



MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

May 29, 2015

Via electronic submission to emma.msrb.org

Re: Supplemental Continuing Disclosure Undertaking of Mountain Regional Water Special Service District of Summit County, UT (the "District")

To Whom It May Concern:

In accordance with the provisions of paragraph (b) (5) (i) (A) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the District hereby files the enclosed (i) the Financial Statements of the District for the Fiscal Year Ended December 31, 2014 (the "2014 FS"); and (ii) the Supplemental Continuing Disclosure Memorandum of the District dated on or before June 28, 2015 (the "SCDM"). This letter, the 2014 FS, and the SCDM constitute the annual financial information and operating data concerning the District to be filed in compliance with the District's obligation under certain agreements entered into in connection with the offering of the following securities described in the following Official Statements:

Public Issue Parity Bonds

The District has the following outstanding public issue parity bonds:

Series 2009B	Water Revenue Refunding Bonds	\$ 9,045,000
CUSIP: 62426V		
BD8, AZ0, BA4, BB2, BC0		
Series 2012	Water Revenue Refunding Bonds	\$ 27,270,000
CUSIP: 62426V		
BE6, BF3, BG1, BH9, BJ5, BK2, BL0, BM8, BN6, BP1, BQ9, BR7, BT3, BV8		
Series 2014	Water Revenue Bonds	\$ 8,140,000
CUSIP: 62426V		
BW6, BX4, BY2, BZ9, CA3, CB1, CC9, CD7, CE5, CF2, CG0, CH8, CJ4		

Direct Purchase Parity Bonds

The District has issued the following outstanding direct purchase parity bonds to the State of Utah, for which no Official Statements were prepared, but disclosure is still required pursuant to the related supplemental indentures:

Series 2008	Water Revenue Bond	\$ 3,026,000
Series 2011A	Water Revenue Refunding Bonds	\$ 679,000
Series 2011B	Water Revenue Bonds	\$ 1,278,000

To the best of our knowledge, no event described in paragraph (b) (5) (i) (c) of the Rule has occurred that is required to be disclosed with respect to any of the above-described securities.

Sincerely,
Mountain Regional Water Special Service District

A handwritten signature in black ink, appearing to read "Scott Green", with a long horizontal flourish extending to the right.

Scott Green
Chief Financial Officer

**Supplemental
Continuing Disclosure Memorandum
for**



**MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT
of Summit County, Utah**

Filed with

Electronic Municipal Market Access
emma.msrb.org

Submitted and dated as of May 29, 2015
(Annual submission required by June, 29 2015)

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1. GENERAL

A. Contact Person for Mountain Regional Water Special Service District (District)

As of the date of this Continuing Disclosure, the chief contact person for the District is:

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Mountain Regional Water
6421 N Business Park Loop Road, Suite A
PO Box 982320
Park City, UT 84098
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B. Fiscal Year

The District's fiscal year is from January 1 to December 31.

2. PARITY BOND ISSUES

The District is providing this supplemental continuing disclosure for its three public issue bonds, as well as three direct purchase parity bonds issued to the State of Utah.

A. Series 2008	Water Revenue Bonds
Amount Issued	\$ 3,026,000
	September 4, 2008

Background Information

The Series 2008 Bonds were sold directly to the State of Utah Drinking Water Board to facilitate a low interest loan. The Drinking Water Board is the registered owner of the Series 2008 Bonds.

Principal and interest on the Series 2008 Bonds (interest payable June 15 each year) are payable by Wells Fargo Trust to the registered owner thereof, the State of Utah Drinking Water Board.

Current Maturity Schedule

Series 2008 Water Revenue Bonds

Original Issue:	\$ 3,026,000
Amount Currently Outstanding from the District:	2,377,000

Due June 15	CUSIP n/a	Principal Amount	Original Interest Rate
2015	n/a	137,000	2.0
2016	n/a	140,000	2.0
2017	n/a	143,000	2.0
2018	n/a	146,000	2.0
2019	n/a	149,000	2.0
2020	n/a	152,000	2.0
2021	n/a	155,000	2.0
2022	n/a	158,000	2.0
2023	n/a	161,000	2.0
2024	n/a	164,000	2.0
2025	n/a	168,000	2.0
2026	n/a	171,000	2.0
2027	n/a	174,000	2.0
2028	n/a	178,000	2.0
2029	n/a	181,000	2.0

Optional Redemption

The Series 2008 Bonds are subject to redemption at any time at the option of the District, in inverse order of maturity; at the redemption price of 100% plus accrued interest thereon to the date fixed for redemption.

Current Ratings

These bonds were sold directly to the State of Utah, and are therefore unrated.

Credit Enhancement

The Series 2008 Bonds are not insured.

B. Series 2009B	Water Revenue Refunding Bonds
Amount	\$ 9,045,000
Issued	September 2, 2009

Current Maturity Schedule

Series 2009B				
Water Revenue Refunding Bonds				
Original Issue:				<u>\$ 9,045,000</u>
Currently Outstanding:				<u>6,160,000</u>
	Due	CUSIP	Principal	Original
	December 15	62426V	Amount	Interest Rate
	2015	BD 8	300,000	4.00
	2015	AZ 0	1,250,000	3.00
	2016	BA 4	1,625,000	3.25
	2017	BB 2	1,875,000	3.50
	2018	BC 0	1,110,000	3.50

Background Information

The Series 2009B Bonds were sold pursuant to negotiated sale to Stifel Nicolaus, Denver, Colorado. The Series 2009B Bonds were issued by the District as fully-registered bonds and are in book-entry form only, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC is acting as securities depository for the Series 2009B Bonds.

Principal and interest on the Series 2009B Bonds (interest payable June 15 and December 15 of each year) are payable by Wells Fargo Trust to the registered owners thereof, currently DTC.

Optional Redemption

The Series 2009B Bonds are not subject to early redemption.

Current Ratings

Fitch Ratings A+
Standard & Poor A+ (underlying); AA (AGM Insured)

Credit Enhancement

The scheduled principal and interest payments on the Series 2009B Bonds are guaranteed by Assured Guaranty Municipal (AGM).

C. Series 2011A Water Revenue Refunding Bonds
Amount \$ 679,000
Issued December 22, 2011

Current Maturity Schedule

**Series 2011A
Water Revenue Refunding Bonds**

Original Issue:	\$ 679,000
Amount Currently Outstanding from the District	<u>615,000</u>

Due March 1	CUSIP	Principal Amount	Original Interest Rate
2016	n/a	34,000	1.52
2017	n/a	35,000	1.52
2018	n/a	35,000	1.52
2019	n/a	36,000	1.52
2020	n/a	36,000	1.52
2021	n/a	37,000	1.52
2022	n/a	38,000	1.52
2023	n/a	38,000	1.52
2024	n/a	39,000	1.52
2025	n/a	39,000	1.52
2026	n/a	40,000	1.52
2027	n/a	40,000	1.52
2028	n/a	41,000	1.52
2029	n/a	42,000	1.52
2030	n/a	42,000	1.52
2031	n/a	43,000	1.52

Background Information

The Series 2011A Bonds were sold directly to the State of Utah Drinking Water Board to consolidate two low interest state loans into a single state loan. The State of Drinking Water Board is the registered owner of the Series 2011A Bonds.

Principal and interest on the Series 2011A Bonds (interest payable March 1 each year) are payable by Wells Fargo Trust to the registered owner thereof, the State of Utah Drinking Water Board.

Optional Redemption

The Series 2011B Bonds are subject to redemption at any time at the option of the District, in inverse order of maturity; at the redemption price of 100%.

Current Ratings

These bonds were sold directly to the State of Utah, and are therefore unrated.

