



MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

June 12, 2014

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, 2013 (the "2013 FS"); and (ii) the Supplemental Continuing Disclosure Memorandum of the District dated on or before June 28, 2014 (the "SCDM"). This letter, the 2013 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

Series 2009B Water Revenue Refunding Bonds \$ 9,045,000
CUSIP: 62426V
AV9, AW7, AX5, AY3, 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, BV 8

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 2006 Water Revenue Bonds \$ 278,000
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; with the exception of the full defeasance of the Series 2003 Revenue and Refunding Bonds on June 13, 2012.

Sincerely,
Mountain Regional Water Special Service District

A handwritten signature in black ink, appearing to read "Scott Green", followed by a long horizontal flourish.

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 June 15, 2014
(Annual submission required by June, 28 2014)

Table of Contents

	<u>Page</u>
1. GENERAL.....	1
A. Contact Person for Mountain Regional Water Special Service District (District)	1
B. Fiscal Year	1
2. PARITY BOND ISSUES	1
A. Series 2009B Water Revenue Refunding Bonds	1
B. Series 2012 Water Revenue Refunding Bonds.....	2
C. Series 2002B Water Revenue Bonds.....	3
D. Series 2006 Water Revenue Bonds	4
E. Series 2008 Water Revenue Bonds	5
F. Series 2011A Water Revenue Refunding Bonds.....	6
G. Series 2011B Water Revenue Bonds.....	7
3. DEBT SERVICE COVERAGE.....	8
A. Rate Stabilization Fund	8
B. Historical Debt Coverage	9
4. THE WATER SYSTEM	10
A. Overview.....	10
B. Customer Accounts.....	10
C. Water Sources and Supplies	11
D. Water Usage.....	12
E. Major Water Users.....	13
F. Wholesale Water Users	14
G. Water Rates and Charges.....	14
H. Connection Fees	17
I. Other User Fees.....	17
J. Impact Fees	18
K. Other Development Fees.....	19
5. FINANCIAL INFORMATION	20
A. Statement of Net Position.....	20
B. Statement of Revenues, Expenses, and Changes in Net Position	21
6. DEBT STRUCTURE	21
A. Parity Debt	21
B. Subordinated Debt	22
C. Future Financing Needs.....	23
7. NO DEFAULTED OBLIGATIONS.....	24
8. APPENDIX A – FISCAL YEAR 2012 AND 2011 AUDITED FINANCIAL STATEMENTS.....	24

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:

Scott Green, Chief Financial Officer
scott@mtregional.org
Mountain Regional Water
6421 N Business Park Loop Road, Suite A
PO Box 982320
Park City, UT 84098
435.940.1916 X306 | 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 two public issue bonds, as well as five direct purchase parity bonds issued to the State of Utah.

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

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 to the registered owners thereof, currently DTC.

Optional Redemption

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

Current Maturity Schedule

Series 2009B Water Revenue Refunding Bonds

Original Issue:	<u>\$ 9,045,000</u>
Currently Outstanding:	<u>\$ 7,685,000</u>

Due December 15	CUSIP 62426V	Principal Amount	Original Interest Rate
2014	AY 3	1,525,000	2.75
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

Current Ratings

Fitch Ratings A+
Standard & Poor A+

Credit Enhancement

The scheduled principal and interest payments on the Series 2009B Bonds are guaranteed by Assured Guaranty Corp, which is currently rated "AA" by Standard & Poor.

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

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 The Depository Trust Company, New York, New York ("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 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.

Current Maturity Schedule

Series 2012 Water Revenue Refunding Bonds

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

Due December 15	CUSIP 62426V	Principal Amount	Original Interest Rate
2018	BE 6	\$ 200,000	2.00%
2019	BF 3	1,355,000	4.00
2020	BG 1	1,410,000	4.00
2021	BH 9	1,465,000	4.00
2022	BJ 5	1,520,000	4.00
2023	BK 2	1,585,000	4.00
2024	BL 0	1,645,000	4.00
2025	BM 8	1,710,000	4.00
2026	BN 6	1,780,000	4.00
2027	BP 1	1,850,000	4.00
2028	BQ 9	1,925,000	4.00
2029	BR 7	2,005,000	4.00
2031	BT 3	4,240,000	3.50
2033	BV 8	4,580,000	5.00

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+

Credit Enhancement

The scheduled principal and interest payments on the Series 2012 Bonds are guaranteed by Assured Guaranty Municipal Corp, which is currently rated "AA" by Standard & Poor.

C. Series 2002B Water Revenue Bonds
Amount \$ 433,000
Issued July 1, 2003

Background Information

The Series 2002B Bonds were sold directly to the State of Utah Board of Water Resource to facilitate a zero interest state loan. The State of Utah Board of Water Resources is the registered owner of the Series 2002B Bonds.

Principal on the Series 2002B Bonds is payable by Wells Fargo to the registered owner thereof, the State of Utah Board of Water Resources.

Fully Redeemed

The Series 2002B Bonds were fully redeemed on June 15, 2013 using the proceeds in the related debt service reserve fund.

Current Maturity Schedule

**Series 2002B
Water Revenue Bonds**

Original Issue:	\$ 433,000
Amount Currently Outstanding from the District:	\$ -

Due June 15	CUSIP	Principal Amount	Original Interest Rate
2014	n/a	paid	0.0
2015	n/a	paid	0.0

D. Series 2006 Water Revenue Bonds
Amount \$ 278,000
Issued March 31, 2006

Background Information

The Series 2006 Bonds were sold directly to the State of Utah Board of Water Resource to facilitate a zero interest state loan. The State of Utah Board of Water Resources is the registered owner of the Series 2006 Bonds.

Principal on the Series 2006 Bonds is payable by Wells Fargo to the registered owner thereof, the State of Utah Board of Water Resources.

Optional Redemption

The Series 2006 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 Maturity Schedule

Series 2006 Water Revenue Bonds

Original Issue:	\$ 278,000
Amount Currently Outstanding from the District:	<u>\$ 88,000</u>

Due May 1	CUSIP n/a	Principal Amount	Original Interest Rate
2014	n/a	paid	0.0
2015	n/a	22,000	0.0
2016	n/a	22,000	0.0
2017	n/a	22,000	0.0
2018	n/a	22,000	0.0

Current Ratings

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

Credit Enhancement

The Series 2006 Bonds are not insured.

