

**MT. OLYMPUS
IMPROVEMENT DISTRICT**

FINANCIAL STATEMENTS

DECEMBER 31, 2014 and 2013

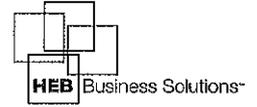
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REPORT OF INDEPENDENT AUDITORS

**MT. OLYMPUS IMPROVEMENT DISTRICT
TABLE OF CONTENTS**

Report of Independent Auditors	1
Management’s Discussion and Analysis	3
Financial Statements:	
Balance Sheets	14
Statements of Revenues, Expenses and Changes in Net Position	16
Statements of Cash Flows	18
Notes to Financial Statements	21
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	37
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 <u>Government Auditing Standards</u>	40

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, 2014 and 2013, 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 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
Page 2**

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, 2014 and 2013, 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 on pages 3 through 13 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 consisted 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2015, 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.
Salt Lake City, Utah
May 18, 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, 2014 and 2013. 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 185,000 residents and businesses. The District owns, operates and maintains 9,115 manholes and 376.4 miles of sewer collection 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 2014 was \$45,374,375. Of this amount, \$13,368,551 (District Capital Assets) and the \$21,209,080 Investment in CVWRF Joint Venture (therefore classified as an Unrestricted Asset), represent land, wastewater collection and treatment systems, buildings, vehicles, and equipment.

The remaining \$10,796,744 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 \$1,132,037 mainly due an increase in reserves and capacity fees.
- ▶ The District's total liabilities decreased by \$217,155 during the current fiscal year. The decrease is mainly due to the decrease in the Revenue bond payable.

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 (formally statement of net assets, but changed per GASB Statement No. 63 & 65) 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.

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 \$45,374,375 as of December 31, 2014.

The largest portion of the District's assets, 71% reflects unrestricted net assets. The remaining portion of the District's net 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 66% of unrestricted net assets.

Mt. Olympus Improvement District

	2014	2013	2012
Current and other assets	\$34,882,051	\$34,474,300	\$34,727,990
Capital assets (net of accumulated depreciation)	13,368,551	12,644,265	12,145,946
Total assets	<u>48,250,602</u>	<u>47,118,565</u>	<u>46,873,936</u>
Long-term liabilities outstanding	1,837,651	2,177,025	2,455,787
Other liabilities	1,038,576	916,357	1,019,714
Total liabilities	<u>2,876,227</u>	<u>3,093,382</u>	<u>3,475,501</u>
Net position:			
Invested in capital assets, net of related debt	13,368,551	12,644,265	12,145,946
Unrestricted	32,005,824	31,380,918	31,252,489
Total net position	<u>\$45,374,375</u>	<u>\$44,025,183</u>	<u>\$43,398,435</u>

During the years ended December 31, 2014 and 2013, the District's net position increased by \$1,349,192 and \$626,748 respectively. The increase in 2014 is due to increased reserves and paying down debt. The increase in 2013 is due to a service rate and tax rate increase that was greater than the annual depreciation amount, and paying down debt.

