

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
SPECIAL MEETING**

Wednesday, April 15, 2026, at 9:00 a.m.

ANCHOR LOCATION: 460 W. 50 N. Suite 300, Salt Lake City UT 84101

This meeting is open to the public and may be joined using the following information:

LINK:

<https://us06web.zoom.us/j/88597792249?pwd=JPI15RvvSDycUoUK0Jwtn50dGVoMIz.1>

Meeting ID: 885 9779 2249

Passcode: 207373

BY PHONE: 1-720-707-2699

Trustees

Terms

Burke Staker – Chair	Term from August 7, 2024 to 6 years from appointment
*Josh Clark – Clerk/Secretary	Term from May 2, 2024 to 6 years from appointment
Ryan Beck – Treasurer/Vice Chair	Term from August 7, 2024 to 4 years from appointment
Vacant	Term from [date of appointment] to [4 years from appointment]
Vacant	Term from [date of appointment] to [4 years from appointment]

NOTICE OF SPECIAL MEETING AND AGENDA

1. Call to Order/Declaration of Quorum
2. Preliminary Action Items
 - a. Approve Agenda
 - b. Confirm Conflict of Interest Disclosures
3. Public Comment – Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes.
4. Action Items
 - a. Approve Minutes from January 22, 2026 Special Meeting
 - b. Approval of Claims Listing
 - c. Approval of March 31, 2026 Unaudited Financials
 - d. Acceptance of 2025 Draft Audit
 - e. Adoption of Resolution Identifying an Anchor Location for Meetings of the Board
5. Administrative Non-Action Items

- a. *Confirmation of Completed Annual Trustee Training – [Open and Public Meetings Act Training 2026](#)
6. Adjourn

**MINUTES OF A SPECIAL MEETING OF
THE BOARD OF THE
NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
HELD JANUARY 22, 2026 AT 8:00 A.M. AT
ANCHOR LOCATION: 460 W. 50 N. SUITE 300, SALT LAKE CITY, UT 84101
AND VIA TELECONFERENCE**

The special meeting of the Board of Directors of NS Public Infrastructure District No. 2 was called and held in accordance with the applicable laws of the State of Utah. The following Directors, having confirmed their qualifications to serve, were in attendance:

Attendance

Burke Staker, Chair – in person at anchor location
Ryan Beck, Treasurer/Vice Chair – via teleconference

Trustee Josh Clark was absent and excused.

Also present were Megan J. Murphy, Esq., WBA, PC, Attorneys at Law, District General Counsel; Shelby Clymer and Lauren Warburton, CliftonLarsonAllen, LLP, District Accountant; and Chase Hanusa, The Connexion Group, District Engineer.

Call to Order/Declaration of Quorum

It was noted that a quorum of the Board was present. Upon a motion duly made and seconded, the meeting was called to order.

Preliminary Action Items

Approve Agenda

The Board reviewed the proposed agenda for the meeting. Following review, upon a motion duly made by Mr. Staker and seconded by Mr. Beck, the Board unanimously approved the agenda as presented.

Conflict of Interest Disclosures

Ms. Murphy inquired into whether members of the Board had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted.

Public Comment

No members of the public were in attendance.

Action Items

Approve Minutes from November 14, 2025 Special Meeting

Ms. Murphy presented the minutes from the November 14, 2025 special meeting to the Board for consideration. Following review and discussion, upon a motion duly made by Mr. Staker, seconded by Mr. Beck, and upon a vote unanimously carried, the Board approved the minutes from the November 14, 2025 special meeting.

Approval of Claims Listing

Ms. Warburton presented the Claims Listing to the Board for consideration. Following review and discussion, upon a motion duly made by Mr. Staker, seconded by Mr. Beck, and upon a vote unanimously carried, the Board approved the Claims Listing.

Approval of December 31, 2025 Unaudited Financials

Ms. Warburton presented the December 31, 2025 Unaudited Financials to the Board for consideration. Following review and discussion, upon a motion duly made by Mr. Staker, seconded by Mr. Beck, and upon a vote unanimously carried, the Board accepted the December 31, 2025 Unaudited Financials.

Administrative Non-Action Items

Confirmation of Completed Annual Trustee Training – Open and Public Meetings Act Training 2025

Ms. Murphy reminded the Board members to complete the annual Trustee Training regarding the Open and Public Meetings Act required by the state auditor for Board members. No action was taken.

Adjourn

There being no further business to come before the Board and upon a motion duly made, seconded, and unanimously carried, the meeting was adjourned.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

Secretary for the Meeting

The foregoing minutes were approved on the 15th day of April 2026.

NS Public Infrastructure District No. 2

Payment Listing

January 1, 2026 - March 31, 2026

<u>Process Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Payment Method</u>	<u>Amount</u>
02/05/2026	UMB	Paying Agent Fee	Wire	\$ 3,000.00
02/05/2026	UMB	Paying Agent Fee	Wire	4,000.00
02/06/2026	WBA	Legal	Requisition	117.36
02/06/2026	CLA	Accounting	Requisition	2,156.53
02/06/2026	Haynie	2024 Audit	Requisition	7,800.00
02/19/2026	The Connexion Group	Engineering	Requisition	218.75
02/19/2026	WBA	Legal	Requisition	512.50
03/02/2026	Bondholders	Series 2024A-1(2) Bond Interest	Wire	338,650.00
03/04/2026	CLA	Accounting	Requisition	1,819.29
03/04/2026	WBA	Legal	Requisition	1,539.04
03/11/2026	The Connexion Group	Engineering	Requisition	131.25
03/26/2026	WBA	Legal	Requisition	1,695.15
				<u>\$ 361,639.87</u>

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2

FINANCIAL STATEMENTS

MARCH 31, 2026

NS Public Infrastructure District No. 2
Balance Sheet - Governmental Funds
March 31, 2026

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
UMB Bond Fund 2024A	\$ -	\$ 616,941.24	\$ -	\$ 616,941.24
UMB Surplus fund 2024A	-	649,190.90	-	649,190.90
UMB Project Fund 2024A	-	-	368,701.70	368,701.70
UMB Project Fund 2024B	-	-	1,594,239.27	1,594,239.27
UMB Admin Expenses Fund 2024A	68,127.04	-	62,620.14	130,747.18
Total Assets	<u>\$ 68,127.04</u>	<u>\$ 1,266,132.14</u>	<u>\$ 2,025,561.11</u>	<u>\$ 3,359,820.29</u>
Liabilities				
Accounts Payable	\$ 5,013.84	\$ -	\$ -	\$ 5,013.84
Total Liabilities	<u>5,013.84</u>	<u>-</u>	<u>-</u>	<u>5,013.84</u>
Fund Balances	<u>63,113.20</u>	<u>1,266,132.14</u>	<u>2,025,561.11</u>	<u>3,354,806.45</u>
Liabilities and Fund Balances	<u>\$ 68,127.04</u>	<u>\$ 1,266,132.14</u>	<u>\$ 2,025,561.11</u>	<u>\$ 3,359,820.29</u>

See selected information and summary of significant assumptions.

