



MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

June 5, 2018

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, 2017 (the “2017 FS”); and (ii) the Supplemental Continuing Disclosure Memorandum of the District dated on or before June 28, 2018 (the “SCDM”). This letter, the 2017 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:

The District has the following outstanding public issue parity bonds:

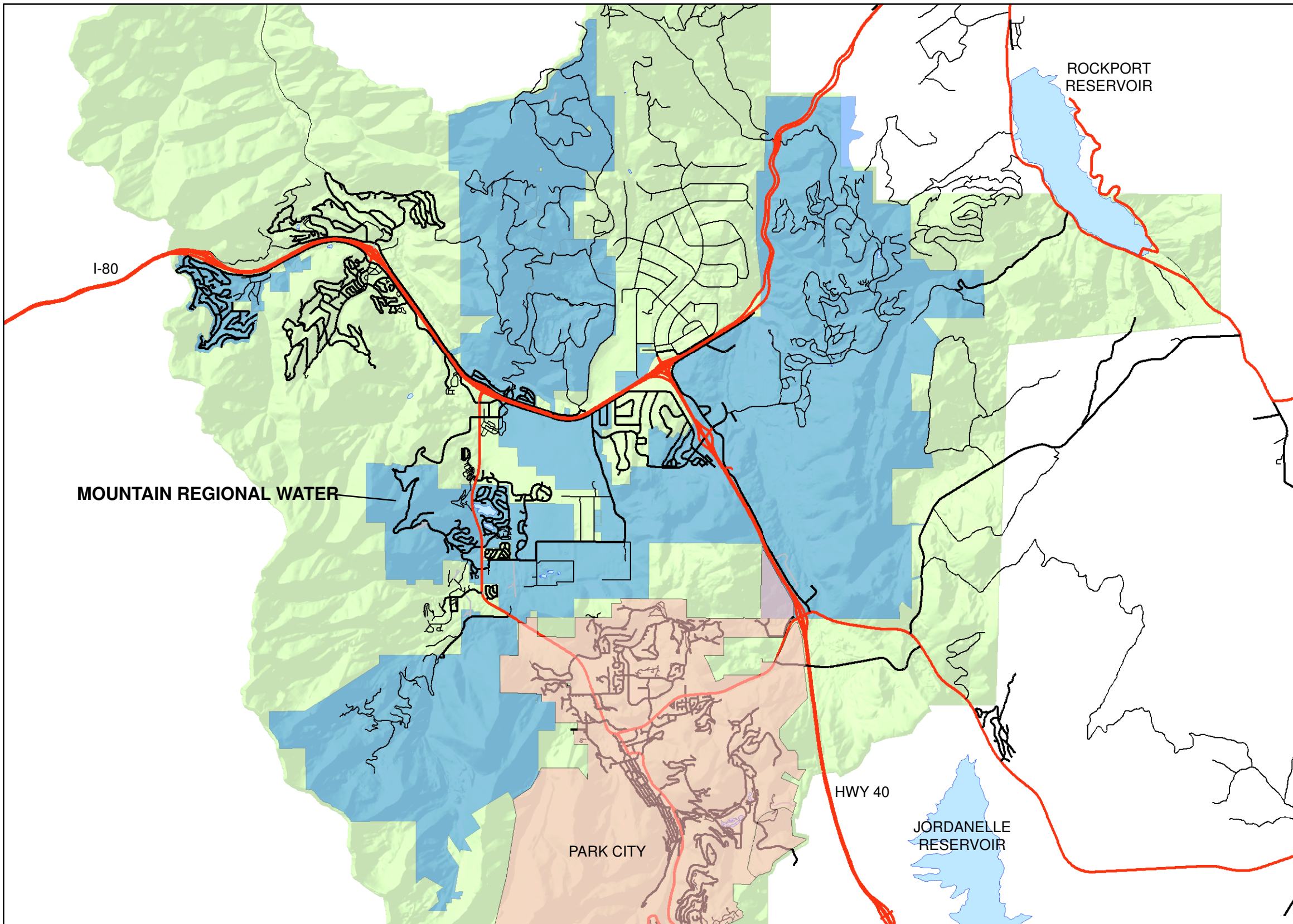
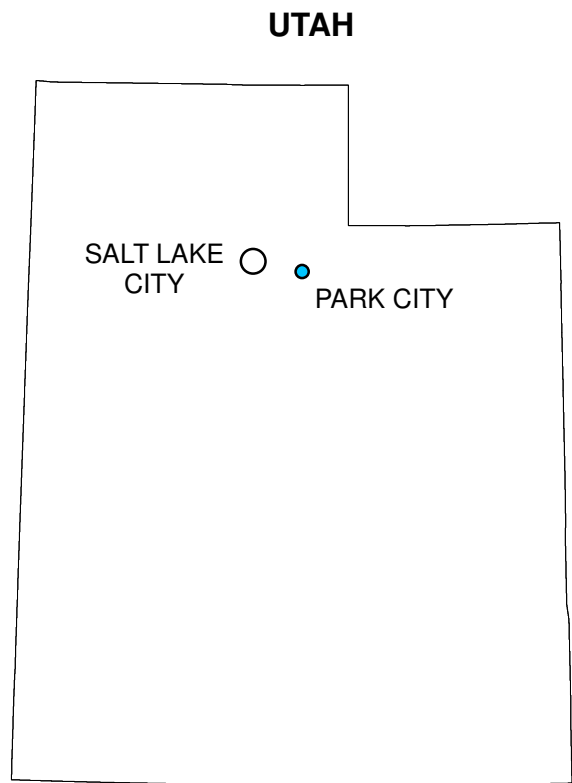
Series 2009B	Water Revenue Refunding Bonds	\$ 9,045,000
CUSIP: 62426V		
BC0		
Series 2012	Water Revenue Refunding Bonds	\$ 27,270,000
CUSIP: 62426V		
BE6, BF3, BG1, BH9, BJ5, BK2, BL0, BM8, BN6, BP1, BQ9, BR7, BT3 and BV8		
Series 2014	Water Revenue Bonds	\$ 8,140,000
CUSIP: 62426V		
BX4, BY2, BZ9, CA3,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

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

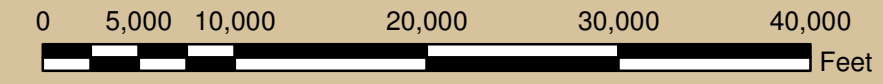
Lisa Hoffman

Lisa Hoffman
Chief Financial Officer



District Infrastructure Overview

Master Base GIS Map



1 inch = 10,000 feet

By C. Braun
Date: 11/5/2014



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**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 June 5, 2018
(Annual submission required on or before June 28, 2018)

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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:

Lisa Hoffman, Chief Financial Officer
lhoffman@mtregional.org
Mountain Regional Water
6421 N Business Park Loop Road, Suite A
PO Box 982320
Park City, UT 84098
435.940.1916 X312 | f 435.940.1945

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	\$ 3,026,000
Issued	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 Zions Bank 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:	<u>1,811,000</u>

Due June 15	CUSIP	Principal Amount	Original Interest Rate
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
		<u>\$ 1,811,000</u>	

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.

