/30/2025	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ -	\$ 7,391,245	\$ 7,934,782	\$ 7,934,781	\$ 1,696,467
REVENUES					
Bond issuance proceeds	8,470,919	-	-	-	-
Interest income	17,001	105,000	9,266	13,800	4,150
Acceptance of reimbursable costs	-	5,580,381	3,493,750	6,065,678	-
Developer advance	-	-	-	-	-
Total revenues	8,487,920	5,685,381	3,503,016	6,079,478	4,150
TRANSFERS IN	1,732,161	11,000	-	73,620	76,583
Total funds available	10,220,081	13,087,626	11,437,798	14,087,879	1,777,200
EXPENDITURES					
General Fund	7,632	51,000	21,314	51,000	52,020
Debt Service Fund	-	113,536	102,536	113,536	349,650
Capital Projects Fund	545,507	11,175,762	6,997,997	12,153,256	-
Total expenditures	553,139	11,340,298	7,121,847	12,317,792	401,670
TRANSFERS OUT	1,732,161	11,000	-	73,620	76,583
Total expenditures and transfers out requiring appropriation	2,285,300	11,351,298	7,121,847	12,391,412	478,253
ENDING FUND BALANCES	\$ 7,934,781	\$ 1,736,328	\$ 4,315,951	\$ 1,696,467	\$ 1,298,947
WORKING CAPITAL FUND	\$ 62,000	\$ 125,414	\$ 40,917	\$ 63,020	\$ 65,983
CAPITALIZED INTEREST	1,015,950	913,414	913,414	913,414	574,764
SURPLUS FUND	647,000	647,000	649,142	651,000	653,000
TOTAL RESERVE	\$ 1,724,950	\$ 1,685,828	\$ 1,603,473	\$ 1,627,434	\$ 1,293,747

See summary of significant assumptions.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
GENERAL FUND
2026 BUDGET
WITH 2024 ESTIMATED
For the Years Ended and Ending December 31,

10/21/25

	ACTUAL 2024	BUDGET 2025	ACTUAL 6/30/2025	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ -	\$ 182,414	\$ 62,000	\$ 62,000	\$ 63,020
REVENUES					
Interest income	421	5,000	231	400	400
Developer advance	-	-	-	-	-
Total revenues	421	5,000	231	400	400
TRANSFERS IN					
Transfers from other funds	69,211	-	-	62,620	65,583
Total funds available	69,632	187,414	62,231	125,020	129,003
EXPENDITURES					
General and administrative					
Accounting	1,466	20,000	10,167	20,000	20,520
Auditing	-	7,000	-	8,500	8,500
Insurance	-	4,000	2,824	3,000	4,000
Legal	6,166	20,000	8,323	19,500	19,000
Total expenditures	7,632	51,000	21,314	51,000	52,020
TRANSFERS OUT					
Transfers to other fund	-	11,000	-	11,000	11,000
Total expenditures and transfers out requiring appropriation	7,632	62,000	21,314	62,000	63,020
ENDING FUND BALANCES	\$ 62,000	\$ 125,414	\$ 40,917	\$ 63,020	\$ 65,983
WORKING CAPITAL FUND	\$ 62,000	\$ 125,414	\$ 40,917	\$ 63,020	\$ 65,983
TOTAL RESERVE	\$ 62,000	\$ 125,414	\$ 40,917	\$ 63,020	\$ 65,983

See summary of significant assumptions.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
DEBT SERVICE FUND
2026 BUDGET
WITH 2024 ESTIMATED
For the Years Ended and Ending December 31,

