

Mt. Olympus Improvement District

Financial Statements

December 31, 2016 and 2015

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, 2016 and 2015, 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, 2016 and 2015, 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.

**To the Board of Trustees of
Mt. Olympus Improvement District
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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 24, 2017, 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 24, 2017**

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2016 and 2015**

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, 2016 and 2015. 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 25.6% 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 8,573 manholes and 356 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.

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2016 and 2015**

Financial Highlights

- ▶ Total net position for 2016 was \$49,325,615. Of this amount, \$14,218,786 (District Capital Assets) and the \$21,081,061 Investment in CVWRF Joint Venture (therefore classified as an Unrestricted Asset), represent land, wastewater collection and treatment systems, buildings, vehicles, and equipment. The remaining \$14,025,768 of Unrestricted Net 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 \$2,201,882 mainly due an increase in reserves and capacity fees.
- ▶ The District's total liabilities increased by \$564,250 during the current fiscal year. The increase is mainly due to the inter local payable with CVWRF and increase in pension liability.

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).

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2016 and 2015**

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.

Employer Pension Financial Disclosure

New to the 2016 & 2015 Financial Statements, is implementation of Governmental Accounting Standard Board (GASB) 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 2016 and 2015 the Districts share of the Utah Retirement pension liability was \$1,031,708 and \$772,902 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 \$49,325,615 as of December 31, 2016.

The largest portion of the District's assets, 71% reflects unrestricted net position. The remaining portion of the District's assets, 29% 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 60% of unrestricted net position.

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2016 and 2015**

Mt. Olympus Improvement District			
	2016	2015	2014
Current and Other Assets	\$ 37,111,811	\$ 35,191,971	\$ 34,882,051
Capital assets (net of accumulated depreciation)	14,218,786	13,936,744	13,368,551
Total assets	51,330,597	49,128,715	48,250,602
Deferred outflows of resources from pension	664,953	331,254	289,406
Total Assets and Deferred Outflows of Resources	\$ 51,995,550	\$ 49,459,969	\$ 48,540,008
Current liabilities	\$ 1,117,223	\$ 835,981	\$ 1,038,576
Long-term liabilities outstanding	1,447,193	1,164,185	2,798,353
Total liabilities	2,564,416	2,000,166	3,836,929
Deferred inflows of resources from pension	105,519	99,322	-
Net Position:			
Investment in capital assets, net of related debt	14,218,786	13,936,744	13,368,551
Unrestricted	35,106,829	33,423,737	31,334,528
Total Net Position	49,325,615	47,360,481	44,703,079
Total Liabilities, Deferred Inflows & Net Position	\$ 51,995,550	\$ 49,459,969	\$ 48,540,008

During the years ended December 31, 2016 and 2015, the District's net position increased by \$1,965,134 and \$2,657,402 respectively. The increase in 2016 is due to increased reserves, and the increase in 2015 is due to increased reserves and paying off debt.