NS Public Infrastructure District No. 2
General Fund Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Period Ending March 31, 2026

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest Income	\$ 400.00	\$ 3.60	\$ 396.40
Total Revenue	<u>400.00</u>	<u>3.60</u>	<u>396.40</u>
Expenditures			
Accounting	20,520.00	5,989.62	14,530.38
Auditing	8,500.00	-	8,500.00
Insurance	4,000.00	-	4,000.00
Legal	19,000.00	4,035.03	14,964.97
Total Expenditures	<u>52,020.00</u>	<u>10,024.65</u>	<u>41,995.35</u>
Other Financing Sources (Uses)			
Transfers to other fund	(11,000.00)	(7,179.89)	(3,820.11)
Transfers from other funds	65,583.00	65,583.00	-
Total Other Financing Sources (Uses)	<u>54,583.00</u>	<u>58,403.11</u>	<u>(3,820.11)</u>
Net Change in Fund Balances	2,963.00	48,382.06	(45,419.06)
Fund Balance - Beginning	63,020.00	14,731.14	48,288.86
Fund Balance - Ending	<u>\$ 65,983.00</u>	<u>\$ 63,113.20</u>	<u>\$ 2,869.80</u>

See selected information and summary of significant assumptions.

SUPPLEMENTARY INFORMATION

NS Public Infrastructure District No. 2
Debt Service Fund Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Period Ending March 31, 2026

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest Income	\$ 3,750.00	\$ 38.75	\$ 3,711.25
Total Revenue	<u>3,750.00</u>	<u>38.75</u>	<u>3,711.25</u>
Expenditures			
Paying agent fees	11,000.00	7,000.00	4,000.00
Bond Interest - Series 2024A-1(2)	338,650.00	338,650.00	-
Total Expenditures	<u>349,650.00</u>	<u>345,650.00</u>	<u>4,000.00</u>
Other Financing Sources (Uses)			
Transfers from other funds	11,000.00	7,000.00	4,000.00
Total Other Financing Sources (Uses)	<u>11,000.00</u>	<u>7,000.00</u>	<u>4,000.00</u>
Net Change in Fund Balances	(334,900.00)	(338,611.25)	3,711.25
Fund Balance - Beginning	1,567,864.00	1,604,743.39	(36,879.39)
Fund Balance - Ending	<u>\$ 1,232,964.00</u>	<u>\$ 1,266,132.14</u>	<u>\$ (33,168.14)</u>

See selected information and summary of significant assumptions.

NS Public Infrastructure District No. 2
Capital Projects Fund Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Period Ending March 31, 2026

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest Income	\$ -	\$ 48.60	\$ (48.60)
Total Revenue	<u>-</u>	<u>48.60</u>	<u>(48.60)</u>
Expenditures			
Engineering	-	131.25	(131.25)
Total Expenditures	<u>-</u>	<u>131.25</u>	<u>(131.25)</u>
Other Financing Sources (Uses)			
Transfers to other fund	(65,583.00)	(65,583.00)	-
Transfers from other funds	-	179.89	(179.89)
Total Other Financing Sources (Uses)	<u>(65,583.00)</u>	<u>(65,403.11)</u>	<u>(179.89)</u>
Net Change in Fund Balances	(65,583.00)	(65,485.76)	(97.24)
Fund Balance - Beginning	65,583.00	2,091,046.87	(2,025,463.87)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 2,025,561.11</u>	<u>\$ (2,025,561.11)</u>

See selected information and summary of significant assumptions.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
SELECTED INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2026

Notes to the Reader:

The financial statements of the District have been prepared in accordance with the criteria established by the Governmental Accounting Standards Boards (“GASB”), which is the source of authoritative accounting principles generally accepted in the United States of America (“GAAP”), as applied to governmental entities. The District’s financial statements are prepared using the modified accrual basis of accounting. The financial statements include the following departures from GAAP:

- Management’s discussion and analysis and substantially all disclosures required are omitted.
- The statement of revenues, expenditures and changes in fund balances – governmental funds has been omitted.

The financial forecasts present, to the best of management’s knowledge and belief, the District’s expected results of operations and cash flows for the forecast periods. Accordingly, the forecasts reflects its judgment as of November 14, 2025 the date these forecasts were prepared, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecasts. There will usually be differences between the forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The financial statements are developed by the District to comply with GAAP, although there may be departures from GAAP not identified. These statements are primarily intended for use in managing the District’s operations and may not be suitable for other purposes. Users should be aware of these limitations when utilizing the financial statements.

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 selected information and 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 selected information and summary of significant assumptions.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
UTAH COUNTY, UTAH**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

INDEPENDENT AUDITOR'S REPORT	I
MANAGEMENT'S DISCUSSION AND ANALYSIS	III
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	24
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	25
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	27
COMPLIANCE REPORTING	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	30
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE	32
SCHEDULE OF FINDINGS AND RECOMMENDATIONS	34
RESPONSE TO THE FINDINGS AND RECOMMENDATIONS	35

INSERT INDEPENDENT AUDITOR'S REPORT

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

The management of NS Public Infrastructure District No. 2 (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

The Management Discussion and Analysis (MD&A) focuses on the presentation of the financial statements and the related activities in two distinct ways: 1) the review of government-wide financials that reflect the overall assets and activity of the government including the District's capital assets and long term debt obligations, and 2) the more traditional view of the governmental funds that have been established to account for specific activities of the District.

This MD&A will provide a quick look at the highlights of each of these presentations, a more definitive view of what comprises each of these presentations, and a more detailed analysis of each of the presentations, key components and the changes that occurred during 2025.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplemental information in addition to the basic financial statements.

Government-Wide Statements

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the District's overall financial status. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The basic government-wide financial statements can be found on pages 1-2 of this report.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- *Governmental funds:* The District's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds – general, debt service, and capital projects – all of which are considered to be major funds.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided for the general fund in the basic financial statements to demonstrate compliance with the budget.

The basic governmental fund financial statements and reconciliation to the government-wide financial statements can be found on pages 3-6 of this report.

