

Mt. Olympus Improvement District

Financial Statements

December 31, 2021 and 2020

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

| | <u>Page</u> |
|---|-------------|
| Independent Auditor’s Report | 1 |
| Management Discussion and Analysis (Unaudited) | 3 |
| Basic Financial Statements: | |
| Statement of Net Position | 12 |
| Statement of Revenues, Expenses, and Changes in Net Position | 14 |
| Statement of Cash Flows | 16 |
| Notes to Financial Statements | 18 |
| Required Supplementary Information: | |
| Schedule of the Proportionate Share of the Net Pension Liability | 37 |
| Schedule of Contributions | 38 |
| Notes to Required Supplementary Information | 39 |
| Other Reports: | |
| 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 <i>Government Auditing Standards</i> | 40 |
| Independent Auditor’s Report on Compliance and Report on Internal Control Over Compliance as Required by the <i>State Compliance Audit Guide</i> | 42 |

INDEPENDENT AUDITOR'S REPORT



KEDDINGTON & CHRISTENSEN, CPAS

CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

To the Board of Trustees
Mt. Olympus Improvement District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Mt. Olympus Improvement District (the District), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2021 and 2020, and the respective change in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, schedule of the proportionate share of the net pension liability, and schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2022 on our consideration of the 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 solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keddington & Christensen

Keddington & Christensen, LLC

Salt Lake City, Utah

April 27, 2022

**MT. OLYMPUS IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
(Unaudited)**

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 the 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 23.78% 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 Southeast on a diagonal to Highland Drive and 6200 South and then east to the mountains. This service area encompasses a large portion of Millcreek City, 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 163,378 residents and businesses. The District owns, operates, and maintains 8,626 manholes and 358 miles of sewer collection lines (does not include private lines connected to District main lines), which convey and deliver wastewater for treatment to the CVWRF located at 800 West Central Valley Road in the City of South Salt Lake.

Financial Highlights

- ▶ The total net position for the year ended 2021 was \$59,249,041. Of this amount, \$14,242,188 (District Capital Assets) and the \$33,231,834 Investment in CVWRF Joint Venture (therefore classified as an Unrestricted Asset) represent land, wastewater collection and treatment systems, buildings, vehicles, and equipment. The remaining \$11,775,019 of Unrestricted Net Assets consists of operating cash, investment reserves, and net current liabilities maintained for emergencies, major repairs and replacements, and capital projects. These reserves are also held in place of funding depreciation and may be used to meet the District's obligations to citizens and creditors.
- ▶ The District's total assets increased by \$1,644,194, mainly due to an increase in the investment in CVWRF and all the new capital construction being done.
- ▶ The District's total liabilities decreased by \$843,361.0 during the current fiscal year. The decrease is mainly due to the interlocal payable with CVWRF and a decrease in net pension liability.

Covid-19 Pandemic

In March of 2020, the World Health Organization announced that Covid-19 was a worldwide pandemic. Concerns related to the spread of Covid-19 have had local, national, and global impacts. Covid-19 had minimal impacts on the daily flow of business, with limited in-person contact and many of our office employees working from home. Lines crew members continued to work, with

**MT. OLYMPUS IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

limited co-worker contact in the field. The largest impact was associated with the construction and capital cost at CVWRF. Construction delays in materials and the demand for materials have had a significant impact with funding of only \$9.2m of a budgeted \$10.3m in projects. Uncertainties of time and overall impact are expected into 2022.

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 are 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* shows 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.

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

In 2015 the Governmental Accounting Standard Board (GASB) implemented Statement 68. This new statement requires state and local governments to disclose their proportionate share of the Net Pension Liability and/or Net Pension Asset and the deferred inflows and outflows of resources relating to pensions and pension expenses. For 2021 and 2020 the District's share of the Utah Retirement pension liability was \$89,874 and \$651,037 respectively.

Financial Analysis

As of December 31, 2021, District's assets exceed liabilities by \$59,249,041. The largest portion of the District's assets, 76%, reflects unrestricted net assets. The remaining portion of the District's assets, 24%, reflects investment reserves for infrastructure and capital projects. The District's investment in the CVWRF joint venture represents 74% of the unrestricted net position.

**MT. OLYMPUS IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|----------------------|
| Current and other assets | \$ 47,703,359 | \$ 45,618,203 | \$ 44,476,632 |
| Capital assets, net | <u>14,242,188</u> | <u>14,683,150</u> | <u>14,788,675</u> |
| Total Assets | <u>61,945,547</u> | <u>60,301,353</u> | <u>59,265,307</u> |
| Deferred outflows of resources | <u>471,325</u> | <u>490,790</u> | <u>817,811</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 62,416,872</u> | <u>\$ 60,792,143</u> | <u>\$ 60,083,118</u> |
| Long-term liabilities | 458,996 | 1,282,731 | 1,767,122 |
| Current liabilities | <u>\$ 2,041,785</u> | <u>\$ 2,378,171</u> | <u>\$ 1,973,910</u> |
| Total Liabilities | <u>2,500,781</u> | <u>3,660,902</u> | <u>3,741,032</u> |
| Deferered inflows of resources | <u>667,050</u> | <u>350,290</u> | <u>49,716</u> |
| Net Position | | | |
| Net investment in capital assets | 14,242,188 | 14,683,150 | 14,788,675 |
| Unrestricted | <u>45,006,853</u> | <u>42,097,801</u> | <u>41,503,695</u> |
| Total Net Position | <u>59,249,041</u> | <u>56,780,951</u> | <u>56,292,370</u> |
| Total Liabilities, Deferred Inflows & Net Position | <u>\$ 62,416,872</u> | <u>\$ 60,792,143</u> | <u>\$ 60,083,118</u> |