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

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2016 and 2015**

Mt. Olympus Improvement District

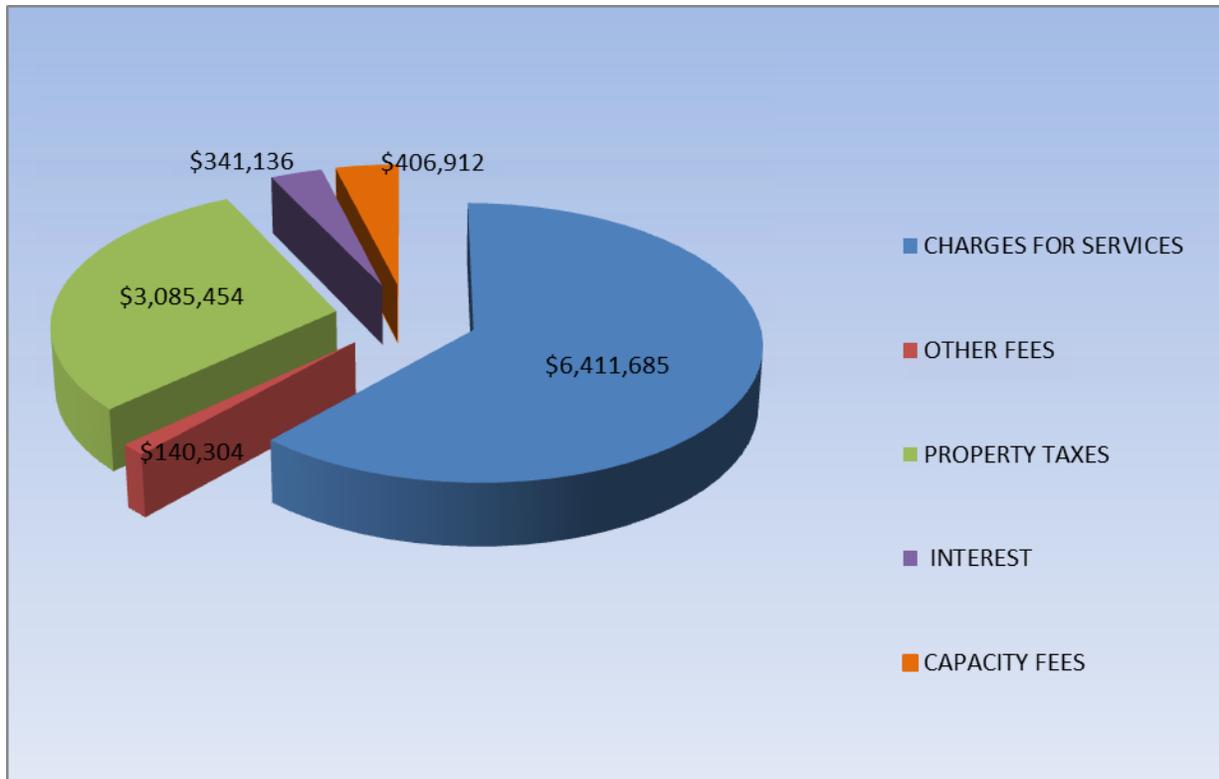
	2016	2015	2014
Operating Revenues:			
Sewer fees	\$ 6,411,685	\$ 6,280,756	\$ 4,996,595
Other	140,304	206,296	162,154
Total operating revenue	<u>6,551,989</u>	<u>6,487,052</u>	<u>5,158,749</u>
Operating Expenses:			
Wages and employee benefits	2,711,485	2,777,418	2,661,454
Operating expenses from CVWRF joint venture	2,959,129	2,868,973	2,492,457
Depreciation	672,859	624,429	548,521
Other	1,177,127	943,366	921,134
Total operating expenses	<u>7,520,600</u>	<u>7,214,186</u>	<u>6,623,566</u>
Net loss from operations	(968,611)	(727,134)	(1,464,817)
Non-Operating Revenues (Expenses):			
County property taxes	3,085,454	3,040,942	2,991,959
Net Interest Income	340,636	450,490	218,067
Equity in loss from CVWRF joint venture	(1,160,925)	(1,302,865)	(1,278,307)
Total non-operating revenues (expenses)	<u>2,265,165</u>	<u>2,188,567</u>	<u>1,931,719</u>
Capital Contributions:			
Capacity fees	406,912	846,736	353,800
Developer contributed sewer lines	261,668	349,233	528,490
Total capital contributions	<u>668,580</u>	<u>1,195,969</u>	<u>882,290</u>
Increase in Net Position	1,965,134	2,657,402	1,349,192
Net Position - Beginning	<u>47,360,481</u>	<u>44,703,079</u>	<u>43,353,887</u>
Net Position - Ending	<u>\$ 49,325,615</u>	<u>\$ 47,360,481</u>	<u>\$ 44,703,079</u>

- ▶ Sewer fees increased by \$130,929 or 2.040% and \$1,284,161 or 25.70% for the year ended December 31, 2016 and 2015, respectively. The increase for the year ended December 31, 2016 is attributable to a net increase in the number of connections totaling 646. The increase for the year ended December 31, 2015 is attributable to a rate increase from \$8 to \$10 per residential equivalent and a net increase in the number of new connections totaling 165.