E. 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 state loan. The State of 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 to the registered owner thereof, the State of Utah Drinking Water Board.

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 Maturity Schedule

Series 2008 Water Revenue Bonds

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

Due June 15	CUSIP n/a	Principal Amount	Original Interest Rate
2014	n/a	paid	2.0
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

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.

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

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 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 Maturity Schedule

**Series 2011A
Water Revenue Refunding Bonds**

Original Issue:	\$ 679,000
Amount Currently Outstanding from the District	<u>\$ 649,000</u>

Due March 1	CUSIP n/a	Principal Amount	Original Interest Rate
2014	n/a	paid	1.52
2015	n/a	34,000	1.52
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

Current Ratings

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

Credit Enhancement

The Series 2011A Bonds are not insured.

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

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 Wells Fargo 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 Maturity Schedule

**Series 2011B
Water Revenue Bonds**

Original Issue:	\$ 1,278,000
Amount Currently Outstanding from the District:	\$ 1,125,000

Due March 31	CUSIP n/a	Principal Amount	Original Interest Rate
2014	n/a	paid	0.0
2015	n/a	55,000	0.0
2016	n/a	66,000	0.0
2017	n/a	66,000	0.0
2018	n/a	66,000	0.0
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	20,000	0.0

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.

3. DEBT SERVICE COVERAGE

A. Rate Stabilization Fund

In 2011, the District established a rate stabilization fund to provide it the ability to mitigate fluctuations in operating revenues and expenses; or when slower growth in future connections results in lower special assessment collections. The current Debt Service Reserve portion of the Rate Stabilization Fund balance is \$1.06 million; while policy requires a minimum balance of \$1.0

million. These funds can only be applied to scheduled parity debt service payments bonds if annual cash flow is insufficient to meet debt service payments. If the fund balance falls below \$1.0 million, District policy is to restore the balance to \$1 million within 36 months.

B. Historical Debt Coverage

Mountain Regional Water Historical Debt Service Coverage

	2009	2010	2011	2012	2013
Operating revenues:					
Water sales	\$ 5,199,920	\$ 5,205,683	\$ 5,297,520	\$ 6,873,147	\$ 6,884,945
Operating fees	113,653	143,883	151,616	153,805	259,851
Services	-	-	-	-	-
Other	83,001	72,174	48,278	236,217	69,330
Total operating revenues	<u>5,396,574</u>	<u>5,421,740</u>	<u>5,497,414</u>	<u>7,263,169</u>	<u>7,214,126</u>
Operating Expenses:					
Operations, maintenance and repairs	1,330,899	1,615,963	1,536,953	1,788,963	1,870,797
Water production	899,645	890,949	1,163,162	1,728,574	1,527,502
Engineering and energy and technology management	387,908	370,919	380,717	415,844	423,200
Management and finance	651,497	637,190	614,292	568,164	642,462
Legal services	58,099	39,271	18,179	4,805	30,254
Total operating expenses	<u>3,328,048</u>	<u>3,554,292</u>	<u>3,713,303</u>	<u>4,506,350</u>	<u>4,494,215</u>
Net operating revenues	<u>2,068,526</u>	<u>1,867,448</u>	<u>1,784,111</u>	<u>2,756,819</u>	<u>2,719,911</u>
Non-operating revenues:					
Cash Grants	-	-	-	-	35,981
Interest income available for debt service	228,633	160,440	152,710	101,983	26,491
Impact fees	231,828	241,308	242,285	196,067	563,385
SID assessments	435,403	454,057	453,020	499,397	794,375
Gain (loss) on fixed assets	(13,987)	-	3,398	16,952	-
Other non-operating revenue	21,867	7,606	1,725	5,612	2,996
Non-operating revenues	<u>903,744</u>	<u>863,411</u>	<u>853,138</u>	<u>820,011</u>	<u>1,423,228</u>
Total Net Revenue available for debt service from ongoing operations	<u>\$ 2,972,270</u>	<u>\$ 2,730,859</u>	<u>\$ 2,637,249</u>	<u>\$ 3,576,830</u>	<u>\$ 4,143,139</u>
Parity debt service:					
2012 Bonds	\$ -	\$ -	\$ -	\$ 561,875	\$ 1,111,400
2011B Bonds	-	-	-	-	54,000
2011A Bonds	-	-	-	11,978	20,169
2009B Bonds	79,382	270,950	262,450	364,450	872,450
2009A Bonds	-	448	54,650	-	-
2008 Bonds	23,667	177,728	55,480	53,747	184,880
2006 Bonds	21,000	21,000	21,000	-	21,000
2003 Bonds	1,692,988	1,630,525	1,616,430	746,175	-
2002B Bonds	37,000	37,000	37,000	-	37,000
2002 Bonds	20,941	20,684	20,428	-	-
1991 Atkinson Note	25,500	25,500	25,450	-	-
Total parity debt service	<u>\$ 1,900,478</u>	<u>\$ 2,183,835</u>	<u>\$ 2,092,888</u>	<u>\$ 1,738,225</u>	<u>\$ 2,300,899</u>
Debt coverage from ongoing operations	<u>1.56 X</u>	<u>1.25 X</u>	<u>1.26 X</u>	<u>2.06 X</u>	<u>1.80</u>
Rate Stabilization Fund	<u>-</u>	<u>-</u>	<u>416,874</u>	<u>1,021,217</u>	<u>1,053,425</u>
Total Net Revenue available for debt service	<u>\$ 2,972,270</u>	<u>\$ 2,730,859</u>	<u>\$ 3,054,123</u>	<u>\$ 4,598,047</u>	<u>\$ 5,196,564</u>
Total debt coverage	<u>1.56 X</u>	<u>1.25 X</u>	<u>1.46 X</u>	<u>2.65 X</u>	<u>2.26</u>
Rate covenant requirement	<u>1.25 X</u>	<u>1.25 X</u>	<u>1.25 X</u>	<u>1.25 X</u>	<u>1.25</u>

The District's debt coverage was 1.80 for 2013 without including the rate stabilization fund and 2.26 when the stabilization fund is included. The significant increase in debt coverage for 2013 and 2012 resulted from more normal weather, debt restructuring, rate increases, and improving development related revenue.