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>1,110,000</u>

Due	CUSIP	Principal	Original
December 15	62426V	Amount	Interest Rate
2018	BC 0	1,110,000	3.50
		<u>\$ 1,110,000</u>	

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 Zions Bank 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 AA (AGM Insured); A+ (underlying)

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	511,000

Due March 1	CUSIP n/a	Principal Amount	Original Interest Rate
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
		\$ 511,000	

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 Zions Bank to the registered owner thereof, the State of Utah Drinking Water Board.

Optional Redemption

The Series 2011A 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.

D. Series 2011B **Water Revenue Bonds**
Amount **\$ 1,278,000**
Issued: **May 17, 2012**

Current Maturity Schedule

Series 2011B
Water Revenue Bonds

Original Issue:	\$ 1,278,000
Amount Currently Outstanding from the District:	917,000

Due March 31	CUSIP	Principal Amount	Original Interest Rate
2019	n/a	66,000	0.0
2020	n/a	65,000	0.0
2021	n/a	66,000	0.0
2022	n/a	65,000	0.0
2023	n/a	66,000	0.0
2024	n/a	65,000	0.0
2025	n/a	66,000	0.0
2026	n/a	65,000	0.0
2027	n/a	66,000	0.0
2028	n/a	65,000	0.0
2029	n/a	66,000	0.0
2030	n/a	65,000	0.0
2031	n/a	66,000	0.0
2032	n/a	65,000	0.0
		\$ 917,000	

Background Information

The Series 2011B Bonds were sold directly to the State of Utah Drinking Water Board to facilitate a zero interest state loan. The State Drinking Water Board is the registered owner of the Series 2011B Bonds.

Principal on the Series 2011B Bonds is payable by Zions Bank 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.

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:	<u>\$ 27,270,000</u>
Amount Currently Outstanding from the District:	<u>27,270,000</u>

Due December 15	CUSIP 62426V	Principal Amount	Original Interest Rate
2018	BE6	\$ 200,000	4.0
2019	BF3	1,355,000	4.0
2020	BG1	1,410,000	4.0
2021	BH9	1,465,000	4.0
2022	BJ5	1,520,000	4.0
2023	BK2	1,585,000	4.0
2024	BL0	1,645,000	4.0
2025	BM8	1,710,000	4.0
2026	BN6	1,780,000	4.0
2027	BP1	1,850,000	4.0
2028	BQ9	1,925,000	4.0
2029	BR7	2,005,000	4.0
2031	BT3	4,240,000	3.5
2033	BV8	4,580,000	5.0
Total		<u>\$ 27,270,000</u>	

Background Information

The Series 2012 Bonds were sold pursuant to 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 Zions Bank 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 on December 15, 2021; at the redemption price of 100% plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Series 2012 Bonds maturing on December 15, 2031 and December 15, 2033 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, but without premium, on the dates and in the principal amounts as follows:

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Sinking Fund Requirements</u>
December 15, 2030.....	\$2,085,000
December 15, 2031 (final maturity)	<u>2,155,000</u>
Total.....	<u>\$4,240,000</u>
December 15, 2032.....	\$2,230,000
December 15, 2033 (final maturity)	<u>2,350,000</u>
Total.....	<u>\$4,580,000</u>

Current Ratings

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

Credit Enhancement

The scheduled principal and interest payments on the Series 2012 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:	7,895,000

Due December 15	CUSIP 62426V	Principal Amount	Original Interest Rate
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
		\$ 7,895,000	

Background Information

The Series 2014 Bonds were sold pursuant to a negotiated sale to KeyBanc 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 Zions Bank 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 on December 15, 2024; at the redemption price of 100% plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Series 2014 Bonds maturing on December 15, 2028; December 15, 2030; and December 15, 2034 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, but without premium, on the dates and in the principal amounts as follows:

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Sinking Fund Requirements</u>
December 15, 2027.....	\$ 585,000
December 15, 2028 (final maturity)	<u>610,000</u>
Total.....	<u>\$1,195,000</u>
December 15, 2029.....	\$ 640,000
December 15, 2030 (final maturity)	<u>665,000</u>
Total.....	<u>\$1,305,000</u>
December 15, 2031.....	\$ 310,000
December 15, 2032.....	325,000
December 15, 2033.....	340,000
December 15, 2034 (final maturity)	<u>360,000</u>
Total.....	<u>\$1,335,000</u>

Current Ratings

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

Credit Enhancement

The scheduled principal and interest payments on the Series 2014 Bonds are guaranteed by AGM.

3. DEBT SERVICE COVERAGE

A. Rate Stabilization Fund

The District established a rate stabilization fund to mitigate cyclical development related revenue, assessment prepayments, and treatment plant costs that vary dramatically year to year. Additionally, the impact of weather on annual water sales can be significant.

Debt Service Sub Fund

There is currently \$1.10 million in the Debt Service Sub Fund that can only be used to make parity bond payments in the unlikely case insufficient cash is generated from operations in any given

year. In the event of a cash shortfall, the amount transferred from this fund to cover the shortfall can be included in that year's debt coverage calculation. However, it is a violation of District policy to use these funds to calculate debt coverage for budget purposes.

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.

Prepaid Assessment Sub Fund

Two developments in the District are required to pay assessments that are applied to related debt payments. As some of these assessments are prepaid before related debt payments are due, these prepayments are deposited in the Prepaid Assessment Sub Fund.

In future years when lower assessments are collected, the Prepaid Assessment Sub Fund balance may be used to calculate both budgeted and actual year-end debt coverage ratios. There is currently \$184,717 in the Prepaid Assessment Sub Fund.

Treatment Plant Sub Fund

The District budgeted the same \$65,000 amount each year through 2016 for high cost carbon and membrane filters whether it planned to acquire any or not. Starting in 2017, this amount increased to \$115,000. This represents one-tenth of the amount it is anticipated will be spent over the next ten years on these two items.

In most years little or no funds will be spent on these items, and the unused budget amount is deposited into the Treatment Plant Sub Fund.