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2016 and 2015**

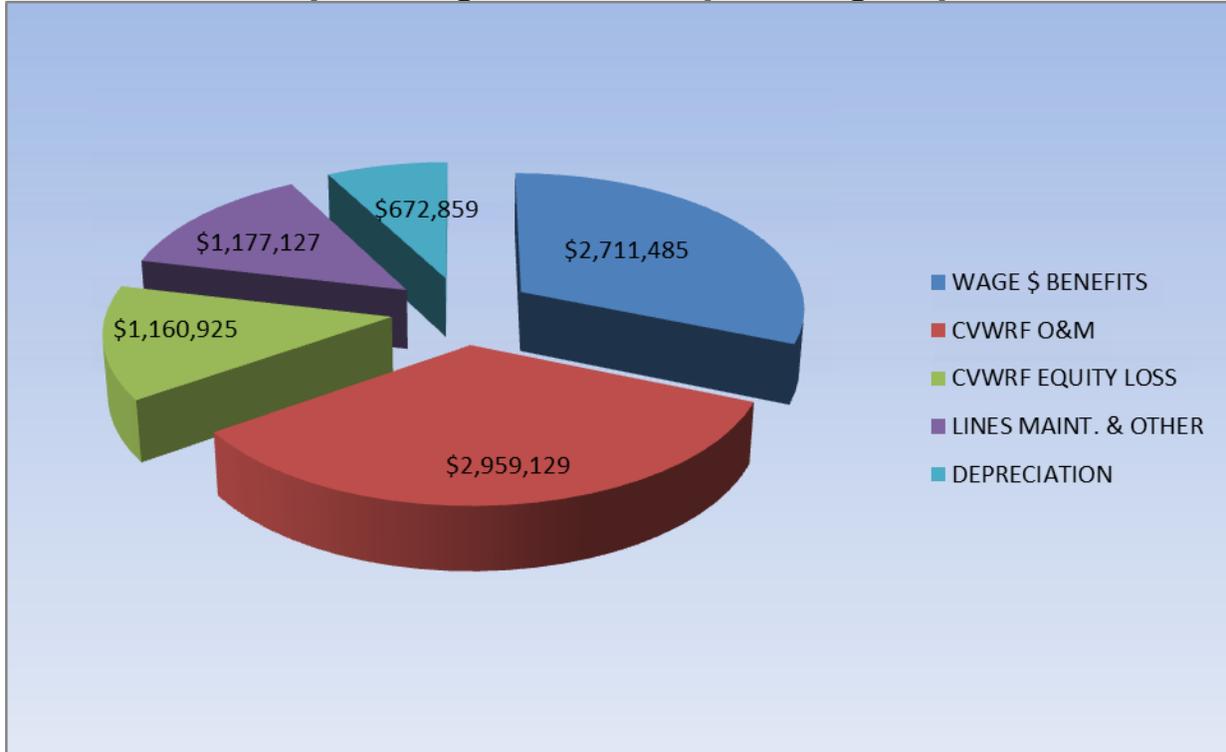
- ▶ Property taxes increased by \$44,512 or 1.44%, and by \$48,983 or 1.61%, during the years ended December 31, 2016 and 2015, respectively. The increase during the years ended December 31, 2016 and 2015 respectfully, is due to an increase in property being developed and increase in property values.
- ▶ Net Interest income and other income decreased by \$109,845 and increased by \$232,423 for the years ended December 31, 2016 and 2015, respectively. The decrease is a result of only certifying outstanding sewer fees with the county once during 2016 and the 2015 increase is due to additional interest from sewer fee reserves and property taxes.
- ▶ Equity loss from CVWRF joint venture consists primarily of depreciation. The District's depreciation on its capital assets as well as the District's portion of CVWRF joint venture depreciation is \$2,088,249 and \$1,956,935 for the years ended December 31, 2016 and 2015, respectively, which accounts for the majority of the decrease in net position.
- ▶ Capital contributions decreased by \$527,389 for the year ended December 31, 2016. The decrease is attributable to the number of building projects finalized within the district in the past year compared to 2015.

2016 Revenues



**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2016 and 2015**

2016 Operating and Non-operating Expenses



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 2016, the District collected approximately 4.85 billion gallons of wastewater removing approximately 3,636 dry tons of organic pollutants measured by the consumption of oxygen by bacteria (BOD) and another 3,200 tons of suspended solids (TSS). This represents a daily average of 13.29 million gallons per day of wastewater and 19,925 pounds per day of BOD and 17,536 pounds per day of TSS. This waste stream was generated by an average of 27,801 billing accounts using approximately 53,461 monthly units of service, a service unit being based on the wastewater and domestic pollutant load discharged by an average residence each month.

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2016 and 2015**

This service effort includes personnel for maintenance operations, engineering and inspection for construction compliance, clerical, accounting and administration. This staff of 22 full-time employees is governed by a three member Board of Trustees. Annual funding of operations is the result of adopting and 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
Budget vs. Actual
(Cash Basis)**

Year Ended December 31, 2016

	2016 Budget (Original)	2016 Budget (Amended)	Actual	Variance
Revenues:				
Operating revenue	\$ 6,386,520	\$ 6,386,520	\$ 6,424,885	\$ 38,365
Property taxes	2,950,611	2,971,624	2,976,277	4,653
Interest income	377,707	361,190	426,093	64,903
Capacity fees	280,500	280,500	406,912	126,412
Other fees	29,000	58,000	74,850	16,850
	<u>10,024,338</u>	<u>10,057,834</u>	<u>10,309,017</u>	<u>251,183</u>
Expenses:				
Sewer lines	2,223,524	2,281,296	2,004,965	276,331
Information Technology	317,763	327,132	306,171	20,961
CVWRF	3,228,237	3,228,237	2,959,128	269,109
CVWRF additions	1,281,032	1,281,032	1,056,211	224,821
Administration	1,318,235	1,347,235	1,180,118	167,117
Interest & Pension Expense	-	(62,644)	-	(62,644)
Engineering and inspection	474,914	474,914	465,394	9,520
Paying Agent	3,340	3,340	500	2,840
Capital additions (net non cash items)	1,016,312	1,016,312	610,931	405,381
	<u>9,863,357</u>	<u>9,896,854</u>	<u>8,583,418</u>	<u>1,313,436</u>
Excess (Deficit) of Revenues over Expenses	160,981	160,980	1,725,599	1,564,619
Use of (addition to) District reserves	<u>(160,981)</u>	<u>(160,980)</u>	<u>(1,725,599)</u>	<u>(1,564,619)</u>
Excess of Revenues over Expenses Including Reserves	\$ -	\$ -	\$ -	\$ -