During the years ended December 31, 2021, and 2020, the District's net position increased by \$2,468,090 and \$488,581, respectively. The increase in 2021 and 2020 is due to increased capital investments in CVWRF.

**MT. OLYMPUS IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

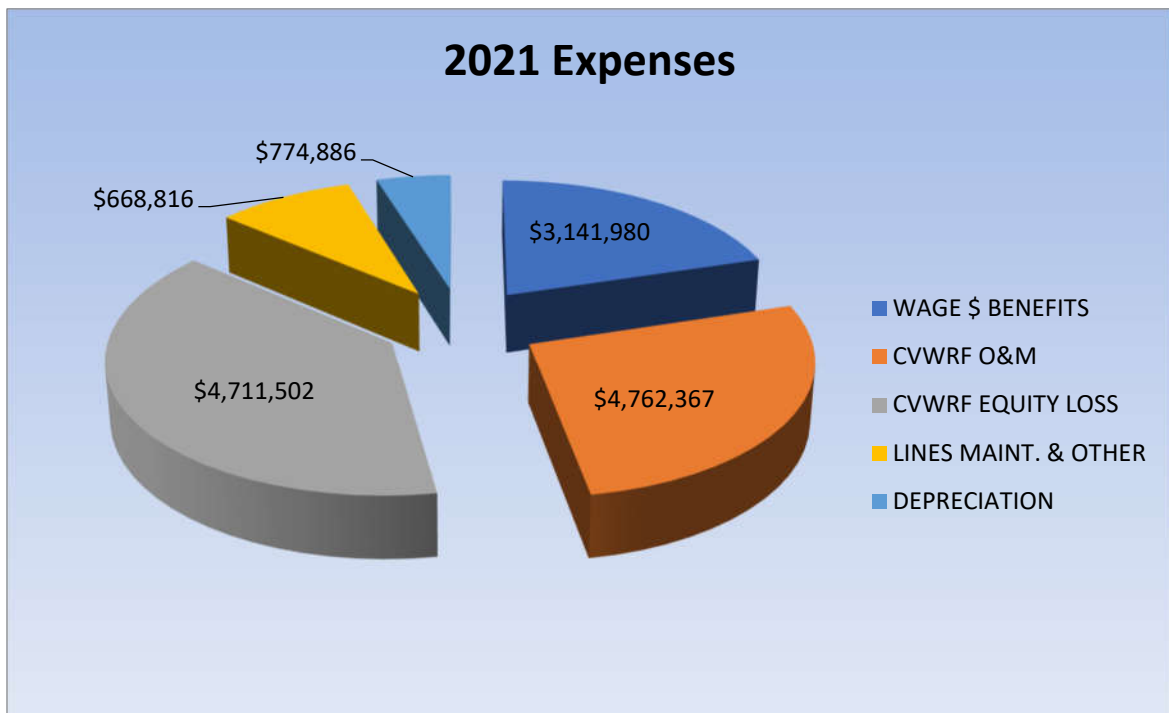
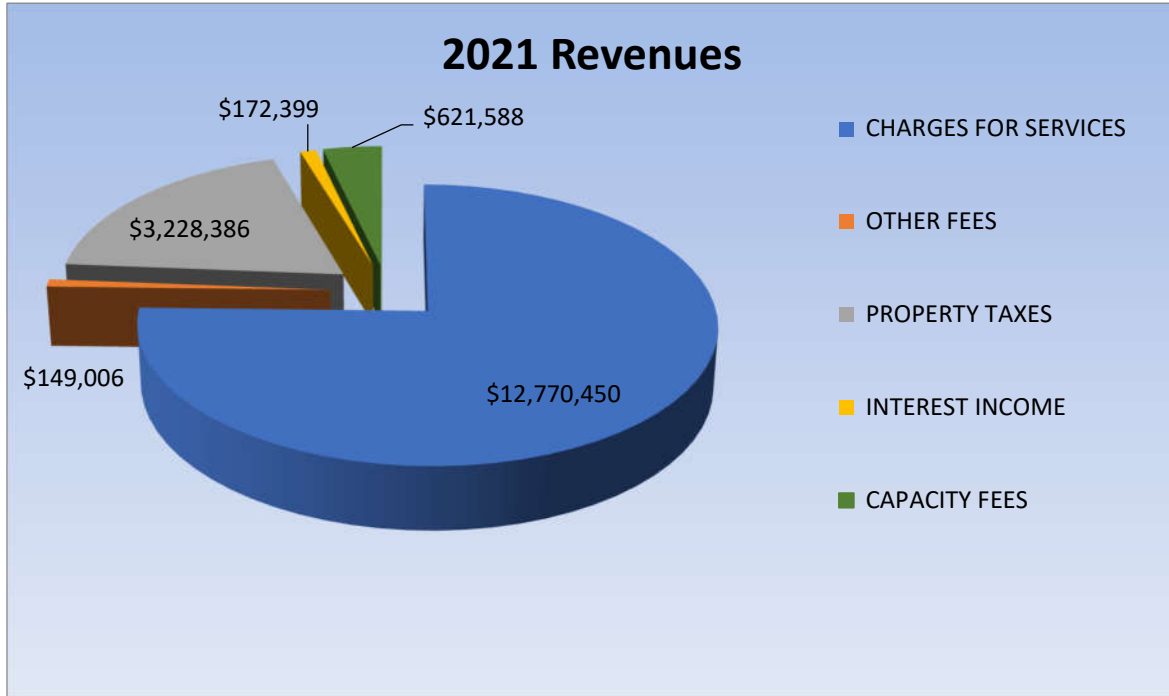
Key elements of the change in net position are as follows:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|----------------------|
| Operating revenues | | | |
| Sewer fees | \$ 12,770,450 | \$ 11,513,402 | \$ 11,364,774 |
| Other | 149,006 | 144,773 | 153,176 |
| Total operating revenue | <u>12,919,456</u> | <u>11,658,175</u> | <u>11,517,950</u> |
| Operating expenses | | | |
| Wages and employee benefits | 3,141,980 | 3,183,231 | 3,128,068 |
| Operating expenses from CVWRF | 4,762,367 | 4,225,050 | 4,027,169 |
| Depreciation | 774,886 | 759,964 | 745,135 |
| Other | 1,358,154 | 1,408,075 | 1,518,996 |
