ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT

FINANCIAL STATEMENTS

MARCH 31, 2026

Arrowhead Springs Public Infrastructure District
Balance Sheet - Governmental Funds
March 31, 2026

	General	Debt Service Series 2025 SA	Debt Service Series 2025 GO	Capital Projects	Year To Date
Assets					
UMB LTGO SR Bond Fund 2025 GO	$ -	$ -	$ 2,734.44	$ -	$ 2,734.44
UMB Reserve Fund 2025 SA	-	1,962,962.61	-	-	1,962,962.61
UMB LTGO SR Surplus Fund 2025 GO	-	-	1,776,119.23	-	1,776,119.23
UMB Capitalized Interest Fund 2025 SA	-	1,488,866.98	-	-	1,488,866.98
UMB Construction Fund 2025 SA	-	-	-	4,422.41	4,422.41
UMB LTGO SR Project Fund 2025 GO	-	-	-	17,856,915.98	17,856,915.98
UMB Assessment Fund 2025 SA	-	109,512.96	-	-	109,512.96
UMB LTGO SR COI Fund 2025 GO	-	-	-	10,343.78	10,343.78
UMB Working Capital Fund 2025 SA	26,311.08	-	-	60,573.75	86,884.83
Assessment Receivable	-	24,881,603.90	-	-	24,881,603.90
Total Assets	$ 26,311.08	$ 28,442,946.45	$ 1,778,853.67	$ 17,932,255.92	$ 48,180,367.12
Liabilities					
Accounts Payable	$ 2,945.02	$ -	$ -	$ 5,000.00	$ 7,945.02
Total Liabilities	2,945.02	-	-	5,000.00	7,945.02
Deferred Inflows of Resources					
Deferred Assessment Revenue	-	24,881,603.90	-	-	24,881,603.90
Total Deferred Inflows of Resources	-	24,881,603.90	-	-	24,881,603.90
Fund Balances	23,366.06	3,561,342.55	1,778,853.67	17,927,255.92	23,290,818.20
Liabilities and Fund Balances	$ 26,311.08	$ 28,442,946.45	$ 1,778,853.67	$ 17,932,255.92	$ 48,180,367.12

Arrowhead Springs Public Infrastructure District
General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Period Ending March 31, 2026

	Annual Budget	Actual	Variance
Revenues			
Interest Income	$ 800.00	$ 965.72	$ (165.72)
Total Revenue	800.00	965.72	(165.72)
Expenditures			
Accounting	18,000.00	5,454.65	12,545.35
Auditing	8,500.00	-	8,500.00
Insurance	6,500.00	180.37	6,319.63
Legal	18,000.00	-	18,000.00
Total Expenditures	51,000.00	5,635.02	45,364.98
Other Financing Sources (Uses)			
Transfers to other fund	(8,000.00)	-	(8,000.00)
Transfers from other funds	73,000.00	-	73,000.00
Total Other Financing Sources (Uses)	65,000.00	-	65,000.00
Net Change in Fund Balances	14,800.00	(4,669.30)	19,469.30
Fund Balance - Beginning	9,108.00	28,035.36	(18,927.36)
Fund Balance - Ending	$ 23,908.00	$ 23,366.06	$ 541.94

See selected information and the summary of significant assumptions.

SUPPLEMENTARY INFORMATION

Arrowhead Springs Public Infrastructure District
Debt Service Fund Series 2025 SA Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Period Ending March 31, 2026

	Annual Budget	Actual	Variance
Revenues			
Interest Income	$ 120,000.00	$ 30,864.50	$ 89,135.50
Assessment Fee Revenue	1,416,270.00	109,459.12	1,306,810.88
Total Revenue	1,536,270.00	140,323.62	1,395,946.38
Expenditures			
Paying agent fees	4,000.00	-	4,000.00
Bond interest	1,406,250.00	-	1,406,250.00
Total Expenditures	1,410,250.00	-	1,410,250.00
Other Financing Sources (Uses)			
Transfers from other funds	4,000.00	-	4,000.00
Total Other Financing Sources (Uses)	4,000.00	-	4,000.00
Net Change in Fund Balances	130,020.00	140,323.62	(10,303.62)
Fund Balance - Beginning	3,393,343.00	3,421,018.93	(27,675.93)
Fund Balance - Ending	$ 3,523,363.00	$ 3,561,342.55	$ (37,979.55)

Arrowhead Springs Public Infrastructure District
Debt Service Fund Series 2025 GO Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Period Ending March 31, 2026

	Annual Budget	Actual	Variance
Revenues			
Interest Income	$ 145,000.00	$ 15,852.39	$ 129,147.61
City Impact Fees	1,105,510.00	-	1,105,510.00
Total Revenue	1,250,510.00	15,852.39	1,234,657.61
Expenditures			
Paying agent fees	4,000.00	-	4,000.00
Bond interest	617,550.00	367,462.50	250,087.50
Total Expenditures	621,550.00	367,462.50	254,087.50
Other Financing Sources (Uses)			
Transfers from other funds	4,000.00	-	4,000.00
Total Other Financing Sources (Uses)	4,000.00	-	4,000.00
Net Change in Fund Balances	632,960.00	(351,610.11)	984,570.11
Fund Balance - Beginning	4,483,750.00	2,130,463.78	2,353,286.22
Fund Balance - Ending	$ 5,116,710.00	$ 1,778,853.67	$ 3,337,856.33

Arrowhead Springs Public Infrastructure District
Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Period Ending March 31, 2026

	Annual Budget	Actual	Variance
Revenues			
Interest Income	$ 50,000.00	$ 197,283.98	$ (147,283.98)
Total Revenue	50,000.00	197,283.98	(147,283.98)
Expenditures			
Engineering	-	8,091.25	(8,091.25)
Capital outlay	27,130,590.00	8,801,481.03	18,329,108.97
Total Expenditures	27,130,590.00	8,809,572.28	18,321,017.72
Net Change in Fund Balances	(27,080,590.00)	(8,612,288.30)	(18,468,301.70)
Fund Balance - Beginning	27,080,590.00	26,539,544.22	541,045.78
Fund Balance - Ending	$ -	$ 17,927,255.92	$ (17,927,255.92)

See selected information and the summary of significant assumptions.

Notes to the Reader:

The financial statements of the District have been prepared in accordance with the criteria established by the Governmental Accounting Standards Board ("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 December 4, 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.

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.

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 selected information and the summary of significant assumptions.

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

$29,397,000 Limited Tax General Obligation and Special Revenue Bonds
Series 2025
Dated December 16, 2025
Interest Rate - 6.000%
Interest and Principal Payable March 1

Year Ending December 31,	Principal	Interest	Total
2025	$ -	$ -	$ -
2026	-	367,463	367,463
2027	-	1,763,820	1,763,820
2028	1,627,000	1,763,820	3,390,820
2029	2,942,000	1,666,200	4,608,200
2030	1,579,000	1,489,680	3,068,680
2031	2,118,000	1,394,940	3,512,940
2032	2,519,000	1,267,860	3,786,860
2033	2,612,000	1,116,720	3,728,720
2034	2,720,000	960,000	3,680,000
2035	2,412,000	796,800	3,208,800
2036	1,920,000	652,080	2,572,080
2037	2,314,000	536,880	2,850,880
2038	1,946,000	398,040	2,344,040
2039	806,000	281,280	1,087,280
2040	865,000	232,920	1,097,920
2041	3,017,000	181,020	3,198,020
Total	$ 29,397,000	$ 14,869,523	$ 44,266,523

See selected information and the summary of significant assumptions.