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

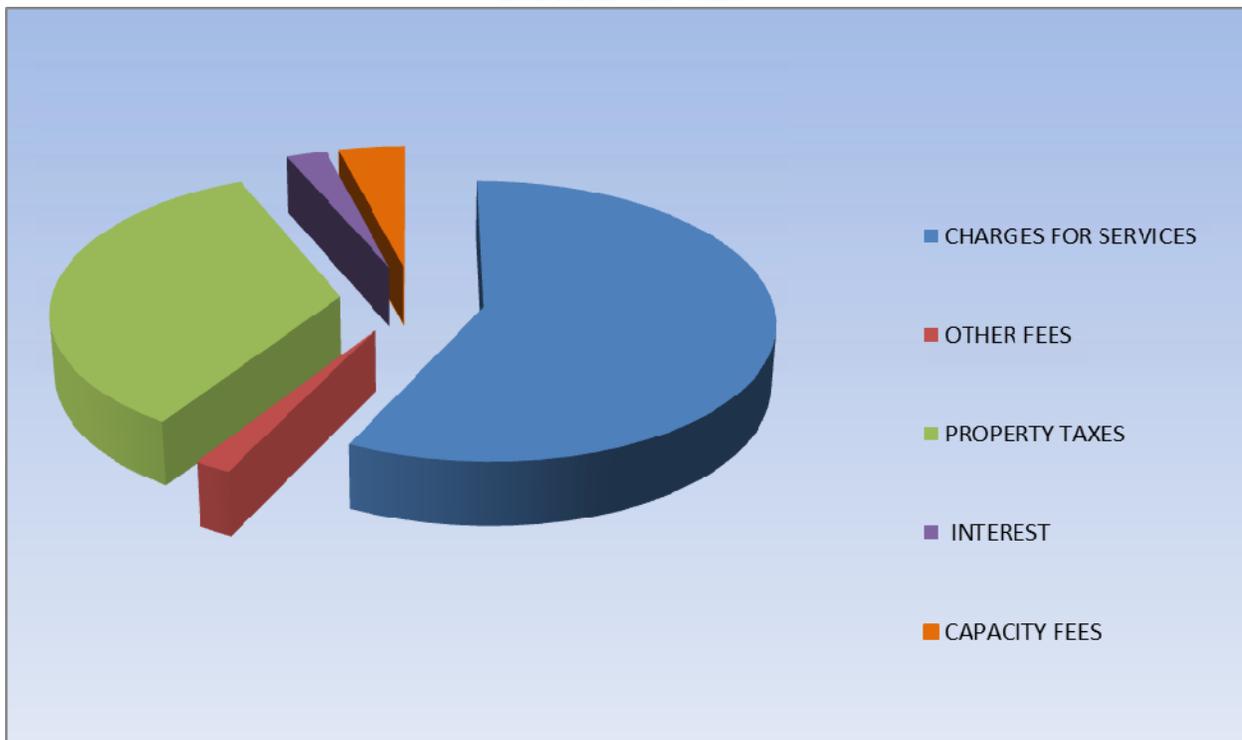
Mt. Olympus Improvement District			
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues:			
Sewer fees	\$4,996,595	\$4,963,388	\$4,957,137
Other	162,154	173,992	107,565
Total operating revenues	<u>5,158,749</u>	<u>5,137,380</u>	<u>5,064,702</u>
Operating Expenses:			
Wages and employee benefits	2,661,454	2,542,611	2,410,179
Operating expenses from CVWRF joint venture	2,492,457	2,448,538	2,383,661
Depreciation	548,521	526,807	532,505
Other	921,134	1,122,992	1,201,231
Total operating expenses	<u>6,623,566</u>	<u>6,640,948</u>	<u>6,527,576</u>
Net loss from operations	(1,464,817)	(1,503,568)	(1,462,874)
Non-Operating Revenues (Expenses):			
County property taxes	2,991,959	2,955,237	2,974,644
Interest income and other	218,067	196,725	107,102
Equity in loss from CVWRF joint venture	<u>(1,278,307)</u>	<u>(1,282,677)</u>	<u>(1,322,760)</u>
Total non-operating revenues	1,931,719	1,869,285	1,758,986
Capital Contributions:			
Capacity fees	353,800	154,243	172,850
Developer contributed sewer lines	<u>528,490</u>	<u>106,788</u>	<u>178,172</u>
Total capital contributions	<u>882,290</u>	<u>261,031</u>	<u>351,022</u>
Increase in net position	1,349,192	626,748	647,134
Net position – Beginning	<u>44,025,183</u>	<u>43,398,435</u>	<u>42,751,301</u>
Net position – Ending	<u>\$45,374,375</u>	<u>\$44,025,183</u>	<u>\$43,398,435</u>

- ▶ Sewer fees increased by \$33,207 or .66% and \$6,251 or 0.13% for the year ended December 31, 2014 and 2013, respectively. The increase for the year ended December 31, 2014 is attributable to a net increase in the number of new connections totaling 196.

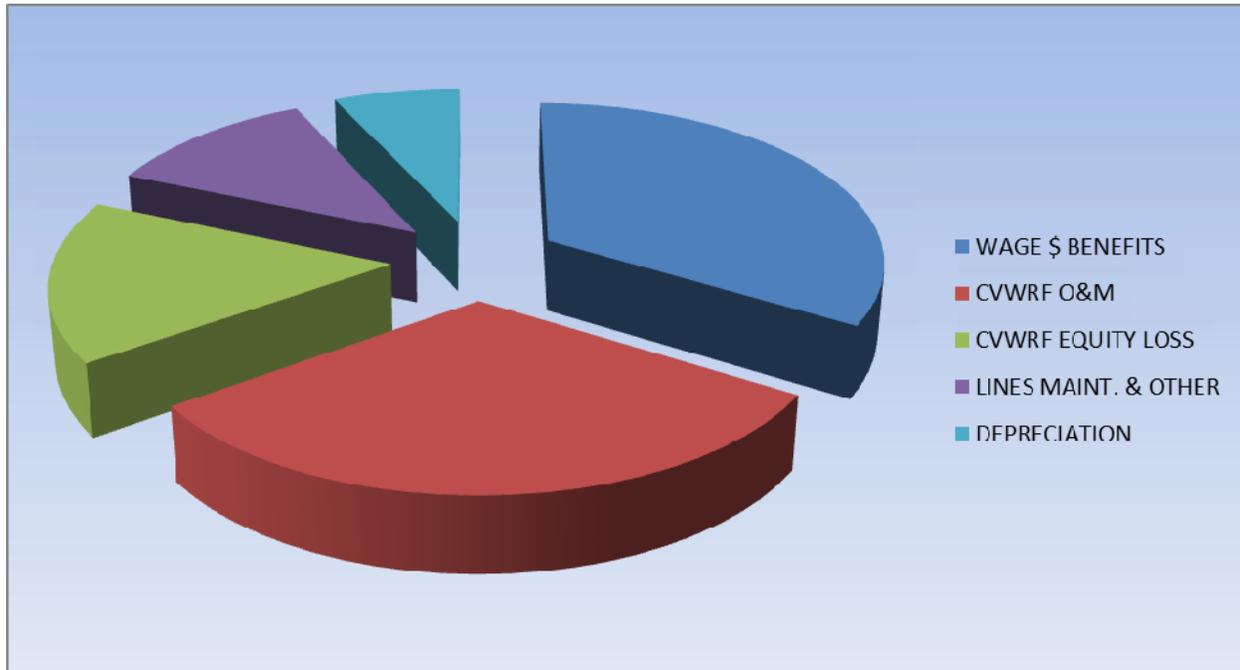
The increase for the year ended December 31, 2013 is attributable to a net increase in the number of new connections totaling 65.