Credit Enhancement

The Series 2011B Bonds are not insured.

E. Series 2012	Water Revenue Refunding Bonds
Amount	\$ 27,270,000
Issued	June 13, 2012

Current Maturity Schedule

Series 2012				
Water Revenue Refunding Bonds				
Original Issue:			\$	27,270,000
Amount Currently Outstanding from the District:				27,270,000
Due	CUSIP	Principal	Original	
December 15	62426V	Amount	Interest Rate	
2018	BE 6	\$ 200,000	4.0	
2019	BF 3	1,355,000	4.0	
2020	BG 1	1,410,000	4.0	
2021	BH 9	1,465,000	4.0	
2022	BJ 5	1,520,000	4.0	
2023	BK 2	1,585,000	4.0	
2024	BL 0	1,645,000	4.0	
2025	BM 8	1,710,000	4.0	
2026	BN 6	1,780,000	4.0	
2027	BP 1	1,850,000	4.0	
2028	BQ 9	1,925,000	4.0	
2029	BR 7	2,005,000	4.0	
2031	BT 3	4,240,000	3.5	
2033	BV 8	4,580,000	5.0	

Background Information

The Series 2012 Bonds were sold pursuant a competitive sale to Stifel Nicolaus, Denver, Colorado. The Series 2012 Bonds were issued by the District as fully-registered bonds and are in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is acting as securities depository for the Series 2012 Bonds.

Principal and interest on the Series 2012 Bonds (interest payable June 15 and December 15 of each year) are payable by Wells Fargo Trust to the registered owners thereof, currently DTC.

Optional Redemption

The Series 2012 Bonds maturing on or after December 15, 2022 are subject to redemption at the option of the District; at the redemption price of 100% plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund

There is a mandatory sinking fund for two maturities:

- 1) The principal payments for the \$4,240,000 term bond due December 15, 2031.
- 2) The principal payments for the \$4,580,000 term bond due December 15, 2033.

Current Ratings

Fitch Ratings A+
 Standard & Poor A+ (underlying); AA (AGM Insured)

Credit Enhancement

The scheduled principal and interest payments on the Series 2009B Bonds are guaranteed by AGM.

F. Series 2014 Water Revenue Bonds
 Amount \$ 8,140,000
 Issued December, 18 2014

Current Maturity Schedule

**Series 2014
 Water Revenue Refunding Bonds**

Original Issue:	\$ 8,140,000
Amount Currently Outstanding from the District:	8,140,000

Due December 15	CUSIP 62426V	Principal Amount	Original Interest Rate
2016	BW6	\$ 245,000	2.0
2018	BX4	250,000	2.0
2019	BY2	255,000	2.0
2020	BZ9	465,000	2.0
2021	CA3	475,000	3.0
2022	CB1	485,000	3.0
2023	CC9	505,000	4.0
2024	CD7	520,000	4.0
2025	CE5	540,000	4.0
2026	CF2	565,000	4.0
2028	CG0	1,195,000	4.3
2030	CH8	1,305,000	4.5
2034	CJ4	1,335,000	5.0

Background Information

The Series 2014 Bonds were sold pursuant a negotiated sale to KayBanc Capital Markets, Inc. The Series 2014 Bonds were issued by the District as fully-registered bonds and are in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is acting as securities depository for the Series 2014 Bonds.

Principal and interest on the Series 2014 Bonds (interest payable June 15 and December 15 of each year) are payable by Wells Fargo Trust to the registered owners thereof, currently DTC.

Optional Redemption

The Series 2014 Bonds maturing on or after December 15, 2025 are subject to redemption at the option of the District; at the redemption price of 100% plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund

There is a mandatory sinking fund for three maturities:

- 1) The principal payments for the \$1,195,000 term bond due December 15, 2028.
- 2) The principal payments for the \$1,305,000 term bond due December 15, 2030.
- 3) The principal payments for the \$1,335,000 term bond due December 15, 2034.

Current Ratings

Fitch Ratings A+
Standard & Poor A+ (underlying); AA (AGM Insured)

Credit Enhancement

The scheduled principal and interest payments on the Series 2009B Bonds are guaranteed by AGM.

3. DEBT SERVICE COVERAGE

A. Rate Stabilization Fund

The District established a rate stabilization fund to mitigate fluctuations in operating revenues and expenses, or when a decline in building activity results in lower impact fee and assessment collections. There is currently \$1.06 million in this fund that can only be used to make parity bond payments in the unlikely case insufficient cash is generated from operations.

Policy requires the District to maintain a minimum \$1.0 million balance in this fund. If the balance falls below \$1.0 million, District policy is required to restore the balance to \$1.0 million within 36 months.

B. Historical Debt Coverage

The District is required to maintain a debt coverage ratio of 1.25 each year per bond covenants. As shown below, the District's 2014 debt coverage was 1.50 without including the rate stabilization fund; and 1.88 when the stabilization fund was included.

Mountain Regional Water Historical Debt Service Coverage

	2010	2011	2012	2013	2014
Operating revenues:					
Water sales	\$ 5,205,683	\$ 5,297,520	\$ 6,873,147	\$ 6,884,945	\$ 6,812,829
Operating fees	143,883	151,616	153,805	259,851	350,920
Services	-	-	-	-	-
Other	72,174	48,278	236,217	69,330	52,913
Total operating revenues	<u>5,421,740</u>	<u>5,497,414</u>	<u>7,263,169</u>	<u>7,214,126</u>	<u>7,216,662</u>
Operating Expenses:					
Operations, maintenance and repairs	1,615,963	1,536,953	1,788,963	1,870,797	1,993,860
Water production	890,949	1,163,162	1,728,574	1,527,502	1,533,912
Engineering and energy and technology management	370,919	380,717	415,844	423,200	440,263
Management and finance	637,190	614,292	568,164	642,462	727,298
Legal services	39,271	18,179	4,805	30,254	45,499
Total operating expenses	<u>3,554,292</u>	<u>3,713,303</u>	<u>4,506,350</u>	<u>4,494,215</u>	<u>4,740,832</u>
Net operating revenues	<u>1,867,448</u>	<u>1,784,111</u>	<u>2,756,819</u>	<u>2,719,911</u>	<u>2,475,830</u>
Non-operating revenues:					
Cash Grants	-	-	-	35,981	-
Interest income available for debt service	160,440	152,710	101,983	26,491	29,670
Impact fees	241,308	242,285	196,067	563,385	625,850
SID assessments	454,057	453,020	499,397	794,375	1,575,816
Gain (loss) on fixed assets	-	3,398	16,952	-	9,138
Other non-operating revenue	7,606	1,725	5,612	2,996	86,157
Non-operating revenues	<u>863,411</u>	<u>853,138</u>	<u>820,011</u>	<u>1,423,228</u>	<u>2,326,631</u>
Total Net Revenue available for debt service from ongoing operations	<u>\$ 2,730,859</u>	<u>\$ 2,637,249</u>	<u>\$ 3,576,830</u>	<u>\$ 4,143,139</u>	<u>\$ 4,802,461</u>
Parity debt service:					
2014 Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
2012 Bonds	-	-	561,875	1,111,400	1,111,400
2011B Bonds	-	-	-	54,000	54,000
2011A Bonds	-	-	11,978	20,169	20,017
2009B Bonds	270,950	262,450	364,450	872,450	1,773,725
2009A Bonds	448	54,650	-	-	-
2008 Bonds	177,728	55,480	53,747	184,880	185,240
2006 Bonds	21,000	21,000	-	21,000	22,000
2003 Bonds	1,630,525	1,616,430	746,175	-	-
2002B Bonds	37,000	37,000	-	37,000	37,000
2002 Bonds	20,684	20,428	-	-	-
1991 Atkinson Note	25,500	25,450	-	-	-
Total parity debt service	<u>\$ 2,183,835</u>	<u>\$ 2,092,888</u>	<u>\$ 1,738,225</u>	<u>\$ 2,300,899</u>	<u>\$ 3,203,382</u>
Debt coverage from ongoing operations	<u>1.25</u> X	<u>1.26</u> X	<u>2.06</u> X	<u>1.80</u> X	<u>1.50</u>
Rate Stabilization Fund	<u>-</u>	<u>416,874</u>	<u>1,021,217</u>	<u>1,053,425</u>	<u>1,227,634</u>
Total Net Revenue available for debt service	<u>\$ 2,730,859</u>	<u>\$ 3,054,123</u>	<u>\$ 4,598,047</u>	<u>\$ 5,196,564</u>	<u>\$ 6,030,095</u>
Total debt coverage	<u>1.25</u> X	<u>1.46</u> X	<u>2.65</u> X	<u>2.26</u> X	<u>1.88</u>