Differences between the budget and actual for the year 2016 can be summarized as follows:

- \$251,183 favorable variance for total revenues, mainly due to an increase in capacity fees and interest income.
- \$1,313,435 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 and capital funds budgeted for construction on the maintenance building held up by Salt Lake County and not incurred in 2016. All departmental expense budgets came in under budget for 2016.

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2016 and 2015**

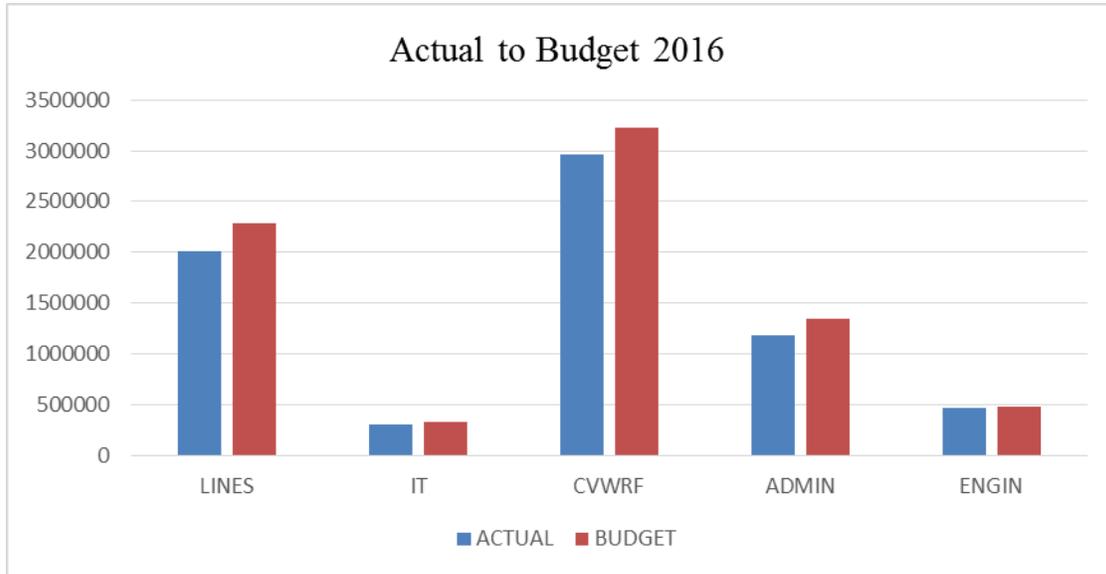


Figure 3 ACTUAL EXPENSES VS BUDGET 2016

Capital Assets

The District's investment in capital assets for its business-type activities as of December 31, 2016, amounts to \$14,218,788 (net of accumulated depreciation). This investment in capital assets includes land, sewer systems, automobiles, and equipment.

Capital Assets (Net of depreciaton)

	2016	2015	2014
Land	\$ 449,836	\$ 449,836	\$ 449,836
Sewer main	11,557,179	11,295,512	10,946,279
Sewer systems	20,953,282	20,953,282	20,765,952
Office & garage	2,377,394	2,017,426	2,011,703
Furniture & fixtures	131,215	133,772	152,292
Automobiles & equipment	2,015,150	1,876,625	1,704,029
Tools & equipment	399,596	414,015	489,081
Total	37,883,652	37,140,468	36,519,172
Less accumulated depreciation	(23,664,866)	(23,203,724)	(23,150,622)
Capital Assets (Net of depreciaton)	\$ 14,218,786	\$ 13,936,744	\$ 13,368,550

**Mt. Olympus Improvement District
Management's Discussion and Analysis
December 31, 2016 and 2015**

Reserve Funds

The District held \$14,257,205 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 \$10.00 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 is .000314.

Long Term Debt

The District had no long term debt in 2016.