Financial Highlights

Government-wide financial statement highlights include:

- The combined liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$1,134,085 (net position). \$36,829 of net position is considered restricted and \$(1,170,914) is considered unrestricted.
- The District's current liabilities total \$293,056 and non-current long-term liabilities total \$8,769,411:
 - The District's current liabilities consist of \$10,848 of accounts payable and \$282,208 of the current portion of accrued interest on its long-term liabilities.
 - The District issued bonds in 2024 in the original par amount of \$8,470,919. The full par amount is outstanding as of the end of the year plus \$130,216 in accretion on the 2024A-2 Bonds and \$69,502 in accrued interest on the bonds.
- The government's total net position decreased \$533,660 under the full accrual method:
 - Revenues were recognized for the year consisting of Property Taxes of \$39,537 and Interest Income of \$9,481. Total revenues increased \$32,017 from the prior year due to property tax revenues. 2025 was the first year that property taxes were levied. Expenses totaled \$582,678 which is a decrease of \$34,748 from prior year and primarily represents administrative costs and interest on the bonds.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Fund financial statement highlights include:

- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,710,521, of which \$14,730 was unassigned and the remainder was considered restricted.
- They are comprised of:
 - During 2025, the General Fund received \$240 in revenues, offset with \$47,510 in expenditures, resulting in an ending fund balance of \$14,730.
 - The Debt Service Fund has an ending fund balance of \$1,604,743 which is restricted for future debt service payments. This amount represents interest income of \$2,030 and property taxes of \$38,749 offset with \$102,536 in expenditures and a beginning fund balance of \$1,666,500.
 - The Capital Projects Fund has an ending fund balance of \$2,091,048 and is restricted to future capital outlay and administration..

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds – general, debt service, and capital projects – all of which are considered to be major funds.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided for the general and special revenue funds in the basic financial statements to demonstrate compliance with the budget.

The basic governmental fund financial statements and reconciliation to the government-wide financial statements can be found on pages 3-6 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7-21 of this report.

Supplementary information. The supplementary information provided in this report after the basic financial statements includes a schedule of revenues, expenditures, and changes in fund balances, budget and actual comparison, for the debt service fund and capital projects fund. These schedules can be found on pages 23-24 of this report.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Governmental Activities Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$1,134,085 at the close of the most recent fiscal year.

	Governmental Activities		
	2025	2024	Increase (Decrease)
Assets			
Current and Other Assets	\$ 3,722,157	\$ 7,970,896	\$ (4,248,739)
Capital Assets	4,107,451	-	4,107,451
Total Assets	<u>7,829,608</u>	<u>7,970,896</u>	<u>(141,288)</u>
Liabilities			
Current and Other Liabilities	293,056	81,268	211,788
Long-Term Liabilities	8,670,637	8,490,053	180,584
Total Liabilities	<u>8,963,693</u>	<u>8,571,321</u>	<u>392,372</u>
Net Position			
Restricted	36,829	-	36,829
Unrestricted	(1,170,914)	(600,425)	(570,489)
Total Net Position	<u>\$ (1,134,085)</u>	<u>\$ (600,425)</u>	<u>\$ (533,660)</u>

The District has an ending net position of \$(1,134,085), of which \$36,829 is considered restricted and \$(1,170,914) is considered unrestricted. The negative net position is primarily a result of the district incurring bond interest to be paid by future tax revenues or paid by bond proceeds.

	Governmental Activities		
	2025	2024	Increase (Decrease)
Revenues			
General Revenues:			
Investment Income	\$ 9,481	\$ 17,001	\$ (7,520)
Property Tax	39,537	-	39,537
Total Revenues	<u>49,018</u>	<u>17,001</u>	<u>32,017</u>
Expenses			
General Government	62,503	11,965	50,538
Interest and Related Costs on Long-Term Debt	520,175	605,461	(85,286)
Total Expenses	<u>582,678</u>	<u>617,426</u>	<u>(34,748)</u>
CHANGE IN NET POSITION	(533,660)	(600,425)	66,765
Net Position - Beginning of Year	<u>(600,425)</u>	<u>-</u>	<u>(600,425)</u>
NET POSITION - END OF YEAR	<u>\$ (1,134,085)</u>	<u>\$ (600,425)</u>	<u>\$ (533,660)</u>

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Governmental Funds Financial Analysis

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

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,710,521, of which \$14,730 constitutes an unassigned fund balance and \$3,695,791 of which constitutes a restricted fund balance, which is available for spending at the government's discretion within the parameters established for each fund.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, an unassigned fund balance of \$14,730. Expenditures of \$47,510 were incurred in 2025 and all expenditures were paid by existing fund balance.

The Debt Service Fund is used for future debt service payments. At the end of the year, a restricted fund balance of \$1,604,743 was held in the fund.

The Capital Projects Fund is used for future construction of infrastructure and other capital-related activities. At the end of the year, a restricted fund balance of \$2,091,048 was held in the fund.

General Fund Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sales of assets and debt repayments, as well as capital outlay. This budgetary accounting is required by State statutes.

Debt Administration

During 2024, the District issued Series 2024A-1 Limited Tax General Obligation Bonds in the original par amount of \$5,210,000. The bonds bear interest at 6.50% and are payable semi-annually to the extent of available pledged revenues beginning March 1, 2025. The District also issued Series 2024A-2 Limited Tax General Obligation Convertible Capital Appreciation Bonds in the original par amount of \$1,622,919 and a value at conversion of \$2,660,000. The bonds bear interest at 7.00% and are payable beginning March 1, 2033. The District also issued Series 2024B Subordinate Limited Tax General Obligation Bonds in the par amount of \$1,638,000. The bonds bear interest at 9.00% and are payable to the extent of available pledged revenues beginning March 15, 2025. The purpose of the Bonds were to finance capital projects costs benefitting the NS development.

Additional information on the District's long-term obligations can be found within Note 5 of this report.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Next Year's Budget and Rates

The District has appropriated \$63,020 in the General Fund, \$349,650 in the Debt Service Fund, and \$65,583 in the Capital Projects Fund for spending in the 2026 fiscal year. It is intended that fund balance plus projected revenues will be sufficient to cover these expenditures.