| Total operating expenses | <u>10,037,387</u> | <u>9,576,320</u> | <u>9,419,368</u> |
| Operating income (loss) | 2,882,069 | 2,081,855 | 2,098,582 |
| Non-operating revenues (Expenses): | | | |
| County property taxes | 3,228,386 | 3,161,493 | 3,152,989 |
| Net Interest income & Gains | 172,399 | 251,280 | 459,924 |
| Equity in loss from CVWRF | (4,711,502) | (6,131,422) | (4,169,488) |
| Total non-operating revenues (expenses) | <u>(1,310,717)</u> | <u>(2,718,649)</u> | <u>(556,575)</u> |
| Capital contributions | | | |
| Capacity fees | 621,588 | 642,532 | 424,864 |
| Developer contributed sewer lines | 275,150 | 482,843 | 377,398 |
| Total Capital contributions | <u>896,738</u> | <u>1,125,375</u> | <u>802,262</u> |
| Change in net position | 2,468,090 | 488,581 | 2,344,269 |
| Net position at beginning of year | <u>56,780,951</u> | <u>56,292,370</u> | <u>53,948,101</u> |
| Total Net Position, End of Year | <u>\$ 59,249,041</u> | <u>\$ 56,780,951</u> | <u>\$ 56,292,370</u> |