In years when the actual amount expended is expected to exceed the annual budget amount, the District will include the portion of the Treatment Plant Sub Fund needed to pay for the amount spent on the carbon and membrane filters beyond the annual budget amount for both its budget and actual year-end debt coverage calculations.

In 2017, \$0 was taken from this fund to purchase carbon, leaving a current balance of \$239,976.

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 Fiscal Year 2017 debt coverage was 2.06 without including the rate stabilization fund; and 2.43 when the stabilization fund was included.

Mountain Regional Water Historical Debt Service Coverage					
	2013	2014	2015	2016	2017
Operating revenues:					
Water sales	\$ 6,710,836	\$ 6,618,857	\$ 7,362,259	\$ 8,699,001	\$ 9,125,956
Operating fees	259,851	350,920	421,448	407,984	442,186
Other	69,330	52,913	75,038	68,056	73,859
Total operating revenues	<u>7,040,017</u>	<u>7,022,690</u>	<u>7,858,745</u>	<u>9,175,041</u>	<u>9,642,001</u>
Operating Expenses:					
Operations, maintenance and repairs	1,870,797	1,993,860	2,002,038	2,250,116	2,057,065
Water production	1,527,502	1,533,912	1,802,721	1,746,327	2,003,330
Engineering and energy and technology management	423,200	440,263	593,834	660,752	714,647
Management and finance	670,732	759,098	752,131	772,452	895,226
Legal services	30,254	45,499	24,560	13,305	29,680
Actuarial pension adjustment	-	-	125,447	87,094	(94,103)
Total operating expenses	<u>4,522,485</u>	<u>4,772,632</u>	<u>5,300,731</u>	<u>5,530,046</u>	<u>5,605,845</u>
Net operating revenues	<u>2,517,532</u>	<u>2,250,058</u>	<u>2,558,014</u>	<u>3,644,995</u>	<u>4,036,156</u>
Non-operating revenues:					
Cash Grants	35,981	-	4,987	19,434	-
Interest income available for debt service	26,491	29,670	80,464	111,291	173,092
Impact fees	563,385	625,850	1,254,502	1,204,382	1,459,348
SID assessments	794,375	1,575,816	1,730,632	1,742,175	1,674,531
Treatment Plant Stabilization Fund	-	-	87,184	87,968	-
Gain (loss) on fixed assets	-	9,138	144,008	-	11,132
Other non-operating revenue	177,105	280,129	315,918	209,456	246,707
Non-operating revenues	<u>1,597,337</u>	<u>2,520,603</u>	<u>3,617,695</u>	<u>3,374,706</u>	<u>3,564,810</u>
Total Net Revenue available for debt service from ongoing operations	<u>\$ 4,114,869</u>	<u>\$ 4,770,661</u>	<u>\$ 6,175,709</u>	<u>\$ 7,019,701</u>	<u>\$ 7,600,966</u>
Parity debt service:					
2014 Bonds	\$ -	\$ -	\$ 311,941	\$ 559,562	\$ 309,662
2012 Bonds	1,111,400	1,111,400	1,111,400	1,111,400	1,111,400
2011B Bonds	54,000	54,000	55,000	66,000	66,000
2011A Bonds	20,169	20,017	43,866	43,348	43,831
2009B Bonds	872,450	1,773,725	1,756,788	1,782,288	1,979,475
2008 Bonds	184,880	185,240	184,540	184,800	185,000
2006 Bonds	21,000	22,000	-	-	-
2002B Bonds	37,000	37,000	-	-	-
Total parity debt service	<u>\$ 2,300,899</u>	<u>\$ 3,203,382</u>	<u>\$ 3,463,535</u>	<u>\$ 3,747,398</u>	<u>\$ 3,695,368</u>
Debt coverage from ongoing operations	<u>1.79</u>	<u>1.49</u>	<u>1.78</u>	<u>1.87</u>	<u>2.06</u>
Rate Stabilization Fund	1,202,048	1,227,634	1,226,512	1,219,370	1,384,663
Total Net Revenue available for debt service	<u>\$ 5,316,917</u>	<u>\$ 5,998,295</u>	<u>\$ 7,402,221</u>	<u>\$ 8,239,071</u>	<u>\$ 8,985,629</u>
Total debt coverage including the Rate Stabilization Fund	<u>2.31</u>	<u>1.87</u>	<u>2.14</u>	<u>2.20</u>	<u>2.43</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 200 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 also supplies three major wholesale customers, namely Park City, Summit Water Distribution Company, and High Valley Company, and is a backup to Gorgoza Mutual Water Company, Pine Meadows, and Service Area #3.

The District has 12.2 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 4.0 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, which is .60 acre feet. All residential customers are considered to be 1.0 ERC.

Mountain Regional Water Special Service District Customer Accounts					
	May 2014	May 2015	May 2016	May 2017	May 2018
Customers Using Water					
Residential	2,992	3,137	3,301	3,406	3,550
Commercial / Industrial	126	132	136	145	161
Irrigation	55	55	56	56	53
Construction / Wholesale	23	30	25	29	32
Subtotal - Customers Using Water	3,196	3,354	3,518	3,636	3,796
Platted Undeveloped Lots					
Standby Customers	1,882	1,841	1,709	1,638	1,696
Subtotal - Customers on Standby	1,882	1,841	1,709	1,638	1,696
Total Customer Accounts	5,078	5,195	5,227	5,274	5,492
% Change from Prior Year	1.8%	2.3%	0.6%	0.9%	4.2%
Total Equivalent Residential Connections (ERCs)	7,435	7,752	9,039	9,541	9,647
% Change from Prior Year	-5.1%	4.3%	16.6%	5.5%	1.1%

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 also set at 0.60 acre feet annually.

Total ERCs have increased 101 or 1.1% from May 2017 primarily due to the District selling its surplus water to Weber Basin under the Weber Basin Regionalization Agreement, discussed in

more detail on the following pages. Over the past 12 months, the District transported 1,310 ERCs to Weber Basin under regionalization agreements.

Since May 2014 total ERCs have increased 2,212 or 29.8% due to surplus water sold to Weber Basin, as discussed above.

New customers using water increased 160 over the past twelve months to 3,796, a 4.4% increase.

As of May 2018, there were 1,696 standby accounts, which is 58 more than twelve months ago. This indicates the number of newly platted undeveloped lots has grown more quickly than 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 10-15 years. District water production by source is shown on the following page.

