

Mt. Olympus Improvement District

Financial Statements

December 31, 2017 and 2016

With

Report of Independent Auditors

**Mt. Olympus Improvement District
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Report of Independent Auditors

To the Board of Trustees of Mt. Olympus Improvement District

Report on the Financial Statements

We have audited the accompanying basic financial statements of Mt. Olympus Improvement District, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**To the Board of Trustees of
Mt. Olympus Improvement District
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mt. Olympus Improvement District as of December 31, 2017 and 2016, and the related changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, and the schedule of contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2018, on our consideration of Mt. Olympus Improvement District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audits.

Huber, Erickson; Bowman, LLC

**HUBER, ERICKSON & BOWMAN, LLC
Salt Lake City, Utah
May 15, 2018**

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2017 and 2016**

As management of the Mt. Olympus Improvement District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended December 31, 2017 and 2016. We encourage readers to consider the information presented here in conjunction with the financial statements and accompanying notes to enhance their understanding of the District's financial activities.

History and Background of District

The District was formed in 1946 by the Salt Lake County Commission under state statutes as a Special Service District (now referred to as a Local District) with authority to levy taxes, issue bonds, and construct a sewage collection and treatment system. Since major construction in 1954 the District has operated its own sewer transmission lines and treatment facility until 1978 when the District entered into an Inter-local Agreement with four other local districts and two cities to create the Central Valley Water Reclamation Facility (CVWRF), a regionalized wastewater treatment facility in which the District owns a 24.59% undivided interest.

On August 13, 2012 the District adopted a name change from Salt Lake City Suburban Sanitary District No.1 to Mt. Olympus Improvement District to help distinguish it from Salt Lake City and other local government agencies.

Today the District collects wastewater from a service area with boundaries on the north of approximately 2700 South from the Jordan River east to the mountains and on the south from the Jordan River at about 4100 South east on a diagonal to Highland Drive and 6200 South and then east to the mountains. This service area encompasses parts of unincorporated Salt Lake County, approximately half of The City of South Salt Lake, a large portion of The City of Holladay, and a small portion of Murray City, thus serving a population of approximately 187,000 residents and businesses. The District owns, operates and maintains 8,237 manholes and 355 miles of sewer collection lines (does not include private lines connected to District main lines), which convey and deliver wastewater for treatment to the CVWRF located at 800 West Central Valley Road in the City of South Salt Lake.

Financial Highlights

- ▶ Total net position for year ended 2017 was \$53,058,044. Of this amount, \$14,626,989 (District Capital Assets) and the \$20,814,365 Investment in CVWRF Joint Venture (therefore classified as an Unrestricted Asset), represent land, wastewater collection and treatment systems, buildings, vehicles, and equipment. The remaining \$17,616,690 of Unrestricted Net

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Management's Discussion and Analysis
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Assets primarily consist of operating cash and investment reserves maintained for emergencies, major repairs and replacements, and capital projects. These reserves are also maintained in-lieu of funding depreciation and may be used to meet the District's obligations to citizens and creditors.

- ▶ The District's total assets increased by \$3,892,757 mainly due an increase in reserves and capacity fees.
- ▶ The District's total liabilities decreased by \$220,890 during the current fiscal year. The decrease is mainly due to the inter local payable with CVWRF.

Overview of the Financial Statements

The District operates and accounts for its activities as an enterprise fund which is similar to private business enterprises.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. This report also contains other supplementary information in addition to the basic financial statements. The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the District.

The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

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Management's Discussion and Analysis
December 31, 2017 and 2016**

Employer Pension Financial Disclosure

In 2015 the Governmental Accounting Standard Board (GASB) implemented Statement 68. This new statement requires state and local governments to disclose their proportionate share of the Net Pension Liability and/or Net Pension Asset and the deferred inflows and outflows of resources relating to pensions and pension expense. For 2017 and 2016 the Districts share of the Utah Retirement pension liability was \$1,064,660 and \$1,031,708 respectfully.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$53,058,044 as of December 31, 2017.

The largest portion of the District's assets, 72%, reflects unrestricted net assets. The remaining portion of the District's assets, 28%, reflects net assets invested in capital assets (e.g., land, buildings, machinery, and equipment). The District uses these capital assets and its investment in CVWRF joint venture to provide services to citizens and consequently, these assets are *not* available for future spending since the assets cannot be liquidated. The District's investment in CVWRF joint venture represents 65% of unrestricted net position.

Mt. Olympus Improvement District			
	2017	2016 (restated)	2015
Current and Other Assets	\$ 40,240,267	\$ 36,755,713	\$ 35,191,971
Capital assets (net of accumulated depreciation)	\$ 14,626,989	\$ 14,218,786	\$ 13,936,744
Total assets	\$ 54,867,256	\$ 50,974,499	\$ 49,128,715
Deferred outflows of resources from pension	\$ 729,020	\$ 664,953	\$ 331,254
Total Assets and Deferred Outflows of Resources	\$ 55,596,276	\$ 51,639,452	\$ 49,459,969
Long-term liabilities outstanding	\$ 1,497,191	\$ 1,447,193	\$ 1,164,185
Other liabilities	\$ 846,335	\$ 1,117,223	\$ 835,981
Total liabilities	\$ 2,343,526	\$ 2,564,416	\$ 2,000,166
Deferred inflows of resources from pension	\$ 194,706	\$ 105,519	\$ 99,322
Net Position:			
Investment in capital assets, net of related debt	\$ 14,626,989	\$ 14,218,786	\$ 13,936,744
Unrestricted	\$ 38,431,055	\$ 34,750,731	\$ 33,423,737
Total Net Position	\$ 53,058,044	\$ 48,969,517	\$ 47,360,481
Total Liabilities, Deferred Inflows & Net Position	\$ 55,596,276	\$ 51,639,452	\$ 49,459,969

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2017 and 2016**

During the years ended December 31, 2017 and 2016, the District's net position increased by \$4,088,527 and \$1,609,036 respectively. The increase in 2017 and 2016 is due to increased reserves