4. THE WATER SYSTEM

A. Overview

The District water system consists of a complex distribution system with several water sources, including springs, wells, and surface diversions. The system also includes a raw irrigation system for two golf courses and other appurtenant irrigation uses.

The distribution system has approximately 185 miles of pipelines interconnecting the District's water sources to tanks, to a raw water storage pond, to individual water users, and to wholesale customers.

The District has 9.2 million gallons of culinary water storage and 10.1 million gallons of raw water storage. The District can treat water for distribution purposes at a peak of 4.5 million gallons per day.

B. Customer Accounts

The District's water connections are shown below, along with its equivalent residential connections ("ERC"). An ERC is the amount of water consumed by a typical residence in one year. All residential customers are considered to be 1.0 ERC.

Mountain Regional Water Special Service District Customer Accounts

	May 2011	May 2012	May 2013	May 2014	May 2015
Customers Using Water					
Residential	2,872	2,894	2,929	2,992	3,137
Commercial / Industrial	127	124	126	126	132
Irrigation	53	50	53	55	55
Construction / Wholesale	18	19	21	29	36
Subtotal - Customers Using Water	3,070	3,087	3,129	3,202	3,360
Platted Undeveloped Lots					
Standby Customers	1,763	1,890	1,865	1,882	1,841
Subtotal - Customers on Standby	1,763	1,890	1,865	1,882	1,841
Total Customer Accounts	4,833	4,977	4,994	5,084	5,201
% Change from Prior Year	1.4%	3.0%	0.3%	1.8%	2.3%
Total Equivalent Residential Connections (ERCs) ¹	4,585	4,554	7,838	7,441	7,758
% Change from Prior Year	-0.1%	-0.7%	72.1%	-5.1%	4.3%

All nonresidential customers including commercial, industrial, and irrigation accounts generally use more water than a typical residence, so their use is equated to how many residences use an equivalent amount of water. The standard ERC for nonresidential customers is set at 0.60 acre feet annually.

Total ERCs have increased 3,204 or 70.4% since May 2012 due to a dramatic increase in raw water wheeled to Park City's treatment plant. In fact, 2,666 ERCs were transported to Park City the past 12 months. New customers using water increased 158 the past twelve months to 3,360, after averaging only 33 new customers using water the past four years.

As of May 2015, there were 1,841 standby accounts, which is near the average of 1,848 for each of the past four years. This indicates the number of platted lots from new development the past four years is nearly equal to the number of new buildings constructed on existing lots.

C. Water Production

The District has acquired sufficient water rights and developed sufficient sources to meet its current and projected growth demands for the next 20 years or more. District water production by source is shown below.

Mountain Regional Water Special Service District Annual Water Production by Source (in Gallons)

	2010	2011	2012	2013	2014
Water Produced for District Customers					
Atkinson Wells					
Atkinson Well #2	4,723,000	-	-	13,000	2,000
Jailhouse Well #3	20,462,300	4,717,500	4,133,400	1,080,300	907,300
Atkinson Well #10	5,414,200	1,734,300	28,243,000	27,065,000	16,297,000
Starpointe Well #15B	204,552,000	205,207,000	224,728,424	145,379,328	92,517,632
Lost Creek ⁽¹⁾					
Rockport Well Field & Reservoir	310,600,000	407,898,408	645,873,682	608,265,000	685,891,000
Spring Creek					
Spring Creek Well #1	-	-	-	-	-
Blackhawk Well #2R	16,867,600	17,295,500	11,291,700	1,790,600	56,900
Gorgoza Well #6	23,256,000	9,780,000	9,393,000	6,018,000	3,152,000
Nugget Well	30,507,000	1,200,000	7,494,000	4,345,000	1,327,000
Silver Springs					
Spring Creek Springs	100,206,000	66,695,000	93,388,000	81,173,000	76,292,000
Lakeside Well #1	24,631,000	32,051,000	38,478,000	24,404,000	40,179,000
Summit Park Wells					
Summit Park Well #7	8,434,000	14,437,000	9,075,000	8,773,000	5,505,000
Total Water Produced for MRW Customers	779,384,100	761,015,708	1,072,098,206	908,306,228	922,126,832
% Change from Prior Year	1.7%	-2.4%	40.9%	-15.3%	1.5%
Water Transported from District Sources to Other Water Companies ⁽²⁾					
Atkinson Well #2 (District Source)					
High Valley	11,606,000	-	-	-	-
Summit Water Distribution System					
Olympic Park	14,050,900	19,089,100	13,471,800	20,479,600	17,750,600
Rockport Well Field & Reservoir (MRW Source)					
High Valley		11,053,000	20,374,000	28,353,000	24,430,000
Park City		12,867,592	376,821,318	488,115,000	462,131,000
Total Water Transported	25,656,900	43,009,692	410,667,118	536,947,600	504,311,600
% Change from Prior Year	-4.3%	67.6%	854.8%	30.8%	-6.1%
Total Production & Sources	805,041,000	804,025,400	1,482,765,324	1,445,253,828	1,426,438,432
	1.5	(0.1)	84.4	(2.5)	(1.3)

(1) - Starting in 2011, the District implemented a policy to reduce or eliminate production in old, inefficient wells with unpredictable water quality; and to replace this reduced production by increasing production in the Lost Creek surface water diversions that is treated before it is delivered to culinary customers. Surface water is more drought resilient than District wells typically are, and the power cost per gallon is lower for Lost Creek water production.

(2) - The District produces and transports water from its source to other water companies. The other water companies either own or lease the related water rights for the water transported by the District.

Production for District customers increased 1.5% to 922.1 million gallons in 2014 due to customer growth.

Unusually cool wet summer weather led to a 15.3% drop in 2013 production for District customers when compared to 2012; and a 2.4% reduction in 2011 production over 2010.

Very hot dry summer weather led to a 40.9% increase in 2012 production for District customers when compared to 2011.

Water transported by the District to other water companies increased from 43.0 million gallons in 2011 to 410.7 million gallons in 2012, as Park City completed a new treatment plant. This plant is now a major source of water for Park City, which is not in the District's boundaries.

Water transported from District sources to other water companies declined 6.1% to 504.3 million gallons in 2014 when compared to 2013, but should increase significantly in 2015.

The District recently entered into an agreement to provide an additional 400 acre feet of wholesale water each year to Weber Basin Water Conservancy District (Weber Basin) for use by other water companies in the Snyderville Basin. The 400 acre feet equates to over 130 million additional transported gallons annually to other water companies.