- ▶ Property taxes increased by \$36,722 or 1.23% and decreased by \$19,408 or 0.65%, during the years ended December 31, 2014 and 2013, respectively. The increase during the year ended December 31, 2014, is due to an increase in property being developed, while the decrease during the year ended December 31, 2013, is due to a certified rate decrease from 0.000391 to 0.000373.
- ▶ Interest income from investments increased by \$21,342 and by \$89,623 for the years ended December 31, 2014 and 2013, respectively. The increase is the result of additional sewer fees and property tax revenue to be invested in 2014 and 2013.
- ▶ 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 \$1,887,401 and \$1,905,967 for the year ended December 31, 2014 and 2013, respectively, which accounts for the majority of the decrease in net position.
- ▶ Capital contributions increased by \$621,259 for the year ended December 31, 2014. The increase is attributable to the number of building projects finalized within the district in the past year.

2014 REVENUES



2014 OPERATING & 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 2014, the District collected approximately 4.98 billion gallons of wastewater removing approximately 3,454 dry tons of organic pollutants measured by the consumption of oxygen by bacteria (BOD) and another 3,123 tons of suspended solids (TSS). This represents a daily average of 13.64 million gallons per day of wastewater and 18,928 pounds per day of BOD and 17,111 pounds per day of TSS. This waste stream was generated by an average of 27,546 billing accounts using approximately 51,990 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 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
Management's Discussion and Analysis
December 31, 2014 and 2013

The following schedule summarizes the original budget, and amended budget, the actual and the variance.

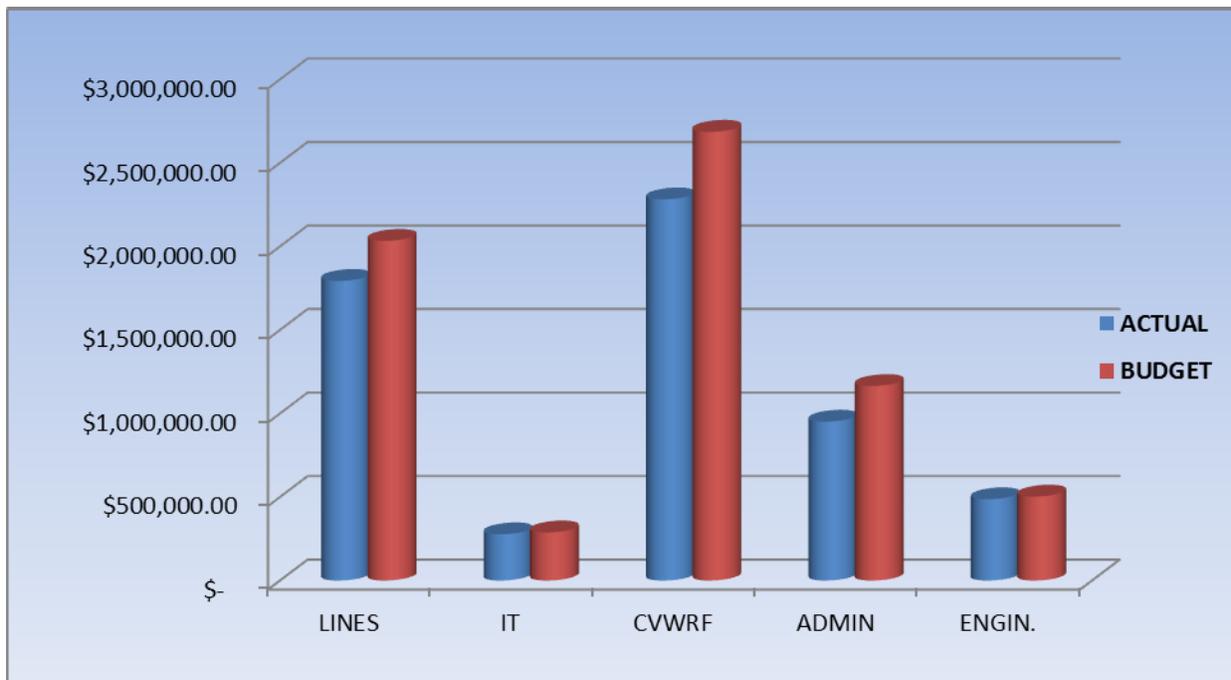
Mt. Olympus Improvement District
Budget vs. Actual (Cash Basis)
Year Ended December 31, 2014