Request for Information

Management's discussion and analysis is designed to provide a general overview of the District's finances. Questions concerning any of the information provided within this report or requests for additional information should be addressed to:

District Accountant of NS Public Infrastructure District No. 2
95 S. State Street, Suite 1150
Salt Lake City, UT 84111

BASIC FINANCIAL STATEMENTS

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	\$ 24,668
Cash and Investments - Restricted	3,657,952
Property Tax Receivable	39,537
Capital Assets:	
Capital Assets Not Being Depreciated	4,107,451
Total Assets	7,829,608
LIABILITIES	
Accounts Payable	10,848
Accrued Interest	282,208
Noncurrent Liabilities:	
Due in More Than One Year	8,670,637
Total Liabilities	8,963,693
NET POSITION	
Restricted for:	
Capital Projects	36,829
Unrestricted	(1,170,914)
Total Net Position	\$ (1,134,085)

See accompanying Notes to Basic Financial Statements.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 24,668	\$ -	\$ -	\$ 24,668
Cash and Investments - Restricted	-	1,565,994	2,091,958	3,657,952
Property Tax Receivable	-	39,537	-	39,537
 Total Assets	<u>\$ 24,668</u>	<u>\$ 1,605,531</u>	<u>\$ 2,091,958</u>	<u>\$ 3,722,157</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 9,938	\$ -	\$ 910	\$ 10,848
Total Liabilities	9,938	-	910	10,848
 DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	-	788	-	788
Total Deferred Inflows of Resources	-	788	-	788
 FUND BALANCES				
Restricted for:				
Debt Service	-	1,604,743	-	1,604,743
Capital Projects	-	-	1,962,845	1,962,845
Future Administration	-	-	128,203	128,203
Unassigned	14,730	-	-	14,730
Total Fund Balances	<u>14,730</u>	<u>1,604,743</u>	<u>2,091,048</u>	<u>3,710,521</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,668</u>	<u>\$ 1,605,531</u>	<u>\$ 2,091,958</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

4,107,451

Deferred inflows of resources for leases are applicable to future periods, and, therefore, are not reported in the governmental funds.

Deferred Property Tax

788

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Bond Interest - 2024A-1

(282,208)

Accrued Bond Interest - 2024B

(69,502)

Bond Payable - 2024A-1

(5,210,000)

Bond Payable - 2024A-2

(1,753,135)

Bond Payable - 2024B

(1,638,000)

Net Position of Governmental Activities

\$ (1,134,085)

See accompanying Notes to Basic Financial Statements.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ -	\$ 38,749	\$ -	\$ 38,749
Interest Income	240	2,030	7,211	9,481
Total Revenues	<u>240</u>	<u>40,779</u>	<u>7,211</u>	<u>48,230</u>
EXPENDITURES				
Current:				
Accounting	17,920	-	1,021	18,941
Auditing	7,800	-	-	7,800
Engineering	-	-	8,059	8,059
Insurance	6,324	-	-	6,324
Legal	15,466	-	5,913	21,379
Recognition Of Costs	-	-	4,107,451	4,107,451
Debt Service:				
Bond Interest - Series 2024A	-	102,536	-	102,536
Total Expenditures	<u>47,510</u>	<u>102,536</u>	<u>4,122,444</u>	<u>4,272,490</u>
OTHER FINANCING SOURCES (USES)				
Acceptance Of Reimbursable Costs	-	-	4,107,451	4,107,451
Recognition Of Costs	-	-	(4,107,451)	(4,107,451)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(47,270)	(61,757)	(4,115,233)	(4,224,260)
Fund Balances - Beginning of Year	<u>62,000</u>	<u>1,666,500</u>	<u>6,206,281</u>	<u>7,934,781</u>
FUND BALANCES - END OF YEAR	<u>\$ 14,730</u>	<u>\$ 1,604,743</u>	<u>\$ 2,091,048</u>	<u>\$ 3,710,521</u>

See accompanying Notes to Basic Financial Statements.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ (4,224,260)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Recognition of Costs 4,107,451

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Acceptance of Reimbursable Costs (4,107,451)
Repayment of Reimbursable Costs 4,107,451

Deferred inflows of resources are not collected and available in the current period and, therefore, are not recorded as revenues in the funds

Property Taxes - Change in Deferred Inflows of Resources 788

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest Payable - Change in Liability (287,423)
Bond Accretion (130,216)

Changes in Net Position of Governmental Activities \$ (533,660)

See accompanying Notes to Basic Financial Statements.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Interest Income	5,000	240	(4,760)
Total Revenues	<u>5,000</u>	<u>240</u>	<u>(4,760)</u>
EXPENDITURES			
Accounting	20,000	17,920	2,080
Auditing	7,000	7,800	(800)
Insurance	4,000	6,324	(2,324)
Legal	20,000	15,466	4,534
Total Expenditures	<u>51,000</u>	<u>47,510</u>	<u>3,490</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(46,000)	(47,270)	(1,270)
OTHER FINANCING SOURCES (USES)			
Transfers To Other Fund	(11,000)	-	11,000
Total Other Financing Sources (Uses)	<u>(11,000)</u>	<u>-</u>	<u>11,000</u>
NET CHANGE IN FUND BALANCE	(57,000)	(47,270)	9,730
Fund Balance - Beginning of Year	<u>182,414</u>	<u>62,000</u>	<u>(120,414)</u>
FUND BALANCE - END OF YEAR	<u>\$ 125,414</u>	<u>\$ 14,730</u>	<u>\$ (110,684)</u>

See accompanying Notes to Basic Financial Statements.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

On April 3, 2024, the City Council of Salem (the City) in Utah County, Utah (the County), acting in its capacity as the creating authority for the NS Public Infrastructure District No. 2 (the District), adopted a resolution creating the District. On May 2, 2024, the Office of the Lieutenant Governor of the State of Utah issued a Certificate of Creation for the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and inter-governmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and sales and use taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its budget for the year ended December 31, 2025.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain qualifying commercial paper, repurchase agreements and bankers' acceptances, and negotiable or nonnegotiable deposits of qualified depositories and the Utah Public Treasurers' Investment Fund. The Utah Public Treasurers' Investment Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments for the District are reported at fair value determined on quoted market prices. Changes in the fair value of investments are recognized as a component of investment income.

Investments are carried at fair value.

Property Taxes

The County assesses, bills, collects, and distributes property taxes for all taxing jurisdictions within its boundaries, including cities, school districts, and special districts, in accordance with state law. Property taxes are collected on two types of assets: 1) personal property, which represents business assets other than real estate, and 2) real estate and improvements. Uncollected taxes, including delinquent amounts, are deemed to be substantially collectible or recoverable through a tax sale process that is conducted when property taxes have been delinquent for five years. Accordingly, no allowance for doubtful tax accounts is considered necessary. Property taxes become a lien against the property as of January 1 in the year in which taxes are due. Property valuation notices are mailed to property owners in July.

Property owners can appeal the assessed valuation no later than September 15. Tax notices are mailed to property owners on or before November 1. Payments are due November 30.