Regarding water sources, the District currently utilizes 11 groundwater wells, a groundwater spring, and two large surface water diversions at or near Rockport Reservoir. These sources yield a combined peak flow of over 12,000 gallons per minute.

The District has acquired sufficient water rights and developed sufficient source capacity to meet its current and projected growth demands for the next 20 years or more. The District's water rights now total 7,876 acre-feet.

The Lost Canyon project alone utilizes two Rockport surface diversions that produce over 10,000 gallons per minute of source flow or 7,500 acre-feet per year. Park City owns capacity rights up to 2,900 acre-feet of the Lost Canyon project; and Weber Basin owns up to 900 acre-feet. The District owns capacity rights up to 3,700 acre-feet.

The District's service area resides within a steep vertical terrain, ranging from a low 6,100 foot elevation to over 9,300 feet, and as such, the District operates numerous pumping facilities. All pumping systems combined have a peak capacity of nearly 33,000 gallons per minute, with pumps totaling over 8,300 horsepower.

The District has an annual energy pumping load of nearly 8 million kilowatt hours. These systems utilize an advanced SCADA (telemetry) system which controls all tank levels, well pumps, treatment facilities, and booster pumps, and plays a key role in District energy efficiency programs. As a result of current energy management strategies, the District has a realized savings of approximately \$300,000 annually.

D. Water Usage

The District's annual water usage is shown on the following page.

Mountain Regional Water Special Service District Water Usage

Usage by District Customers	2010	2011	2012	2013	2014
Customer Type					
Residential	303,157,515	295,505,801	495,685,447	329,150,000	470,135,713
Commercial / Industrial	56,383,971	56,454,941	71,467,000	73,934,000	66,085,000
Irrigation	227,637,500	206,070,000	279,694,143	240,762,000	229,555,000
Construction	4,478,451	3,827,493	9,900,712	9,531,776	9,177,118
Other	9,042,105	998,812	303,000	329,000	721,000
Total Usage by MRW Customers	600,699,542	562,857,047	857,050,302	653,706,776	775,673,831
% Change from Prior Year	-2.6%	-6.3%	52.3%	-23.7%	18.7%
Transported (Wheeled) Water					
High Valley ⁽¹⁾	11,606,000	11,053,000	20,374,000	29,625,000	24,430,000
Olympic Park Wheeling ⁽²⁾	14,083,600	18,610,400	10,330,000	21,845,700	15,569,200
Park City Wheeling ⁽³⁾	-	12,867,592	376,821,318	486,994,519	460,325,041
Total Transported Wheeled Water	25,689,600	42,530,992	407,525,318	538,465,219	500,324,241
% Change from Prior Year	2.5%	65.6%	858.2%	32.1%	-7.1%
Total Usage Plus Transported Water	626,389,142	605,388,039	1,264,575,620	1,192,171,995	1,275,998,072
% Change from Prior Year	-2.4%	-3.4%	108.9%	-5.7%	7.0%

(1) - High Valley is a private water company for which the District transports water from a jointly owned source operated solely by the District. High Valley also has its own sources as well. The numbers shown represent only the amount of water wheeled by the District.

(2) - The District wheels water from Summit Water (private water company) sources to the Olympic Park. The Olympic Park is a District customer, and the District operates and maintains the Olympic Park water system and the interconnect from Summit Water.

(3) - The District transports water to Park City through District sources and infrastructure. Park City reimburses Mountain Regional for actual wheeling costs plus a capital buy-in and repair/replacement component. The related water leases are owned by Park City.

Usage by District customers increased 18.7% to 775.7 million gallons in 2014 due to a return to a normal weather and customer growth. For 2012, the summer weather was unusually hot and dry; while from 2010 to 2011 the summer weather was unusually cool and wet. These weather patterns are reflected in the percentage changes for use by District customers for those years.

As discussed earlier, water production for District customers increased 1.5% in 2014 compared to the 18.7% increase in usage. This apparent discrepancy is actually due to a reduction in water loss, from 28.0% in 2013 to 15.9% in 2014. The District is currently replacing the waterlines in the Summit Park Service Area over a 20 year period. This service area accounts for the majority of water loss for District customers.

Water transported by the District decreased 7.1% to 500.3 million gallons in 2014 – which compares to the 6.1% related reduction in production.

As mentioned above, Park City completed a new treatment plant in 2012 that necessitated a dramatic increase in raw water delivered by the District to Park City.

E. Major Water Users

The top ten users of the system for 2014, based on revenue, are shown below.

Mountain Regional Water Special Service District Top Ten Water Customers Annual Billings

2014 Rank	MRW Customer	Type of Customer	2014 Dollars	% of Total
1	Promontory - The Ranch Club	Recreation / Golf Courses	\$ 495,751	7.3%
2	Park City Municipal	Government	480,404	7.1%
3	Newpark	Multi-Use Development	84,798	1.2%
4	Triumph Gear Systems	Industrial	74,745	1.1%
5	Olympic Park	Recreation	69,652	1.0%
6	Summit County	Government	53,616	0.8%
7	The Preserve HOA	Recreation / Amenities	51,495	0.8%
8	Trailside School	School	42,394	0.6%
9	Glenwild HOA	Recreation / Amenities	39,198	0.6%
10	Blackhawk HOA	Recreation / Amenities	37,874	0.6%
Top Ten Total			\$ 1,429,927	21.0%
Total - All Customers			\$ 6,812,829	

The list includes various customer types including government, schools, retail, industrial, mixed use and recreation.

Promontory accounted for 7.3% of total water sales in 2014 – mostly to irrigate two golf courses. Park City Municipal accounted for 7.1% of sales for raw water transported by the District to Park City's treatment plant in order to help meet water demand within Park City. The remaining eight customers range from 1.2% to 0.6% of sales.

The District recently entered into a contract to sell 400 acre feet of water annually to Weber Basin in order to provide a source of water to other water companies in the basin. As such, Weber Basin, a government entity, will become a top ten customer in 2015.

F. Wholesale Water Users

The District provides wholesale water service to various entities.

Park City Municipal Corporation. The District has a long-term contract to wheel up to 2,900 acre feet annually to Park City through the District's transmission system from Rockport Reservoir to Park City's treatment plant.

Construction Water. The District provides contractors, businesses, and homeowners the ability to draw water from fire hydrants for construction purposes.

Canyons Ski Resort. The District provides snowmaking water for the Canyons ski runs within the Colony development.

High Valley. The District shares ownership of an old well with High Valley Mutual Water Company that no longer meets drinking water standards. As such, the District either blends good water with this well water to provide High Valley with safe drinking water, or provides High Valley with water from other sources.

Summit Water. In 2011, the District entered into an agreement with Summit Water Mutual Water Company to sell up to 400 acre-feet per year of culinary water on an interim basis until 2025, or when an additional importation project is developed in Snyderville Basin, whichever comes first.

Weber Basin Regionalization Agreement. In 2012, the District entered into an agreement with Weber Basin, Park City, Snyderville Basin Water Reclamation District, and Summit Water. This agreement allows Mountain Regional to sell its surplus water to Weber Basin until a second importation project into the basin is constructed. Weber Basin can then resell this water to other water entities in the Snyderville Basin who need water.

Weber Basin will construct a second importation project into the Snyderville Basin once Mountain Regional is out of surplus water. It anticipates the project will be completed within 7 to 10 years. Mountain Regional's participation in the second importation project should be minimal.

Weber Basin currently has a five-year contractual commitment with Summit Water to purchase for 400 acre feet of water from the District under the regionalization agreement starting in 2015. In addition, Summit Water has made a verbal request to increase that to 700 acre feet of annual water in 2016.