- Sewer fees increased by \$1,257,048 or 9.8% and \$148,626 or 1.29% for the year ended December 31, 2021 and 2020, respectively. The increase for the year ending December 31, 2021, is due to a fee increase from \$17 to \$19 per residential equivalent per month. The increase for the year ended Dec 31, 2020, is attributable to a net increase in the number of new connections.
- Property taxes increased by \$66,893 or 2.07% and \$8,504 or 0.03% during the years ended December 31, 2021, and 2020, respectively. The 2021 increase is attributed to increasing home values less RDA proceeds. The 2020 increase is due to a strong housing economy.
- Net Interest income continued to decrease in 2021 by \$78,881 along with a \$208,644 decrease for 2020. The 2021 and 2020 results are due to the decline in interest rates and the reduction in reserves held by the District.

**MT. OLYMPUS IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

- Capital contributions decreased by \$228,637.00 for the year ended December 31, 2021. The decrease is attributable to the number of building projects finalized within the district in the past year compared to 2020.



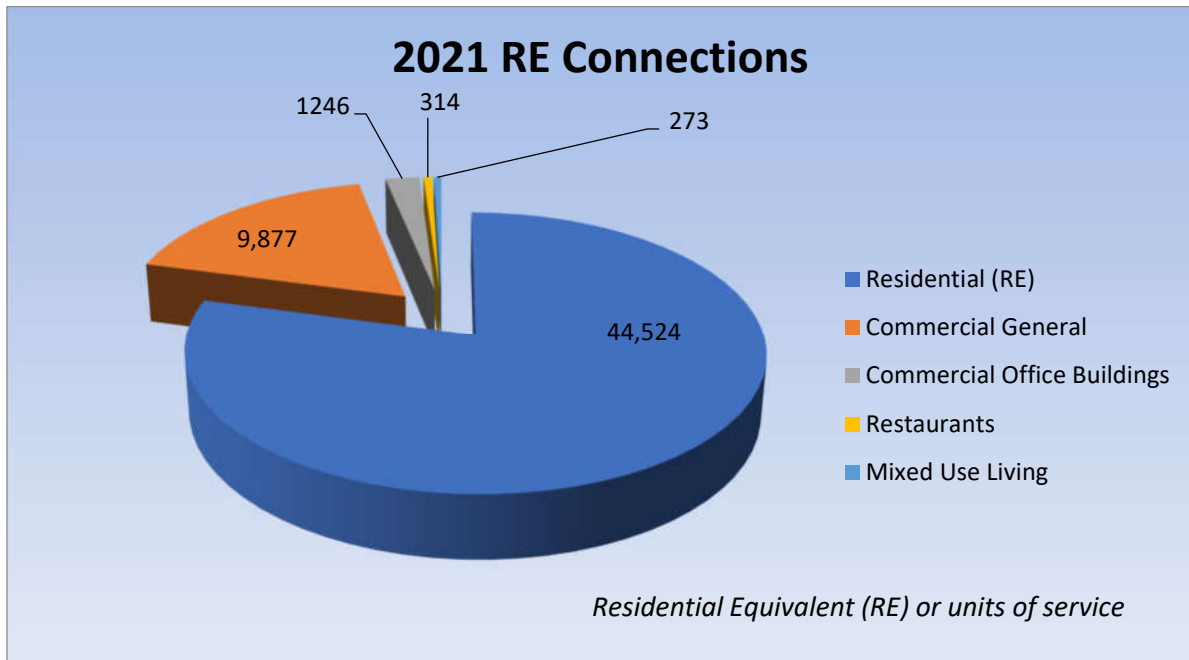
**MT. OLYMPUS IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

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

In 2021, the District collected approximately 4.6063 billion gallons of wastewater removing approximately 4,235 dry tons of organic pollutants measured by the consumption of oxygen by bacteria (BOD) and another 3,464 tons of suspended solids (TSS). This represents a daily average of 12.62 million gallons per day of wastewater and 23,206.6 pounds per day of BOD and 18,982.5 pounds per day of TSS. This waste stream was generated by an average of 28,246 billing accounts using approximately 56,234 monthly units of service. A service unit is 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 24 full-time employees is governed by a three-member Board of Trustees. Annual funding of operations is the result of adopting an annual budget after a public hearing. The budget is maintained on a cash basis. The following schedule summarizes the original budget, and amended budget, the actual and the variance.

**MT. OLYMPUS IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**Mt. Olympus Improvement District
Budget vs. Actual**