Property taxes due in November that are uncollected by the following March are reported as a property tax receivable on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are considered to be a deferred inflow of resources. The County Treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a monthly basis. Tax collections are recorded as funds held in trust until disbursement. The County adheres to the following procedures set forth by the Utah State Tax Commission:

January 1: Lien Date – All property appraised based upon situs and status as of this date (real and personal).

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

May 22: County Assessor completes assessment roll and delivers roll to County Auditor with required signed statement.

June 22: All taxing entities with fiscal years ending in June adopt tentative budgets and proposed tax rates and report them to the County Auditor.

July 22: County Auditor prepares and mails Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners. Notice is to include date, time, and place of public budget hearings.

August 1: Taxing entities proposing judgment levies and tax increases are to advertise the tax increase and/or judgment levy, hold public hearings, adopt by resolution final budgets and tax rates, and report this information to the County Auditor.

September 15: Applications for appeal of locally assessed real property are due to the County's Board of Equalization. (Hearings are held and decisions made through October 1.)

September 30: Utah State Tax Commission approves certified and proposed tax rates for each taxing entity.

October 1: Calendar-year taxing entities notify County governing body of intent to increase property taxes for the next calendar year. Calendar-year taxing entities must meet statutory noticing requirements which include a public meeting fourteen or more days before the November election, mailings to property owners seven or more days before the November election, and a twice-advertised public hearing.

November 1: County Auditor delivers the equalized assessment roll to the County Treasurer with affidavit and charges the County Treasurer to account for all taxes levied. County Treasurer mails tax notices.

December 1: Unpaid taxes on real property become delinquent and penalty is applied.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of net investment in capital assets.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 24,668
Cash and Investments - Restricted	3,657,953
Total Cash and Investments	\$ 3,682,621

Cash and investments as of December 31, 2025 consist of the following:

Deposits with Financial Institutions	\$ 3,682,621
Total Cash and Investments	\$ 3,682,621

Deposits with Financial Institutions

The District's deposit and investment activities are governed by the Utah Money Management Act (Utah Code, Title 51, Chapter 7). The State of Utah Money Management Council has the responsibility to advise the Utah State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state of Utah, and review the rules adopted under the authority of the Utah Money Management Act that relate to the deposit and investment of public funds. The Utah Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government, and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

At December 31, 2025, the District had a bank and carrying balance of \$3,682,621.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District may not recover its deposits. The District does not have a formal policy for custodial credit risk. Throughout the year and as of December 31, 2025, The District had deposits in excess of the FDIC insurance limit of \$250,000. The District has not experienced any losses as a result of these concentrations.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The State of Utah Money Management Council (the Council) has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds. The District follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. Statutes authorize the District to invest in: negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by United States government-sponsored enterprises (United States Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed-rate corporate obligations and variable-rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurers’ Investment Fund.

As of December 31, 2025, the District had no investments.

NOTE 4 CAPITAL ASSETS

An analysis of changes in capital assets for the year ended December 31, 2025 follows:

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Construction in Progress	\$ -	\$ 4,107,451	\$ -	\$ 4,107,451
Total Capital Assets, Not Being Depreciated	<u>\$ -</u>	<u>\$ 4,107,451</u>	<u>\$ -</u>	<u>\$ 4,107,451</u>

The capital assets constructed by the District will be dedicated to the City or other appropriate governmental entity or owners’ association in a manner consistent with the applicable provisions of the City Code. The costs of all capital assets transferred to other governmental entities will be removed from the District’s financial records.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District’s outstanding long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
General Obligation Bonds:					
Series 2024A-1	\$ 5,210,000	\$ -	\$ -	\$ 5,210,000	\$ -
Series 2024A-2	1,622,919	130,216	-	1,753,135	-
Subordinate General Obligation Bonds:					
Series 2024B	1,638,000	-	-	1,638,000	-
Accrued Interest:					
Series 2024B	19,134	50,368	-	69,502	-
Subtotal Bonds Payable	<u>8,490,053</u>	<u>180,584</u>	<u>-</u>	<u>8,670,637</u>	<u>-</u>
Other Debts:					
Developer Advance - Capital	-	4,107,451	4,107,451	-	-
Subtotal Other Debts	-	4,107,451	4,107,451	-	-
Total Long-Term Obligations	<u>\$ 8,490,053</u>	<u>\$ 4,288,035</u>	<u>\$ 4,107,451</u>	<u>\$ 8,670,637</u>	<u>\$ -</u>

The details of the District’s long-term obligations are as follows:

Limited Tax General Obligation Bonds, Series 2024 (the Bonds)

Proceeds of the Bonds

The District issued the 2024A-1 Senior Bonds and 2024A-2 Senior Bonds on November 12, 2024, in the par amount of \$5,210,000 and in the original principal amount of \$1,622,919, accreting to a principal amount of \$2,660,000, respectively. The District also issued Subordinate Bonds on November 12, 2024, in the amount of \$1,638,000. The 2024A-1 Senior Bonds and the 2024A-2 Senior Bonds Mature on December 1, 2055, and the Subordinate Bonds mature on December 15, 2055.

Proceeds from the sale of the Bonds will be used for the purposes of financing or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the development. A portion of the proceeds of the 2024A-1 Senior Bonds and the 2024A-2 Senior Bonds will be used to fund (a) the Initial Deposit to the Surplus Fund, (b) a portion of the interest to accrue on the 2024A-1 Senior Bonds (but only from proceeds of the 2024A-1 Senior Bonds), (c) a Deposit to a Working Capital Fund, and (d) the costs of issuing the Bonds.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2024 (the Bonds) (Continued)

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2029, to November 30, 2030	3.00%
December 1, 2030, to November 30, 2031	2.00
December 1, 2031, to November 30, 2032	1.00
December 1, 2032, and thereafter	0.00

Details of the 2024A-1 Senior Bonds

The 2024A-1 Senior Bonds will bear interest at the rate of 6.50%, payable annually to the extent of Senior Pledged Revenue available on March 1 (the "Interest Payment Date"), beginning on March 1, 2025. Annual mandatory sinking fund principal payments are due on March 1, beginning on March 1, 2032. The 2024A-1 Senior Bonds mature on March 1, 2055.

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge on March 1, 2065 (the "Senior Termination Date"). To the extent interest on any Bond is not paid when due, such interest shall compound annually on each March 1 at the rate then borne by the Bond. The District shall not be obligated to pay more than the amount permitted by law in repayment of the 2024A-1 Senior Bonds.