Key elements of the change in net position are as follows:

	2017	2016 (restated)	2015
Mt. Olympus Improvement District			
Operating Revenues:			
Sewer fees	\$ 9,717,746	\$ 6,411,685	\$ 6,280,756
Other	164,881	140,304	206,296
Total operating revenue	9,882,627	6,551,989	6,487,052
Operating Expenses:			
Wages and employee benefits	2,825,111	2,711,485	2,777,418
Operating expenses from CVWRF joint venture	3,408,756	2,959,129	2,868,973
Depreciation	712,646	672,859	624,429
Other	1,489,403	1,177,127	943,366
Total operating expenses	8,435,916	7,520,600	7,214,186
Net loss from operations	1,446,711	(968,611)	(727,134)
Non-Operating Revenues (Expenses):			
County property taxes	3,114,389	3,085,454	3,040,942
Net Interest Income	412,563	340,636	450,490
Equity in loss from CVWRF joint venture	(2,160,220)	(1,160,925)	(1,302,865)
Total non-operating revenues (expenses)	1,366,732	2,265,165	2,188,567
Capital Contributions:			
Capacity fees	825,044	406,912	846,736
Developer contributed sewer lines	450,040	261,668	349,233
Total capital contributions	1,275,084	668,580	1,195,969
Increase in Net Position	4,088,527	1,965,134	2,657,402
Net Position - Beginning	48,969,517	47,360,481	44,703,079
Net Position - Ending	\$ 53,058,044	\$ 48,969,517	\$ 47,360,481

- ▶ Sewer fees increased by \$3,306,061 or 34.02% and \$130,929 or 2.04% for the year ended December 31, 2017 and 2016, respectively. The increase for the year ended December 31, 2017 is attributable to implementing a new fee (CVWRF) to

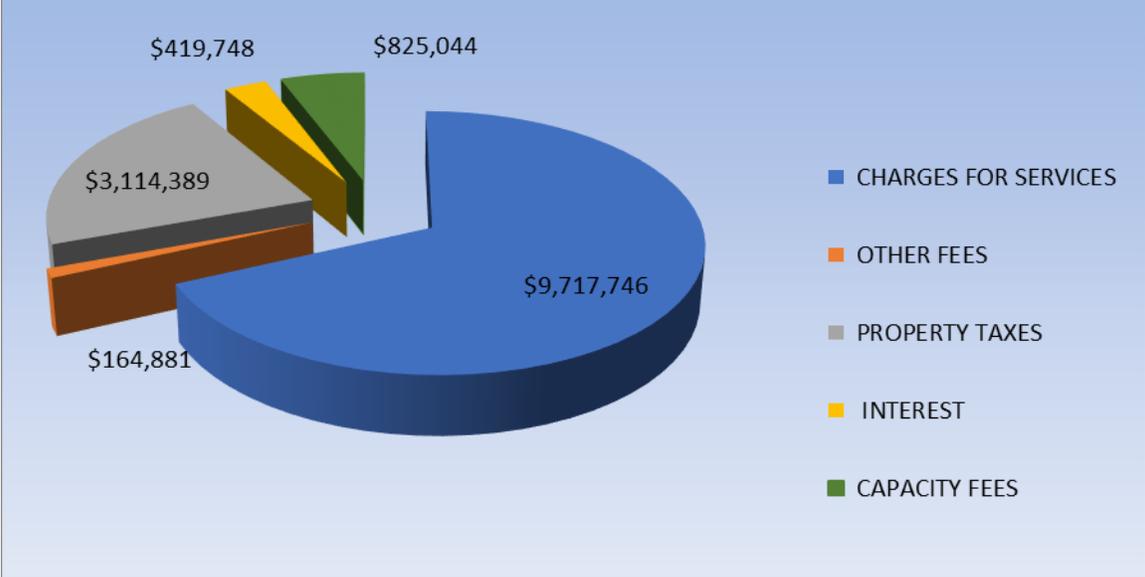
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fund capital improvements at the plant, and new connections totaling 1,182. The increase for the year ended December 31, 2016 is attributable to a net increase in the number of connections totaling 646.

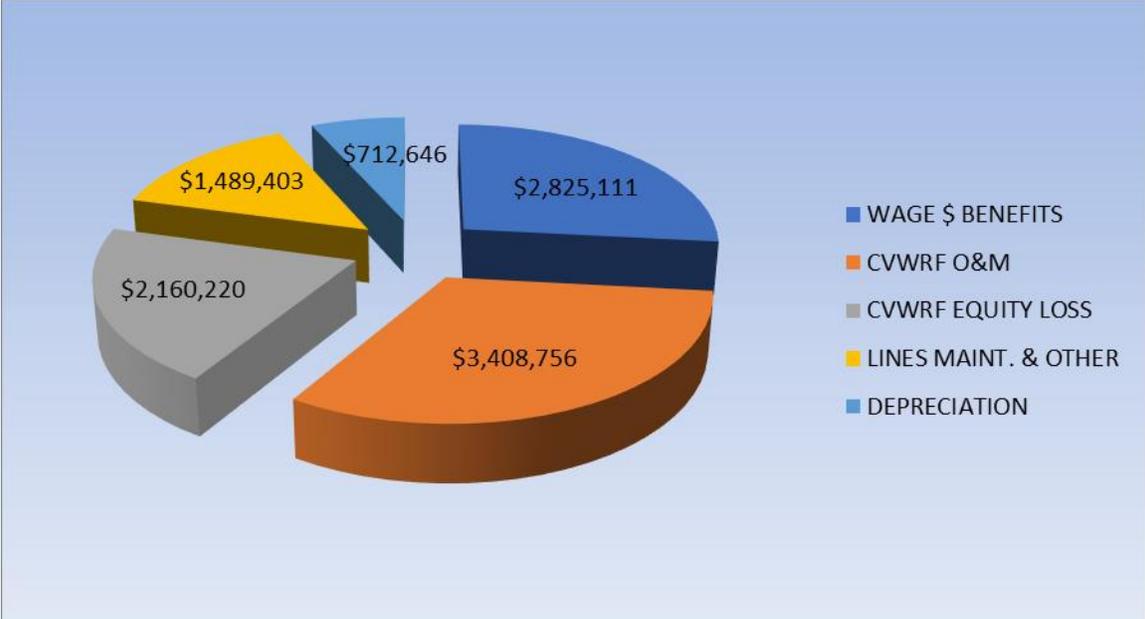
- ▶ Property taxes increased by \$28,935 or 1% and by \$44,512 or 1.44%, during the years ended December 31, 2017 and 2016, respectively. The increase during the years ended December 31, 2017 and 2016, is due to an increase in property being developed and an increase in property values.
- ▶ Net Interest income and other income increased by \$108,611 and decreased by \$109,854 for the years ended December 31, 2017 and 2016, respectively. The increase is a result of increased reserves and a slightly higher interest rate during 2017 and the decrease is the result of only certifying outstanding sewer fees with the county once in 2016.
- ▶ Effective 2017 it was agreed upon by all entities involved with CVWRF that all future ownership would be based upon one percentage (past 12 month usage) instead of multiple percentages for each major asset and that ownership would be based on Net Position instead of Net Capital Assets. A restatement of 2016 statements is reflective of the change.
- ▶ Equity loss from CVWRF joint venture consists primarily of depreciation and a change from ownership in capital assets to ownership in Net Position in the amount of \$999,295 for 2017.
- ▶ Capital contributions increase by \$606,504 for the year ended December 31, 2017. The increase is attributable to the number of building projects finalized within the district in the past year compared to 2016.