10/21/25

	ACTUAL 2024	BUDGET 2025	ACTUAL 6/30/2025	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ -	\$ 1,663,450	\$ 1,666,500	\$ 1,666,500	\$ 1,567,864
REVENUES					
Interest income	3,550	50,000	1,952	3,900	3,750
Total revenues	3,550	50,000	1,952	3,900	3,750
TRANSFERS IN					
Transfers from other funds	1,662,950	11,000	-	11,000	11,000
Total funds available	1,666,500	1,724,450	1,668,452	1,681,400	1,582,614
EXPENDITURES					
Debt Service					
Bond interest - Series 2024A-1(2)	-	102,536	102,536	102,536	338,650
Paying agent fees	-	11,000	-	11,000	11,000
Total expenditures	-	113,536	102,536	113,536	349,650
Total expenditures and transfers out requiring appropriation	-	113,536	102,536	113,536	349,650
ENDING FUND BALANCES	\$1,666,500	\$1,610,914	\$ 1,565,916	\$ 1,567,864	\$ 1,232,964
CAPITALIZED INTEREST	\$1,015,950	\$ 913,414	\$ 913,414	\$ 913,414	\$ 574,764
SURPLUS FUND	647,000	647,000	649,142	651,000	653,000
TOTAL RESERVE	\$1,662,950	\$1,560,414	\$ 1,562,556	\$ 1,564,414	\$ 1,227,764

See summary of significant assumptions.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
CAPITAL PROJECTS FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

10/21/25

	ACTUAL 2024	BUDGET 2025	ACTUAL 6/30/2025	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ -	\$ 5,545,381	\$ 6,206,282	\$ 6,206,281	\$ 65,583
REVENUES					
Bond issuance proceeds	8,470,919	-	-	-	-
Acceptance of reimbursable costs	-	5,580,381	3,493,750	6,065,678	-
Interest income	13,030	50,000	7,083	9,500	-
Total revenues	8,483,949	5,630,381	3,500,833	6,075,178	-
Total funds available	8,483,949	11,175,762	9,707,115	12,281,459	65,583
EXPENDITURES					
Capital Projects					
Legal	4,333	-	4,453	8,900	-
Accounting	-	-	1,021	3,500	-
Recognition of costs	-	5,580,381	3,493,750	6,065,678	-
Repayment of reimbursable costs	-	5,580,381	3,493,750	6,065,678	-
Engineering	-	15,000	5,023	9,500	-
Bond issue costs	541,174	-	-	-	-
Total expenditures	545,507	11,175,762	6,997,997	12,153,256	-
TRANSFERS OUT					
Transfers to other fund	1,732,161	-	-	62,620	65,583
Total expenditures and transfers out requiring appropriation	2,277,668	11,175,762	6,997,997	12,215,876	65,583
ENDING FUND BALANCES	\$6,206,281	\$ -	\$ 2,709,118	\$ 65,583	\$ -

See summary of significant assumptions.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

On April 3, 2024, the City Council of Salem City, Utah (the City), acting in its capacity as the creating authority for the NS Public Infrastructure District No. 1 (the District) and Nos. 2-5 (together with the District, the Districts), adopted a resolution creating the Districts. The Office of the Lieutenant Governor of the State of Utah issued a Certificate of Creation for the Districts on May 2, 2024, which was recorded in the real property records of the Utah County Recorder on June 12, 2024.

The District was established to provide financing for infrastructure improvements to facilitate development within the boundaries of the Districts. The District has 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 District has no employees, and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4%.

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.

Capital Outlay

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

Debt Service

Interest payments are provided based on the schedule of debt service requirements to maturity for the Series 2024A-1(2) Bonds (discussed under debt and leases).

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases

On November 12, 2024, the District issued Series 2024A-1(2) Limited Tax General Obligation Bonds, Series 2024 A-2(2) Limited Tax General Obligation Convertible Capital Appreciation Bonds, and Series 2024B Subordinate Limited Tax General Obligation Bonds.

The 2024A-1(2) Bonds were issued in the par amount of \$5,210,000 and bear interest at a rate 6.50% payable annually on March 1 beginning on March 1, 2025. Annual mandatory sinking fund principal payments are due on March 1 beginning on March 1, 2032. The 2024A-2(2) Bonds were issued in the original par amount of \$1,622,919.20, accreting to a principal amount of \$2,660,000, converting to current interest bonds on March 1, 2032. Prior to conversion, the 2024A-2(2) Bonds accrete in value at an assumed annual yield of 7.00% from the date of issuance. Upon conversion, interest and principal is payable annually on March 1 beginning on March 1, 2033. The 2024B Bonds were issued in the par amount of \$1,638,000 and bear interest at a rate of 9.0%. The 2024B Bonds are payable annually on March 15 beginning on March 15, 2025. The 2024B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to maturity and are payable annually only to the extent of available pledged revenues.