If any amount of principal of or interest on the 2024A-1 Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available therefor on March 1, 2065, the 2024A-1 Senior Bonds will be deemed discharged.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2024 (the Bonds) (Continued)

2024A-1 Bonds Debt Service

Minimum annual principal and interest payments required to retire the Series 2024A-1 G.O. Bonds are as follows:

<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
2031-2035	230,000	1,676,025	1,906,025
2036-2040	525,000	1,556,750	2,081,750
2041-2045	835,000	1,348,100	2,183,100
2046-2050	1,270,000	1,024,400	2,294,400
2051-2055	2,350,000	539,175	2,889,175
Total	<u>\$ 5,210,000</u>	<u>\$ 7,837,700</u>	<u>\$ 13,047,700</u>

Details of the 2024A-2 Senior Bonds

The 2024A-2 Senior Bonds will be issued as capital appreciation bonds, convertible to current interest bonds on March 1, 2033. Prior to conversion to current interest bonds, the 2024A-2 Senior Bonds accrete in value at an assumed annual yield equal to 7.00% from their date of issuance.

The accreted amount compounds annually on March 1, beginning on March 1, 2025, to and including March 1, 2033. Such accreted amount, together with the original principal amount of the 2024A-2 Senior Bonds, bears additional interest at the interest rate borne by the 2024A-2 Senior Bonds upon conversion to current interest bonds. The accreted 2023A-2 Bonds principal balance at conversion on March 1, 2033, will be \$2,660,000.

Upon conversion to current interest bonds, interest is payable annually on March 1 commencing on March 1, 2033. Annual principal payments are due on March 1 of each year, with a final maturity on March 1, 2055.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2024 (the Bonds) (Continued)

2024A-2 Bonds Debt Service

Minimum annual principal and interest payments required to retire the Series 2024A-2 G.O. Bonds are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ -	\$ -
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031-2035	100,000	552,300	652,300
2036-2040	280,000	861,000	1,141,000
2041-2045	435,000	743,400	1,178,400
2046-2050	675,000	559,300	1,234,300
2051-2055	1,170,000	280,000	1,450,000
Total	<u>\$ 2,660,000</u>	<u>\$ 2,996,000</u>	<u>\$ 5,656,000</u>

Details of the Subordinate Bonds

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. Rather, principal on the Subordinate Bonds is payable annually on each March 15, commencing March 15, 2025, from, and to the extent of available Subordinate Pledged Revenue. The Subordinate Bonds mature on March 15, 2055.

The Subordinate Bonds will bear interest at the rate of 9.00% per annum payable annually on each March 15, but only from and to the extent of available Subordinate Pledged Revenue, beginning on March 15, 2025.

To the extent principal of any Subordinate Bond is not paid when due, such principal shall remain outstanding until the earlier of its payment or March 15, 2065 (the "Subordinate Termination Date").

In the event interest on any Subordinate Bond is not paid when due, such interest is to compound annually on each March 15, at the rate then borne by the Subordinate Bond.

All of the Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Termination Date, regardless of the amount of principal and interest paid prior to such date.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2024 (the Bonds) (Continued)

Senior Pledged Revenue

The Senior Bonds are secured by and payable solely from the Senior Pledged Revenue consisting of the following revenues: (a) all Senior Property Tax Revenue; (b) all Senior Pioneering Agreement Revenue; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Senior Property Tax Revenues

Senior Property Tax Revenues means all moneys derived from imposition by the District of the Senior Required Mill Levy (including the allocation to the District of any uniform fees related to personal property). Senior Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Senior Required Mill Levy

The Senior Indenture defines the Senior Required Mill Levy as ad valorem property tax on the taxable property in the District each year in an amount which, if imposed by the District for collection in the current calendar year, after the deduction of the Administrative Expenses and Trustee Fees, would generate Senior Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable (less any amount thereof for which amounts are then on deposit in the Senior Bond Fund and the Surplus Fund) but not in excess of 0.004 per dollar of taxable value.

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy shall be equal to 0.004 per dollar of taxable value, or such lesser amount which, if imposed by the District for collection in the current calendar year, after the deduction of the Administrative Expenses and Trustee Fees, would generate Senior Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, and to fully fund the Surplus Fund to the Maximum Surplus Amount, or which, when combined with moneys then on deposit in the Senior Bond Fund and the Surplus Fund, will pay the Bonds in full in the Bond Year such levy is collected.

Pursuant to 17D-4-301(8) of the Utah Code, in the event of any statutory change in the methodology of assessment or collection of property taxes in a manner that reduces the Senior Property Tax Revenues, the 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 Outstanding Bonds.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2024 (the Bonds) (Continued)

Subordinate Pledged Revenue

The Subordinate Bonds are secured by and payable solely from the Subordinate Pledged Revenue consisting of the following revenues: (a) all Subordinate Property Tax Revenue; (b) all Subordinate Pioneering Agreement Revenue; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Subordinate Property Tax Revenues

Subordinate Property Tax Revenues means all moneys derived from imposition by the District of the Subordinate Required Mill Levy (including the allocation to the District of any uniform fees related to personal property). Subordinate Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Subordinate Required Mill Levy

The Subordinate Indenture defines the Subordinate Required Mill Levy as an ad valorem property tax on the taxable property in the District each year in an amount equal to 0.004 per dollar of taxable value less the Senior Obligation Mill Levy, or such lesser amount which, if imposed by the District for collection in the current calendar year, after the deduction of the Administrative Expenses and Trustee Fees, would generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the Subordinate Bonds in full in the Fiscal Year such levy is collected.

Pursuant to 17D-4-301(8) of the Utah Code, in the event of any statutory change in the methodology of assessment or collection of property taxes in a manner that reduces the Subordinate Property Tax Revenues, the District may charge a rate sufficient to receive the amount of property taxes or assessment the District would have received before the statutory change in order to pay the debt service on Outstanding Subordinate Bonds.

Pioneering Agreement Revenue

Pursuant to the Senior Indenture, Senior Pioneering Agreement Revenue is defined as all revenues received by the District pursuant to a Pioneering Agreement which are attributable to costs paid from the Bonds, Parity Bonds, or Subordinate Obligations.

Pursuant to the Subordinate Indenture, Subordinate Pioneering Agreement Revenue is defined as all revenues received by the District pursuant to a Pioneering Agreement which are attributable to costs paid from the Bonds, Senior Obligations, Parity Bonds, or Junior Lien Obligations, after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of any Senior Obligations.

The forecast does not project any Pioneering Agreement Revenue.