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, 2016 and 2015**

	2016	2015
Assets		
Current Assets		
Cash	\$ 1,308,567	\$ 631,609
Investments	4,555,201	3,346,564
Accounts receivable	247,654	430,714
Tax collections receivable	93,916	97,992
Unremitted property liens	70,621	83,968
Prepaid insurance	29,470	26,466
Inventory-gas, oil, parts	23,261	22,660
Total Current Assets	6,328,690	4,639,973
Investments	9,702,004	9,589,354
Investment in CVWRF Joint Venture	21,081,061	20,961,936
Net Pension Asset	56	708
Capital Assets		
Land	449,836	449,836
Sewer systems and equipment	37,433,816	36,690,632
Less accumulated depreciation	(23,664,866)	(23,203,724)
Net Capital Assets	14,218,786	13,936,744
Total Assets	51,330,597	49,128,715
Deferred Outflows of Resources		
Deferred outflows of resources relating to pensions	664,953	331,254
Total Deferred Outflows of Resources	664,953	331,254
Total Assets and Deferred Outflows of Resources	\$ 51,995,550	\$ 49,459,969

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

**Mt. Olympus Improvement District
Balance Sheets (Continued)
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 121,953	\$ 63,330
Accounts payable - CVWRF joint venture	505,576	298,154
Deposits	22,961	69,243
Unearned revenue	<u>466,733</u>	<u>405,254</u>
Total Current Liabilities	<u>1,117,223</u>	<u>835,981</u>
Long-Term Liabilities		
Net pension liability	1,031,708	772,902
Accumulated leave	<u>415,485</u>	<u>391,283</u>
Total Long-Term Liabilities	<u>1,447,193</u>	<u>1,164,185</u>
Total Liabilities	<u>2,564,416</u>	<u>2,000,166</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	<u>105,519</u>	<u>99,322</u>
Total Deferred Inflows of Resources	105,519	99,322
Net Position		
Investment in capital assets	14,218,786	13,936,744
Unrestricted	<u>35,106,829</u>	<u>33,423,737</u>
Total Net Position	<u>49,325,615</u>	<u>47,360,481</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 51,995,550</u>	<u>\$ 49,459,969</u>

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, 2016 and 2015

	2016	2015
Operating Revenues		
Sewer fees	\$ 6,411,685	\$ 6,280,756
Inspection fees	9,200	6,500
Nose-on	4,000	4,000
Penalties	115,153	179,559
Miscellaneous operating revenue	11,951	16,237
Total Operating Revenues	6,551,989	6,487,052
Operating Expenses		
Wages and salaries	1,756,291	1,824,970
Employee benefits	955,194	952,448
Truck and auto expense	99,387	114,355
Line repairs and maintenance	489,707	391,299
Supplies	11,466	17,603
Electric power	13,811	19,279
Other utilities	15,120	13,054
Telephone	18,459	15,163
Uniforms	10,599	10,236
Emergency	41,388	938
Subscriptions and training	58,493	57,962
Insurance	55,187	52,414
Operating expenses from CVWRF joint venture	2,959,129	2,868,973
Building maintenance	29,242	33,621
Legal services	78,859	60,094
Audit and accounting fees	13,500	13,500
Nose-on expense	3,749	3,209
Blue Stakes	11,151	10,073
District trustee fee and expenses	15,000	15,000
Postage	78,876	81,945
Data processing	16,813	16,072
Depreciation	672,859	624,429

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, 2016 and 2015

	2016	2015
Miscellaneous	101,821	11,569
Bad debt expense	3,762	5,117
Professional services	10,737	603
Election expenses	-	260
Total Operating Expenses	7,520,600	7,214,186
Loss from Operations	(968,611)	(727,134)
Non-Operating Revenues (Expenses)		
Interest income	311,136	260,989
County property taxes	3,085,454	3,040,942
Paying agent fees	(500)	(2,500)
Gain on sale of property and equipment	30,000	120,000
Interest expense	-	72,001
Equity loss from CVWRF joint venture	(1,160,925)	(1,302,865)
Net Non-Operating Revenues	2,265,165	2,188,567
Net Income Before Capital Contributions	1,296,554	1,461,433
Capital Contributions		
Capacity fees	406,912	846,736
Developer contributed sewer lines	261,668	349,233
Total Capital Contributions	668,580	1,195,969
Increase in Net Position	1,965,134	2,657,402
Net Position - Beginning of Year	47,360,481	44,703,079
Net Position - End of Year	\$ 49,325,615	\$ 47,360,481

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

**Mt. Olympus Improvement District
Statements of Cash Flows
Years Ended December 31, 2016 and 2015**

	2016	2015
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 6,809,875	\$ 6,300,873
Payments to vendors	(3,988,142)	(3,852,662)
Payments to employees	(2,687,283)	(2,762,185)
Net Cash Provided By (Used In) Operating Activities	134,450	(313,974)
Cash Flows From Non-Capital Financing Activities		
Property taxes collected	3,089,531	3,052,588
Miscellaneous non-capital items	(500)	(2,500)
Net Cash Provided By Non-Capital Financing Activities	3,089,031	3,050,088
Cash Flows From Capital and Related Financing Activities		
Acquisition of property and equipment	(663,234)	(843,389)
Cash received for capacity fees	406,912	846,736
Cash paid on revenue bonds	-	(1,709,600)
Net Cash Used In Capital and Related Financing Activities	(256,322)	(1,706,253)