This information is an integral part of the accompanying budget.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

\$5,210,000 Limited Tax General Obligation Bonds

Series 2024A-1(2)

Dated November 12, 2024

Interest Rate - 6.500%

Interest and Principal Payable March 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 338,650	\$ 338,650
2027	-	338,650	338,650
2028	-	338,650	338,650
2029	-	338,650	338,650
2030	-	338,650	338,650
2031	-	338,650	338,650
2032	25,000	338,650	363,650
2033	60,000	337,025	397,025
2034	70,000	333,125	403,125
2035	75,000	328,575	403,575
2036	85,000	323,700	408,700
2037	95,000	318,175	413,175
2038	105,000	312,000	417,000
2039	115,000	305,175	420,175
2040	125,000	297,700	422,700
2041	140,000	289,575	429,575
2042	155,000	280,475	435,475
2043	165,000	270,400	435,400
2044	180,000	259,675	439,675
2045	195,000	247,975	442,975
2046	215,000	235,300	450,300
2047	235,000	221,325	456,325
2048	250,000	206,050	456,050
2049	275,000	189,800	464,800
2050	295,000	171,925	466,925
2051	320,000	152,750	472,750
2052	345,000	131,950	476,950
2053	370,000	109,525	479,525
2054	400,000	85,475	485,475
2055	915,000	59,475	974,475
Total	\$ 5,210,000	\$ 7,837,700	\$ 13,047,700

See summary of significant assumptions.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

\$1,622,919 Convertible Capital Appreciation Bonds

Series 2024A-2 (2)

Dated November 12, 2024

Interest Rate - 7.000%

Payable March 1

Conversion Date March 1, 2032

<u>Year Ending</u> <u>December 31,</u>	<u>Issue</u> <u>Amount</u>	<u>Accreted</u> <u>Amount</u>	<u>Total Value</u> <u>at Maturity</u>	<u>Current Interest</u> <u>after Conversion</u> <u>Date</u>	<u>2024A-2(2)</u> <u>Bonds Debt</u> <u>Service</u>	<u>Bond Principal</u> <u>Outstanding</u> <u>After</u>
2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	2,660,000
2033	18,304	11,696	30,000	186,200	216,200	2,630,000
2034	18,304	11,696	30,000	184,100	214,100	2,600,000
2035	24,405	15,595	40,000	182,000	222,000	2,560,000
2036	27,455	17,545	45,000	179,200	224,200	2,515,000
2037	30,506	19,494	50,000	176,050	226,050	2,465,000
2038	33,557	21,443	55,000	172,550	227,550	2,410,000
2039	36,607	23,393	60,000	168,700	228,700	2,350,000
2040	42,708	27,292	70,000	164,500	234,500	2,280,000
2041	42,708	27,292	70,000	159,600	229,600	2,210,000
2042	45,759	29,241	75,000	154,700	229,700	2,135,000
2043	54,911	35,089	90,000	149,450	239,450	2,045,000
2044	57,961	37,039	95,000	143,150	238,150	1,950,000
2045	64,063	40,937	105,000	136,500	241,500	1,845,000
2046	70,164	44,836	115,000	129,150	244,150	1,730,000
2047	73,214	46,786	120,000	121,100	241,100	1,610,000
2048	82,366	52,634	135,000	112,700	247,700	1,475,000
2049	88,467	56,533	145,000	103,250	248,250	1,330,000
2050	97,619	62,381	160,000	93,100	253,100	1,170,000
2051	103,720	66,280	170,000	81,900	251,900	1,000,000
2052	112,872	72,128	185,000	70,000	255,000	815,000
2053	122,024	77,976	200,000	57,050	257,050	615,000
2054	131,176	83,824	215,000	43,050	258,050	400,000
2055	244,048	155,952	400,000	28,000	428,000	-
Total	\$ 1,622,919	\$ 1,037,080	\$ 2,660,000	\$ 2,996,000	\$ 5,656,000	

See summary of significant assumptions.