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2017 and 2016**

2017 Revenues



2017 Operating and Non-operating Expenses



**Mt. Olympus Improvement District
Management's Discussion and Analysis
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Financial Analysis of the Government's Funds

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

Service and Budgetary Highlights

During 2017, the District collected approximately 5.20 billion gallons of wastewater removing approximately 3,978 dry tons of organic pollutants measured by the consumption of oxygen by bacteria (BOD) and another 3,351 tons of suspended solids (TSS). This represents a daily average of 14.26 million gallons per day of wastewater and 21,797 pounds per day of BOD and 18,364 pounds per day of TSS. This waste stream was generated by an average of 27,863 billing accounts using approximately 54,643 monthly units of service, a service unit being based on the wastewater and domestic pollutant load discharged by an average residence each month.

This service effort includes personnel for maintenance operations, engineering and inspection for construction compliance, clerical, accounting and administration. This staff of 23 full-time employees is governed by a three-member Board of Trustees. Annual funding of operations is the result of adopting an annual budget after a public hearing. The budget is maintained on a cash basis. The following schedule summarizes the original budget, and amended budget, the actual and the variance.

**Mt. Olympus Improvement District
Management's Discussion and Analysis
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Mt. Olympus Improvement District				
Budget vs. Actual				
Year Ended December 31, 2017				
	2017 Budget (Original)	2017 Budget (Amended)	Actual	Variance
Revenues:				
Operating revenue	\$ 9,610,830	\$ 9,610,830	\$ 9,717,746	\$ 106,916
Property taxes	2,973,624	3,022,553	3,114,389	91,836
Interest income	240,000	275,000	419,748	144,748
Capacity fees	261,800	398,734	825,044	426,310
Other fees	169,068	169,068	164,881	(4,187)
	13,255,322	13,476,185	14,241,808	765,623
Expenses:				
Sewer lines	2,515,725	2,515,725	2,250,271	265,454
Information Technology	335,652	335,652	303,403	32,249
CVWRF	3,765,922	3,765,922	3,408,756	357,166
CVWRF additions	5,050,802	5,050,802	89,402	4,961,400
Administration	1,460,213	1,510,658	1,510,658	-
Interest & Pension Expense	(62,644)	(62,644)	-	(62,644)
Engineering and inspection	496,779	496,779	496,779	-
Paying Agent	3,340	3,340	500	2,840
Capital additions (net non cash items)	475,000	475,000	472,270	2,730
	14,040,789	14,091,234	8,532,038	5,559,196
Excess (Deficit) of Revenues over Expenses	(785,467)	(615,049)	5,709,770	6,324,819
Use of (addition to) District reserve	785,467	615,049	(5,709,770)	(6,324,819)
Excess of Revenues over Expenses Including Reserves	\$ -	\$ -	\$ -	\$ -

Differences between the budget and actual for the year 2017 can be summarized as follows:

- \$765,623 favorable variance for total revenues, mainly due to an increase in capacity fees and interest income.
- \$5,559,196 favorable variance for total expenses. The largest contributing items were, funds budgeted for a new full-time employee in the lines department, that was not hired, professional services (impact fee study) not incurred in 2017. All departmental expense budgets came in under budget for 2017. Additions to assets variance for CVWRF in the amount of \$4,961,400 is due to capital construction costs not incurred and the restatement in Net Position vs Net Capital Assets.

**Mt. Olympus Improvement District
Management's Discussion and Analysis
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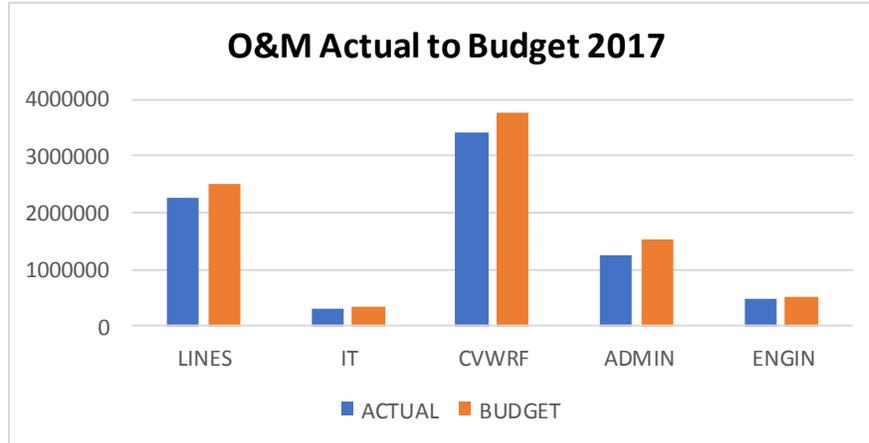


Figure 3 ACTUAL EXPENSES VS BUDGET 2017

Capital Assets

The District's investment in capital assets for its business-type activities as of December 31, 2017, amounts to \$15,356,011 (net of accumulated depreciation). This investment in capital assets includes land, sewer systems, automobiles, equipment, and deferred pension outflow.