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

**Mt. Olympus Improvement District
Statements of Cash Flows (Continued)
Years Ended December 31, 2016 and 2015**

	2016	2015
Cash Flows From Investing Activities		
Net payments from purchases of investments	(1,321,287)	(383,461)
Cash received from sale of property and equipment	-	120,000
Interest received from investments	311,136	260,989
Net (contributions to) distributions from CVWRF joint venture	(1,280,050)	(735,446)
Net Cash Used in Investing Activities	(2,290,201)	(737,918)
Net Increase in Cash	676,958	291,943
Cash, Beginning of Year	631,609	339,666
Cash, End of Year	\$ 1,308,567	\$ 631,609

Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities

Developer contributed sewer lines were \$261,668 and \$349,233 in 2016 and 2015, respectively.

The District recognized a loss from its investment in CVWRF joint venture of \$1,160,925 and \$1,302,865 in 2016 and 2015, respectively.

During 2016 and 2015, the District sold fully depreciated property and equipment with a cost of \$211,718 and \$571,327, respectively. During 2015 the Districted received cash of \$120,000. No cash was received on disposal of assets in 2016.

During the year ended December 31, 2015, the District called its bonds and extinguished the remaining bond premium of \$131,601.

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

**Mt. Olympus Improvement District
Statements of Cash Flows (Continued)
Years Ended December 31, 2016 and 2015**

	2016	2015
Reconciliation of Loss from Operations to Net Cash Used in Operating Activities		
Loss from Operations	\$ (968,611)	\$ (727,134)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	672,859	624,429
Pension expense	(68,044)	(131,034)
(Increase) decrease in assets:		
Accounts receivable	183,060	(222,221)
Unremitted tax liens	13,347	(6,179)
Prepaid insurance	(3,004)	(797)
Inventory	(601)	16,324
Increase (decrease) in liabilities:		
Accounts payable	266,045	74,601
Deposits liability	(46,282)	583
Deferred revenue	61,479	42,221
Accumulated leave liability	24,202	15,233
Net Cash Provided By (Used In) Operating Activities	\$ 134,450	\$ (313,974)

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

Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2016 and 2015

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, 2016 and 2015

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, 2016 and 2015**

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 accumulated up to the current year allocation plus 120 hours.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2016 and 2015**

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 2016 and 2015 was .000314 and .000336, 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, 2016 and 2015

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, 2016 and 2015**

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:

	2016	2015
Cash	\$ 1,308,567	\$ 631,609
Investments	4,555,201	3,346,564
Non-current investments	9,702,004	9,589,354
	\$ 15,565,772	\$13,567,527

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, 2016 and 2015, the carrying amount of the District’s cash was \$1,308,567 and \$631,609; respectively, and the bank balance was \$1,327,112 and \$876,948, respectively. Of the bank balance, \$250,000 and \$250,000 was covered for 2016 and 2015, 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, 2016 and 2015

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, 2016 and 2015**

Note B – Deposits and Investments (Continued)

2. Investments (Continued)

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			

As of December 31, 2015, 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	\$1,907,982	\$ 550,128	\$1,357,854		
Govt. Bonds	\$5,849,921		\$5,849,921		
Utah Public Treasurer's Investment Fund	\$5,178,015	\$5,178,015			

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, 2016 and 2015**

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, 2016 and 2015, 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, 2016 and 2015

Note C – Capital Assets

A summary of the District’s capital asset activity and accumulated depreciation for the years ended December 31, 2016 and 2015 follows:

	<u>December 31, 2016</u>			
	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
	<u>449,836</u>	<u>109,491</u>	<u>-</u>	<u>559,327</u>
Assets being depreciated:				
Sewer main	11,295,512	261,667	-	11,557,179
Sewer systems	20,953,282	-	-	20,953,282
Office & garage	2,017,326	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
	<u>36,690,532</u>	<u>845,411</u>	<u>(211,718)</u>	<u>37,324,325</u>
	<u>\$ 37,140,368</u>	<u>\$ 954,902</u>	<u>\$ (211,718)</u>	<u>\$ 37,883,652</u>
	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
	<u>\$ 23,203,622</u>	<u>\$ 672,858</u>	<u>\$ (211,718)</u>	<u>\$ 23,664,865</u>

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2016 and 2015**

Note C – Capital Assets (Continued)