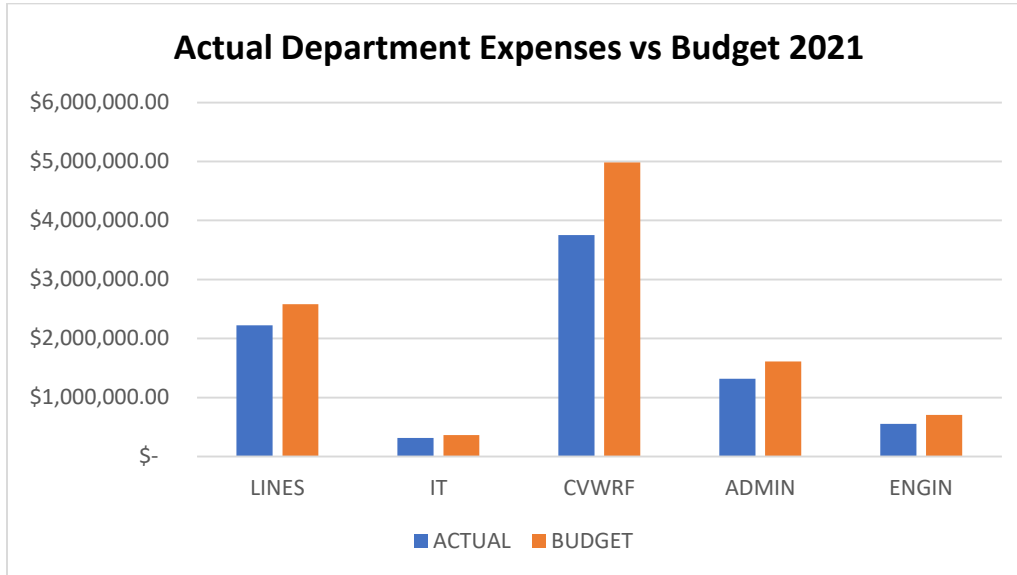
Year ended December 31, 2021

| | 2021 Budget Original | 2021 Budget Amended | Actual | Variance |
|--|-------------------------|------------------------|-------------------|------------------|
| Revenues: | | | | |
| Operating revenue | \$ 12,770,052 | \$ 12,770,052 | \$ 12,770,450 | \$ 398 |
| Property taxes | 3,176,918 | 3,194,377 | 3,228,386 | 34,009 |
| Interest income | 250,000 | 100,000 | 90,536 | (9,464) |
| Capacity fees | 205,700 | 339,425 | 621,588 | 282,163 |
| other fees | 129,300 | 132,300 | 149,006 | 16,706 |
| | <u>16,531,970</u> | <u>16,536,154</u> | <u>16,859,966</u> | <u>323,812</u> |
| Expenses: | | | | |
| Sewer lines | 2,567,863 | 2,508,032 | 2,248,744 | 259,288 |
| Information Technology | 374,569 | 374,569 | 339,485 | 35,084 |
| CVWRF | 5,555,582 | 5,555,582 | 4,762,367 | 793,215 |
| CVWRF additions | 10,367,298 | 10,367,298 | 4,540,023 | 5,827,275 |
| Bond redemption | - | - | - | - |
| Administration | 1,693,036 | 1,680,314 | 1,380,955 | 299,359 |
| Interest & Pension Expense | 685,312 | 685,312 | (224,938) | 910,250 |
| Engineering and inspection | 593,871 | 670,608 | 616,497 | 54,111 |
| Paying Agent | 1,166 | 1,166 | - | 1,166 |
| Capital additions (net non cash) | 162,700 | 162,700 | 59,367 | 103,333 |
| | <u>22,001,397</u> | <u>22,005,581</u> | <u>13,722,500</u> | <u>8,283,081</u> |
| Excess (Deficit) of Revenues over Expenses | (5,469,427) | (5,469,427) | 3,137,466 | 8,606,893 |
| Use of (addition to) District reserves | 5,469,427 | 5,469,427 | (3,137,466) | (8,606,893) |
| Excess of Revenues over Expenses Including Reserves | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Differences between the budget and actual for the year 2021 can be summarized as follows:

- \$296,239 favorable variance for total revenues, mainly due to an increase in new accounts and capacity fees.
- \$3,346,641 favorable variance for total expenses. Of the \$3,346,641 variance, \$1,115,773 was due to CVWRF capital additions not incurred in 2021 as budgeted.

**MT. OLYMPUS IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**



Capital Assets

The District's investment in capital assets for its business-type activities as of December 31, 2021, amounts to \$14,242,188 (net of accumulated depreciation). This investment in capital assets includes land, sewer systems, automobiles, equipment, and deferred pension outflow.

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|----------------------|
| Land | \$ 449,836 | \$ 449,836 | \$ 449,836 |
| Sewer main | 13,415,293 | 13,140,143 | 12,657,300 |
| Sewer systems | 20,953,282 | 20,953,282 | 20,953,282 |
| Offic & garage | 3,801,841 | 3,801,841 | 3,788,566 |
| Furniture & fixtures | 132,851 | 132,851 | 168,083 |
| Automobiles & equipment | 2,113,357 | 2,137,675 | 2,061,809 |
| Tools & equipment | 372,599 | 353,991 | 422,401 |
| Construlction in progress | - | 82,455 | - |
| Total | <u>41,239,059</u> | <u>41,052,074</u> | <u>40,501,277</u> |
| Less accumulated Depreciation | <u>(26,996,871)</u> | <u>(26,368,924)</u> | <u>(25,712,602)</u> |
| Total Capital Assets - net | 14,242,188 | 14,683,150 | 14,788,675 |
| Deferred Outflow - Pensions | <u>471,325</u> | <u>490,790</u> | <u>817,811</u> |
| Total Capital Assets-net & Deferred Outflows - pensions | <u>\$ 14,713,513</u> | <u>\$ 15,173,940</u> | <u>\$ 15,606,486</u> |

Reserve Funds

The District held \$13,485,658 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. Since the District does not fund depreciation the Board of Trustees has set a reserve amount that the District maintains.

**MT. OLYMPUS IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

Fee Structure

The monthly service fee is \$19.00 per month. The tax rate decreased by 0.000019 from 0.000248 in 2020 to 0.000229 in 2021.

Long Term Debt

The Board of Trustees approved and entered into an agreement with CVWRF in June 2020, concerning a \$65 million State Revolving Fund Loan by the Division of Water Quality. CVWRF has drawn \$43 million of that loan with the District's share being \$10,206,000 or 24.84% in 2020 and 23.40% in 2021 of that draw. In 2021 the District also participated the 2021B Series Sewer Revenue bonds at \$5.6 million and the 2021C Series Sewer Revenue Bonds at 31.9 million. Additional information can be found in the CVWRF audited Financial Statements on pages 34 and 35.

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.

BASIC FINANCIAL STATEMENTS

MT. OLYMPUS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
December 31, 2021 and 2020