	2017	2016	2015
Land	\$ 449,836	\$ 449,836	\$ 449,836
Sewer main	12,007,219	11,557,179	11,295,512
Sewer systems	20,953,282	20,953,282	20,953,282
Office & garage	2,991,614	2,377,394	2,017,426
Furniture & fixtures	131,215	131,215	133,772
Automobiles & equipment	2,015,150	2,015,150	1,876,625
Tools & equipment	399,596	399,596	414,015
Total	\$ 38,947,913	\$ 37,883,652	\$ 37,140,468
Less accumulated depreciation	(24,320,923)	(23,664,866)	(23,203,724)
Fixed & Long Term Assets	\$ 14,626,991	\$ 14,218,786	\$ 13,936,746
Deferred Pension Outflow	729,020	664,953	-
Total Assets	\$ 15,356,011	14,883,739	13,936,746

**Mt. Olympus Improvement District
Management's Discussion and Analysis
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Reserve Funds

The District held \$16,125,730 in reserves at the end of the current fiscal year. The reserve funds are maintained to provide liquid assets for funding repairs and reconstruction of infrastructure in the event of catastrophic events, which potentially could affect the District's ability to provide service to its residents, and to meet new proposed EPA nutrient requirements.

Reserve and Fee Structure

The monthly service fee is \$15.00 per month. Since the District does not fund depreciation the Board of Trustees has set a reserve amount that the District maintains. (See above statement) The tax rate decreased by 0.000017 for 2017 to .000297, from 0.000314 in 2016.

Long Term Debt

The District had no long-term debt in 2017.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Mt. Olympus Improvement District, Attention: Kerry S. Eppich, General Manager, 3932 South 500 East, Salt Lake City, UT 84107-1895.

FINANCIAL STATEMENTS

**Mt. Olympus Improvement District
Balance Sheets
December 31, 2017 and 2016**

	2017	2016 (Restated)
Assets		
Current Assets		
Cash	\$ 2,142,057	\$ 1,308,567
Investments	4,326,872	4,555,201
Accounts receivable	332,392	247,654
Tax collections receivable	743,348	93,916
Unremitted property liens	42,571	70,621
Prepaid insurance	27,781	29,470
Inventory-gas, oil, parts	12,023	23,261
Total Current Assets	7,627,044	6,328,690
Investments	11,798,858	9,702,004
Investment in CVWRF Joint Venture	20,814,365	20,724,963
Net Pension Asset	-	56
Capital Assets		
Land	449,836	449,836
Sewer systems and equipment	38,498,076	37,433,816
Less accumulated depreciation	(24,320,923)	(23,664,866)
Net Capital Assets	14,626,989	14,218,786
Total Assets	54,867,256	50,974,499
Deferred Outflows of Resources		
Deferred outflows of resources relating to pensions	729,020	664,953
Total Deferred Outflows of Resources	729,020	664,953
Total Assets and Deferred Outflows of Resources	\$ 55,596,276	\$ 51,639,452

The accompanying notes are an integral part of these financial statements.

**Mt. Olympus Improvement District
Balance Sheets (Continued)
December 31, 2017 and 2016**

	2017	2016 (Restated)
Liabilities		
Current Liabilities		
Accounts payable	\$ 85,968	\$ 121,953
Accounts payable - CVWRF joint venture	225,815	505,576
Deposits	12,000	22,961
Unearned revenue	522,552	466,733
Total Current Liabilities	846,335	1,117,223
Long-Term Liabilities		
Net pension liability	1,064,659	1,031,708
Accumulated leave	432,532	415,485
Total Long-Term Liabilities	1,497,191	1,447,193
Total Liabilities	2,343,526	2,564,416
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	194,706	105,519
Total Deferred Inflows of Resources	194,706	105,519
Net Position		
Investment in capital assets	14,626,989	14,218,786
Unrestricted	38,431,055	34,750,731
Total Net Position	53,058,044	48,969,517
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 55,596,276	\$ 51,639,452

The accompanying notes are an integral part of these financial statements.

Mt. Olympus Improvement District
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u> <u>(Restated)</u>
Operating Revenues		
Sewer fees	\$ 9,717,746	\$ 6,411,685
Inspection fees	12,325	9,200
Nose-on	6,200	4,000
Penalties	123,547	115,153
Miscellaneous operating revenue	<u>22,809</u>	<u>11,951</u>
Total Operating Revenues	<u>9,882,627</u>	<u>6,551,989</u>
Operating Expenses		
Wages and salaries	1,826,894	1,756,291
Employee benefits	998,217	955,194
Truck and auto expense	106,923	99,387
Line repairs and maintenance	665,102	489,707
Supplies	15,777	11,466
Electric power	13,876	13,811
Other utilities	14,582	15,120
Telephone	21,440	18,459
Uniforms	12,158	10,599
Emergency	9,401	41,388
Subscriptions and training	40,259	58,493
Insurance	56,299	55,187
Operating expenses from CVWRF joint venture	3,408,756	2,959,129
Building maintenance	28,715	29,242
Legal services	91,669	78,859
Audit and accounting fees	14,000	13,500
Nose-on expense	2,384	3,749
Blue Stakes	10,303	11,151
District trustee fee and expenses	15,000	15,000
Postage	85,215	78,876
Data processing	17,358	16,813
Depreciation	712,646	672,859

The accompanying notes are an integral part of these financial statements.