	2014 Budget (Original)	2014 Budget (Amended)	Actual	Variance
Revenues:				
Operating revenue	\$ 4,974,240	\$ 4,963,440	\$ 5,102,876	\$ 139,463
Property taxes	2,878,101	2,922,101	2,956,573	34,472
Interest income	140,422	140,422	235,150	94,728
Capacity fees	103,000	183,678	353,800	170,122
Other	181,259	139,259	162,154	22,895
	<u>8,277,022</u>	<u>8,348,900</u>	<u>8,810,553</u>	<u>461,653</u>
Expenses:				
Sewer lines	2,014,813	2,033,313	1,793,944	280,277
Pretreatment	288,219	288,219	280,829	7,390
CVWRF facility	2,704,478	2,686,709	2,543,192	143,517
CVWRF facility additions	508,357	524,804	487,166	37,638
CVWRF bond redemptions	300,000	300,000	300,000	-
Administration	1,154,816	1,164,516	980,942	183,574
Interest expense	71,600	34,600	71,600	(37,000)
Engineering and inspection	502,710	502,710	489,511	13,199
Paying agent	3,340	3,340	2,500	840
Property additions (net non-cash items)	713,228	795,228	744,317	50,911
	<u>8,261,561</u>	<u>8,333,439</u>	<u>7,653,093</u>	<u>680,346</u>
Excess (Deficit) of Revenues over Expenses	15,461	15,461	1,157,460	1,141,999
Use of (addition to) District reserves	(15,461)	(15,461)	(1,157,460)	(1,141,999)
Excess of Revenues over Expenses Including Reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Differences between the actual and budget for the year 2014 can be briefly summarized as follows:

- ▶ \$461,653 favorable variance for total revenue, mainly due to increase in sewer projects and interest associated with increased reserves.

- ▶ \$680,346 favorable variance for total expenses. The largest contributing item of \$646,915 was Capital Funds for a new pump station that was started in 2014 but mainly disbursed in 2015. All departmental expense budgets came in under budget for 2014, with three main items contributing to this favorable balance.
- ▶ 1- CVWRF operating and capital budgets contributed to \$143,517 of the favorable variance, due to lower flow demands in 2014.
- ▶ 2- Lines operations and maintenance came under budget by \$280,277, due to ability to rehabilitate lines vs. replacement.
- ▶ 3- Administration budget came under budget by \$183,574 for 2014. Professional Services and Legal services were the largest contribution line items consisting of \$117,531 or 64% of the administration budget.



Capital Assets

The District's investment in capital assets for its business-type activities as of December 31, 2014, amounts to \$13,368,551 (net of accumulated depreciation). This investment in capital assets includes land, sewer systems, automobiles, equipment.

Mt. Olympus Improvement District Capital Assets
(Net of depreciation)

	2014	2013	2012
Land	\$ 449,836	\$ 449,836	\$ 449,836
Sewer main	10,946,279	10,417,790	9,839,522
Sewer systems	20,765,953	20,358,691	20,358,691
Office & garage	2,011,703	2,028,201	2,007,069
Furniture & fixtures	152,292	208,728	208,728
Automobiles & trucks	1,704,029	1,435,119	1,148,272
Tools & equipment	489,081	536,746	457,867
Total	<u>36,519,173</u>	<u>35,435,111</u>	<u>34,469,985</u>
Less accumulated depreciation	<u>(23,150,622)</u>	<u>(22,790,846)</u>	<u>(22,324,039)</u>
Grand Total	<u>\$ 13,368,551</u>	<u>\$ 12,644,265</u>	<u>\$ 12,145,946</u>

Reserve Funds

The District held \$12,552,457 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 District-owned infrastructure in the event of catastrophic events, which potentially could affect the District's ability to provide service to its residents.

Reserve and Fee Structure

The monthly service fee was \$8.00 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 .000356.

Long Term Debt -Revenue Bonds, Series 2010

Under the direction of the Board of Trustees a three member team consisting of the General Manager, Controller and a Board Member, along with the services of George K Baum & Company presented to Standard & Poor's a presentation about the District and its financial position to obtain a bond rating. On August 31, 2010 Standard & Poor's issued the District a AA+ rating. On November 29th, 2012, Standard & Poor's performed a midterm review of the District financial statements and forecasted financial position and reconfirmed their issued rating of AA+.

Based on the AA+ Bond rating and the ability to secure a lower interest rate of 2.4%, with an approx. \$500,000 savings, The Board of Trustees approved and issued Revenue Bonds with a par amount of \$2,815,000 on September 29, 2010.