| Assets | 2021 | 2020 |
|--|----------------------|----------------------|
| Current Assets: | | |
| Unrestricted Cash and cash equivalents | \$ 4,722,855 | \$ 5,238,242 |
| Receivables: | | |
| Accounts receivable, net | 362,948 | 341,892 |
| Property taxes | 138,252 | 137,371 |
| Unremitted Property liens | 77,460 | 125,503 |
| Prepaid insurance | 30,105 | 26,404 |
| Inventory - gas, oil, parts | 31,002 | 20,328 |
| Total Current Assets | <u>5,362,622</u> | <u>5,889,740</u> |
| Non-current Assets: | | |
| Investments | 9,108,903 | 11,036,652 |
| Capital Assets - not being depreciated | 449,836 | 449,836 |
| Capital Assets - net of depreciation | 13,792,352 | 14,233,314 |
| Total Non-current Assets | <u>23,351,091</u> | <u>25,719,802</u> |
| Other Assets: | | |
| Investment in CVWRF Joint Venture | 33,231,834 | 28,691,811 |
| Total Other Assets | <u>33,231,834</u> | <u>28,691,811</u> |
| Total Assets | <u>61,945,547</u> | <u>60,301,353</u> |
| Deferred Outflows of Resources | | |
| Deferred outflows relating to pensions | 471,325 | 490,790 |
| Total Deferred Outflows of Resources | <u>471,325</u> | <u>490,790</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 62,416,872</u> | <u>\$ 60,792,143</u> |

The accompanying notes are an integral part of this statement.

MT. OLYMPUS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION (Continued)
December 31, 2021 and 2020

| Liabilities | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Current Liabilities: | | |
| Accounts payable | \$ 50,900 | \$ 41,533 |
| Accounts payable - CVWRF joint venture | 928,386 | 1,655,089 |
| Accrued liabilities | 141,407 | 114,777 |
| Deposits | 36,200 | 25,200 |
| Unearned revenue | 695,752 | 656,349 |
| Compensated absences - Current | 189,140 | 173,759 |
| Total Current Liabilities | <u>2,041,785</u> | <u>2,666,707</u> |
| Non-Current Liabilities: | | |
| Net pension liability | 89,873 | 651,037 |
| Compensated absences - LT | 369,123 | 343,158 |
| Total Non-Current Liabilities | <u>458,996</u> | <u>994,195</u> |
| Deferred Inflows of Resources | | |
| Deferred inflows relating to pensions | 667,050 | 350,290 |
| Total Liabilities and Deferred Inflows of Resources | <u>3,167,831</u> | <u>4,011,192</u> |
| Net Position | | |
| Net investment in capital assets | 14,242,188 | 14,683,150 |
| Unrestricted | 45,006,853 | 42,097,801 |
| Total Net Position | <u>59,249,041</u> | <u>56,780,951</u> |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | <u>\$ 62,416,872</u> | <u>\$ 60,792,143</u> |

The accompanying notes are an integral part of this statement.

**MT. OLYMPUS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For The Years Ended December 31, 2021 and 2020**

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Operating Revenues | | |
| Sewer sales | \$ 12,770,450 | \$ 11,513,402 |
| Inspection fees | 22,192 | 20,575 |
| Nose-on | 8,100 | 8,700 |
| Penalties | 97,858 | 95,403 |
| Miscellaneous operating revenue | 20,856 | 20,095 |
| Total Operating Revenues | 12,919,456 | 11,658,175 |
| Operating Expenses | | |
| Wages and salaries | 2,011,807 | 2,075,222 |
| Employee benefits | 1,130,173 | 1,108,009 |
| Truck and auto expenses | 152,027 | 118,196 |
| Line repairs nad maintenance | 544,969 | 522,972 |
| Supplies | 13,157 | 21,089 |
| Electric power | 15,216 | 13,144 |
| Other utilities | 14,167 | 16,786 |
| Telephone | 23,161 | 25,041 |
| Uniforms | 13,415 | 21,475 |
| Emergency | 20,534 | 1,705 |
| Subscriptions and training | 41,440 | 26,796 |
| Insurance | 77,500 | 68,605 |
| Operating expense from CVWRF joint venture | 4,762,367 | 4,225,050 |
| Building maintenance | 29,451 | 34,272 |
| Legal services | 156,340 | 173,306 |
| Audit and accounting fees | 11,000 | 11,410 |
| Nose-on expense | 5,823 | 5,722 |
| Blue Stakes | 34,837 | 18,356 |
| District trustee fee and expenses | 7,500 | 12,500 |
| Postage | 80,243 | 73,336 |
| Data processing | 19,086 | 18,936 |
| Depreciation | 774,886 | 759,964 |
| Miscellaneous | (45,082) | 177,041 |
| Bad debt expense | 14,489 | 5,390 |
| Professional services | 128,881 | 41,997 |
| Total Operating Expenses | 10,037,387 | 9,576,320 |
| Operating Income (Loss) | 2,882,069 | 2,081,855 |

The accompanying notes are an integral part of this statement.

**MT. OLYMPUS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (Continued)
For The Years Ended December 31, 2021 and 2020**

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Non-Operating Revenues (Expenses) | | |
| Interest income | 90,536 | 251,280 |
| Property tax revenue | 3,228,386 | 3,161,493 |
| Gain (loss) on disposal of assets | 81,863 | - |
| Equity loss from CVWRF joint venture | <u>(4,711,502)</u> | <u>(6,131,422)</u> |
| Total Non-Operating Revenues (Expenses) | <u>(1,310,717)</u> | <u>(2,718,649)</u> |
| Change In Net Position Before Contributed Capital | 1,571,352 | (636,794) |
| Contributed Capital | | |
| Capacity fees | 621,588 | 642,532 |
| Developer contributed sewer lines | <u>275,150</u> | <u>482,843</u> |
| Total Contributed Capital | <u>896,738</u> | <u>1,125,375</u> |
| Change In Net Position | 2,468,090 | 488,581 |
| Net Position at Beginning of Year | <u>56,780,951</u> | <u>56,292,370</u> |
| Net Position at End of Year | <u>\$ 59,249,041</u> | <u>\$ 56,780,951</u> |

The accompanying notes are an integral part of this statement.