Mt. Olympus Improvement District
Statements of Revenues, Expenses, and Changes in Net Position (Continued)
Years Ended December 31, 2017 and 2016

	2017	2016 (Restated)
Miscellaneous	219,592	101,821
Bad debt expense	42,423	3,762
Professional services	6,373	10,737
Election expenses	554	-
Total Operating Expenses	8,435,916	7,520,600
Income (Loss) from Operations	1,446,711	(968,611)
Non-Operating Revenues (Expenses)		
Interest income	419,748	311,136
County property taxes	3,114,389	3,085,454
Paying agent fees	(500)	(500)
Gain on sale of property and equipment	(6,685)	30,000
Interest expense	-	-
Equity loss from CVWRF joint venture	(2,160,220)	(1,160,925)
Net Non-Operating Revenues	1,366,732	2,265,165
Net Income Before Capital Contributions	2,813,443	1,296,554
Capital Contributions		
Capacity fees	825,044	406,912
Developer contributed sewer lines	450,040	261,668
Total Capital Contributions	1,275,084	668,580
Increase in Net Position	4,088,527	1,965,134
Net Position - Beginning of Year	48,969,517	47,360,481
Prior Period Adjustment	-	(356,098)
Net Position - Beginning of Year, restated	48,969,517	47,004,383
Net Position - End of Year	\$ 53,058,044	\$ 48,969,517

The accompanying notes are an integral part of these financial statements.

**Mt. Olympus Improvement District
Statements of Cash Flows
Years Ended December 31, 2017 and 2016**

	2017	2016
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 9,881,758	\$ 6,809,875
Payments to vendors	(5,153,816)	(3,988,142)
Payments to employees	(2,808,064)	(2,687,283)
Net Cash Provided By Operating Activities	1,919,878	134,450
Cash Flows From Non-Capital Financing Activities		
Property taxes collected	2,464,957	3,089,531
Miscellaneous non-capital items	(500)	(500)
Net Cash Provided By Non-Capital Financing Activities	2,464,457	3,089,031
Cash Flows From Capital and Related Financing Activities		
Acquisition of property and equipment	(677,490)	(663,234)
Cash received for capacity fees	825,044	406,912
Net Cash Provided by (Used In) Capital and Related Financing Activities	147,554	(256,322)

The accompanying notes are an integral part of these financial statements.

**Mt. Olympus Improvement District
Statements of Cash Flows (Continued)
Years Ended December 31, 2017 and 2016**

	2017	2016
Cash Flows From Investing Activities		
Net payments from purchases of investments	(1,868,525)	(1,321,287)
Cash received from sale of property and equipment	-	-
Interest received from investments	419,748	311,136
Net contributions to CVWRF joint venture	(2,249,622)	(1,280,050)
Net Cash Used in Investing Activities	(3,698,399)	(2,290,201)
Net Increase in Cash	833,490	676,958
Cash, Beginning of Year	1,308,567	631,609
Cash, End of Year	\$ 2,142,057	\$ 1,308,567

**Supplemental Disclosure of Noncash Investing, Capital,
and Financing Activities**

Developer contributed sewer lines were \$450,040 and \$261,668 in 2017 and 2016, respectively.

The District recognized a loss from its investment in CVWRF joint venture of \$2,160,220 and \$1,160,925 in 2017 and 2016, respectively.

During 2017 and 2016, the District sold fully depreciated property and equipment with a cost of \$63,275 and \$211,718, respectively. No cash was received on disposal of assets in 2017 and 2016.

The accompanying notes are an integral part of these financial statements.

**Mt. Olympus Improvement District
Statements of Cash Flows (Continued)
Years Ended December 31, 2017 and 2016**

	2017	2016
Reconciliation of Loss from Operations to Net Cash Used in Operating Activities		
Profit (Loss) from Operations	\$ 1,446,711	\$ (968,611)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	712,646	672,859
Pension expense	58,127	(68,044)
(Increase) decrease in assets:		
Accounts receivable	(84,738)	183,060
Unremitted tax liens	28,050	13,347
Prepaid insurance	1,689	(3,004)
Inventory	11,234	(601)
Increase (decrease) in liabilities:		
Accounts payable	(315,746)	266,045
Deposits liability	(10,961)	(46,282)
Deferred revenue	55,819	61,479
Accumulated leave liability	17,047	24,202
Net Cash Provided By Operating Activities	\$ 1,919,878	\$ 134,450

The accompanying notes are an integral part of these financial statements.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note A – Organization and Significant Accounting Policies

The financial statements of Mt. Olympus Improvement District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

1. Reporting Entity

Mt. Olympus Improvement District, formerly Salt Lake City Suburban Sanitary District #1, (the District) is an agency of the State of Utah organized during 1946 as a special service district for the purpose of providing sewer services. The State of Utah has no oversight responsibility over the District; therefore, the District is not reported as a component unit of the State of Utah. The District has no oversight responsibilities over any other government entities. As of December 31, 2008, the District is now considered a local district by the State of Utah. Effective August 13, 2012, the board of directors passed a resolution to change the name of the District from Salt Lake City Suburban Sanitary District #1 to Mt. Olympus Improvement District.

2. Measurement Focus and Basis of Accounting

The District is an enterprise fund, which is reported using the economic resources measurement focus and the accrual basis of accounting. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing services to the general public on a continuing basis are financed or recovered primarily through user charges. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note A – Organization and Significant Accounting Policies (Continued)

3. Net Position

The District's net position is classified as follows:

Investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of investment of capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that do not meet the definition of "restricted" or "investment in capital assets"

4. Inventory

Inventory is valued using the first-in-first-out method (FIFO). Inventory is recorded at the lower of cost or market. Obsolete inventory is written off in the period it is deemed worthless.

5. Investments

Investments are carried at market value or cost where market value is not determinable. Investments are amortized from the date of purchase to scheduled maturity dates and the unamortized amounts are included in the cost of the investments.