	December 31, 2015			
	Capital Assets			
	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Assets not being depreciated:				
Land	\$ 449,836	\$ -	\$ -	\$ 449,836
	<u>449,836</u>	<u>-</u>	<u>-</u>	<u>449,836</u>
Assets being depreciated				
Sewer main	10,946,279	349,233	-	11,295,512
Sewer systems	20,765,953	187,329	-	20,953,282
Office & garage	2,011,703	11,283	(5,660)	2,017,326
Furniture & fixtures	152,292	-	(18,520)	133,772
Automobiles & trucks	1,704,029	600,591	(427,995)	1,876,625
Tools & equipment	489,081	44,186	(119,252)	414,015
	<u>36,069,337</u>	<u>1,192,622</u>	<u>(571,427)</u>	<u>36,690,632</u>
	<u>\$ 36,519,173</u>	<u>\$ 1,192,622</u>	<u>\$ (571,427)</u>	<u>\$ 37,140,468</u>
		Accumulated Depreciation		
	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Sewer main	\$ 4,386,954	\$ 191,717	\$ -	\$ 4,578,671
Sewer systems	15,721,077	220,697	-	15,941,774
Office & garage	1,449,113	51,210	(5,660)	1,494,663
Furniture & fixtures	137,367	803	(18,520)	119,650
Automobiles & trucks	1,092,568	129,913	(427,995)	794,486
Tools & equipment	363,543	30,087	(119,252)	274,378
	<u>\$ 23,150,622</u>	<u>\$ 624,427</u>	<u>\$ (571,427)</u>	<u>\$ 23,203,622</u>

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2016 and 2015**

Note D – Property Tax Revenue

The District’s tax rate is .000314. During 1999, the District repaid all of its general obligation bonds and the portion of property tax revenue that was originally allocated to repay the general obligation bonds was reallocated, by board resolution, to meet the operating and maintenance needs of the District.

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.

Property tax revenue for the years ended December 31, 2016 and 2015 was as follows:

	2016	2015
Total property taxes for the year	<u>\$ 3,085,454</u>	<u>\$3,040,942</u>
Property tax receivable at December 31	<u>\$ 93,916</u>	<u>\$ 97,992</u>

Note E – Unremitted Property Liens

Unremitted property liens as of December 31, 2016 and 2015, in the amount of \$70,621 and \$83,968, 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, 2016 and 2015**

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>2016</u>	<u>2015</u>
Treatment costs	\$ 1,974,340	\$ 2,154,008
Administration	474,370	258,668
Pretreatment costs	126,811	105,488
Laboratory	169,691	153,546
Interception monitoring	9,899	7,152
Engineering and safety	<u>204,018</u>	<u>190,111</u>
	<u>\$ 2,959,129</u>	<u>\$ 2,868,973</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, 2016 and 2015, and the results of its operations for the years then ended. The amounts at December 31, 2016 and 2015 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>2016</u>	<u>2015</u>
Current assets	\$ 5,133,469	\$ 4,175,855
Capital assets, net	82,494,980	82,493,379
Due from members	<u>6,963,000</u>	<u>7,691,000</u>
Total assets	<u>\$ 94,591,449</u>	<u>\$ 94,360,234</u>
Current liabilities	\$ 2,599,715	\$ 1,704,567
Non-current liabilities	7,632,094	8,297,628
Net position	<u>84,359,640</u>	<u>84,358,039</u>
Total liabilities and net position	<u>\$ 94,591,449</u>	<u>\$ 94,360,234</u>

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2016 and 2015**

Note F – Investment in CVWRF Joint Venture (Continued)

	<u>2016</u>	<u>2015</u>
Operating revenues	\$ 13,232,689	\$ 13,014,341
Operating expenses	<u>18,906,208</u>	<u>18,518,203</u>
Net operating loss	(5,673,519)	(5,503,862)
Other	<u>5,675,120</u>	<u>4,727,997</u>
 Change in net position	 <u>\$ 1,601</u>	 <u>\$ (775,865)</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, 2016 and 2015 is \$21,081,061 and \$20,961,936, respectively. Change in the investment is summarized as follows:

Investment at January 1, 2016	\$ 20,961,936
Capital contributions	1,280,050
Loss from CVWRF joint venture	<u>(1,160,925)</u>
Investment at December 31, 2016	<u>\$ 21,081,061</u>

Note G – Revenue Bonds Payable

During 2010, the District issued \$2,815,000 Sewer Revenue Refunding Bonds. The bond proceeds were used to refund a portion of the District's outstanding revenue bonds to CVWRF. The bond was issued for a net reoffering premium of \$195,239, which is recorded as a deferred gain on refunding and is included in the new debt in the balance sheet. The deferred gain was being amortized over the life of the new debt. On December 15, 2015, the remaining bonds payable of \$1,650,000 was paid off and the remaining bond premium of \$131,601 was recorded in interest expense.

Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2016 and 2015

Note H – 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.

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 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.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2016 and 2015**

Note H – Pension Plans (Continued)

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.