MT. OLYMPUS IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
For The Years Ended December 31, 2021 and 2020

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Receipts from customers and users | \$ 12,996,846 | \$ 11,693,352 |
| Payments to vendors | (6,994,716) | (5,329,137) |
| Payments to employees | (3,074,004) | (3,017,503) |
| Net Cash From Operating Activities | 2,928,126 | 3,346,712 |
| Cash Flows From Noncapital Financing Activities | | |
| Property tax receipts | 3,227,505 | 3,183,714 |
| Net Cash From Noncapital Financing Activities | 3,227,505 | 3,183,714 |
| Cash Flows From Capital and Related Financing Activities | | |
| Purchase of property and equipment | (141,228) | (171,596) |
| Cash received for capacity fees | 621,588 | 642,532 |
| Proceeds from sale of property and equipment | (81,863) | - |
| Net Cash From Capital and Related Financing Activities | 398,497 | 470,936 |
| Cash Flows From Investing Activity | | |
| Cash paid for purchase of investments | (2,886,849) | (12,866,506) |
| Cash from sale of investments | 4,896,460 | 14,170,163 |
| Cash received from sale of property and equipment | 81,863 | - |
| Interest income | 90,536 | 251,280 |
| Cash paid for investment in CVWRF joint venture | (9,251,525) | (9,257,478) |
| Net Cash From Investing Activity | (7,069,515) | (7,702,541) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (515,387) | (701,179) |
| Cash and Cash Equivalents, Beginning of Year | 5,238,242 | 5,939,421 |
| Cash and Cash Equivalents, End of Year | \$ 4,722,855 | \$ 5,238,242 |
| Cash and Cash Equivalents recorded in the Statement of Net Position | | |
| Unrestricted | \$ 4,722,855 | \$ 5,238,242 |
| Restricted | - | - |
| Total Cash and Cash Equivalents recorded in the Statement of Net Position | \$ 4,722,855 | \$ 5,238,242 |

The accompanying notes are an integral part of this statement.

**MT. OLYMPUS IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS (Continued)
For The Years Ended December 31, 2021 and 2020**

| Reconciliation of Operating Income to Net Cash From Operating Activities: | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Income from Operations | \$ 2,882,069 | \$ 2,081,855 |
| Adjustments to reconcile operating loss to net cash from operating activities: | | |
| Depreciation expense | 774,886 | 759,964 |
| Pension expense | (224,939) | 4,582 |
| (Increase) Decrease in assets | | |
| Accounts receivable, net | (21,056) | (32,004) |
| Unremitted tax liens | 48,043 | (18,526) |
| Prepaid insurance | (3,701) | (2,774) |
| Inventory | (10,674) | 10,732 |
| Increase (Decrease) in liabilities | | |
| Accounts payable | (717,336) | 318,554 |
| Accrued liabilities | 26,630 | - |
| Deposits liability | 11,000 | 10,400 |
| Unearned revenue | 39,403 | 75,307 |
| Acculated leave liability | 41,346 | 138,622 |
| Net Cash From Operating Activities | <u>\$ 2,928,126</u> | <u>\$ 3,346,712</u> |
| Noncash Investing, Capital, and Financing Activities | <u>2021</u> | <u>2020</u> |
| Loss from investment in Central Valley Water Reclamation Facility | \$ 4,711,502 | \$ 6,131,422 |
| Developer contributed sewer lines recorded at fair market value | \$ 275,150 | \$ 482,843 |
| Disposal of fully depreciated property and equipment | \$ 146,939 | \$ 103,642 |

The accompanying notes are an integral part of this statement.

MT. OLYMPUS IMPROVEMENT DISTRICT NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

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. The District is not a component unit of another government as defined by Governmental Accounting Standards Board (GASB) Statement 61, *The Financial Reporting Entity: Omnibus*, since the District is a special district governed by a Board of Trustees which are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in GASB Statement 39, *Determining Whether Certain Organizations Are Component Units*, which are included in the District's reporting entity. 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.

Summary of Significant Accounting Policies

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. Financial reporting is based upon accounting guidance codified by GASB.

The following is a summary of the more significant policies.

Financial Statement Presentation and Basis of Accounting

The District prepares its financial statements on an enterprise fund basis, which is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private businesses, where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Revenues from operations, investments, and other sources are recorded when earned and expenses are recorded when liabilities are incurred. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property tax revenue and contributed sewer lines.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers of the system. Operating expenses for the District include the costs of treatment, personnel, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. All non-restricted amounts are considered to be cash and cash equivalents for cash flow statement purposes.