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. 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.

Mountain Regional Water Special Service District Customer Accounts

	May 2010	May 2011	May 2012	May 2013	May 2014
Customers Using Water					
Residential	2,858	2,872	2,894	2,929	2,992
Commercial / Industrial	125	127	124	126	126
Irrigation	57	53	50	53	55
Construction / Wholesale	23	18	19	21	29
Subtotal - Customers Using Water	3,063	3,070	3,087	3,129	3,202
Platted Undeveloped Lots					
Standby Customers	1,701	1,763	1,890	1,865	1,882
Subtotal - Customers on Standby	1,701	1,763	1,890	1,865	1,882
Total Customer Accounts	4,764	4,833	4,977	4,994	5,084
% Change from Prior Year	1.4%	1.4%	3.0%	0.3%	1.8%
Total Equivalent Residential Connections (ERCs) ⁽¹⁾	4,592	4,585	4,554	7,838	7,441
% Change from Prior Year	-1.9%	-0.1%	-0.7%	72.1%	-5.1%

Total ERCs have increased 2,887 or 63.1% since May 2012 due to more normal weather and a dramatic increase in raw water wheeled to Park City's treatment plant. New customer growth for 2013 was 90 new lots or 1.8% - which is line with prior years.

C. Water Sources and Supplies

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.

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

	2009	2010	2011	2012	2013
Water Produced for District Customers					
Atkinson Wells					
Atkinson Well #2	21,625,000	4,723,000	-	-	13,000
Jailhouse Well #3	22,804,900	20,462,300	4,717,500	4,133,400	1,080,300
Atkinson Well #10	-	5,414,200	1,734,300	28,243,000	27,065,000
Starpointe Well #15B	200,091,000	204,552,000	205,207,000	224,728,424	145,379,328
3-Mile Well	24,642,000	19,497,000	-	-	-
Tollgate Well	116,000	-	-	-	-
Lost Creek ⁽¹⁾					
Rockport Well Field & Reservoir	297,085,000	310,600,000	407,898,408	645,873,682	608,265,000
Spring Creek					
Spring Creek Well #1	-	-	-	-	-
Blackhawk Well #2R	13,469,400	16,867,600	17,295,500	11,291,700	1,790,600
Gorgoza Well #6	28,700,000	23,256,000	9,780,000	9,393,000	6,018,000
Nugget Well	1,795,000	30,507,000	1,200,000	7,494,000	4,345,000
Silver Springs					
Spring Creek Springs	110,398,000	100,206,000	66,695,000	93,388,000	81,173,000
Lakeside Well #1	21,581,000	24,631,000	32,051,000	38,478,000	24,404,000
Sun Peak Well #2	16,206,000	10,234,000	-	-	-
Winter Park Well #3	-	-	-	-	-
Summit Park Wells					
Summit Park Well #2	700	-	-	-	-
Summit Park Well #4	-	-	-	-	-
Summit Park Well #5	-	-	-	-	-
Summit Park Well #7	7,971,000	8,434,000	14,437,000	9,075,000	8,773,000
Total Water Produced for MRW Customers	766,485,000	779,384,100	761,015,708	1,072,098,206	908,306,228
% Change from Prior Year	-6.5%	1.7%	-2.4%	40.9%	-15.3%
Water Transported from District Sources to Other Water Companies ⁽²⁾					
Atkinson Well #2 (District Source)					
High Valley	9,276,000	11,606,000	-	-	-
Summit Water Distribution System					
Olympic Park	17,539,600	14,050,900	19,089,100	13,471,800	20,479,600
Rockport Well Field & Reservoir (MRW Source)					
High Valley			11,053,000	20,374,000	28,353,000
Park City			12,867,592	376,821,318	488,115,000
Total Water Transported	26,815,600	25,656,900	43,009,692	410,667,118	536,947,600
% Change from Prior Year	3.1%	-4.3%	67.6%	854.8%	30.8%
Total Production & Sources	793,300,600	805,041,000	804,025,400	1,482,765,324	1,445,253,828
	(6.2)	1.5	(0.1)	84.4	(2.5)

(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 15.3% to 908.3 million gallons in 2013 as the weather for the year was more normal. For 2012, an unusually hot dry summer increased necessary production, while cool wet summer weather from 2009 to 2011 led to lower production.

Water transported from District sources to other water companies increased 30.8% in 2013, to 536.9 million gallons. Park City completed a new treatment plant in 2012, which has necessitated a dramatic increase in raw water delivered by the District to the plant for treatment since then.

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 Basins 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 also 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 consumption is shown on the following page.

Consumption by District customers decreased 23.7% to 653.7 million gallons in 2013 due to a return to a more normal weather. For 2012, it was unusually hot and dry; while from 2009 to 2011 the summer weather was unusually cool and wet.

Water transported by the District increased 32.1% to 538.5 million gallons in 2013; as Park City completed a new treatment plant in 2012. This has necessitated a dramatic increase in raw water delivered by the District to Park City's treatment plant.

The difference between the production and consumption is system water loss – which was 16.75% for 2013 after adjusting for leaks.