The District has certain reserves set aside to provide for future sewer line and plant expansion. The funding philosophy of the District is to have reserves available for projects that may arise rather than bond again or use debt financing. Accordingly, two special accounts were created with an escrow agent for the District Lines and for Central Valley. These investments consist of investments in the Utah Public Treasurer's Investment Fund, government bonds, municipal bonds, and corporate bonds and are classified as non-current investments in the balance sheet.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note A – Organization and Significant Accounting Policies (Continued)

6. Capital Assets

Capital assets are recorded at either historical cost or estimated historical cost. Normal maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. The net book value of property sold, or otherwise disposed of, is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included in income.

Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

Sewer mains and system	50 years
Office building, garage and improvements	5-40 years
Furniture and fixtures	8 years
Automobile and trucks	5 years
Tools and equipment	3-8 years

7. Unearned Revenue

Sewer fees are billed to customers in advance of the period in which the expenses are to be incurred. Those sewer fees received in advance of the period of expense are shown in the accompanying financial statements as unearned revenue. Sewer fees are recognized as revenue as they are earned throughout the year.

8. Contributed Sewer Lines

The District receives title to various sewer lines that have been constructed by real estate developers. The District must certify that all sewer lines meet required specifications. Upon certification, the District records the fair value of the sewer lines as property and are depreciated under the depreciation policies of the District.

9. Accumulated Leave

District employees are entitled to certain accumulated leave benefits based on their length of employment. Unused sick leave can be accumulated up to 2,080 hours and must be used by employees at retirement as follows: 1) sick leave must be cashed out at one fourth the accumulated value, and 2) the remaining accumulated value must be used to pay for health care premiums from retirement date until fully expended, the balance is also available for a Medicare supplement until fully expended. Employees that are terminated before retirement forfeit any sick leave benefits. Unused vacation leave may accumulate up to the current year allocation plus 120 hours.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note A – Organization and Significant Accounting Policies (Continued)

10. Revenues and Expenses

Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are sewer fees for conveyance and wastewater treatment services. Although property tax revenues are for maintenance and operations, they are classified as non-operating revenues in accordance with GASB 34 and GASB 9.

Operating expenses include the costs associated with the conveyance and treatment of wastewater, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

11. Pension Plans

The District participates in the State Retirement System. Pension cost is combined with employee benefits and is recorded on an accrual basis. The District's policy is to fund pension costs as they occur.

12. Property Tax Revenues

Property taxes are levied on January 1st based on the assessed value of property as listed on the previous May 31st. Assessed values are an approximation of market value. The county assessor must make a valuation of all real property every year. Property taxes are delinquent after November 30. The District's tax rate for 2017 and 2016 was .000297 and .000314, respectively. The statutory maximum set by the state is .0008 for operations and maintenance. There is no maximum for reduction of general obligation bonds.

13. Budgetary Accounting

For management and control purposes, the District adopts and maintains an annual budget, which is maintained on a cash basis. Items budgeted, but not expended, are not carried over to succeeding years. Each budget item must be re-approved each year.

14. Income Taxes

The District is exempt from all federal and state income taxes as a political division created by Utah State Law.

Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016

Note A – Organization and Significant Accounting Policies (Continued)

15. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

17. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note B – Deposits and Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note B – Deposits and Investments (Continued)

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The balance sheet captions, which relate to deposits and investments, are summarized as follows:

	2017	2016
Cash	\$ 2,142,057	\$ 1,308,567
Investments	4,326,872	4,555,201
Non-current investments	11,798,858	9,702,004
	\$ 18,267,787	\$15,565,772

1. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At December 31, 2017 and 2016, the carrying amount of the District's cash was \$2,142,057 and \$1,308,567; respectively, and the bank balance was \$2,123,478 and \$1,327,112, respectively. Of the bank balance, \$250,000 and \$250,000 was covered for 2017 and 2016, respectively, by Federal depository insurance and the remaining balances were held in a sweep account invested in short-term U.S. Government Securities and, therefore, may be exposed to certain credit risk.

2. Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016

Note B – Deposits and Investments (Continued)

2. Investments (Continued)

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse purchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Services or Standard & Poor’s; bankers’ acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes or other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer’s Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurer’s Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated*, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of pool shares.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note B – Deposits and Investments (Continued)

2. Investments (Continued)

As of December 31, 2017, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Corporate Bonds	\$4,935,714	\$1,075,869	\$3,859,846		
U.S. Obligation Bond	\$ 100,000		\$ 100,000		
Municipal Bond	\$ 195,000		\$ 195,000		
Govt. Bonds	\$5,585,000	\$ 200,000	\$5,385,000		
Utah Public Treasurer's Investment Fund	\$5,309,742	\$5,309,742			

As of December 31, 2016, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Corporate Bonds	\$5,061,282	\$2,020,113	\$3,041,269		
Govt. Bonds	\$4,485,000	\$ 100,000	\$4,385,000		
Utah Public Treasurer's Investment Fund	\$4,710,923	\$4,710,923			

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note B – Deposits and Investments (Continued)

2. Investments (Continued)

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act previously discussed. As of December 31, 2017 and 2016, the District's investments in the State of Utah Public Treasurer's Investment Fund were unrated.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5%-10% depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note C – Capital Assets (Continued)

	December 31, 2016			
	Capital Assets			
	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Assets not being depreciated:				
Land	\$ 449,836	\$ -	\$ -	\$ 449,836
Construction in progress	-	109,491	-	109,491
	449,836	109,491	-	559,327
Assets being depreciated				
Sewer main	11,295,512	261,667	-	11,557,179
Sewer systems	20,953,282	-	-	20,953,282
Office & garage	2,017,426	256,785	(6,308)	2,267,903
Furniture & fixtures	133,772	3,824	(6,381)	131,215
Automobiles & trucks	1,876,625	266,242	(127,717)	2,015,150
Tools & equipment	414,015	56,893	(71,312)	399,596
	36,690,632	845,411	(211,718)	37,324,325
	\$ 37,140,468	\$ 954,902	\$ (211,718)	\$ 37,883,652
	Accumulated Depreciation			
	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Sewer main	\$ 4,578,671	\$ 197,516	\$ -	\$ 4,780,903
Sewer systems	15,941,774	220,411	-	16,155,579
Office & garage	1,494,663	56,456	(6,308)	1,545,598
Furniture & fixtures	119,650	889	(6,381)	114,161
Automobiles & trucks	794,486	161,587	(127,717)	829,236
Tools & equipment	274,378	35,999	(71,312)	239,388
	\$ 23,203,622	\$ 672,858	\$ (211,718)	\$ 23,644,865

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note D – Property Tax Revenue

Property tax revenues are derived from four major sources: (1) general property assessments on real estate and improvements to real estate, (2) personal property assessments on mobile homes, business equipment, etc., (3) age based assessments on motor vehicles, and (4) delinquent tax collections, interest, and fees.