As mentioned above, Weber Basin will become a top ten customer in 2015 as a result.

G. Water Rates and Charges

The District has authority pursuant to State law to establish rates for its water service effective at any time. The law only stipulates that these rates and charges be fair and reasonable.

The District adopted a water rate increase effective on bills issued in September 2014, and a second increase effective on bills issued in September 2015. Combined, these two increases resulted in an average 7.5% increase.

The District's current water rates and charges are shown below.

Water Rates

	Effective on MRW Bills Sent out September 1, 2014		Effective on MRW Bills Sent out September 1, 2015		
Residential - 1.0 ERCs					
Monthly Base Rate	\$	56.00	\$	60.00	<i>Per Connection</i>
Usage (in gallons)					
Zero to 5,000		1.75		1.75	<i>Per 1,000 Gallons</i>
5,001 to 20,000		4.50		4.50	<i>Per 1,000 Gallons</i>
20,001 to 30,000		5.00		5.00	<i>Per 1,000 Gallons</i>
30,001 to 40,000		8.00		8.00	<i>Per 1,000 Gallons</i>
40,001 to 60,000		12.00		12.00	<i>Per 1,000 Gallons</i>
60,001 to 80,000		15.00		15.00	<i>Per 1,000 Gallons</i>
80,001 to 100,000		18.00		18.00	<i>Per 1,000 Gallons</i>
Above 100,000		21.00		21.00	<i>Per 1,000 Gallons</i>
Residential - 1.4 ERCs					
Monthly Base Rate		78.40		84.00	<i>Per Connection</i>
Usage (in gallons)					
Zero to 7,000		1.75		1.75	<i>Per 1,000 Gallons</i>
7,001 to 28,000		4.50		4.50	<i>Per 1,000 Gallons</i>
28,001 to 42,000		5.00		5.00	<i>Per 1,000 Gallons</i>
42,001 to 56,000		8.00		8.00	<i>Per 1,000 Gallons</i>
56,001 to 84,000		12.00		12.00	<i>Per 1,000 Gallons</i>
84,001 to 112,000		15.00		15.00	<i>Per 1,000 Gallons</i>
112,001 to 140,000		18.00		18.00	<i>Per 1,000 Gallons</i>
Above 140,000		21.00		21.00	<i>Per 1,000 Gallons</i>
Residential - 1.8 ERCs					
Monthly Base Rate		100.80		108.00	<i>Per Connection</i>
Usage (in gallons)					
Zero to 9,000		1.75		1.75	<i>Per 1,000 Gallons</i>
9,001 to 36,000		4.50		4.50	<i>Per 1,000 Gallons</i>
36,001 to 54,000		5.00		5.00	<i>Per 1,000 Gallons</i>
54,001 to 72,000		8.00		8.00	<i>Per 1,000 Gallons</i>
72,001 to 108,000		12.00		12.00	<i>Per 1,000 Gallons</i>
108,001 to 144,000		15.00		15.00	<i>Per 1,000 Gallons</i>
144,001 to 180,000		18.00		18.00	<i>Per 1,000 Gallons</i>
Above 180,000		21.00		21.00	<i>Per 1,000 Gallons</i>
Non-residential - Per ERC					
Monthly Base Rate		73.00		77.00	<i>Per Connection</i>
Usage (in gallons)					
Zero to 5,000		2.75		2.75	<i>Per 1,000 Gallons</i>
5,001 to 30,000		4.50		4.50	<i>Per 1,000 Gallons</i>
30,001 to 40,000		8.00		8.00	<i>Per 1,000 Gallons</i>
40,001 to 60,000		12.00		12.00	<i>Per 1,000 Gallons</i>
60,001 to 80,000		12.00		12.00	<i>Per 1,000 Gallons</i>
80,001 to 100,000		12.00		12.00	<i>Per 1,000 Gallons</i>
Above 100,000		12.00		12.00	<i>Per 1,000 Gallons</i>

Water Rates (continued)	Effective on MRW Bills		Effective on MRW Bills		
	Sent out September 1, 2014		Sent out September 1, 2015		
Culinary Irrigation - Per ERC					
Monthly Base Rate		56.00		60.00	Per Connection
Usage (in gallons)					
Zero to 5,000		2.75		2.75	Per 1,000 Gallons
5,001 to 30,000		4.50		4.50	Per 1,000 Gallons
30,001 to 40,000		8.00		8.00	Per 1,000 Gallons
40,001 to 60,000		12.00		12.00	Per 1,000 Gallons
60,001 to 80,000		15.00		15.00	Per 1,000 Gallons
80,001 to 100,000		18.00		18.00	Per 1,000 Gallons
Above 100,000		21.00		21.00	Per 1,000 Gallons
Common Wall Irrigation					
Rate Multiplier		# of Units		# of Units	
Monthly Base Rate	\$	-	\$	-	Per Unit
Usage (in gallons)					
Zero to 3,000		1.18		1.23	Per 1,000 Gallons
3,001 to 11,000		4.16		4.31	Per 1,000 Gallons
11,001 to 27,000		4.75		4.92	Per 1,000 Gallons
27,001 to 47,000		5.34		5.54	Per 1,000 Gallons
47,001 to 87,000		5.93		6.15	Per 1,000 Gallons
87,001 to 147,000		9.50		9.85	Per 1,000 Gallons
147,001 to 227,000		14.26		14.77	Per 1,000 Gallons
Above 227,000		19.01		19.69	Per 1,000 Gallons
Interruptible Sources (Construction/Snowmaking/Wholesale)					
Monthly Base Rate		115.00		120.00	Per Connection
Usage		12.50		13.00	Per 1,000 Gallons
Pumping Surcharge					
Colony		3.17		3.17	Per 1,000 Gallons
Discovery		0.78		0.78	Per 1,000 Gallons
Glenwild		0.63		0.63	Per 1,000 Gallons
Preserve		0.63		0.63	Per 1,000 Gallons
Redhawk		3.07		3.07	Per 1,000 Gallons
Stagecoach		3.07		3.07	Per 1,000 Gallons
Summit Park		0.78		0.78	Per 1,000 Gallons
Sun Peak		1.18		1.18	Per 1,000 Gallons
Timberline		0.78		0.78	Per 1,000 Gallons
Weilenmann		0.78		0.78	Per 1,000 Gallons
<i>Applies to all water rates. Newly annexed areas will be assigned to the most appropriate pumping surcharge based upon the location of that development.</i>					
Olympic Park					
Monthly Base Rate		115.00		120.00	
Usage (includes Sun Peak Pumping Surcharge)		4.99		5.13	Per 1,000 Gallons
Untreated Secondary Water					
Per Contract					
Stagecoach					
Monthly Infrastructure Assessment		143.00		143.00	Per Lot
Standby Fees					
Monthly Charge		37.25		38.50	Per Lot or Prepaid Connection

H. Operating Fees

In addition to water usage charges, new connections within the District are assessed connection and meter fees, as shown below. The District generally collects these fees at the time a building permit is issued.

The District also collects fees related to fire hydrant rentals, inspections, delinquent payments, theft of service, and conservation violations.