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2024 (the Bonds) (Continued)

Additional Security for the 2024A-1(2) Senior Bonds

The 2024A-1(2) Senior Bonds are additionally secured by capitalized interest which will be funded from proceeds of the 2024A-1(2) Senior Bonds in the amount of \$1,015,950.

Senior Surplus Fund

The 2024A-1(2) Senior Bonds and 2024A-2(2) Senior Bonds are additionally secured by the Senior Surplus Fund. Except for the Initial Deposit of \$485,000 from the 2024A-1(2) Senior Bonds and \$162,000 from the 2024A-2(2) Senior Bonds, the Senior Surplus Fund will not be funded from proceeds of the 2024A-1(2) Senior Bonds and 2024A-2(2) Senior Bonds but shall be funded solely by Senior Pledged Revenue that is not needed to pay debt service on the Bonds in any year, up to the Maximum Surplus Amount of \$1,366,584. The forecast expects the Senior Surplus Fund to be filled to the Maximum Surplus Amount in 2032.

Senior Surplus Fund

The Senior Surplus Fund is to be maintained until the earlier of the date on which the 2024A-1(2) Senior Bonds and 2024A-2(2) Senior Bonds are fully redeemed or the maturity date of the 2024A-1(2) Senior Bonds and 2024A-2(2) Senior Bonds, at which time any amounts on deposit in the Senior Surplus Fund will be applied to the payment of the 2024A-1(2) Senior Bonds and 2024A-2(2) Senior Bonds.

The District acknowledges that State law places certain restrictions upon the use of amounts appropriated or added to the tax levy to pay the principal of, premium, and interest on any bonds, and any then existing pledge or encumbrance on such revenues.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2025 as follows:

	Governmental Activities
Restricted Net Position:	
Capital Projects Reserve	\$ 36,829
Total Restricted Net Position	\$ 36,829

The District has a deficit unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which are being conveyed to other governmental entities.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 7 RELATED PARTY

The developer of the property which constitutes the District is Woodside Homes of Utah, LLC, a Utah limited liability corporation (the Developer). All of the members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

Funding and Reimbursement Agreement

The District and the Developer will enter into a Funding and Reimbursement Agreement (Administration) (the "Administration Funding Agreement"). Under the Funding and Reimbursement Agreement (Administration), the Developer has agreed to loan to the District an amount not to exceed the aggregate of \$30,000 per annum (the "Annual Loan Cap") for two years, up to \$60,000 (as the same may be subsequently increased as set forth below, or by agreement of the Parties and execution of a supplement or addendum to this Agreement) (the "Maximum Loan Amount").

These funds will be loaned to the District in one or a series of installments (each, a "Loan Advance") and will be available to the District through December 31, 2025 (as the same may be amended in accordance with the Funding and Reimbursement Agreement (Administration), the "Loan Obligation Termination Date").

With respect to Loan Advances made under the Funding and Reimbursement Agreement (Administration) prior to the earlier of payment in full thereof, or the issuance of any Reimbursement Obligation reflecting such Advances, interest shall accrue on such amounts, as simple interest with no compounding at the rate of the MMD Interest Rate (the "Interest Rate"). Such Interest Rate shall adjust on an annual basis.

As of December 31, 2025, \$0 are outstanding under this agreement.

Infrastructure Acquisition and Reimbursement Agreement

On September 5, 2024, the District entered into the Infrastructure Acquisition and Reimbursement Agreement with the Developer. This agreement establishes guidelines for evaluating any request from the Developer to accept costs which may be eligible for reimbursement under this agreement. Eligible District costs shall be certified by the District's accountant and engineer. The District shall reimburse the Developer within 30 days following the acceptance of the eligible District costs. Amounts outstanding shall accrue interest at the Municipal Market Data "AAA" General Obligation Yield Curve, 30-Year constant maturity plus 400 basis points.

As of December 31, 2025, \$0 are outstanding under this agreement.

NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 AGREEMENTS

City Interlocal Agreement

The District has entered into a City Interlocal Agreement (the Interlocal Agreement), dated September 5, 2024, with the City, which, among other things, restates provisions of the Governing Document regarding the limitations on the District's exercise of powers. The Interlocal Agreement generally functions as a contractual obligation of the District to abide by the limitations imposed on it by the City. Some or all of the Public Improvements constructed within the District will be transferred to the City.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ -	\$ 38,749	\$ 38,749
Interest Income	50,000	2,030	(47,970)
Total Revenues	<u>50,000</u>	<u>40,779</u>	<u>(9,221)</u>
EXPENDITURES			
Paying Agent Fees	11,000	-	11,000
Bond Interest - Series 2024A	102,536	102,536	-
Total Expenditures	<u>113,536</u>	<u>102,536</u>	<u>11,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,536)	(61,757)	1,779
OTHER FINANCING SOURCES (USES)			
Transfers From Other Funds	11,000	-	(11,000)
Total Other Financing Sources (Uses)	<u>11,000</u>	<u>-</u>	<u>(11,000)</u>
NET CHANGE IN FUND BALANCE	(52,536)	(61,757)	(9,221)
Fund Balance - Beginning of Year	<u>1,663,450</u>	<u>1,666,500</u>	<u>3,050</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,610,914</u></u>	<u><u>\$ 1,604,743</u></u>	<u><u>\$ (6,171)</u></u>

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Interest Income	\$ 50,000	\$ 25,000	\$ 7,211	\$ (17,789)
Total Revenues	50,000	25,000	7,211	(17,789)
EXPENDITURES				
Accounting	-	3,500	1,021	2,479
Engineering	15,000	9,500	8,059	1,441
Legal	-	8,900	5,913	2,987
Recognition Of Costs	5,580,381	6,065,678	4,107,451	1,958,227
Contingency	-	15,500	-	15,500
Total Expenditures	5,595,381	6,103,078	4,122,444	1,980,634
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,545,381)	(6,078,078)	(4,115,233)	1,962,845
OTHER FINANCING SOURCES (USES)				
Acceptance Of Reimbursable Costs	5,580,381	6,065,678	4,107,451	(1,958,227)
Repayment Of Reimbursable Costs	(5,580,381)	(6,065,678)	(4,107,451)	1,958,227
Transfers To Other Fund	-	(62,620)	-	62,620
Total Other Financing Sources (Uses)	-	(62,620)	-	62,620
NET CHANGE IN FUND BALANCE	(5,545,381)	(6,140,698)	(4,115,233)	2,025,465
Fund Balance - Beginning of Year	5,545,381	6,206,281	6,206,281	-
FUND BALANCE - END OF YEAR	\$ -	\$ 65,583	\$ 2,091,048	\$ 2,025,465