The District's tax rate is .000297. Property tax revenue for the years ended December 31, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Total property taxes for the year	<u>\$ 3,114,389</u>	<u>\$3,085,454</u>
Property tax receivable at December 31	<u>\$ 743,348</u>	<u>\$ 93,916</u>

Note E – Unremitted Property Liens

Unremitted property liens as of December 31, 2017 and 2016, in the amount of \$42,571 and \$70,621, respectively, represent the total amount of past due accounts receivable which have been referred to the Salt Lake County Treasurer's office for attachment to the related real estate property as liens. However, in 2004 the Utah State Legislature passed HB56 which prohibits the District from collecting from the current owner a previous owner's arrearage for sewer service provided to the property before the current owner's ownership, absent a valid lien.

Note F – Investment in CVWRF Joint Venture

During 1978, the District entered into a joint venture with four other local districts and two cities. The joint venture was organized under the name of Central Valley Water Reclamation Facility (CVWRF) to operate a regional sewage treatment facility for the benefit of all its members. The joint venture is owned by each of the seven entities and is administered by a seven-member board. Each member appoints one member to the board, and voting power is not related to ownership. Therefore, each member is equal to another for voting privileges.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note F – Investment in CVWRF Joint Venture (Continued)

The joint venture is responsible for adopting a budget and financing its operations subject to the approval by each of the seven members. Each member is billed its share of operation and capital costs based on the members usage and ownership percentage.

The District incurred the following costs from the CVWRF joint venture:

	<u>2017</u>	<u>2016</u>
Treatment costs	\$ 3,067,172	\$ 1,974,340
Administration	-	474,370
Pretreatment costs	136,058	126,811
Laboratory	197,975	169,691
Interception monitoring	7,551	9,899
Engineering and safety	-	204,018
	<u>\$ 3,408,756</u>	<u>\$ 2,959,129</u>

The District accounts for its investment in CVWRF joint venture using the equity method of accounting. The following is a summary of the CVWRF joint venture's financial position as of December 31, 2017 and 2016, and the results of its operations for the years then ended. The amounts at December 31, 2017 and 2016 were obtained from audited financial statements provided by Central Valley Water Reclamation Facility and are available on the Utah State Auditor's website at www.sao.state.ut.us.

	<u>2017</u>	<u>2016</u> (restated)
Current assets	\$ 6,229,828	\$ 4,821,310
Noncurrent assets	<u>118,032,551</u>	<u>88,791,158</u>
Total assets	<u>\$ 124,262,379</u>	<u>\$ 93,612,468</u>
Current liabilities	\$ 3,993,154	\$ 2,479,315
Non-current liabilities	35,623,577	7,632,094
Net position	<u>84,645,648</u>	<u>83,501,059</u>
Total liabilities and net position	<u>\$ 124,262,379</u>	<u>\$ 93,612,468</u>

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note F – Investment in CVWRF Joint Venture (Continued)

	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 15,237,162	\$ 13,232,689
Operating expenses	<u>20,275,976</u>	<u>18,906,208</u>
Net operating loss	(5,038,814)	(5,673,519)
Other	<u>(6,183,403)</u>	<u>5,675,120</u>
 Change in net position	 <u>\$ 1,144,589</u>	 <u>\$ 1,601</u>

The member entities have decided not to fund depreciation and amortization through contributions to the joint venture. The offset is, in effect, a reduction of member contributions for the CVWRF joint venture in the equity section and reflects the need for contributions in future years.

The District’s investment in CVWRF joint venture for the years ended December 31, 2017 and 2016 is \$20,814,365 and \$20,724,963, respectively. Change in the investment is summarized as follows:

Investment at January 1, 2017	\$ 20,724,963
Capital contributions	2,249,622
Loss from CVWRF joint venture	<u>(2,160,220)</u>
Investment at December 31, 2017	<u>\$ 20,814,365</u>

Note G – Pension Plans

1. Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note G – Pension Plans (Continued)

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

2. Benefits Provided

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	COLA **
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all year	Up to 2.5%

* with actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases may not be carried forward to subsequent years.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note G – Pension Plans (Continued)

3. Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2017 are as follows:

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
Contributory System 111 Local Government Div – Tier 2	N/A	15.11	1.58
Noncontributory System 15 Local Government Div – Tier 1	N/A	18.47	N/A
Tier 2 DC Only 211 Local Government	N/A	6.69	10.00

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended December 31, 2017, the employer and employee contributions to the Systems were as follows:

System		Employer Contributions	Employee Contributions
Noncontributory System	\$	268,861	N/A
Tier 2 Public Employees System		38,472	-
Tier 2 DC Only System		4,654	N/A
Total Contributions	\$	311,987	-

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

4. Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, we reported a net pension asset of \$0 and a net pension liability of \$1,064,659.

(Measurement Date): December 31, 2015

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2014	Change (Decrease)
Noncontributory System	\$ -	\$1,061,528	0.1653156%	0.1823294%	(0.0170138%)
Tier 2 Public Employees System	-	3,131	0.0280698%	0.0257577%	0.0023121%
	<u>\$ -</u>	<u>\$1,064,659</u>			

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2017, we recognized pension expense of \$370,060.