MT. OLYMPUS IMPROVEMENT DISTRICT
Management's Discussion and Analysis
December 31, 2014 and 2013

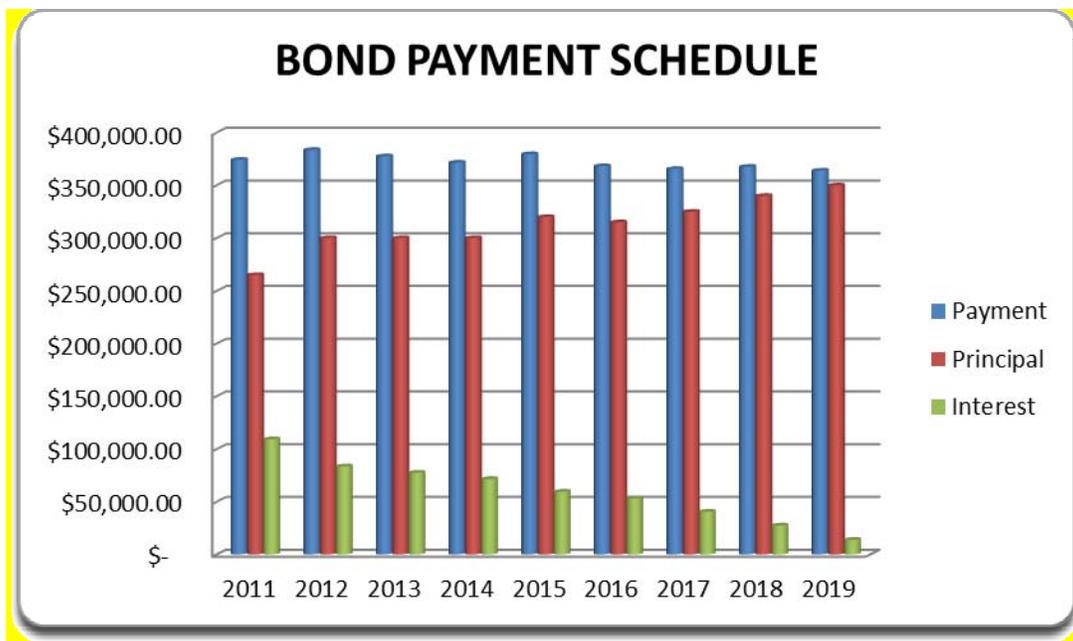
Terms of the long term debt are as followed:

- Net coupon rate of 2.4%, 9-Year term.
- 5-Year par call feature.
- Principal is due annually on December 15 for years 2011 - 2019.
- Interest is due semi-annually on June 15 and December 15 for Years 2011-2019.
- Debt service fund set aside in the amount of \$298,500 and a Rate Stabilization Fund of \$1,200,000.

Debt service requirements for the District's share of the loan proceeds are as follows:

Mt. Olympus Sewer Revenue Refunding Bonds, Series 2010

Year	Payment	Principal	Interest
2015	\$ 379,600	\$ 320,000	\$ 59,600
2016	368,200	315,000	53,200
2017	365,600	325,000	40,600
2018	367,600	340,000	27,600
2019	364,000	350,000	14,000
Total	\$ 1,845,000	\$ 1,650,000	\$ 195,000



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 Salt Lake City Suburban Sanitary District No. 1, 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, 2014 and 2013****Page 14**

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 339,666	\$ 413,942
Investments	5,935,655	4,775,672
Accounts receivable	208,493	161,419
Tax collections receivable	109,638	74,252
Unremitted property liens	77,789	147,662
Prepaid insurance	25,669	26,499
Inventory-gas, oil, parts	38,984	29,309
Total Current Assets	<u>6,735,894</u>	<u>5,628,755</u>
Investments	<u>6,616,802</u>	<u>6,545,049</u>
Investment in CVWRF Joint Venture	<u>21,209,080</u>	<u>21,980,221</u>
Working Capital Advances to CVWRF Joint Venture	<u>320,275</u>	<u>320,275</u>
Capital Assets		
Land	449,836	449,836
Sewer systems and equipment	36,069,337	34,985,275
Less accumulated depreciation	<u>(23,150,622)</u>	<u>(22,790,846)</u>
Net Capital Assets	<u>13,368,551</u>	<u>12,644,265</u>
Total Assets	<u>\$ 48,250,602</u>	<u>\$ 47,118,565</u>

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

LIABILITIES AND NET POSITION

	<u>2014</u>	<u>2013</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 85,820	\$ 16,348
Accounts payable - CVWRF joint venture	201,063	251,798
Deposits	68,660	12,400
Unearned revenue	363,033	335,811
Revenue bond payable - current portion	<u>320,000</u>	<u>300,000</u>
Total Current Liabilities	<u>1,038,576</u>	<u>916,357</u>
Long-Term Liabilities		
Accumulated leave	376,050	358,407
Bond premium	131,601	168,618
Revenue bond payable - long-term portion	<u>1,330,000</u>	<u>1,650,000</u>
Total Long-Term Liabilities	<u>1,837,651</u>	<u>2,177,025</u>
Total Liabilities	<u>2,876,227</u>	<u>3,093,382</u>
Net Position		
Invested in capital assets, net of related debt	13,368,551	12,644,265
Unrestricted	<u>32,005,824</u>	<u>31,380,918</u>
Total Net Position	<u>45,374,375</u>	<u>44,025,183</u>
Total Liabilities and Net Position	<u>\$ 48,250,602</u>	<u>\$ 47,118,565</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, 2014 and 2013