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

	2013	2014	2015	2016	2017
Water Produced for District Customers					
Atkinson Wells					
Atkinson Well #2	13,000	2,000	80,000	6,095,000	22,536,000
Jailhouse Well #3	1,080,300	907,300	2,148,000	2,233,000	510,000
Atkinson Well #10	27,065,000	16,297,000	27,019,000	21,939,000	26,771,000
Starpointe Well #15B	145,379,328	92,517,632	156,116,480	218,775,040	172,351,088
3-Mile Well	-	-	-	2,195,000	604,000
Bison Bluff Well #15C	-	-	-	-	109,918,000
Lost Creek ⁽¹⁾					
Rockport Well Field & Reservoir	608,265,000	685,891,000	656,163,000	569,668,000	413,596,600
Spring Creek					
Blackhawk Well #2R	1,790,600	56,900	308,900	687,700	237,300
Gorgoza Well #6	6,018,000	3,152,000	7,474,000	17,473,000	20,980,000
Nugget Well	4,345,000	1,327,000	4,861,000	9,964,000	7,378,000
Silver Springs					
Spring Creek Springs	81,173,000	76,292,000	81,917,000	88,695,000	90,661,000
Lakeside Well #1	24,404,000	40,179,000	39,294,000	45,257,000	40,157,000
Summit Park Wells					
Summit Park Well #7	8,773,000	5,505,000	2,558,500	6,694,000	3,919,000
Total Water Produced for MRW Customers	908,306,228	922,126,832	977,939,880	989,675,740	909,618,988
% Change from Prior Year	-15.3%	1.5%	6.1%	1.2%	-8.1%
Water Transported from District Sources to Other Water Companies ⁽²⁾					
Summit Water Distribution System					
Olympic Park	20,479,600	17,750,600	21,426,900	23,197,500	27,500,900
Rockport Well Field & Reservoir (MRW Source)					
High Valley	28,353,000	24,430,000	23,730,000	27,830,000	34,950,000
Park City	488,115,000	462,131,000	577,056,000	514,188,000	399,640,000
Weber Basin	-	-	123,074,000	220,723,000	254,312,000
Total Water Transported	536,947,600	504,311,600	745,286,900	785,938,500	716,402,900
% Change from Prior Year	30.8%	-6.1%	47.8%	5.5%	-8.8%
Total Production & Sources	1,445,253,828	1,426,438,432	1,723,226,780	1,775,614,240	1,626,021,888
	-2.5%	-1.3%	20.8%	3.0%	-8.4%

(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 decreased 8.1% to 909.6 million gallons in 2017 primarily due to lower usage by Promontory for their golf course and continued improvement in District facilities to reduce water loss. In 2016, water production for District customers only increased by 1.2% due to a very hot dry summer, slightly offset by the District improvements to reduce water loss.

Water transported by the District to other water companies decreased 8.8% in 2017 primarily due to Park City taking only 399.6 million gallons in 2017 as compared to 514.2 million gallons in 2016. Park City was working on some operational issues with their treatment plant during 2017, so they had a significant drop in transportation.

Park City began wheeling its water through the District's Lost Canyon project in 2012. The quantity wheeled has fluctuated over the past five years from a low of 399.6 million gallons in 2017 to a high of 577.1 million gallons in 2015. On average, Park City is currently wheeling just over half its 2,900 acre feet capacity rights, and with the repair of its treatment plant in 2017, the quantity of water produced for Park City should continue to increase over time.

This decrease was slightly offset by Weber Basin taking an additional 100 acre feet of water in 2017 vs 2016.

Water transported by the District to other water companies increased significantly in 2015 from 504.3 million gallons in 2014 to 716.4 million gallons in 2017. This is primarily due to the sale of 254.3 million gallons of surplus water sold to Weber Basin under the regionalization agreement starting in 2015.

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, entered into future importation contracts with Weber Basin Water Conservancy District, 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 8,051 acre feet.

The Lost Canyon project alone utilizes two Rockport surface diversions which can 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 is currently leasing 800 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 144 pump facilities. All pumping systems combined have a peak capacity of nearly 37,000 gallons per minute, with pumps totaling nearly 10,000 horsepower. The District pumped over 2.7 billion gallons in 2017 when factoring in sources and boosting facilities.

The District has an annual energy pumping load of nearly 9 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 and water conservation management strategies, the District has realized a significant savings in energy and power alone. The net energy bill of the District for 2017 was approximately \$616,000. Without efficiency programs, the District would have paid over \$1.0 million in power costs. The District saved approximately \$322,000 through power and energy management programs, \$44,000 through water loss management programs, and \$55,000 through water conservation programs.

D. Water Usage

The District's annual water usage is shown below.

Mountain Regional Water Special Service District Water Usage

Usage by District Customers	2013	2014	2015	2016	2017
Customer Type					
Residential	329,150,000	321,902,358	329,266,479	384,105,651	392,730,024
Commercial / Industrial	73,934,000	66,085,000	67,070,623	79,045,771	93,288,329
Irrigation	240,762,000	229,555,000	261,491,000	277,579,000	251,075,414
Construction	9,531,776	9,177,118	7,668,687	3,612,659	9,581,135
Other	329,000	721,000	19,751,000	16,774,000	11,585,191
Total Usage by MRW Customers	653,706,776	627,440,476	685,247,789	761,117,081	758,260,093
% Change from Prior Year	-10.9%	-4.0%	9.2%	11.1%	-0.4%
Transported (Wheeled) Water					
High Valley ⁽¹⁾	29,625,000	24,430,000	23,730,000	27,830,000	34,950,000
Olympic Park Wheeling ⁽²⁾	21,845,700	15,569,200	25,005,600	23,561,200	26,421,000
Park City Wheeling ⁽³⁾	486,994,519	460,325,041	580,267,559	518,437,875	399,989,326
Weber Basin ⁽⁴⁾	-	-	123,074,000	220,723,000	254,312,000
Total Transported Wheeled Water	538,465,219	500,324,241	752,077,159	790,552,075	715,672,326
% Change from Prior Year	32.1%	-7.1%	50.3%	5.1%	-9.5%
Total Usage Plus Transported Water	1,192,171,995	1,127,764,717	1,437,324,948	1,551,669,156	1,473,932,419
% Change from Prior Year	4.5%	-5.4%	27.4%	8.0%	-5.0%

(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.

(4) - Under the terms of the water regionalization agreement, the District is selling its surplus water to Weber Basin.

Usage by District customers remained consistent with usage in 2016 and only dropped slightly - 0.4% to 758.3 million gallons in 2017. The decrease was primarily due to irrigation of the Promontory golf course which was down 26.5 million gallons in 2017. Both 2016 and 2017 had hot dry summer weather. Usage was lower between 2013 and 2015 due to cooler wetter weather. These weather patterns are reflected in the percentage changes for use by District customers for those years, as shown above.