Operating Fees

Effective

August 2014

	<i>Peak Monthly Gallons for Previous Year at Current Rates Per Month</i>	
Buried Meter Service Fee		Per Connection
Connection Fee - Meter/MXU		Per Connection
Security Deposit (Refundable)	\$ 1,500	
Up to 3/4" Meter	1,800	
1.0" Meter	2,000	
1.5" Meter	2,400	
2.0" Meter	2,700	
3.0" Meter	<i>\$2,700 plus Incremental Meter Cost</i>	
4.0" Meter		
6.0" Meter		
8.0" Meter		
Summit Park Lateral Fee	1,700	<i>Per Connection</i>
Delinquent Accounts		
Delinquent Lien Fee	50	<i>Per Occurrence</i>
Shutoff Notice	30	<i>Per Occurrence</i>
Late Charge	1.50%	<i>Monthly Charge</i>
Water Shutoff	100	<i>Per Occurrence</i>
Disconnection of Service		
Removal of Meter	250	<i>Per Occurrence</i>
Resumption of Disconnected Service	<i>8 time Monthly Base</i>	<i>Per Occurrence</i>
Fire Hydrant Rental		
3" Meter - Deposit (Refundable)	1,500	Per Connection
3" Meter Wear Fee (Non-Refundable)	350	
3" Monthly Base Rate	115	120
3" Usage Rate	12.50	13 <i>Per 1,000 Gallons</i>
1" Meter - Deposit (Refundable)	500	Per Connection
1" Meter Wear Fee (Non-Refundable)	125	
1" Monthly Base Rate	57.50	60
1" Usage Rate	12.50	13 <i>Per 1,000 Gallons</i>
On-Site Visit (formerly inspection fee)	100	Per Occurrence
Private Fire Hydrant Meter Flushing & Inspection Fee		Per Lot with Private Hydrant
Monthly Ongoing Fee	10	
Resumption of Service Fee	100	Per Occurrence
Title Transfer Fee	100	Per Occurrence
Alternate Water Service Provider	\$ 4,700	Per ERC Under Contractual Commitment with MRW Who Switches to Another Provider
Conservation Violations		
1st Violation	<i>Warning</i>	Per Violation
2nd Violation	50	
3rd Violation	100	
4th Violation	500	
Leaking Water	<i>Credit for estimated water leaked between one meter read, less cost of water production</i>	Per Occurrence
Release of Restrictive Covenant	<i>Assess all back fees and charges, plus 1.5% annual interest</i>	Per Lot
Theft of Service	1,000	Per Occurrence

Lot owners in the mountainous Summit Park service area have the option of designating their lot as non-developable by declaring a restrictive covenant. However, if in the future, a lot owner decides to build on the lot, the owner is assessed a Release of Restrictive Covenant fee that includes all fees and charges avoided during the period the covenant was in place, plus interest.

The District assesses an Alternative Provider Fee to users who are contractually committed to receive water from the District, but choose to change water providers. The imposition of such a fee helps to ensure the Net Revenues available to pay debt service will not decrease if such customers choose another water provider.

I. Impact Fees

The District assesses impact fees on new development at the time a building permit is issued so that existing customers are not burdened with the cost of new infrastructure for which they receive no benefit. Pursuant to state law, the impact fees include only the proportionate cost of infrastructure and water rights necessary to serve each new building unit. The impact fees do not include any administrative or overhead costs.

There are two service areas for residential impact fee purposes. The fee for the General Service Area is shown below.

MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT ADOPTED GENERAL SERVICE AREA IMPACT FEES ⁽¹⁾

Square Feet of Livable Space	(2) Base Impact Fee	Additional Impact Fee per Square Foot of Livable Space	Additional Impact Fee per 0.10 Acres of Irrigated Landscaped Area Beyond the Base Allowance of 0.20 Acre Feet
- to 3,000	(3) \$ 10,513		
3,000 to 4,000	10,513	plus \$ 3.15 per additional square foot above 3,000	
4,000 to 5,000	13,662	plus 3.15 per additional square foot above 4,000	
5,000 to 6,000	16,812	plus 3.15 per additional square foot above 5,000	
6,000 to 7,000	19,962	plus 3.15 per additional square foot above 6,000	
7,000 to 8,000	23,113	plus 3.15 per additional square foot above 7,000	
8,000 to 10,000	(4) 26,263	plus 3.15 per additional square foot above 8,000	plus \$ 4,031 per 0.10 acre foot of landscaping above 0.20 acre feet
10,000 to 12,000	32,564	plus 3.15 per additional square foot above 10,000	plus 4,031 per 0.10 acre foot of landscaping above 0.20 acre feet
12,000 to 14,000	38,864	plus 3.15 per additional square foot above 12,000	plus 4,031 per 0.10 acre foot of landscaping above 0.20 acre feet
14,000 to 16,000	45,165	plus 3.15 per additional square foot above 14,000	plus 4,031 per 0.10 acre foot of landscaping above 0.20 acre feet
16,000 to 18,000	51,466	plus 3.15 per additional square foot above 16,000	plus 4,031 per 0.10 acre foot of landscaping above 0.20 acre feet
18,000 to 20,000	57,766	plus 3.15 per additional square foot above 18,000	plus 4,031 per 0.10 acre foot of landscaping above 0.20 acre feet
Above 20,000	64,067	plus 3.15 per additional square foot above 20,000	plus 4,031 per 0.10 acre foot of landscaping above 0.20 acre feet

(1) - Some lot owners prepaid the impact fee for a certain quantity of water. These lot owners receive a credit against their impact fee for the quantity of water prepaid.

(2) - Livable square feet includes all floors including basements, but excludes garages, porches and decks.

(3) - The base impact fee for all homes with livable space up to 3,000 square feet is the same at \$10,513.

(4) - Only homes with 8,000 or more square feet of livable space are assessed an additional impact fee for outdoor watering. The first 0.20 acre feet (8,712 square feet) of irrigated landscaped area is not assessed the additional fee. Any irrigated landscaped area larger than 0.20 acres is assessed \$4,031 per 0.10 additional acre feet (4,356 square feet) beyond the 0.20 acres.

The impact fee for non-residential use in the General Service Area is \$17,522 per acre foot. The usage for the impact calculation is based upon standards developed by the State of Utah Division of Drinking Water. For non-residential uses not included in these standards, a licensed engineer or licensed architect must prepare projected usage for review and approval by the District.

For non-residential usage included in the Drinking Water standards, the lot owner may appeal the standards by obtaining estimated usage calculated by a licensed engineer or licensed architect. The District then reviews these estimates, after which the District can accept the new estimates provided by the lot owner, or follow the Drinking Water standards.

The second impact fee service area is for the Promontory development. The impact fee for residents in the Promontory Service Area is \$2,466 regardless of home size or the amount of watered landscaping. The Promontory impact fee is much lower than the General Service Area fee because most of the infrastructure used to serve Promontory was funded from special assessments on each residential lot in Promontory.

For non-residential use, the Promontory Service Area impact fee is \$4,110 per acre foot. The same Drinking Water standards and appeal process mentioned above for the General Service Area also apply to the Promontory Service Area.

J. Other Development Fees

Developers are responsible for engineering, inspection, plan reviews, legal fees and other costs associated with their development.

As such, developers are assessed a fee based upon 3.0% of the projected water infrastructure costs.

5. FINANCIAL INFORMATION

A. Statement of Net Position

The statement shown on the following page includes adjustments to prior years resulting from Governmental Accounting Standards Board (GASB) changes. This summary has not been audited.