Mountain Regional Water Special Service District Water Usage

Usage by District Customers	2009	2010	2011	2012	2013
Customer Type					
Residential	292,952,811	303,157,515	295,505,801	495,685,447	329,150,000
Commercial / Industrial	58,762,839	56,383,971	56,454,941	71,467,000	73,934,000
Irrigation	245,937,000	227,637,500	206,070,000	279,694,143	240,762,000
Construction	4,608,630	4,478,451	3,827,493	9,900,712	9,531,776
Other	14,647,896	9,042,105	998,812	303,000	329,000
Total Usage by MRW Customers	616,909,176	600,699,542	562,857,047	857,050,302	653,706,776
% Change from Prior Year	-6.2%	-2.6%	-6.3%	42.7%	-23.7%
Transported (Wheeled) Water					
High Valley ⁽¹⁾	9,276,000	11,606,000	11,053,000	20,374,000	29,625,000
Olympic Park Wheeling ⁽²⁾	15,794,459	14,083,600	18,610,400	10,330,000	21,845,700
Park City Wheeling ⁽³⁾	-	-	12,867,592	376,821,318	486,994,519
Total Transported Wheeled Water	25,070,459	25,689,600	42,530,992	407,525,318	538,465,219
% Change from Prior Year	-15.1%	2.5%	65.6%	1486.3%	32.1%
Total Usage Plus Transported Water	641,979,635.00	626,389,142.00	605,388,039.00	1,264,575,620.00	1,192,171,995.00
% Change from Prior Year	-6.5%	-2.4%	-3.4%	101.9%	-5.7%

(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 Districts 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.

E. Major Water Users

The top ten users of the system for 2013, based on revenue, are shown below.

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

2013 Rank	MRW Customer	Type of Customer	2013 Dollars	& of Total
1	Promontory - The Ranch Club	Recreation / Golf Courses	\$ 551,989	8.0%
2	Park City Municipal	Government	439,432	6.4%
3	Newpark	Multi-Use Development	104,985	1.5%
4	Olympic Park	Recreation	94,375	1.4%
5	Triumph Gear Systems	Industrial	72,911	1.1%
6	Trailside School	School District	57,075	0.8%
7	Blackhawk HOA	Recreation	54,904	0.8%
8	Summit County	Government	53,249	0.8%
9	Snyderville Recreation District	Government	44,893	0.7%
10	Parleys School	School District	43,976	0.6%
	Top Ten Total		\$ 1,517,789	22.0%
	Total - All Customers		\$ 6,884,945	

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

Promontory accounted for 8.0% of total sales in 2013 – mostly to irrigate two golf courses. 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. The remaining eight customers range from 1.5% 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.

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

High Valley. The District shares an old well with High Valley Mutual Water Company that no longer meets drinking water standards. The District blends good water with this well water to provide High Valley with safe drinking water.

Summit Water. In 2011, the District entered into an agreement with the 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. To date, Summit Water has not taken any water from the District.

Weber Basin Regionalization Agreement. In 2012, the District entered into an agreement with Weber Basin Water Conservancy District, Park City, Snyderville Basin Water Reclamation District, and a local private water company. Under the agreement allows Mountain Regional can 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 basin who need water.

Weber Basin will construct a second importation project into the basin once Mountain Regional is out of surplus water. It anticipates the project will be completed within 8 to 12 years. Mountain Regional's participation in the second importation project should be minimal.

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 reasonable.

The District offers numerous rate plans for residents which provide for different amounts of gallons in the base rate and different usage rates and gallon increments, as shown below. The rate

structure offers residents the opportunity to pick a rate that best meets their needs. Plan B is the standard rate.

Water Rates

Effective August 1, 2011 Effective August 1, 2012

Residential - Plan A

Monthly Base Rate Per ERC - Includes 3,000 Gallons	52.50	56.00	<i>Per Connection</i>
Usage 3,001 to 5,000 Gallons	3.75	4.01	<i>Per 1,000 Gallons</i>
Usage 5,001 to 8,000 Gallons	4.28	4.58	<i>Per 1,000 Gallons</i>
Usage 8,001 to 16,000 Gallons	4.82	5.15	<i>Per 1,000 Gallons</i>
Usage 16,001 to 20,000 Gallons	5.08	5.44	<i>Per 1,000 Gallons</i>
Usage 20,001 to 40,000 Gallons	5.35	5.72	<i>Per 1,000 Gallons</i>
Usage 40,001 to 60,000 Gallons	8.56	9.16	<i>Per 1,000 Gallons</i>
Usage 60,001 to 80,000 Gallons	17.12	18.32	<i>Per 1,000 Gallons</i>
Usage Above 80,000 Gallons	21.40	22.90	<i>Per 1,000 Gallons</i>

Residential - Plan B

Monthly Base Rate Per ERC - Includes 5,000 Gallons	58.75	62.75	<i>Per Connection</i>
Usage 5,001 to 8,000 Gallons	3.75	4.01	<i>Per 1,000 Gallons</i>
Usage 8,001 to 16,000 Gallons	4.28	4.58	<i>Per 1,000 Gallons</i>
Usage 16,001 to 20,000 Gallons	4.82	5.15	<i>Per 1,000 Gallons</i>
Usage Above 20,000 Gallons	5.35	5.72	<i>Per 1,000 Gallons</i>
Usage 40,001 to 60,000 Gallons	8.56	9.16	<i>Per 1,000 Gallons</i>
Usage 60,001 to 80,000 Gallons	17.12	18.32	<i>Per 1,000 Gallons</i>
Usage Above 80,000 Gallons	21.40	22.90	<i>Per 1,000 Gallons</i>

Residential - Plan C

Monthly Base Rate Per ERC - Includes 8,000 Gallons	68.50	73.25	<i>Per Connection</i>
Usage 8,001 to 16,000 Gallons	3.75	4.01	<i>Per 1,000 Gallons</i>
Usage 16,001 to 20,000 Gallons	4.28	4.58	<i>Per 1,000 Gallons</i>
Usage 20,001 to 40,000 Gallons	5.35	5.72	<i>Per 1,000 Gallons</i>
Usage 40,001 to 60,000 Gallons	8.56	9.16	<i>Per 1,000 Gallons</i>
Usage 60,001 to 80,000 Gallons	17.12	18.32	<i>Per 1,000 Gallons</i>
Usage Above 80,000 Gallons	21.40	22.90	<i>Per 1,000 Gallons</i>