At December 31, 2017, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,058	\$ 31,486
Changes in assumptions	145,410	34,835
Net difference between projected and actual earnings on pension plan investments	237,098	70,312
Changes in proportion and differences between contributions and proportionate share of contributions	11,466	58,073
Contributions subsequent to the measurement date	311,987	-
	<u>\$ 729,019</u>	<u>\$ 194,706</u>

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note G – Pension Plans (Continued)

4. Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$311,987 reported as deferred outflows of resources related to pension’s results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Net Deferred Outflows (Inflows) of Resources
2017	\$ 68,828
2018	69,748
2019	89,199
2020	(6,428)
2021	88
Thereafter	970

5. Actuarial assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 Percent
Salary increases	3.35 – 10.35 percent, average, including inflation
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the five years ending December 31, 2013.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note G – Pension Plans (Continued)

5. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target asset allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
Inflation			2.60%
Expected arithmetic nominal return			7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

6. Discount rate

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.20 percent from 7.50 percent in the prior measurement period.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note G – Pension Plans (Continued)

7. Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

System	1% Decreases (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	\$ 2,198,785	\$ 1,061,528	\$ 112,550
Tier 2 Public Employees System	21,313	3,131	(10,701)
Total	\$ 2,220,098	\$ 1,064,659	\$ 101,849

8. Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

9. Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Mt Olympus Improvement District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- * 401(k) Plan
- * Roth IRA Plan

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2017 and 2016**

Note G – Pension Plans (Continued)

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31, were as follows:

	2017	2016	2015
401(k) Plan			
Employer Contributions	\$ 69,214	\$ 67,111	\$ 58,107
Employee Contributions	53,313	45,392	52,609
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	23,274	16,646	12,186

Note H – Commitments and Contingencies

At times the District has been involved in unasserted claims or assessments in the ordinary course of operations. Any potential gain or loss contingencies resulting from such matters are not considered to be material.

Note I – Subsequent Events

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the District has evaluated subsequent events through May 15, 2018, which is the date these financial statements were issued. All subsequent events requiring recognition as of May 15, 2018, have been incorporated into these financial statements.

Note J – Prior Period Adjustment

The prior period adjustments described within this note have a net impact to the District's net position of \$356,098. The District's investment in CVWRF reported a prior period adjustment to their financial statements for the year ended December 31, 2017. The adjustment was applied as a prior period adjustment for the year ended December 31, 2016 on the District's financial statements. The effect of the adjustment caused the investment in CVWRF Joint Venture and net position to decrease by \$356,098 as of December 31, 2016.

Required Supplementary Information

Mt. Olympus Improvement District
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement System
For the Years Ended December 31, 2014-2017
Last 10 Fiscal Years*

For the year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of its covered- employee payroll
Noncontributory System					
2017	0.1653156%	\$1,061,528	\$1,421,416	74.68%	87.3%
2015	0.1823294%	1,031,708	1,541,818	66.92%	87.8%
2014	0.1779964%	772,902	1,505,897	51.3%	90.2%
Tier 2 Public Employees System					
2017	0.0280698%	3,131	230,192	1.36%	95.1%
2015	0.0257577%	(56)	166,466	-0.03%	100.2%
2014	0.0233787%	(708)	114,632	-0.6%	103.5%

**Mt. Olympus Improvement District
Schedule of Contributions
Utah Retirement Systems**

	As of fiscal year ended December 31,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 269,212	\$ 269,212	\$ -	\$1,508,104	17.85%
	2015	284,774	284,774	-	1,541,818	18.47%
	2016	262,536	262,536	-	1,421,416	18.47%
	2017	268,861	268,861	-	1,455,661	18.47%
Tier 2 Public Employees System*	2014	\$ 16,672	\$ 16,672	\$ -	\$ 114,632	14.54%
	2015	24,839	24,839	-	166,466	14.92%
	2016	34,322	34,322	-	230,192	14.91%
	2017	38,472	38,472	-	256,297	15.01%
Tier 2 Public Employees DC Only System*	2014	\$ 3,614	\$ 3,614	\$ -	\$ 59,560	6.07%
	2015	4,251	4,251	-	63,396	6.71%
	2016	4,517	4,517	-	67,517	6.69%
	2017	4,654	4,654	-	69,573	6.69%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

Mt. Olympus Improvement District
Notes to Required Supplementary Information
For the Year Ended December 31, 2017

Changes in Assumptions:

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

Other Reports

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE
WITH THE STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE
WITH GENERAL STATE COMPLIANCE REQUIREMENTS
AND INTERNAL CONTROL OVER COMPLIANCE**

To the Board of Trustees of
Mt. Olympus Improvement District

REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS

We have audited Mt. Olympus Improvement District's (the District) compliance with the applicable general state compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the District for the year ended December 31, 2017.

General state compliance requirements were tested for the year ended December 31, 2017 in the following areas:

Budgetary Compliance
Utah Retirement Systems
Open and Public Meetings Act
Treasurer's Bond

The District did not receive any major or non-major State grants during the years ended December 31, 2017 and 2016.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**To the Board of Trustees of
Mt. Olympus Improvement District
Page 2**

Auditor's Responsibility

Our responsibility is to express an opinion on Mt. Olympus Improvement District's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*.

Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the District occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the District's compliance.

Opinion on General State Compliance Requirements

In our opinion, Mt. Olympus Improvement District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District for the year ended December 31, 2017.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Mt. Olympus Improvement District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mt. Olympus Improvement District's internal control over compliance with the compliance requirements that could have a direct and material effect on the District to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

**To the Board of Trustees of
Mt. Olympus Improvement District
Page 3**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Huber, Erickson; Bowman, LLC

**HUBER, ERICKSON & BOWMAN, LLC.
Certified Public Accountants
May 15, 2018**

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of
Mt. Olympus Improvement District:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mt. Olympus Improvement District, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise Mt. Olympus Improvement District's basic financial statements, and have issued our report thereon dated May 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Mt. Olympus Improvement District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mt. Olympus Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mt. Olympus Improvement District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**To the Board of Trustees of
Mt. Olympus Improvement District
Page 2**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mt. Olympus Improvement District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Huber, Erickson; Bowman, LLC

**HUBER, ERICKSON & BOWMAN, LLC.
Certified Public Accountants
May 15, 2018**