As discussed earlier, water production for District customers also decreased 8.8% compared to the 0.4% decrease in usage. This apparent discrepancy is due to a continued reduction in water loss programs implemented by the District. The District is currently replacing the waterlines in the Summit Park Service Area over a 20 year period, as well as other areas, and is replacing old water meters with meters that contain advanced technology to assist in the rapid assessment of water leaks.

Water transported by the District decreased 9.5% to 715.7 million gallons in 2017 – which compares to the 8.8% related decrease in production. In 2016, water transported by the District increased 5.1% to 790.6 million gallons in 2016 – which compares to the 5.5% related increase in production.

As mentioned above, Park City was working with operational issues related to their treatment plant in 2017, accordingly the entire decrease in transported water can be attributed to Park City. This decrease was slightly offset by an additional 100 acre feet of surplus water sold to Summit Water Distribution Company through the regionalization agreement with Weber Basin.

E. Major Water Users

The top ten users of the system for 2017, based on revenue, are shown below.

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

2017 Rank	MRW Customer	Type of Customer	2017 Dollars	% of Total
1	Weber Basin	Government	\$ 889,600	9.7%
2	Park City Municipal	Government	583,457	6.4%
3	Promontory - The Ranch Club	Recreation / Golf Courses	576,657	6.3%
4	Olympic Park	Recreation	169,597	1.9%
5	Home Depot	Commercial	128,269	1.4%
6	Newpark	Multi-Use Development	107,169	1.2%
7	Triumph Gear Systems	Industrial	74,286	0.8%
8	Trailside School	School	66,533	0.7%
9	Hyatt Place	Commercial	62,457	0.7%
10	Summit County	Government	57,450	0.6%
Top Ten Total			\$ 2,715,475	29.8%
Total - All Customers			\$ 9,125,956	

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

Weber Basin accounted for 9.7% of total water sales, all of which was delivered to Summit Water Distribution Company. Park City Municipal accounted for 6.4% 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. Promontory accounted for 6.3% of total water sales in 2017 – mostly to irrigate two golf courses. The remaining seven customers range from 1.9% to 0.6% of sales.

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.

Park City Ski Resort. The District provides snowmaking water for the Park City 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 2013, 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 water from the District under the regionalization agreement which began in 2015. Under this agreement, Weber Basin took 378 acre feet of water in 2015, 677 acre feet of water in 2016, and 783 acre feet of water in 2017, for delivery to Summit Water. In 2018, Weber Basin has committed to purchase up to 800 acre feet of water.

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 plans to do a rate study in 2018 to address increasing debt service costs.

The District's current water rates and charges are shown on the following pages.

Water Rates

Amount

Residential - 1.0 ERCs

Monthly Base Rate	\$	60.00	<i>Per Connection</i>
Usage (in gallons)			
Zero to 5,000		1.75	<i>Per 1,000 Gallons</i>
5,001 to 20,000		4.50	<i>Per 1,000 Gallons</i>
20,001 to 30,000		5.00	<i>Per 1,000 Gallons</i>
30,001 to 40,000		8.00	<i>Per 1,000 Gallons</i>
40,001 to 60,000		12.00	<i>Per 1,000 Gallons</i>
60,001 to 80,000		15.00	<i>Per 1,000 Gallons</i>
80,001 to 100,000		18.00	<i>Per 1,000 Gallons</i>
Above 100,000		21.00	<i>Per 1,000 Gallons</i>

Residential - 1.4 ERCs

Monthly Base Rate		84.00	<i>Per Connection</i>
Usage (in gallons)			
Zero to 7,000		1.75	<i>Per 1,000 Gallons</i>
7,001 to 28,000		4.50	<i>Per 1,000 Gallons</i>
28,001 to 42,000		5.00	<i>Per 1,000 Gallons</i>
42,001 to 56,000		8.00	<i>Per 1,000 Gallons</i>
56,001 to 84,000		12.00	<i>Per 1,000 Gallons</i>
84,001 to 112,000		15.00	<i>Per 1,000 Gallons</i>
112,001 to 140,000		18.00	<i>Per 1,000 Gallons</i>
Above 140,000		21.00	<i>Per 1,000 Gallons</i>

Residential - 1.8 ERCs

Monthly Base Rate		108.00	<i>Per Connection</i>
Usage (in gallons)			
Zero to 9,000		1.75	<i>Per 1,000 Gallons</i>
9,001 to 36,000		4.50	<i>Per 1,000 Gallons</i>
36,001 to 54,000		5.00	<i>Per 1,000 Gallons</i>
54,001 to 72,000		8.00	<i>Per 1,000 Gallons</i>
72,001 to 108,000		12.00	<i>Per 1,000 Gallons</i>
108,001 to 144,000		15.00	<i>Per 1,000 Gallons</i>
144,001 to 180,000		18.00	<i>Per 1,000 Gallons</i>
Above 180,000		21.00	<i>Per 1,000 Gallons</i>

Non-residential - Per ERC

Monthly Base Rate		77.00	<i>Per Connection</i>
Usage (in gallons)			
Zero to 5,000		2.75	<i>Per 1,000 Gallons</i>
5,001 to 30,000		4.50	<i>Per 1,000 Gallons</i>
30,001 to 40,000		8.00	<i>Per 1,000 Gallons</i>
40,001 to 60,000		12.00	<i>Per 1,000 Gallons</i>
60,001 to 80,000		12.00	<i>Per 1,000 Gallons</i>
80,001 to 100,000		12.00	<i>Per 1,000 Gallons</i>
Above 100,000		12.00	<i>Per 1,000 Gallons</i>

Water Rates (continued)