Residential - Plan D

Monthly Base Rate Per 1.4 ERCs - Includes 7,000 Gallons	82.25	88.00	<i>Per Connection</i>
Usage 7,001 to 11,200 Gallons	3.75	4.01	<i>Per 1,000 Gallons</i>
Usage 11,201 to 22,400 Gallons	4.28	4.58	<i>Per 1,000 Gallons</i>
Usage 22,401 to 28,000 Gallons	4.82	5.15	<i>Per 1,000 Gallons</i>
Usage 28,001 to 56,000 Gallons	5.35	5.72	<i>Per 1,000 Gallons</i>
Usage 56,001 to 84,000 Gallons	8.56	9.16	<i>Per 1,000 Gallons</i>
Usage 84,001 to 112,000 Gallons	17.12	18.32	<i>Per 1,000 Gallons</i>
Usage Above 112,000 Gallons	21.40	22.90	<i>Per 1,000 Gallons</i>

Residential - Plan E

Monthly Base Rate Per 1.8 ERCs - Includes 9,000 Gallons	106.00	113.25	<i>Per Connection</i>
Usage 9,001 to 14,400 Gallons	3.75	4.01	<i>Per 1,000 Gallons</i>
Usage 14,401 to 28,800 Gallons	4.28	4.58	<i>Per 1,000 Gallons</i>
Usage 28,001 to 36,000 Gallons	4.82	5.15	<i>Per 1,000 Gallons</i>
Usage 36,001 to 72,000 Gallons	5.35	5.72	<i>Per 1,000 Gallons</i>
Usage 72,001 to 108,000 Gallons	8.56	9.16	<i>Per 1,000 Gallons</i>
Usage 108,001 to 144,000 Gallons	17.12	18.32	<i>Per 1,000 Gallons</i>
Usage Above 144,000 Gallons	21.40	22.90	<i>Per 1,000 Gallons</i>

High Elevation Pumping Surcharge

Colony	2.14	2.29	<i>Per 1,000 Gallons</i>
Summit Park/ Timberline and Sun Peak	0.54	0.57	<i>Per 1,000 Gallons</i>
Preserve, Redhawk, and Stagecoach	1.26	1.34	<i>Per 1,000 Gallons</i>

Stagecoach

Monthly Infrastructure Assessment	143.00	143.00	<i>Per Lot</i>
-----------------------------------	--------	--------	----------------

	Effective August 1, 2011	Effective August 1, 2012	
Non-residential			
Monthly Base Rate Per ERC - Includes 5,000 Gallons	91.00	97.25	<i>Per Connection</i>
Usage 5,001 to 8,000 Gallons	3.75	4.01	<i>Per 1,000 Gallons</i>
Usage 8,001 to 16,000 Gallons	4.28	4.58	<i>Per 1,000 Gallons</i>
Usage 16,001 to 20,000 Gallons	4.82	5.15	<i>Per 1,000 Gallons</i>
Usage 20,001 to 40,000 Gallons	5.35	5.72	<i>Per 1,000 Gallons</i>
Usage 40,001 to 60,000 Gallons	8.56	9.16	<i>Per 1,000 Gallons</i>
Usage 60,001 to 80,000 Gallons	12.84	13.74	<i>Per 1,000 Gallons</i>
Usage Above 80,000 Gallons	17.12	18.32	<i>Per 1,000 Gallons</i>
Culinary Irrigation			
Monthly Base Rate Per ERC - Includes 5,000 Gallons	58.75	62.75	<i>Per Connection</i>
Usage 5,001 to 8,000 Gallons	3.75	4.01	<i>Per 1,000 Gallons</i>
Usage 8,001 to 16,000 Gallons	4.28	4.58	<i>Per 1,000 Gallons</i>
Usage 16,001 to 20,000 Gallons	4.82	5.15	<i>Per 1,000 Gallons</i>
Usage 20,001 to 40,000 Gallons	5.35	5.72	<i>Per 1,000 Gallons</i>
Usage 40,001 to 60,000 Gallons	8.56	9.16	<i>Per 1,000 Gallons</i>
Usage 60,001 to 80,000 Gallons	12.84	13.74	<i>Per 1,000 Gallons</i>
Usage Above 80,000 Gallons	17.12	18.32	<i>Per 1,000 Gallons</i>
Condominium Irrigation			
Monthly Base Rate Per Condo Unit - Includes 0 Gallons	-	-	<i>Per Connection</i>
Usage 1 to 3,000 Gallons	1.07	1.14	<i>Per 1,000 Gallons</i>
Usage 3,001 to 8,000 Gallons	3.75	4.01	<i>Per 1,000 Gallons</i>
Usage 8,001 to 16,000 Gallons	4.28	4.58	<i>Per 1,000 Gallons</i>
Usage 16,001 to 20,000 Gallons	4.82	5.15	<i>Per 1,000 Gallons</i>
Usage 20,001 to 40,000 Gallons	5.35	5.72	<i>Per 1,000 Gallons</i>
Usage 40,001 to 60,000 Gallons	8.56	9.16	<i>Per 1,000 Gallons</i>
Usage 60,001 to 80,000 Gallons	12.84	13.74	<i>Per 1,000 Gallons</i>
Usage Above 80,000 Gallons	17.12	18.32	<i>Per 1,000 Gallons</i>
Untreated Secondary Water			
Base Fee - Per Connections	50.00	50.00	<i>Per Connection</i>
Usage Fee	<i>TBD by Contract Formula</i>	<i>TBD by Contract Formula</i>	<i>Per 1,000 Gallons</i>
Interruptible Sources (Construction/Snowmaking/Wholesale)			
Base Fee - Per Connections	107.00	114.50	
Usage Fee	10.70	11.45	<i>Per 1,000 Gallons</i>
Standby Fees	33.50	35.75	<i>Per Lot</i>

The District adopted its last major rate increases in August 2011 effective in August 2011 and August 2012.

The District is currently evaluating rates to determine what future increases may be necessary.