Page 16

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Sewer fees	\$ 4,996,595	\$ 4,963,388
Inspection fees	5,650	4,900
Nose-on	4,000	4,000
Penalties	130,518	146,351
Miscellaneous operating revenue	21,986	18,741
Total Operating Revenues	<u>5,158,749</u>	<u>5,137,380</u>
Operating Expenses		
Wages and salaries	1,720,865	1,654,748
Employee benefits	940,589	887,863
Truck and auto expense	125,426	112,477
Line repairs and maintenance	350,487	477,552
Supplies	12,162	11,875
Electric power	21,448	20,613
Other utilities	10,810	13,177
Telephone	15,275	21,294
Uniforms	11,243	8,683
Emergency	7,400	1,214
Subscriptions and training	55,662	58,862
Insurance	50,793	53,673
Operating expenses from CVWRF joint venture	2,492,457	2,448,538
Building maintenance	24,289	22,474
Legal services	31,009	66,491
Audit and accounting fees	13,000	12,500
Nose-on expense	3,527	241
Blue Stakes	8,450	8,607
District trustee fee and expenses	15,000	15,000
Postage	82,145	84,533
Data processing	16,716	18,625
Depreciation	548,521	526,807

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, 2014 and 2013

Page 17

	<u>2014</u>	<u>2013</u>
Miscellaneous	56,276	34,261
Bad debt expense	5,016	4,846
Professional services	5,000	75,636
Election expenses	-	358
Total Operating Expenses	<u>6,623,566</u>	<u>6,640,948</u>
Loss from Operations	<u>(1,464,817)</u>	<u>(1,503,568)</u>
Non-Operating Revenues (Expenses)		
Interest income	235,150	194,855
County property taxes	2,991,959	2,955,237
Paying agent fees	(2,500)	(2,500)
Gain on sale of property and equipment	20,000	70,000
Interest expense	(34,583)	(65,630)
Equity loss from CVWRF joint venture	<u>(1,278,307)</u>	<u>(1,282,677)</u>
Net Non-Operating Revenues	<u>1,931,719</u>	<u>1,869,285</u>
Net Income Before Capital Contributions	466,902	365,717
Capital Contributions		
Capacity fees	353,800	154,243
Developer contributed sewer lines	<u>528,490</u>	<u>106,788</u>
Total Capital Contributions	<u>882,290</u>	<u>261,031</u>
Increase in Net Position	1,349,192	626,748
Net Position - Beginning of Year	<u>44,025,183</u>	<u>43,398,435</u>
Net Position - End of Year	<u><u>\$ 45,374,375</u></u>	<u><u>\$ 44,025,183</u></u>

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

MT. OLYMPUS IMPROVEMENT DISTRICT
Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 5,208,770	\$ 5,158,842
Payments to vendors	(3,347,439)	(3,601,526)
Payments to employees	<u>(2,643,811)</u>	<u>(2,577,894)</u>
Net Cash Used In Operating Activities	<u>(782,480)</u>	<u>(1,020,578)</u>
Cash Flows From Non-Capital Financing Activities		
Property taxes collected	2,956,573	3,084,469
Miscellaneous non-capital items	<u>(2,500)</u>	<u>(2,500)</u>
Net Cash Provided By Non-Capital Financing Activities	<u>2,954,073</u>	<u>3,081,969</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition of property and equipment	(744,317)	(918,338)
Bond issuance premium	(37,017)	(11,970)
Cash received for capacity fees	353,800	154,243
Cash paid on revenue bonds	<u>(334,583)</u>	<u>(365,630)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(762,117)</u>	<u>(1,141,695)</u>

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

MT. OLYMPUS IMPROVEMENT DISTRICT
Statements of Cash Flows (Continued)
Years Ended December 31, 2014 and 2013

Page 19

	<u>2014</u>	<u>2013</u>
Cash Flows From Investing Activities		
Net payments from purchases of investments	(1,231,736)	(702,104)
Cash received from sale of property and equipment	20,000	70,000
Interest received from investments	235,150	194,855
Net (contributions to) distributions from CVWRF joint venture	<u>(507,166)</u>	<u>(452,248)</u>
Net Cash Used in Investing Activities	<u>(1,483,752)</u>	<u>(889,497)</u>
Net (Decrease) Increase in Cash	(74,276)	30,199
Cash, Beginning of Year	<u>413,942</u>	<u>383,743</u>
Cash, End of Year	<u><u>\$ 339,666</u></u>	<u><u>\$ 413,942</u></u>

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

Developer contributed sewer lines were \$528,490 and \$106,788 in 2014 and 2013, respectively.

The District recognized a loss from its investment in CVWRF joint venture of \$1,278,307 and \$1,282,677 in 2014 and 2013, respectively.

During 2014 and 2013, the District sold fully depreciated property and equipment with a cost of \$188,745 and \$60,000, for \$20,000 and \$70,000, respectively.