	Amount	
Culinary Irrigation - Per ERC		
Monthly Base Rate	\$ 60.00	<i>Per Connection</i>
Usage (in gallons)		
Zero to 5,000	2.75	<i>Per 1,000 Gallons</i>
5,001 to 30,000	4.50	<i>Per 1,000 Gallons</i>
30,001 to 40,000	8.00	<i>Per 1,000 Gallons</i>
40,001 to 60,000	12.00	<i>Per 1,000 Gallons</i>
60,001 to 80,000	15.00	<i>Per 1,000 Gallons</i>
80,001 to 100,000	18.00	<i>Per 1,000 Gallons</i>
Above 100,000	21.00	<i>Per 1,000 Gallons</i>
Common Wall Irrigation		
Rate Multiplier	# of Units	
Monthly Base Rate	-	<i>Per Unit</i>
Usage (in gallons)		
Zero to 3,000	1.23	<i>Per 1,000 Gallons</i>
3,001 to 11,000	4.31	<i>Per 1,000 Gallons</i>
11,001 to 27,000	4.92	<i>Per 1,000 Gallons</i>
27,001 to 47,000	5.54	<i>Per 1,000 Gallons</i>
47,001 to 87,000	6.15	<i>Per 1,000 Gallons</i>
87,001 to 147,000	9.85	<i>Per 1,000 Gallons</i>
147,001 to 227,000	14.77	<i>Per 1,000 Gallons</i>
Above 227,000	19.69	<i>Per 1,000 Gallons</i>
Interruptible Sources (Construction/Snowmaking/Wholesale)		
Monthly Base Rate	120.00	<i>Per Connection</i>
Usage	13.00	<i>Per 1,000 Gallons</i>
Pumping Surcharge		
Colony	3.17	<i>Per 1,000 Gallons</i>
Discovery	0.78	<i>Per 1,000 Gallons</i>
Glenwild	0.63	<i>Per 1,000 Gallons</i>
Preserve	3.07	<i>Per 1,000 Gallons</i>
Redhawk	3.07	<i>Per 1,000 Gallons</i>
Stagecoach	3.07	<i>Per 1,000 Gallons</i>
Summit Park	0.78	<i>Per 1,000 Gallons</i>
Sun Peak	1.18	<i>Per 1,000 Gallons</i>
Timberline	0.78	<i>Per 1,000 Gallons</i>
Weilenmann	0.78	<i>Per 1,000 Gallons</i>
<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	120.00	
Usage (includes Sun Peak Pumping Surcharge)	5.13	<i>Per 1,000 Gallons</i>
Untreated Secondary Water		
Per Contract		
Stagecoach		
Monthly Infrastructure Assessment	143.00	<i>Per Lot</i>
Standby Fees		
Monthly Charge	38.50	<i>Per Lot or Prepaid Connection</i>

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

	Amount		
	<i>Peak Monthly Gallons for Previous Year at Current Rates Per Month</i>		<i>Per Connection</i>
Buried Meter Service Fee			
			Each Additional Meter In A Multiple Unit Building Installed at a Single Location
		Single Meter	
Connection Fee - Meter/MXU			
Security Deposit (Refundable)	\$	1,500	n/a
Up to 3/4" Meter		1,800	900
1.0" Meter		2,000	1,000
1.5" Meter		2,400	1,200
2.0" Meter		2,700	1,350
3.0" Meter		<i>\$2,700 plus Incremental Meter Cost</i>	<i>\$1,350 plus Incremental Meter Cost</i>
4.0" Meter			
6.0" Meter			
8.0" Meter			
<i>(1) - In order to qualify for the 50% lower Connection Fee - Meter/MXU for additional meters, all of the additional meters must be installed in a single location at the same time, and only provide water service to individual units located in one building. This includes, but is not limited to condos, townhomes, apartments, and commercial buildings with multiple units in one building.</i>			
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>

Operating Fees (continued)

	Amount	
Fire Hydrant Rental		
3" Meter - Deposit (Refundable)	\$ 1,500	<i>Per Connection</i>
3" Meter Wear Fee (Non-Refundable)	350	
3" Monthly Base Rate	120	
3" Usage Rate	13	<i>Per 1,000 Gallons</i>
1" Meter - Deposit (Refundable)	500	<i>Per Connection</i>
1" Meter Wear Fee (Non-Refundable)	125	
1" Monthly Base Rate	60	
1" Usage Rate	13	<i>Per 1,000 Gallons</i>
On-Site Visit (formerly inspection fee)	100	<i>Per Occurrence</i>
Private Fire Hydrant Meter Flushing & Inspection Fee		<i>Per Lot with Private Hydrant</i>
Monthly Ongoing Fee	10	
Resumption of Service Fee	100	<i>Per Occurrence</i>
Title Transfer Fee	100	<i>Per Occurrence</i>
Alternate Water Service Provider	4,700	<i>Per ERC Under Contractual Commitment with MRW Who Switches to Another Provider</i>
Conservation Violations		
1st Violation	<i>Warning</i>	<i>Per Violation</i>
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>	<i>Per Occurrence</i>
Release of Restrictive Covenant	<i>Assess all back fees and charges, plus 1.5% annual interest</i>	<i>Per Lot</i>
Theft of Service	1,000	<i>Per Occurrence</i>

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 an inspection fee based upon 3.0% of the projected water infrastructure costs.

5. FINANCIAL INFORMATION

Certain reclassifications have been made to the prior year financial statements in order for them to conform to the 2017 presentation.