H. Connection Fees

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

Connection Fees	Effective August 1, 2011	Effective August 1, 2012	
Security Deposit (Refundable Upon Completion of Structure)	1,500	1,500	<i>Per Connection</i>
Meter Hookup Fee - New Connections			<i>Per Connection</i>
Up to 3/4" Meter	1,200	1,200	
1.0" Meter	1,400	1,400	
1.5" Meter	1,800	1,800	
2.0" Meter	2,100	2,100	
3.0" Meter	Incremental Cost	Incremental Cost	
4.0" Meter	Incremental Cost	Incremental Cost	
6.0" Meter	Incremental Cost	Incremental Cost	
8.0" Meter	Incremental Cost	Incremental Cost	
 MXU Fee	 300.00	 300.00	 <i>Per Connection</i>
 Meter Inspection (Generate Service Order)	 75.00	 75.00	
Fire Hydrant Meter			
Private Fire Hydrant Flushing and Inspection Fee (Monthly)	8.35	8.35	
 3" Meter - Deposit (Refundable)	 1,500	 1,500	 <i>Per Connection</i>
3" Meter Wear Fee (Non-Refundable)	300	300	<i>Per Connection</i>
3" Monthly Base Rate	107.00	114.50	<i>Per Connection</i>
3" Usage Rate	10.70	11.45	<i>Per 1,000 Gallons</i>
 1" Meter - Deposit (Refundable)	 500	 500	 <i>Per Connection</i>
1" Meter Wear Fee (Non-Refundable)	100	100	<i>Per Connection</i>
1" Monthly Base Rate	107.00	114.50	<i>Per Connection</i>
1" Usage Rate	10.70	11.45	<i>Per 1,000 Gallons</i>

I. Other User Fees

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

Lot owners in an area known as Summit Park 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 is 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.

Other Fees

	Effective August 1, 2011	Effective August 1, 2012	
Disconnection of Service			
Removal of Meter	175	175	
Resumption of Disconnected Service	8 time Monthly Base	8 time Monthly Base	
Resumption Service (If Not Disconnected)			
	75	75	
Shut Off Notice			
	75	75	
Buried Meter Fee Service			
	Peak Monthly Gallons for Previous Year at Current Rates Per Month	Peak Monthly Gallons for Previous Year at Current Rates Per Month	
Penalties and Fines			
Delinquent Payments	1.5% Per Month	1.5% Per Month	
Delinquent Lien Fee	\$ 20.00	\$ 20.00	
Leaking Water	Credit for estimated water leaked between one meter read, less cost of water production	Credit for estimated water leaked between one meter read, less cost of water production	
Theft of Service	500	500	
Conservation Violations			
1st Violation	Warning	Warning	
2nd Violation	50	50	
3rd Violation	100	100	
4th Violation	500	500	
Release of Restrictive Covenant	Assess all back fees and charges, plus 1.5% annual interest	Assess all back fees and charges, plus 1.5% annual interest	<i>Per Lot</i>
Alternate Water Service Provider	4,700	4,700	<i>Per ERC</i>

J. Existing 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.

The current Impact fees have been calculated differently for the various service areas within the District since the infrastructure and water rights required to serve new development in each service area is different. Impact fees may not be assessed to existing customers per state law.

**Mountain Regional Water
Impact Fee Schedule**

Impact Fee without Water Rights	Meter Size			
	3/4 Inch	1 Inch	1.5 Inch	2 Inch
Atkinson	\$ 4,098	\$ 5,737	\$ 7,372	\$ 11,880
The Colony	10,070	12,753	15,429	22,807
New Silver Creek	13,144	18,402	23,646	38,105
Silver Springs	8,912	12,477	16,033	25,836
Spring Creek	8,417	11,784	15,143	24,402
Stagecoach	6,417	6,417	6,417	6,417
Summit Park	9,543	13,360	17,168	27,666
Promontory Residential (within SID)				
Impact Fee	994	1,391	1,787	2,880
SID Assessment (most common amount)	14,132	14,132	14,132	14,132
Total	15,126	15,523	15,919	17,012
Promontory Residential (outside of SID)				
Impact Fee	13,144	18,402	23,646	38,105
SID Assessment	-	-	-	-
Total	13,144	18,402	23,646	38,105
Promontory Resort Units				
Impact Fee	994	994	994	994
SID Assessment	7,066	7,066	7,066	7,066
Total	8,060	8,060	8,060	8,060
Promontory - Commercial / Industrial	994	1,391	1,787	2,880
Promontory Developer SID Assessment				
Residential	9,980	9,980	9,980	9,980
Resort Unit	4,990	4,990	4,990	4,990
Additional Impact Fee If Developer Does Not Provide Water Rights	7,193	10,070	12,940	20,853

K. Proposed Impact Fees

The District is currently in the process of adopting new impact fees. It is anticipated this will take place later in 2014. The proposed new fees are:

Home Size (sq ft)	General Service Area	Promontory ⁽¹⁾
Up to 3,500	\$ 10,513	\$ 2,466
3,501 to 5,000	18,920	2,466
Above 5,000	18,920 plus Incremental per Square Foot	2,466

(1) – Due to a special assessment area in Promontory, most of its infrastructure costs are recouped through as SID assessment. As such, it has a lower impact fee which does not change with home size.

The new impact fees structure will include only two service areas. As shown above, the two service areas will be the General and the Promontory.

L. Other Development Fees

Developers are responsible for engineering, inspection, plan reviews, legal fees and other costs associated with their development. Developers are assessed a fee to cover this cost based upon a percentage between 2.0% and 3.0% of the projected water infrastructure costs.