OTHER INFORMATION

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2025**

\$5,210,000
Limited Tax General Obligation Bonds,
Series 2024A-1
Dated November 12, 2024
Interest Rate - 6.500%
Annual Payments Due March 1

Year Ending December 31,	Principal	Interest	Annual Debt Service
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	<u>\$ 5,210,000</u>	<u>\$ 7,837,700</u>	<u>\$ 13,047,700</u>

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2025**

\$1,622,919.20 (Value at Issuance)
\$2,660,000 (Value at Conversion Date)
Convertible Capital Appreciation Bonds
Series 2024A-2
Dated November 12, 2024
Interest Rate Fixed 7.0%
Interest and Principal Payable March 1

Year Ending December 31.	Value at Issuance \$1,622,919.20	Accretion	Accreted Value	Principal	Interest	Total
2026		115,976	1,772,464	-	-	-
2027		124,062	1,896,527	-	-	-
2028		132,761	2,029,287	-	-	-
2029		142,044	2,171,331	-	-	-
2030		151,992	2,323,324	-	-	-
2031		162,632	2,485,956	-	-	-
2032		174,044	2,660,000	-	-	-
2033		-	-	30,000	186,200	216,200
2034		-	-	30,000	184,100	214,100
2035		-	-	40,000	182,000	222,000
2036		-	-	45,000	179,200	224,200
2037		-	-	50,000	176,050	226,050
2038		-	-	55,000	172,550	227,550
2039		-	-	60,000	168,700	228,700
2040		-	-	70,000	164,500	234,500
2041		-	-	70,000	159,600	229,600
2042		-	-	75,000	154,700	229,700
2043		-	-	90,000	149,450	239,450
2044		-	-	95,000	143,150	238,150
2045		-	-	105,000	136,500	241,500
2046		-	-	115,000	129,150	244,150
2047		-	-	120,000	121,100	241,100
2048		-	-	135,000	112,700	247,700
2049		-	-	145,000	103,250	248,250
2050		-	-	160,000	93,100	253,100
2051		-	-	170,000	81,900	251,900
2052		-	-	185,000	70,000	255,000
2053		-	-	200,000	57,050	257,050
2054		-	-	215,000	43,050	258,050
2055		-	-	400,000	28,000	428,000
Total		<u>\$ 1,003,512</u>	<u>\$ 15,338,890</u>	<u>\$ 2,660,000</u>	<u>\$ 2,996,000</u>	<u>\$ 5,656,000</u>

COMPLIANCE REPORTING

Placeholder 1 for Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Placeholder 2 for Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Placeholder 1 for Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Compliance Audit Guide

Placeholder 2 for Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Compliance Audit Guide

Placeholder 1 for Schedule of Findings and Recommendations

Placeholder 2 for Schedule of Findings and Recommendations

Placeholder for Response to the Findings and Recommendations

RESOLUTION
OF THE BOARD OF TRUSTEES OF THE
NS PUBLIC INFRASTRUCTURE DISTRICT NO. 2
IDENTIFYING AN ANCHOR LOCATION FOR MEETINGS OF THE BOARD

WHEREAS, the NS Public Infrastructure District No. 2 (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Utah, duly organized and existing pursuant to the Special District Act, Title 17B, Chapter 1, Utah Code Annotated 1953 and the Public Infrastructure District Act, Title 17D, Chapter 4, Utah Code Annotated 1953, as amended from time to time and any successor statute thereto; and

WHEREAS, pursuant to [Utah Code Section 17B-1-310\(2\)](#), the District’s Board of Trustees (the “**Board**”) shall hold such regular and special meetings as the Board determines at a location that the Board determines; and

WHEREAS, pursuant to [Utah Code Section 17D-4-205\(2\)\(a\)](#) as amended by H.B. 17, the Board of a public infrastructure district is required to hold meetings at a location within the boundaries of the District subject to certain exceptions, was approved by the Utah Legislature and goes into effect on May 6, 2026 (“**H.B. 17**”); and

WHEREAS, pursuant to [Utah Code Section 17D-4-205\(2\)\(a\)](#) as amended by H.B. 17, the Board shall hold regular and special meetings at a location within the boundaries of the District; and

WHEREAS, pursuant to [Utah Code Section 17D-4-205\(2\)\(b\)](#) as amended by H.B. 17, the Board may hold regular and special meetings at a location outside the boundaries of the District if: (i)(A) there are no locations in the public infrastructure district that are able to accommodate the Board and the public that the Board reasonably expects will attend the meeting; and (B) the location the Board selects is near the public infrastructure district; (ii) it is not practicable to hold the regular or special meeting at a location within the boundaries of the public infrastructure district due to emergency circumstances; or (iii) the location the Board selects is within the boundaries of the creating entity; and

WHEREAS, the Board desires to adopt this Resolution stating where the Board will hold regular and special meetings pursuant to Utah law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. Recitals Incorporated. The recitals are incorporated herein by reference and made a part of this Resolution.

2. Identified Anchor Meeting Location. The Board, considering the location of the District and the requirements of Utah law, hereby determines that there are no locations within the boundaries of the District that are able to accommodate the Board, and the public that the Board reasonably expects will attend the regular and special meetings. Accordingly, the Board hereby

designates the anchor location for regular and special meetings as the [REDACTED] (the “**Anchor Location**”), which is near the District and is located within the boundaries of the District’s creating entity.

3. Meeting Participation Electronically. Pursuant to [Utah Code Section 52-4-207](#) the Board previously adopted a Resolution Adopting Written Procedures Governing Electronic Meetings (the “**Electronic Meeting Resolution**”). Pursuant to the Electronic Meeting Resolution and this Resolution, the District may continue to hold electronic meetings without any Trustees physically present at the Anchor Location, provided someone representing the District is present at the Anchor Location to assist members of the public who may attend the open portions of the meeting and ensure the meeting can be heard at the Anchor Location.

4. Repeal of Inconsistent Resolutions. All prior resolutions, or parts of resolutions, adopted by the District that are inconsistent or in conflict with this Resolution are hereby repealed to the extent of such inconsistency or conflict.

5. Effectiveness. This Resolution shall become effective on May 6, 2026 and shall apply to all regular and special meetings held on or after May 6, 2026.

[Remainder of Page Intentionally Left Blank, Signature Page Follows]

ADOPTED THIS 15TH DAY OF APRIL, 2026.

DISTRICT:

**NS PUBLIC INFRASTRUCTURE
DISTRICT NO. 2**, a quasi-municipal
corporation and political subdivision of the State
of Utah

By: _____
Officer of the District

Attest:

By: _____