A. Statement of Net Position

Mountain Regional Water Statement of Net Position

	2013	2014	2015	2016	2017
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,428,950	\$ 3,708,651	\$ 4,723,707	\$ 5,232,990	\$ 6,992,374
Receivables					
Accounts receivable	562,990	494,329	587,712	906,385	820,468
Other	93,562	28,000	190,648	10,000	504,228
Inventory of supplies	97,262	102,705	147,871	125,851	117,240
Prepaid expenses	1,033,890	1,037,405	1,085,059	1,113,884	1,194,814
Current portion, restricted cash and cash equivalents	2,949,914	2,720,273	2,925,387	2,928,228	3,024,564
Total current assets	8,166,568	8,091,363	9,660,384	10,317,338	12,653,688
Noncurrent assets:					
Restricted cash and cash equivalents	(248,449)	8,230,473	4,185,654	3,913,712	1,754,882
Net pension asset	-	-	1,350	87	-
Nondepreciable capital assets	20,201,733	20,404,030	25,379,582	22,261,288	23,668,624
Depreciable capital assets, net	57,305,339	57,949,744	57,743,581	61,481,973	64,250,103
Total assets	85,425,191	94,675,610	96,970,551	97,974,398	102,327,297
DEFERRED OUTFLOWS OF RESOURCES					
Loss on bond refunding	920,838	877,084	830,719	784,353	737,987
Pensions	-	-	319,152	675,060	774,581
Total deferred outflow of resources	920,838	877,084	1,149,871	1,459,413	1,512,568
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 86,346,029	\$ 95,552,694	\$ 98,120,422	\$ 99,433,811	\$ 103,839,865
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 45,357	\$ 9,234	\$ 625,902	\$ 138,250	\$ 117,689
Accrued liabilities	167,787	181,107	217,102	46,536	71,972
Liabilities payable from restricted assets					
Accounts payable	215,555	127,237	103,332	209,475	511,853
Due to developer	104,198	150,920	143,500	48,480	66,222
Customer deposits	265,021	320,596	299,459	304,355	370,138
Arbitrage rebate	321,677	6,228	6,293	6,350	6,409
Accrued interest	88,027	101,077	97,059	92,806	91,956
Current portion, payable to developer	75,000	150,000	73,471	51,244	62,235
Current portion, notes and bonds payable	1,880,436	1,864,215	2,202,273	2,215,518	1,915,751
Current portion, capital leases	-	11,850	12,197	12,553	26,299
Total current liabilities	3,163,058	2,922,464	3,780,588	3,125,567	3,240,524
Long-term obligations, less current maturities:					
Capital leases	-	298,150	285,953	273,401	613,496
Payable to developer	1,396,368	1,234,316	1,270,837	1,266,392	1,135,377
Net pension liability	-	-	709,392	968,804	1,119,191
Compensated absences	257,160	287,752	371,318	392,708	408,452
Notes and bonds payable	41,695,307	48,664,692	46,286,784	43,895,631	42,051,306
Total liabilities	46,511,893	53,407,374	52,704,872	49,922,503	48,568,346
DEFERRED INFLOW OF RESOURCES					
Grant revenues received in advance	233,334	221,667	210,000	198,334	186,667
Pensions	-	-	92,415	100,555	143,705
Total deferred inflow of resources	233,334	221,667	302,415	298,889	330,372
NET POSITION					
Net investment in capital assets	\$ 34,853,793	\$ 37,054,675	\$ 38,995,794	\$ 40,651,137	\$ 44,049,862
Restricted for:					
Capital projects	-	-	241,875	1,249,620	1,214,318
Debt service	538,946	450,139	1,046,123	1,092,592	1,320,938
Unrestricted	4,208,063	4,418,839	4,829,343	6,219,070	8,356,029
Total net position	39,600,802	41,923,653	45,113,135	49,212,419	54,941,147
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 86,346,029	\$ 95,552,694	\$ 98,120,422	\$ 99,433,811	\$ 103,839,865

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

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

	2013	2014	2015	2016	2017
Operating revenues:					
Water sales	\$ 6,710,836	\$ 6,618,857	\$ 7,362,259	\$ 8,699,001	\$ 9,125,956
Operation fees	259,851	350,920	421,448	407,984	442,186
Other	69,330	52,913	75,038	68,056	73,859
Total operating revenue	7,040,017	7,022,690	7,858,745	9,175,041	9,642,001
Operating expenses:					
Operations, maintenance and repairs	1,870,797	1,993,860	2,002,038	2,250,116	2,057,065
Water production	1,527,502	1,533,912	1,802,721	1,746,327	2,003,330
Engineering and energy and technology management	423,200	440,263	593,834	660,752	714,647
Management and finance	670,732	759,098	752,131	772,452	895,226
Legal services	30,254	45,499	24,560	13,305	29,680
Depreciation	1,374,783	1,429,555	1,465,973	1,474,478	1,579,364
Total operating expenses	5,897,268	6,202,187	6,641,257	6,917,430	7,279,312
Operating income (loss)	\$ 1,142,749	\$ 820,503	\$ 1,217,488	\$ 2,257,611	\$ 2,362,689
Nonoperating revenues (expenses)					
Impact fees	\$ 563,385	\$ 625,850	\$ 1,254,502	\$ 1,204,382	\$ 1,459,348
Interest income	26,789	30,082	80,958	112,941	176,988
Special Improvement District assessments	794,375	1,575,816	1,730,632	1,742,175	1,674,531
Intergovernmental grant revenue	47,648	11,667	16,704	31,101	11,667
Other non-operating revenue	177,105	280,129	315,919	209,455	246,707
Gain (loss) on disposal of capital assets	(16,776)	9,138	144,008	-	11,132
Interest expense	(1,527,500)	(1,441,191)	(1,624,034)	(1,462,711)	(1,470,966)
Other nonoperating expenses	(35,364)	(207,532)	(23,734)	(30,734)	(27,734)
Total non-operating revenues (expenses), net	29,662	883,959	1,894,955	1,806,609	2,081,673
Income (loss) before operating transfers	\$ 1,172,411	\$ 1,704,462	\$ 3,112,443	\$ 4,064,220	\$ 4,444,362
Contributions-in-aid of construction	\$ 288,413	\$ 618,390	\$ 766,136	\$ 35,064	\$ 1,284,366
Operating transfers from (to) other governments	-	-	(82,345)	-	-
Change in net position	\$ 1,460,824	\$ 2,322,852	\$ 3,796,234	\$ 4,099,284	\$ 5,728,728
Net position, beginning of year ⁽¹⁾	38,139,978	39,600,802	41,316,901	45,113,135	49,212,419
Net position, end of year	\$ 39,600,802	\$ 41,923,654	\$ 45,113,135	\$ 49,212,419	\$ 54,941,147

(1) - Beginning net position at January 1, 2015 was restated to retroactively report the changes in pension reporting due to the them implementation of GASB Statement No. 68.

6. DEBT STRUCTURE

A. Parity Debt

**Mountain Regional Water Special Service District
Outstanding Parity Debt
June 28, 2018**

	<u>Series</u>	<u>Purpose</u>	<u>Original Issue Amount</u>	<u>Maturity Date</u>	<u>Principal Outstanding</u>	
Bonds						
	2008 ⁽¹⁾	Direct Purchase	Infrastructure	3,026,000	6/15/2029	1,811,000
	2009B ⁽²⁾	Public Issue	Refunding	9,045,000	12/15/2018	1,110,000
	2011A ⁽³⁾	Direct Purchase	Refunding	679,000	3/1/2031	511,000
	2011B ⁽⁴⁾	Direct Purchase	Infrastructure	1,278,000	3/31/2032	917,000
	2012 ⁽⁵⁾	Public Issue	Refunding	27,270,000	12/15/2033	27,270,000
	2014 ⁽⁶⁾	Public Issue	Infrastructure	8,140,000	12/15/2034	7,895,000
	Total			\$ 49,438,000		\$ 39,514,000

(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 on the following page.