5. FINANCIAL INFORMATION

A. Statement of 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 Net Position					
	2009	2010	2011	2012	2013
ASSETS					
Current assets:					
Cash	\$ 2,037,621	\$ 1,556,495	\$ 1,845,642	\$ 3,048,693	\$ 3,511,585
Restricted cash	2,494,252	996,732	1,005,889	1,466,951	2,074,492
Accounts receivable	422,422	423,267	417,442	445,390	562,990
Due from Governments	8,073	152,810	-	70,996	28,000
Other receivables	121,032	130,410	114,088	297,545	65,562
Bond proceeds available	724,500	-	-	-	-
Prepaid expenses	1,656,283	1,743,000	1,351,687	1,129,927	1,033,890
Inventory	88,458	72,593	74,253	115,838	97,262
Total current assets	<u>7,552,641</u>	<u>5,075,307</u>	<u>4,809,001</u>	<u>6,575,340</u>	<u>7,373,781</u>
Cash restricted for debt repayments	572,044	490,783	592,710	716,458	544,338
Capital Assets:					
Depreciable assets, net	51,494,003	54,034,664	57,942,449	56,909,173	57,305,339
Land and water rights	18,574,867	18,577,678	19,591,043	19,577,263	19,821,463
Construction-in-progress	3,385,157	2,617,603	40,981	984,355	380,270
Total assets	<u>81,578,712</u>	<u>80,796,035</u>	<u>82,976,184</u>	<u>84,762,589</u>	<u>85,425,191</u>
DEFERRED OUTFLOW OF RESOURCES					
Loss on Refunding	-	-	-	1,795,270	1,709,441
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,795,270</u>	<u>1,709,441</u>
Total Assets & Deferred Outflows	<u>\$ 81,578,712</u>	<u>\$ 80,796,035</u>	<u>\$ 82,976,184</u>	<u>\$ 86,557,859</u>	<u>\$ 87,134,632</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 348,965	\$ 158,404	\$ 128,824	\$ 296,516	\$ 260,912
Accrued liabilities	596,283	560,713	579,609	615,621	679,192
Due to other government entities	98,803	98,803	98,803	374,110	420,480
Current portion, long-term debt	407,834	322,845	222,783	1,256,823	1,880,436
Current portion, accrued liability - impact fee refunds	100,090	64,132	50,000	50,000	179,198
Total current liabilities	<u>1,551,975</u>	<u>1,204,897</u>	<u>1,080,019</u>	<u>2,593,070</u>	<u>3,420,218</u>
Accrued liabilities - developers (less current portion)	1,476,689	1,517,591	1,504,255	1,504,255	1,396,368
Long-term debt (less current portion)	42,261,617	41,111,889	42,001,380	44,320,556	42,717,244
Total liabilities	<u>45,290,281</u>	<u>43,834,377</u>	<u>44,585,654</u>	<u>48,417,881</u>	<u>47,533,830</u>
DEFERRED INFLOW OF RESOURCES					
None	-	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Invested in capital assets, net of related debt	\$ 30,784,576	\$ 33,795,211	\$ 35,350,310	\$ 31,893,412	\$ 32,909,392
Restricted	3,627,275	1,483,194	1,228,675	3,117,148	3,177,432
Unrestricted	1,876,580	1,683,253	1,811,545	3,129,418	3,513,978
Net position	<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>
Total Liabilities, Deferred Inflows & Net Position	<u>\$ 81,578,712</u>	<u>\$ 80,796,035</u>	<u>\$ 82,976,184</u>	<u>\$ 86,557,859</u>	<u>\$ 87,134,632</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

	2009	2010	2011	2012	2014
Operating revenues:					
Water sales	\$ 5,199,920	\$ 5,205,683	\$ 5,297,520	\$ 6,873,147	\$ 6,884,945
Operating fees	113,653	143,883	151,616	153,805	259,851
Other	83,001	72,174	48,279	236,222	69,330
Total operating revenue	5,396,574	5,421,740	5,497,415	7,263,174	7,214,126
Operating Expenses:					
Operations, maintenance and repairs	1,330,895	1,615,963	1,536,954	1,788,964	1,870,797
Water production	899,647	890,949	1,163,162	1,728,576	1,527,502
Engineering and energy and technology management	387,908	370,919	380,717	415,846	423,200
Management and finance	651,497	637,190	614,292	568,164	642,462
Legal services	58,099	39,271	18,180	4,805	30,254
Depreciation	1,515,006	1,668,387	1,359,634	1,412,111	1,374,783
Total operating expenses	4,843,052	5,222,679	5,072,939	5,918,466	5,868,998
Operating income (loss)	\$ 553,522	\$ 199,061	\$ 424,476	\$ 1,344,708	\$ 1,345,128
Non-operating revenues (expenses)					
State grants	\$ 199,167	\$ 1,324,167	\$ 11,667	\$ 11,667	\$ 47,648
Interest income	229,548	160,889	153,164	102,676	26,789
Impact fees	231,828	241,308	242,285	196,067	563,385
SID assessments	993,403	454,057	453,020	499,397	794,375
Gain (loss) on fixed assets	(13,987)	-	3,398	16,952	(16,776)
Other non-operating revenue	21,867	7,606	1,725	5,612	2,996
Interest expense	(2,215,975)	(1,802,708)	(1,840,764)	(1,645,016)	(1,527,500)
Bond insurance cost amortization	(21,759)	(27,523)	(27,523)	(11,957)	(17,414)
Bond issuance costs	(185,234)	-	(18,743)	(1,095,815)	-
Trustee and bank fees	(43,049)	(62,455)	(49,576)	(44,520)	(46,220)
Total non-operating revenues (expenses)	(804,191)	295,341	(1,071,347)	(1,964,937)	(172,717)
Income (loss) before operating transfers	\$ (250,669)	\$ 494,402	\$ (646,871)	\$ (620,229)	\$ 1,172,411
Contributions-in-aid of construction	\$ 10,747,261	\$ 178,825	\$ 2,075,743	\$ 369,677	\$ 288,413
Operating transfers from (to) primary government	-	-	-	-	-
Change in net position	\$ 10,496,592	\$ 673,227	\$ 1,428,872	\$ (250,552)	\$ 1,460,824
Net position, beginning of year	25,791,839	36,288,431	36,961,658	38,390,530	38,139,978
Net position, end of year	\$ 36,288,431	\$ 36,961,658	\$ 38,390,530	\$ 38,139,978	\$ 39,600,802

6. DEBT STRUCTURE

A. Parity Debt

The District's outstanding parity debt is shown below.