3. Contributions

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, 2016 are as follows:

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
Contributory System 111 Local Government Div – Tier 2	N/A	14.91	1.78
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

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2016 and 2015**

Note H – Pension Plans (Continued)

2. Benefits Provided (Continued)

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, 2016, the employer and employee contributions to the Systems were as follows:

System		Employer Contributions	Employee Contributions
Noncontributory System	\$	262,536	N/A
Tier 2 Public Employees System		34,322	-
Tier 2 DC Only System		4,517	N/A
Total Contributions	\$	301,375	-

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.

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

At December 31, 2016, we reported a net pension asset of \$56 and a net pension liability of \$1,031,708.

(Measurement Date): December 31, 2015

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2014	Change (Decrease)
Noncontributory System	\$ -	\$1,031,708	0.1823294%	0.1779964%	0.0043330%
Tier 2 Public Employees System	56	-	0.0257577%	0.0233787%	0.0023790%
	<u>\$ 56</u>	<u>\$1,031,708</u>			

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2016 and 2015**

Note H – Pension Plans (Continued)

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

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 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, 2016, we recognized pension expense of \$233,332.

At December 31, 2016, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 47,678
Changes in assumptions	-	57,841
Net difference between projected and actual earnings on pension plan investments	349,865	-
Changes in proportion and differences between contributions and proportionate shares of contributions	13,713	-
Contributions subsequent to the measurement date	301,375	-
	<u>\$ 664,953</u>	<u>\$ 105,519</u>

\$301,374 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, 2015.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2016 and 2015**

Note H – Pension Plans (Continued)

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

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
2016	\$ 58,836
2017	58,836
2018	59,851
2019	81,361
2020	(153)
Thereafter	(674)

4. Actuarial assumptions

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary increases	3.50 – 10.50 percent, average, including inflation
Investment rate of return	7.50 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, 2015, 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, 2016 and 2015**

Note H – Pension Plans (Continued)

4. Actuarial Assumptions

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. 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			2.75%
Expected arithmetic nominal return			7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

5. Discount rate

The discount rate used to measure the total pension liability was 7.50 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. There was no change in the discount rate from the prior measurement date.

**Mt. Olympus Improvement District
Notes to Financial Statements
December 31, 2016 and 2015**

Note H – Pension Plans (Continued)

6. 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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

System	1% Decreases (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 2,179,897	\$ 1,031,708	\$ 73,201
Tier 2 Public Employees System	10,311	(56)	(7,914)
Total	\$ 2,190,208	\$ 1,031,652	\$ 65,287

7. Pension plan fiduciary net position

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

8. 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, 2016 and 2015**

Note H – Pension Plans (Continued)

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

	2016	2015	2014
401(k) Plan			
Employer Contributions	\$ 67,111	\$ 58,107	\$ 50,042
Employee Contributions	45,392	52,609	49,005
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	16,646	12,186	13,735

Note I – 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 J – Subsequent Events

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the District has evaluated subsequent events through May 24, 2017, which is the date these financial statements were issued. All subsequent events requiring recognition as of May 24, 2017, have been incorporated into these financial statements.

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, 2015 and 2014
Last 10 Fiscal Years*

	2015	
	Noncontributory Retirement System	Tier 2 Public Employees Retirement System
Proportion of the net pension liability (asset)	0.1823294%	0.0257577%
Proportionate share of the net pension liability (asset)	\$1,031,708	(\$56)
Covered payroll	\$1,541,818	\$166,466
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.92%	-0.03%
Plan fiduciary net position as a percentage of its covered-employee payroll	87.8%	100.2%

	2014	
	Noncontributory Retirement System	Tier 2 Public Employees Retirement System
Proportion of the net pension liability (asset)	0.1779964%	0.0233787%
Proportionate share of the net pension liability (asset)	\$772,902	(\$708)
Covered payroll	\$1,505,897	\$114,632
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.3%	-0.6%
Plan fiduciary net position as a percentage of its covered-employee payroll	90.2%	103.5%

* Only fiscal years 2015 and 2014 were available. The District will continue to present information for available years until a full 10-year trend is compiled.

**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%
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%
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%

* 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, 2016**

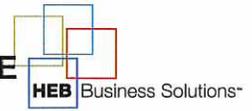
Changes in Assumptions:

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.50% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the preretirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

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, 2016.

General state compliance requirements were tested for the year ended December 31, 2016 in the following areas:

Budgetary Compliance
Utah Retirement Systems
Open and Public Meetings Act
Treasurer's Bond
Cash Management
Impact Fees
Special and Local Service District Board Members

The District did not receive any major or non-major State grants during the years ended December 31, 2016 and 2015.

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, 2016.

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.

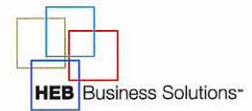
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet 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 24, 2017**



**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, 2016 and 2015, 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 24, 2017.

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 24, 2017**