ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT NO. 1

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2026

ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
SUMMARY
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

11/5/25

	ACTUAL 2024	BUDGET 2025	ACTUAL 9/30/2025	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ -	$ -	$ -	$ -	$ 34,966,791
REVENUES					
City Impact Fees	-	-	-	-	1,105,510
Bond issuance proceeds	-	25,000,000	25,000,000	57,220,000	-
Assessment Revenue	-	-	-	-	1,416,270
Interest Income	-	65,750	95,758	109,750	315,800
Developer advance	-	-	4,858	4,858	-
Total revenues	-	25,065,750	25,100,616	57,334,608	2,837,580
TRANSFERS IN	-	4,509,907	4,436,906	8,920,656	81,000
Total funds available	-	29,575,657	29,537,522	66,255,264	37,885,371
EXPENDITURES					
General Fund	-	42,000	24,461	40,500	51,000
Debt Service Fund - Special Assessment Bonds	-	1,101,563	398,438	1,101,563	1,410,250
Debt Service Fund - Limited General Obligation Tax Bond	-	-	-	-	621,550
Capital Projects Fund	-	20,515,093	20,492,454	21,225,754	27,057,590
Total expenditures	-	21,658,656	20,915,353	22,367,817	29,140,390
TRANSFERS OUT	-	4,509,907	4,436,906	8,920,656	81,000
Total expenditures and transfers out requiring appropriation	-	26,168,563	25,352,259	31,288,473	29,221,390
ENDING FUND BALANCES	$ -	$ 3,407,094	$ 4,185,263	$ 34,966,791	$ 8,663,981
AVAILABLE FOR OPERATIONS	$ -	$ 73,750	$ 24,774	$ 9,108	$ 23,908
CAPITALIZED INTEREST FUND - SA BONDS	-	1,406,250	2,109,375	1,406,250	-
RESERVE FUND - SA BONDS	-	1,887,094	1,887,094	1,887,094	1,887,094
CAPITALIZED INTEREST FUND - GO BONDS	-	-	-	2,550,750	1,933,200
SURPLUS FUND - GO BONDS	-	-	-	1,933,000	1,933,000
TOTAL RESERVE	$ -	$ 3,367,094	$ 4,021,243	$ 7,786,202	$ 5,777,202

See summary of significant assumptions.

ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
GENERAL FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

11/5/25

	ACTUAL 2024	BUDGET 2025	ACTUAL 9/30/2025	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ -	$ -	$ -	$ -	$ 9,108
REVENUES					
Interest Income	-	750	2,377	2,750	800
Developer advance	-	-	4,858	4,858	-
Total revenues	-	750	7,235	7,608	800
TRANSFERS IN					
Transfers from other funds	-	115,000	42,000	42,000	73,000
Total funds available	-	115,750	49,235	49,608	82,908
EXPENDITURES					
General and administrative					
Accounting	-	15,000	4,889	10,000	18,000
Auditing	-	-	-	-	8,500
Insurance	-	6,500	-	6,500	6,500
Legal	-	18,000	19,572	24,000	18,000
Miscellaneous	-	2,500	-	-	-
Total expenditures	-	42,000	24,461	40,500	51,000
TRANSFERS OUT					
Transfers to other fund	-	-	-	-	8,000
Total expenditures and transfers out requiring appropriation	-	42,000	24,461	40,500	59,000
ENDING FUND BALANCES	$ -	$ 73,750	$ 24,774	$ 9,108	$ 23,908
AVAILABLE FOR OPERATIONS	$ -	$ 73,750	$ 24,774	$ 9,108	$ 23,908
TOTAL RESERVE	$ -	$ 73,750	$ 24,774	$ 9,108	$ 23,908

See summary of significant assumptions.

ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
DEBT SERVICE FUND - SPECIAL ASSESSMENT BONDS
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

11/5/25

	ACTUAL 2024	BUDGET 2025	ACTUAL 9/30/2025	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ -	$ -	$ -	$ -	$ 3,393,343
REVENUES					
Assessment Revenue	-	-	-	-	1,416,270
Interest Income	-	40,000	86,715	100,000	120,000
Total revenues	-	40,000	86,715	100,000	1,536,270
TRANSFERS IN					
Transfers from other funds	-	4,394,907	4,394,906	4,394,906	4,000
Total funds available	-	4,434,907	4,481,621	4,494,906	4,933,613
EXPENDITURES					
Debt Service					
Bond interest	-	1,101,563	398,438	1,101,563	1,406,250
Paying agent fees	-	-	-	-	4,000
Total expenditures	-	1,101,563	398,438	1,101,563	1,410,250
Total expenditures and transfers out requiring appropriation	-	1,101,563	398,438	1,101,563	1,410,250
ENDING FUND BALANCES	$ -	$ 3,333,344	$ 4,083,183	$ 3,393,343	$ 3,523,363
CAPITALIZED INTEREST FUND - SA BONDS	$ -	$ 1,406,250	$ 2,109,375	$ 1,406,250	$ -
RESERVE FUND - SA BONDS	-	1,887,094	1,887,094	1,887,094	1,887,094
TOTAL RESERVE	$ -	$ 3,293,344	$ 3,996,469	$ 3,293,344	$ 1,887,094

See summary of significant assumptions.

ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
DEBT SERVICE FUND - LIMITED TAX GENERAL OBLIGATION BONDS
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

11/5/25

	ACTUAL 2024	BUDGET 2025	ACTUAL 9/30/2025	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ -	$ -	$ -	$ -	$ 4,483,750
REVENUES					
City Impact Fees	-	-	-	-	1,105,510
Interest Income	-	-	-	-	145,000
Total revenues	-	-	-	-	1,250,510
TRANSFERS IN					
Transfers from other funds	-	-	-	4,483,750	4,000
Total funds available	-	-	-	4,483,750	5,738,260
EXPENDITURES					
General and administrative					
Debt Service					
Bond interest	-	-	-	-	617,550
Paying agent fees	-	-	-	-	4,000
Total expenditures	-	-	-	-	621,550
TRANSFERS OUT					
Total expenditures and transfers out requiring appropriation	-	-	-	-	621,550
ENDING FUND BALANCES	$ -	$ -	$ -	$ 4,483,750	$ 5,116,710
CAPITALIZED INTEREST FUND - GO BONDS	$ -	$ -	$ -	$ 2,550,750	$ 1,933,200
SURPLUS FUND - GO BONDS	-	-	-	1,933,000	1,933,000
TOTAL RESERVE	$ -	$ -	$ -	$ 4,483,750	$ 3,866,200

See summary of significant assumptions.

ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
CAPITAL PROJECTS FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

11/5/25

	ACTUAL 2024	BUDGET 2025	ACTUAL 9/30/2025	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ -	$ -	$ -	$ -	$ 27,080,590
REVENUES					
Bond issuance proceeds	-	25,000,000	25,000,000	57,220,000	-
Interest Income	-	25,000	6,666	7,000	50,000
Total revenues	-	25,025,000	25,006,666	57,227,000	50,000
TRANSFERS IN					
Transfers from other funds	-	-	-	-	-
Total funds available	-	25,025,000	25,006,666	57,227,000	27,130,590
EXPENDITURES					
Capital Projects					
Engineering	-	-	8,995	8,995	-
Capital outlay	-	19,725,320	19,696,345	19,696,345	27,057,590
Bond issue costs	-	789,773	787,114	1,520,414	-
Total expenditures	-	20,515,093	20,492,454	21,225,754	27,057,590
TRANSFERS OUT					
Transfers to other fund	-	4,509,907	4,436,906	8,920,656	73,000
Total expenditures and transfers out requiring appropriation	-	25,025,000	24,929,360	30,146,410	27,130,590
ENDING FUND BALANCES	$ -	$ -	$ 77,306	$ 27,080,590	$ -

See summary of significant assumptions.

ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

On July 20, 2022, the City Council of Salem City, Utah (the City), acting in its capacity as the creating authority for Arrowhead Springs Public Infrastructure District No. 1 (the District) adopted a resolution creating the District. The Office of the Lieutenant Governor of the State of Utah issued a Certificate of Creation for the District on September 1, 2022, which was recorded in the real property records of the Utah County Recorder on September 21, 2022. The District is governed by its amended and restated governing document dated March 6, 2024 and the Special District Act.