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

	<u>Series</u>	<u>Purpose</u>	<u>Original Issue Amount</u>	<u>Maturity Date</u>	<u>Principal Outstanding</u>	
Bonds						
	2006 ⁽¹⁾	Direct Purchase	Infrastructure	257,000	2018	88,000
	2008 ⁽²⁾	Direct Purchase	Infrastructure	3,026,000	2029	2,377,000
	2009B ⁽³⁾	Public Issue	Refunding	9,045,000	2018	7,685,000
	2011A ⁽⁴⁾	Direct Purchase	Refunding	679,000	2031	649,000
	2011B ⁽⁵⁾	Direct Purchase	Infrastructure	1,278,000	2032	1,125,000
	2012 ⁽⁶⁾	Public Issue	Refunding	27,270,000	2033	27,270,000
	Total			\$ 41,555,000		\$ 39,194,000

- (1) - Purchased by State Water Resources Board at a 0% interest rate. This bond is issued as a federally taxable bond.
(2) - Purchased by State Drinking Water Board at a 2.0% interest rate.
(3) - Insured by Assured Guarantee rated "AA". Underlying Ratings: "A+" (stable outlook) by Fitch, and "A+" (stable outlook) by S&P.
(4) - Purchased by State Drinking Water Board at a 1.5% interest rate. This bond is issued as a federally taxable bond.
(5) - Purchased by State Drinking Water Board at a 0% interest rate. This bond is issued as a federally taxable bond.
(6) - Insured by Assured Guarantee rated "AA-". Underlying Ratings: "A+" (stable outlook) by Fitch, and "A+" (stable outlook) by S&P.

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
June 28, 2014**

Calendar Year	Series 2006		Series 2008		Series 2009B		Series 2011A		Series 2011B		Series 2012		Total Parity Debt		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2014	-	-	-	-	1,525,000	124,363	-	-	-	-	-	555,700	1,525,000	680,063	2,205,063
2015	22,000	137,000	47,540	1,550,000	206,788	34,000	9,865	55,000	-	1,111,400	1,798,000	1,375,593	3,173,593		
2016	22,000	140,000	44,800	1,625,000	157,288	34,000	9,348	66,000	-	1,111,400	1,887,000	1,322,836	3,209,836		
2017	22,000	143,000	42,000	1,875,000	104,475	35,000	8,831	66,000	-	1,111,400	2,141,000	1,266,706	3,407,706		
2018	22,000	146,000	39,140	1,110,000	38,850	35,000	8,299	66,000	200,000	1,111,400	1,579,000	1,197,689	2,776,689		
2019		149,000	36,220			36,000	7,767	66,000	1,355,000	1,107,400	1,606,000	1,151,387	2,757,387		
2020		152,000	33,240			36,000	7,220	65,000	1,410,000	1,053,200	1,663,000	1,093,660	2,756,660		
2021		155,000	30,200			37,000	6,673	66,000	1,465,000	996,800	1,723,000	1,033,673	2,756,673		
2022		158,000	27,100			38,000	6,110	65,000	1,520,000	938,200	1,781,000	971,410	2,752,410		
2023		161,000	23,940			38,000	5,533	66,000	1,585,000	877,400	1,850,000	906,873	2,756,873		
2024		164,000	20,720			39,000	4,955	65,000	1,645,000	814,000	1,913,000	839,675	2,752,675		
2025		168,000	17,440			39,000	4,362	66,000	1,710,000	748,200	1,983,000	770,002	2,753,002		
2026		171,000	14,080			40,000	3,770	65,000	1,780,000	679,800	2,056,000	697,650	2,753,650		
2027		174,000	10,660			40,000	3,162	66,000	1,850,000	608,600	2,130,000	622,422	2,752,422		
2028		178,000	7,180			41,000	2,554	65,000	1,925,000	534,600	2,209,000	544,334	2,753,334		
2029		181,000	3,620			42,000	1,930	66,000	2,005,000	457,600	2,294,000	463,150	2,757,150		
2030						42,000	1,292	65,000	2,085,000	377,400	2,192,000	378,692	2,570,692		
2031						43,000	654	66,000	2,155,000	304,425	2,264,000	305,079	2,569,079		
2032								20,000	2,230,000	229,000	2,250,000	229,000	2,479,000		
2033									2,350,000	117,500	2,350,000	117,500	2,467,500		
Total	\$ 88,000	\$ 2,377,000	\$ 397,880	\$ 7,685,000	\$ 631,763	\$ 649,000	\$ 92,325	\$ 1,125,000	\$ 27,270,000	\$ 14,845,425	\$ 39,194,000	\$ 15,967,393	\$ 55,161,393		

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				
Spring Creek Note ⁽¹⁾	Infrastructure	\$ 324,000	2016	\$ 16,893
Weber Basin Water Conservancy District ⁽²⁾	Infrastructure	2,033,436	2028	1,677,948
		\$ 2,357,436		\$ 1,694,841

(1) - Purchased by State Water Resources Board at a 0% interest rate.

(2) - Purchased by Weber Basin at an annual interest rate of 4.6%. Park City, Weber Basin, and the District reallocated the infrastructure costs related to this loan, resulting in a reduction of original issue amount to the District of \$173,149 effective May 15, 2012. This reallocation also affected the principal outstanding.

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

Mountain Regional Water Subordinated Debt Service Schedule June 28, 2014

Calendar Year	2009 Weber Basin		Spring Creek	Total Other Debt		
	Principal	Interest	Principal	Principal	Interest	Total
2014	-	-	-	-	-	-
2015	88,215	81,065	13,100	101,315	81,065	182,380
2016	92,273	77,186	3,793	96,067	77,186	173,252
2017	96,518	73,128		96,518	73,128	169,646
2018	100,958	68,883		100,958	68,883	169,841
2019	105,602	64,443		105,602	64,443	170,045
2020	110,459	59,799		110,459	59,799	170,259
2021	115,541	54,942		115,541	54,942	170,482
2022	120,855	49,860		120,855	49,860	170,716
2023	126,415	44,546		126,415	44,546	170,960
2024	132,230	38,986		132,230	38,986	171,216
2025	138,312	33,171		138,312	33,171	171,484
2026	144,675	27,089		144,675	27,089	171,763
2027	151,330	20,726		151,330	20,726	172,056
2028	154,564	14,071		154,564	14,071	168,635
2029	-	7,110		-	7,110	7,110
Total	\$ 1,677,948	\$ 715,005	\$ 16,893	\$ 1,694,841	\$ 715,005	\$ 2,409,846

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. It is estimated up to \$5.0 million in state subsidized loans may be needed over the next three 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 2013 AND 2012 AUDITED FINANCIAL STATEMENTS

The audited financial statements for Fiscal Year 2013 and 2012 are attached to this supplemental disclosure.