**Mountain Regional Water
Statement of Net Position**

	2010	2011	2012	2013	2014
ASSETS					
Current assets:					
Cash	\$ 1,556,495	\$ 1,845,642	\$ 3,048,693	\$ 3,511,585	\$ 3,746,227
Restricted cash	996,732	1,005,889	1,466,951	2,074,492	10,399,530
Accounts receivable	423,267	417,442	445,390	562,990	494,329
Due from Governments	152,810	-	70,996	28,000	28,000
Other receivables	130,410	114,088	297,545	65,562	-
Bond proceeds available	-	-	-	-	-
Prepaid expenses	1,743,000	1,351,687	1,129,927	1,033,890	1,037,405
Inventory	72,593	74,253	115,838	97,262	102,705
Total current assets	<u>5,075,307</u>	<u>4,809,001</u>	<u>6,575,340</u>	<u>7,373,781</u>	<u>15,808,196</u>
Cash restricted for debt repayments	490,783	592,710	716,458	544,338	513,640
Capital Assets:					
Depreciable assets, net	54,034,664	57,942,449	56,909,173	57,305,339	57,949,744
Land and water rights	18,577,678	19,591,043	19,577,263	19,821,463	20,361,463
Construction-in-progress	2,617,603	40,981	984,355	380,270	42,567
Total assets	<u>80,796,035</u>	<u>82,976,184</u>	<u>84,762,589</u>	<u>85,425,191</u>	<u>94,675,610</u>
DEFERRED OUTFLOW OF RESOURCES					
Loss on Refunding	-	-	1,795,270	1,709,441	1,623,612
Total deferred outflows	<u>-</u>	<u>-</u>	<u>1,795,270</u>	<u>1,709,441</u>	<u>1,623,612</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>\$ 80,796,035</u>	<u>\$ 82,976,184</u>	<u>\$ 86,557,859</u>	<u>\$ 87,134,632</u>	<u>\$ 96,299,222</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 158,404	\$ 128,824	\$ 296,516	\$ 260,912	\$ 136,471
Accrued liabilities	560,713	579,609	615,621	679,192	791,729
Due to other government entities	98,803	98,803	374,110	420,480	105,031
Current portion, capital lease	-	-	-	-	11,850
Current portion, accrued liability - impact fee refunds	64,132	50,000	50,000	179,198	300,920
Current portion, long-term debt	322,845	222,783	1,256,823	1,880,436	1,864,215
Total current liabilities	<u>1,204,897</u>	<u>1,080,019</u>	<u>2,593,070</u>	<u>3,420,218</u>	<u>3,210,216</u>
Capital lease (less current portion)	-	-	-	-	298,150
Accrued liabilities - developers (less current portion)	1,517,591	1,504,255	1,504,255	1,396,368	1,234,316
Long-term debt (less current portion)	41,111,889	42,001,380	44,320,556	42,717,244	48,886,360
Total liabilities	<u>43,834,377</u>	<u>44,585,654</u>	<u>48,417,881</u>	<u>47,533,830</u>	<u>53,629,042</u>
DEFERRED INFLOW OF RESOURCES					
None	-	-	-	-	746,526
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>746,526</u>
NET POSITION					
Invested in capital assets, net of related debt	\$ 33,795,211	\$ 35,350,310	\$ 33,688,682	\$ 34,618,833	\$ 36,310,285
Restricted	1,483,194	1,228,675	1,321,878	1,467,991	1,847,438
Unrestricted	1,683,253	1,811,545	3,129,418	3,513,978	3,765,931
Net position	<u>36,961,658</u>	<u>38,390,530</u>	<u>38,139,978</u>	<u>39,600,802</u>	<u>41,923,654</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	<u>\$ 80,796,035</u>	<u>\$ 82,976,184</u>	<u>\$ 86,557,859</u>	<u>\$ 87,134,632</u>	<u>\$ 96,299,222</u>

B. Statement of Revenues, Expenses, and Changes in Net Position

The statement below includes adjustments to prior years resulting from Governmental Accounting Standards Board (GASB) changes. This summary has not been audited.

**Mountain Regional Water
Statement of Revenues, Expenses and Changes in Net Position**

	2010	2011	2012	2013	2014
Operating revenues:					
Water sales	\$ 5,205,683	\$ 5,297,520	\$ 6,873,147	\$ 6,884,945	\$ 6,812,829
Operating fees	143,883	151,616	153,805	259,851	350,920
Other	72,174	48,279	236,222	69,330	52,913
Total operating revenue	<u>5,421,740</u>	<u>5,497,415</u>	<u>7,263,174</u>	<u>7,214,126</u>	<u>7,216,662</u>
Operating Expenses:					
Operations, maintenance and repairs	1,615,963	1,536,954	1,788,964	1,870,797	1,993,860
Water production	890,949	1,163,162	1,728,576	1,527,502	1,533,912
Engineering and energy and technology management	370,919	380,717	415,846	423,200	440,263
Management and finance	637,190	614,292	568,164	642,462	727,298
Legal services	39,271	18,180	4,805	30,254	45,499
Depreciation	1,668,387	1,359,634	1,412,111	1,374,783	1,429,555
Total operating expenses	<u>5,222,679</u>	<u>5,072,939</u>	<u>5,918,466</u>	<u>5,868,998</u>	<u>6,170,387</u>
Operating income (loss)	\$ 199,061	\$ 424,476	\$ 1,344,708	\$ 1,345,128	\$ 1,046,275
Non-operating revenues (expenses)					
State grants	\$ 1,324,167	\$ 11,667	\$ 11,667	\$ 47,648	\$ 11,667
Interest income	160,889	153,164	102,676	26,789	30,082
Impact fees	241,308	242,285	196,067	563,385	625,850
SID assessments	454,057	453,020	499,397	794,375	1,575,816
Gain (loss) on fixed assets	-	3,398	16,952	(16,776)	9,138
Other non-operating revenue	7,606	1,725	5,612	2,996	86,157
Interest expense	(1,802,708)	(1,840,764)	(1,645,016)	(1,527,500)	(1,441,191)
Trustee and bank fees	(62,455)	(49,576)	(44,520)	(46,220)	(44,300)
Bond insurance cost amortization	(27,523)	(27,523)	(11,957)	(17,414)	(14,965)
Bond issuance costs	-	(18,743)	(1,095,815)	-	(180,067)
Total non-operating revenues (expenses)	<u>295,341</u>	<u>(1,071,347)</u>	<u>(1,964,937)</u>	<u>(172,717)</u>	<u>658,187</u>
Income (loss) before operating transfers	\$ 494,402	\$ (646,871)	\$ (620,229)	\$ 1,172,411	\$ 1,704,462
Contributions-in-aid of construction	\$ 178,825	\$ 2,075,743	\$ 369,677	\$ 288,413	\$ 618,390
Operating transfers from (to) primary government	-	-	-	-	-
Change in net position	\$ 673,227	\$ 1,428,872	\$ (250,552)	\$ 1,460,824	\$ 2,322,852
Net position, beginning of year	<u>36,288,431</u>	<u>36,961,658</u>	<u>38,390,530</u>	<u>38,139,978</u>	<u>39,600,802</u>
Net position, end of year	\$ 36,961,658	\$ 38,390,530	\$ 38,139,978	\$ 39,600,802	\$ 41,923,654

6. DEBT STRUCTURE

A. Parity Debt

**Mountain Regional Water Special Service District
Outstanding Parity Debt**

	Series	Purpose	Original Issue Amount	Maturity Date	Principal Outstanding
Bonds					
	2008 ⁽¹⁾	Direct Purchase	3,026,000	2029	2,377,000
	2009B ⁽²⁾	Public Issue	9,045,000	2018	6,160,000
	2011A ⁽³⁾	Direct Purchase	679,000	2031	615,000
	2011B ⁽⁴⁾	Direct Purchase	1,278,000	2032	1,115,000
	2012 ⁽⁵⁾	Public Issue	27,270,000	2033	27,270,000
	2014 ⁽⁶⁾	Public Issue	8,140,000	2034	8,140,000
	Total		\$ 49,438,000		\$ 45,677,000

(1) - Purchased by State Drinking Water Board at a 2.0% interest rate.