The District was established to provide financing for infrastructure improvements to facilitate development within the boundaries of the District. 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 3.50%.

City Impact Fees

City Impact Fees include all revenues resulting from Park Impact Fees, Water Impact Fees, and Power Impact Fees imposed by the City from or with respect to property within the boundaries of the District.

Assessment Revenues

Pursuant to the Assessment Ordinance, the District will levy assessments on the Assessed Properties (the "Assessments"). The Assessed Properties include only those properties that are benefitted by the Public Improvements. Each Assessment or any part or installment thereof, any interest accruing on the Assessment and any penalties, trustee's and attorney's fees and other costs of collecting the Assessment shall constitute a lien against the property upon which the Assessment is levied from and after the date on which the Assessment Ordinance becomes effective.

ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

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.

Debt Service

Interest payments are provided based on the schedule of debt service requirements to maturity for the Series 2025 Special Assessment Revenue Bonds and for the anticipated Series 2025 Limited Tax General Obligation Bonds (discussed under debt and leases).

Capital Outlay

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

Debt and Leases

Series 2025 Special Assessment Revenue Bonds

On February 19, 2025, the District issued $25,000,000 in Series 2025 Special Assessment Revenue Bonds, which bear interest at 5.625%, payable semi-annually on June 1 and December 1. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2030.

The Series 2025 Bonds are secured by and payable solely from (i) moneys collected from the level of assessments against the properties benefited by the public improvements pursuant to the assessment ordinance, (ii) moneys collected by the District from the foreclosure of assessed properties, and (iii) any other legally available moneys of the District.

A reserve fund was established as additional security for the bonds in the amount of $1,887,094. The reserve requirement will be reduced as assessments are paid or prepaid but not to an amount less than the maximum annual debt service on the bonds.

Series 2025 Limited Tax General Obligation Bonds

The District anticipates issuing Limited Tax General Obligation Bonds in 2025. Significant details and terms of the bonds will be determined at issuance.

The District has no operating or capital leases.

Reserves

The District holds a Reserve Fund for its Series 2025 Bonds in the amount of $1,887,094.

This information is an integral part of the accompanying budget.

ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

$25,000,000 Special Assessment Bonds
Series 2025
Dated February 19, 2025
Interest Rate - 5.625%
Interest Payable June 1 and December 1
Principal Payable December 1

Year Ending December 31,	Principal	Interest	Total
2026	$ -	$ 1,406,250	$ 1,406,250
2027	-	1,406,250	1,406,250
2028	-	1,406,250	1,406,250
2029	-	1,406,250	1,406,250
2030	480,000	1,406,250	1,886,250
2031	507,000	1,379,250	1,886,250
2032	536,000	1,350,731	1,886,731
2033	566,000	1,320,581	1,886,581
2034	598,000	1,288,744	1,886,744
2035	631,000	1,255,106	1,886,106
2036	667,000	1,219,613	1,886,613
2037	705,000	1,182,094	1,887,094
2038	744,000	1,142,438	1,886,438
2039	786,000	1,100,587	1,886,587
2040	830,000	1,056,375	1,886,375
2041	877,000	1,009,687	1,886,687
2042	926,000	960,356	1,886,356
2043	978,000	908,269	1,886,269
2044	1,033,000	853,256	1,886,256
2045	1,091,000	795,150	1,886,150
2046	1,153,000	733,781	1,886,781
2047	1,218,000	668,925	1,886,925
2048	1,286,000	600,413	1,886,413
2049	1,359,000	528,075	1,887,075
2050	1,435,000	451,631	1,886,631
2051	1,516,000	370,913	1,886,913
2052	1,601,000	285,638	1,886,638
2053	1,691,000	195,581	1,886,581
2054	1,786,000	100,462	1,886,462
Total	$ 25,000,000	$ 27,788,906	$ 52,788,906

See summary of significant assumptions.