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

MT. OLYMPUS IMPROVEMENT DISTRICT
Statements of Cash Flows (Continued)
Years Ended December 31, 2014 and 2013

Page 20

	<u>2014</u>	<u>2013</u>
Reconciliation of Loss from Operations to Net Cash Used in Operating Activities		
Loss from Operations	\$ (1,464,817)	\$ (1,503,568)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	548,521	526,807
(Increase) decrease in assets:		
Accounts receivable	(47,074)	41,153
Unremitted tax liens	69,873	(31,434)
Prepaid insurance	830	(810)
Inventory	(9,675)	17,423
Increase (decrease) in liabilities:		
Accounts payable	18,737	(56,409)
Deposits liability	56,260	9,800
Deferred revenue	27,222	11,743
Payroll and payroll taxes payable	-	(68,491)
Accumulated leave liability	17,643	33,208
Net Cash Used In Operating Activities	<u>\$ (782,480)</u>	<u>\$ (1,020,578)</u>

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

1. 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:

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.

Measurement Focus and Basis of Accounting

The District is an enterprise fund, which is included under the proprietary fund type. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use of accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, the District applies all applicable Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, except for those that conflict with or contradict GASB.

On January 1, 2004, the District adopted the provisions of GASB Statement No. 34 “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.*” Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets or balance sheet, a statement of revenues, expenses, and changes in net position and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Invested in capital assets, net of related debt – This component of net assets 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 invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints placed on the net asset use through external 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 net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

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 Central Valley Reserve Fund” and the “Bond Debt Reserve Fund”. 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.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 is accumulated up to the current year allocation plus 120 hours.

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.

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.

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 2014 and 2013 was .000356 and .000373, respectively. The statutory maximum set by the state is .0008 for operations and maintenance. There is no maximum for reduction of general obligation bonds.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Income Taxes

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

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.

2. 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.

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.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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

	2014	2013
Cash	\$ 339,666	\$ 413,942
Investments	5,935,655	4,775,672
Non-current investments	6,616,802	6,545,049
	\$ 12,892,123	\$ 11,734,663

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, 2014 and 2013, the carrying amount of the District's cash was \$339,666 and \$413,942; respectively, and the bank balance was \$750,259 and \$461,567, respectively. Of the bank balance, \$250,000 and \$250,000 was covered for 2014 and 2013, 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.

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.

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.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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.

As of December 31, 2014, 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
Municipal Bonds	\$ -		\$ -		
Corporate Bonds	\$ 236,936		\$ 236,936		
Govt. Bonds	\$ 4,799,786		\$ 4,799,786		
State of Utah Public Treasurer’s Investment Fund	\$ 7,515,734	\$ 7,515,734			

As of December 31, 2013, 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
Municipal Bonds	\$ 100,000		\$ 100,000		
Certificates of Deposit	\$ 1,478,760		\$ 1,478,760		
Corporate Bonds	\$ 3,859,575		\$ 3,859,575		
State of Utah Public Treasurer’s Investment Fund	\$ 5,882,386	\$ 5,882,386			

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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, 2014 and 2013, 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.

3. CAPITAL ASSETS (CONTINUED)

December 31, 2013

	CAPITAL ASSETS			
	Balance 12/31/12	Additions	Deletions	Balance 12/31/13
Assets not being depreciated:				
Land	\$ 449,836	\$ -	\$ -	\$ 449,836
	449,836	-	-	449,836
Assets being depreciated				
Sewer main	9,839,521	578,269	-	10,417,790
Sewer systems	20,358,692	-	-	20,358,692
Office & garage	2,007,069	21,132	-	2,028,201
Furniture & fixtures	208,728	-	-	208,728
Automobiles & trucks	1,148,272	346,847	(60,000)	1,435,119
Tools & equipment	457,867	78,878	-	536,745
	<u>34,020,149</u>	<u>1,025,126</u>	<u>(60,000)</u>	<u>34,985,275</u>
	<u>\$ 34,469,985</u>	<u>\$ 1,025,126</u>	<u>\$ (60,000)</u>	<u>\$ 35,435,111</u>

ACCUMULATED DEPRECIATION

	Balance 12/31/12	Additions	Deletions	Balance 12/31/13
	Sewer main	\$ 4,030,196	\$ 174,891	\$ -
Sewer systems	15,287,443	219,029	-	15,506,472
Office & garage	1,363,154	52,174	-	1,415,328
Furniture & fixtures	208,452	107	-	208,559
Automobiles & trucks	1,081,030	48,652	(60,000)	1,069,682
Tools & equipment	353,764	31,954	-	385,718
	<u>\$ 22,324,039</u>	<u>\$ 526,807</u>	<u>\$ (60,000)</u>	<u>\$ 22,790,846</u>

4. PROPERTY TAX REVENUE

The District's tax rate is .000356. 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.

4. PROPERTY TAX REVENUE (CONTINUED)

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, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Total property taxes for the year	<u>\$ 2,991,959</u>	<u>\$ 2,955,237</u>
Property tax receivable at December 31	<u>\$ 109,638</u>	<u>\$ 74,252</u>

5. UNREMITTED PROPERTY LIENS

Unremitted property liens as of December 31, 2014 and 2013, in the amount of \$77,789 and \$147,662, 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. Most of these amounts may not be collectible because of the District's inability to terminate or monitor service and track owners if they move without paying for their service.

6. 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.

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.