(2) - Rated A+ by Fitch and AA (AGM Insured; underlying A+) by S&P. This bond issue is insured by AGM.

(3) - Purchased by State Drinking Water Board at a 1.5% interest rate. This bond is issued as a federally taxable bond.

(4) - Purchased by State Drinking Water Board at a 0% interest rate. This bond is issued as a federally taxable bond.

(5) - Rated A+ by Fitch and AA (AGM Insured; underlying A+) by S&P. This bond issue is insured by AGM.

(6) - Rated A+ by Fitch and AA (AGM Insured; underlying A+) by S&P. This bond issue is insured by AGM.

The annual debt service for each of the parity bonds for each issue is shown below.

**Mountain Regional Water
Parity Debt Service Schedule
June 15, 2015**

Calendar Year	Series 2008		Series 2009B		Series 2011A		Series 2011B		Series 2012		Series 2014		Total Parity Debt		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2015	\$ 137,000	\$ 47,540	\$ 1,550,000	\$ 206,788	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,687,000	\$ 1,677,668	\$ 3,364,668
2016	140,000	44,800	1,625,000	157,288	34,000	9,348	66,000	1,111,400	245,000	314,562	2,110,000	1,637,398	2,110,000	1,637,398	3,747,398
2017	143,000	42,000	1,875,000	104,475	35,000	8,831	66,000	1,111,400	-	309,662	2,119,000	1,576,368	2,119,000	1,576,368	3,695,368
2018	146,000	39,140	1,110,000	38,850	35,000	8,299	66,000	1,111,400	200,000	309,663	1,807,000	1,507,352	1,807,000	1,507,352	3,314,352
2019	149,000	36,220			36,000	7,767	66,000	1,107,400	1,355,000	304,662	2,550,000	1,456,049	1,861,000	1,456,049	3,317,049
2020	152,000	33,240			36,000	7,220	65,000	1,053,200	1,410,000	299,563	465,000	1,393,223	2,128,000	1,393,223	3,521,223
2021	155,000	30,200			37,000	6,673	66,000	996,800	1,465,000	290,262	475,000	1,323,935	2,198,000	1,323,935	3,521,935
2022	158,000	27,100			38,000	6,110	65,000	938,200	1,520,000	276,013	485,000	1,247,423	2,266,000	1,247,423	3,513,423
2023	161,000	23,940			38,000	5,533	66,000	877,400	1,585,000	261,462	505,000	1,168,335	2,355,000	1,168,335	3,523,335
2024	164,000	20,720			39,000	4,955	65,000	814,000	1,645,000	241,263	520,000	1,080,938	2,433,000	1,080,938	3,513,938
2025	168,000	17,440			39,000	4,362	66,000	748,200	1,710,000	220,463	540,000	990,465	2,523,000	990,465	3,513,465
2026	171,000	14,080			40,000	3,770	65,000	679,800	1,780,000	198,862	565,000	896,512	2,621,000	896,512	3,517,512
2027	174,000	10,660			40,000	3,162	66,000	608,600	1,850,000	176,263	585,000	798,685	2,715,000	798,685	3,513,685
2028	178,000	7,180			41,000	2,554	65,000	534,600	1,925,000	151,400	610,000	695,734	2,819,000	695,734	3,514,734
2029	181,000	3,620			42,000	1,930	66,000	457,600	2,005,000	125,475	640,000	588,625	2,934,000	588,625	3,522,625
2030					42,000	1,292	65,000	377,400	2,085,000	96,675	665,000	475,367	2,857,000	475,367	3,332,367
2031					43,000	654	66,000	304,425	2,155,000	66,750	310,000	371,829	2,574,000	371,829	2,945,829
2032							65,000	229,000	2,230,000	51,250	325,000	280,250	2,620,000	280,250	2,900,250
2033								117,500	2,350,000	35,000	340,000	152,500	2,690,000	152,500	2,842,500
2034										18,000	360,000	18,000	360,000	18,000	378,000
Total	\$2,377,000	\$ 397,880	\$ 7,685,000	\$ 507,400	\$615,000	\$ 82,460	\$ 1,115,000	\$27,270,000	\$ 14,289,725	\$ 8,140,000	\$ 4,059,191	\$ 45,677,000	\$19,336,656	\$ 65,013,656	

B. Subordinated Debt

The District's outstanding subordinated debt is shown below.

Mountain Regional Water Special Service District Outstanding Subordinated Debt

Series	Purpose	Original Issue Amount	Maturity Date	Principal Outstanding
Notes Payable				
Zions Land Purchase Agreement	Property	\$ 310,000	2034	\$ 310,000
Weber Basin Water Conservancy District ⁽²⁾	Infrastructure	2,033,436	2028	1,677,948
		\$ 2,343,436		\$ 1,987,948

(1) - The District entered into a capital lease with Zions National Bank in 2014 to acquire land. The principal components for years 2014 to 2024 bear interest at a 2.90% per annum. The principal components for all years after 2024 bears an initial interest rate of 2.25% per annum until August 1, 2024; after which the rate will adjust on August 1, 2024 and again on August 1, 2029. The adjusted rate shall be 20 basis points plus the 5 year Advanced Fixed Rate quoted by the Seattle Federal Home Bank.

(2) - Purchased by Weber Basin at an annual interest rate of 4.6%.

The annual debt service for the subordinated debt is shown below.

Mountain Regional Water Subordinated Debt Service Schedule June 1, 2015

Calendar Year	2009 Weber Basin		2014 Zions Property Lease		Total Subordinated Debt		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2015	\$ 88,215	\$ 81,065	\$ 11,850	\$ 7,726	\$ 100,065	\$ 88,791	\$ 188,856
2016	92,273	77,186	12,197	7,379	104,470	84,565	189,035
2017	96,518	73,128	12,553	7,023	109,071	80,151	189,222
2018	100,958	68,883	12,919	6,657	113,877	75,540	189,417
2019	105,602	64,443	13,296	6,279	118,898	70,722	189,620
2020	110,459	59,799	13,685	5,891	124,144	65,690	189,835
2021	115,541	54,942	14,085	5,491	129,626	60,433	190,058
2022	120,855	49,860	14,496	5,080	135,351	54,940	190,292
2023	126,415	44,546	14,920	4,656	141,335	49,202	190,536
2024	132,230	38,986	15,355	4,221	147,585	43,207	190,792
2025	138,312	33,171	15,777	3,799	154,089	36,970	191,060
2026	144,675	27,089	16,131	3,446	160,806	30,535	191,340
2027	151,330	20,726	16,491	3,085	167,821	23,811	191,632
2028	154,564	14,071	16,861	2,715	171,425	16,786	188,211
2029	-	7,110	17,237	2,339	17,237	9,449	26,686
2030			17,623	1,953	17,623	1,953	19,576
2031			18,017	1,558	18,017	1,558	19,575
2032			18,421	1,156	18,421	1,156	19,577
2033			18,832	743	18,832	743	19,575
2034			19,254	322	19,254	322	19,576
Total	\$ 1,677,948	\$ 715,005	\$ 310,000	\$ 81,519	\$ 1,987,948	\$ 796,524	\$ 2,784,471

C. Future Financing Needs

The District anticipates it will finance future capital project needs over the next few years through the capital budgeting process, excess System revenues or State subsidized loans. However, it is anticipated that no state loans will be needed over the next few years.

7. NO DEFAULTED OBLIGATIONS

The District has never failed to pay principal or interest on any of its financial obligations by the due date.

8. APPENDIX A – FISCAL YEAR 2014 AND 2013 AUDITED FINANCIAL STATEMENTS

The audited financial statements for Fiscal Year 2014 and 2013 are attached to this supplemental disclosure.