**Mountain Regional Water
Parity Debt Service Schedule
Fiscal Year 2017**

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
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	3,695,368
2018	146,000	39,140	1,110,000	38,850	35,000	8,299	66,000	200,000	1,111,400	250,000	309,663	1,807,000	1,507,352	3,314,352
2019	149,000	36,220			36,000	7,767	66,000	1,355,000	1,107,400	255,000	304,662	1,861,000	1,456,049	3,317,049
2020	152,000	33,240			36,000	7,220	65,000	1,410,000	1,053,200	465,000	299,563	2,128,000	1,393,223	3,521,223
2021	155,000	30,200			37,000	6,673	66,000	1,465,000	996,800	475,000	290,262	2,198,000	1,323,935	3,521,935
2022	158,000	27,100			38,000	6,110	65,000	1,520,000	938,200	485,000	276,013	2,266,000	1,247,423	3,513,423
2023	161,000	23,940			38,000	5,533	66,000	1,585,000	877,400	505,000	261,462	2,355,000	1,168,335	3,523,335
2024	164,000	20,720			39,000	4,955	65,000	1,645,000	814,000	520,000	241,263	2,433,000	1,080,938	3,513,938
2025	168,000	17,440			39,000	4,362	66,000	1,710,000	748,200	540,000	220,463	2,523,000	990,465	3,513,465
2026	171,000	14,080			40,000	3,770	65,000	1,780,000	679,800	565,000	198,862	2,621,000	896,512	3,517,512
2027	174,000	10,660			40,000	3,162	66,000	1,850,000	608,600	585,000	176,263	2,715,000	798,685	3,513,685
2028	178,000	7,180			41,000	2,554	65,000	1,925,000	534,600	610,000	151,400	2,819,000	695,734	3,514,734
2029	181,000	3,620			42,000	1,930	66,000	2,005,000	457,600	640,000	125,475	2,934,000	588,625	3,522,625
2030					42,000	1,292	65,000	2,085,000	377,400	665,000	96,675	2,857,000	475,367	3,332,367
2031					43,000	654	66,000	2,155,000	304,425	310,000	66,750	2,574,000	371,829	2,945,829
2032							65,000	2,230,000	229,000	325,000	51,250	2,620,000	280,250	2,900,250
2033								2,350,000	117,500	340,000	35,000	2,690,000	152,500	2,842,500
2034										360,000	18,000	360,000	18,000	378,000
Total	\$2,100,000	\$ 305,540	\$ 2,985,000	\$ 143,325	\$581,000	\$ 73,112	\$ 1,049,000	\$27,270,000	\$ 12,066,925	\$ 7,895,000	\$ 3,432,688	\$ 41,880,000	\$16,021,590	\$57,901,590

B. Subordinated Debt

The District's outstanding subordinated debt is shown below.

Mountain Regional Water Special Service District Outstanding Subordinated Debt June 28, 2018

Series	Purpose	Original Issue Amount	Maturity Date	Principal Outstanding
Notes Payable				
Zions Land Purchase Agreement ⁽¹⁾	Property	\$ 310,000	2034	\$ 266,941
Zions Equipment Lease Purchase ⁽²⁾	Equipment	373,385	2037	359,764
Weber Basin Water Conservancy District ⁽³⁾	Infrastructure	2,033,436	2029	1,400,941
Weber Basin Water Conservancy District ⁽³⁾	Infrastructure	247,060	2037	247,060
		<u>\$ 2,963,881</u>		<u>\$ 2,274,706</u>

(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) - The District entered into a capital lease with Zions National Bank in March 2017 to acquire equipment. The principal components for years 2017 to 2027 bear interest at a 3.63% per annum. The principal components for all years after 2027 bears an initial interest rate of 3.17% per annum. On March 15, 2022, March 15, 2027, and March 15, 2032 the interest rate on any such maturities shall be adjusted to equal the Index Rate plus 50 basis points. The adjusted rate shall be 50 basis points plus the 5 Year Fixed-Rate Advance as quoted by the Federal Home Loan Bank of Des Moines.

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

The annual debt service for the subordinated debt is shown on the next page.

**Mountain Regional Water
Subordinated Debt Service Schedule
Fiscal Year 2017**

Calendar Year	2009 Weber Basin		2017 Weber Basin		2014 Zions Property Lease		2017 Zions Equipment Lease		Total Other Debt		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2017	96,518	73,128	-	-	12,553	7,023	6,991	5,788	116,062	85,939	
2018	100,958	68,883	7,793	11,365	12,919	6,657	13,380	12,179	135,050	99,084	
2019	105,602	64,443	8,152	11,006	13,296	6,279	13,870	11,689	140,919	93,417	
2020	110,459	59,799	8,527	10,631	13,685	5,891	14,378	11,181	147,049	87,502	
2021	115,541	54,942	8,919	10,239	14,085	5,491	14,904	10,654	153,449	81,326	
2022	120,855	49,860	9,329	9,829	14,496	5,080	15,450	10,108	160,131	74,877	
2023	126,415	44,546	9,758	9,400	14,920	4,656	16,016	9,542	167,109	68,143	
2024	132,230	38,986	10,207	8,951	15,355	4,221	16,603	8,956	174,395	61,114	
2025	136,312	33,171	10,677	8,481	15,777	3,799	17,211	8,347	181,977	53,799	
2026	144,675	27,089	11,168	7,990	16,131	3,446	17,842	7,717	189,815	46,242	
2027	151,330	20,726	11,682	7,476	16,491	3,085	18,495	7,063	197,998	38,351	
2028	154,564	14,071	12,219	6,939	16,861	2,715	19,107	6,451	202,752	30,176	
2029	-	7,110	12,781	6,377	17,237	2,339	19,718	5,841	49,736	21,667	
2030	-	-	13,369	5,789	17,623	1,953	20,348	5,211	51,340	12,953	
2031	-	-	13,984	5,174	18,017	1,558	20,998	4,560	52,999	11,293	
2032	-	-	14,627	4,531	18,421	1,156	21,669	3,890	54,717	9,576	
2033	-	-	15,300	3,858	18,832	743	22,361	3,197	56,493	7,798	
2034	-	-	16,004	3,154	19,254	322	23,076	2,483	58,334	5,959	
2035	-	-	16,740	2,418	-	-	23,813	1,745	40,553	4,163	
2036	-	-	17,510	1,648	-	-	24,574	985	42,084	2,632	
2037	-	-	18,314	842	-	-	12,580	199	30,894	1,042	
Total	\$ 1,497,459	\$ 556,754	\$ 247,060	\$ 136,099	\$ 285,953	\$ 66,414	\$ 373,385	\$ 137,787	\$ 2,403,857	\$ 897,053	\$ 3,300,910

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. Currently, the District is in the process of annexing an existing water entity into the District and obtaining a state loan to pay for water system deficiencies. Accordingly, there will be an infrastructure assessment placed only on the residents of this annexed area to service the debt on this loan.

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 2017 AND 2016 AUDITED FINANCIAL STATEMENTS

The audited financial statements for Fiscal Year 2017 and 2016 are attached to this supplemental disclosure.