6. INVESTMENT IN CVWRF JOINT VENTURE (CONTINUED)

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

	<u>2014</u>	<u>2013</u>
Treatment costs	\$ 1,896,327	\$ 1,909,749
Administration	190,518	182,232
Pretreatment costs	85,845	91,046
Laboratory	153,500	131,782
Interception monitoring	7,535	6,350
Engineering and safety	<u>158,732</u>	<u>127,379</u>
	<u>\$ 2,492,457</u>	<u>\$ 2,448,538</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, 2014 and 2013, and the results of its operations for the years then ended. The amounts at December 31, 2014 and 2013 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>2014</u>	<u>2013</u>
Current assets	\$ 4,363,539	\$ 4,357,955
Capital assets, net	84,519,244	87,660,184
Due from members	<u>8,394,000</u>	<u>9,077,000</u>
Total assets	<u>\$ 97,276,783</u>	<u>\$ 101,095,139</u>
Current liabilities	\$ 1,952,177	\$ 2,031,269
Non-current liabilities	10,190,702	10,789,026
Net assets	<u>85,133,904</u>	<u>88,274,844</u>
Total liabilities and equity	<u>\$ 97,276,783</u>	<u>\$ 101,095,139</u>

6. INVESTMENT IN CVWRF JOINT VENTURE (CONTINUED)

	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 12,069,140	\$ 11,603,236
Operating expenses	<u>17,593,161</u>	<u>17,130,996</u>
Net operating loss	(5,524,021)	(5,527,760)
Other	<u>2,383,081</u>	<u>2,152,897</u>
Net loss	<u>\$ (3,140,940)</u>	<u>\$ (3,374,863)</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, 2014 and 2013 is \$21,209,080 and \$21,980,221, respectively. Change in the investment is summarized as follows:

Investment at January 1, 2014	\$ 21,980,221
Capital contributions	507,166
Loss from CVWRF joint venture	<u>(1,278,307)</u>
Investment at December 31, 2014	<u>\$ 21,209,080</u>

7. 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 is being amortized over the life of the new debt.

7. REVENUE BONDS PAYABLE (CONTINUED)

Revenue bond debt service requirements to maturity are as follows:

Year	Payment	Principle	Interest
2015	\$ 379,600	\$ 320,000	\$ 59,600
2016	368,200	315,000	53,200
2017	365,600	325,000	40,600
2018	367,600	340,000	27,600
2019	364,000	350,000	14,000
Total	\$ 1,845,000	\$ 1,650,000	\$ 195,000

The District's revenue bonds require net revenues of at least 125% of the forthcoming year's debt service requirement. The District met the net revenue requirements for the year ended December 31, 2014.

8. PENSION PLAN

Plan Description: The District contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System), which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustment, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (The Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy: The District is required to contribute 17.29% of the annual covered salary for the period beginning January 2014 through June 2014, and 18.47% of the annual covered salary for the period beginning July 2014 through December 2014. The contribution rates are actuarially determined rates and contribution requirements are authorized by statute and specified by the Board.

8. PENSION PLAN (CONTINUED)

The District's contributions to the Noncontributory System for the years ending December 31, 2014, 2013, and 2012 were \$279,761, \$255,601, and \$228,574, respectively. The contributions were equal to the required contributions for each year.

The District also participates in the State's 401(k) Plan. Employees covered by any of the State retirement plans are eligible to participate. The Board of the Systems administers this plan.

The District incurred expense for employer-paid contributions to the 401(k) Plan for the years ended December 31, 2014, 2013, and 2012 of \$50,042, \$48,839, and \$41,959, respectively.

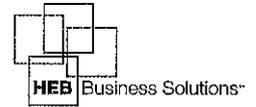
9. COMMITMENTS AND CONTINGENCIES

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.

10. SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the District has evaluated subsequent events through May 18, 2015, which is the date these financial statements were issued. All subsequent events requiring recognition as of May 18, 2015, have been incorporated into these financial statements herein.

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, 2014.

General state compliance requirements were tested for the year ended December 31, 2014 in the following areas:

Cash Management	Government Records Access Management Act
Budgetary Compliance	Nepotism
Impact Fees	Utah Public Finance Website
Utah Retirement Systems Compliance	Open and Public Meetings Act
Conflicts of Interest	Special & Local Service District Board Members

The District did not receive any major or non-major State grants during the years ended December 31, 2014 and 2013.

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.

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*.

**To the Board of Trustees of
Mt. Olympus Improvement District
Page 38**

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, 2014.

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.

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.

**To the Board of Trustees of
Mt. Olympus Improvement District
Page 39**

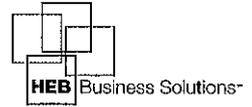
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet 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.
Certified Public Accountants
May 18, 2015



**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, 2014 and 2013, 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 18, 2015.

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.

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.

**To the Board of Trustees of
Mt. Olympus Improvement District
Page 41**

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.

A handwritten signature in black ink, appearing to read "Huber, Erickson & Bowman". The signature is written in a cursive style with a colon and a flourish at the end.

**HUBER, ERICKSON & BOWMAN, LLC.
Certified Public Accountants
May 18, 2015**