The Public Treasurers' Investment Fund (PTIF) accounts of the District are stated at amortized cost, which approximates fair value in accordance with GASB No. 72, *Fair Value Measurement and Application*.

Investments

Investments are adjusted to fair value as prescribed in GASB No. 31 when material differences exist.

Restricted Assets

The District maintains accounts which are restricted by state law for use in capital projects. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Inventory

The District's inventories include various items consisting of replacement parts, and other maintenance related equipment and supplies used in the construction and repair of sewer systems. Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method. Inventory items are expensed as used. Obsolete inventory is written off in the period it is deemed worthless.

Capital Assets

Capital Assets are stated at historical cost or estimated historical cost and are defined by the District as assets with a cost of \$5,000 or more. Normal maintenance and repair expenses that do not add to the value of the asset or materially extend asset lives are not capitalized. Material improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets. 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 as non-operating revenues or expenses.

Material major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. No interest was capitalized during the current fiscal year.

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Contributed Capital (continued)

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 |
| Automobiles and Trucks | 5 years |
| Tools and Equipment | 3-8 years |

The District receives title to various sewer lines that have been constructed by developers after the District certifies that these lines meet all the required specifications. The District records sewer lines at the estimated fair market value at the date of donation, provided by the District's engineers, which are then depreciated under the methods and lives set forth above.

Joint Venture

The District accounts for its interest in a joint venture using the equity method of accounting.

Accumulated Leave

District employees are entitled to certain accumulated leave 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 and sick leave benefits. Unused vacation leave may accumulate up to the current year allocation plus 120 hours.

Property Tax Revenues

Property tax rates are approved in June of each year by the Board of Trustees for the District. County Assessors assess a value (an approximation of market value) as of January 1 of each year for all real property, to which the property tax rates will apply for assessing property taxes. The property taxes assessed become delinquent after November 30. The District's certified tax rate in Salt Lake County for 2021 and 2020 was .000229 and .000248 respectively. The District appropriates the entire amount to operations and maintenance. The statutory maximum set by the State for operations and maintenance is .000800. There is no maximum for reduction of general obligation bonds.

Budgetary Accounting

The District adopts an annual budget, which is maintained on a cash basis. All annual appropriations lapse at fiscal year-end.

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 (Continued)**

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts

The District has determined that their accounts receivable are fully collectible because uncollected fees are certified to the county and attached as liens on the related real estate where allowable. Therefore, no allowance for doubtful accounts has been established.

Estimates and Assumptions

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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) including additions to and 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.

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.

Comparative Data and Reclassifications

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measure 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 (Continued)**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

The District follows the requirements of the Utah Money Management Act (Act) (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and investment transactions. This law 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 Act defines the types of securities authorized as appropriate investments for the District's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, certified investment advisors, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories; negotiable certificates of deposits must be equal to, or less than, 97% of the FDIC limit. The purchase price of the negotiable deposit must be equal to or less than par; repurchase and reverse repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government-sponsored enterprises such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association; bonds, notes, and 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 Money Management Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act. 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 of the PTIF, net of administration fees, 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 the pool shares.

The balance sheet captions, which related to cash and cash equivalents and investments, are summarized as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------------|----------------------|----------------------|
| Cash | \$ 4,722,855 | \$ 5,238,242 |
| Non-current investments | 9,108,903 | 11,036,652 |
| | <u>\$ 13,831,758</u> | <u>\$ 16,274,894</u> |

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash and cash equivalents:

Cash and cash equivalents consisted of the following amounts:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Cash on hand | \$ 450 | \$ 450 |
| Cash on deposit | 345,650 | 222,278 |
| Utah Public Treasurer's Investment Fund | <u>4,376,755</u> | <u>5,015,514</u> |
| Total Cash and equivalents | <u>\$ 4,722,855</u> | <u>\$ 5,238,242</u> |

Custodial credit risk – deposits 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. As of December 31, 2021 and 2020, the carrying amount of the District’s cash was \$346,100 and \$222,278 respectively, and the bank balance was \$373,063 and \$347,031 respectively. Of the bank balance, \$250,000 was covered for both 2021 and 2020, by Federal depository insurance and the remaining balances were held in an account invested in short-term U.S. Government Securities and, therefore, was uninsured and uncollateralized.

Investments:

The Money Management Act also governs the scope of securities allowed as appropriate investments for the District and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

The District’s investments are exposed to certain risks as outlined below:

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk beyond the provisions of the Act. As of December 31, 2021 and 2020, the District’s investments in the State of Utah Public Treasurer’s Investment Fund were unrated.

Interest rate risk is the risk that changes in the 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 Act. Title 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. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury, obligations issued by U.S. government-sponsored enterprises, and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. Also, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years. As of December 31, 2020 and 2019 the fair value of the District’s investment in the PTIF is \$3,535,133 and \$3,153,598, with a carrying value of \$3,522,110 and \$3,141,547 respectively.

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of December 31, 2021, the District’s investments had the following maturities:

| Investment Type | Fair Value | Investment Maturities (in Years) | | |
|--|---------------------|----------------------------------|---------------------|-------------|
| | | Less than 1 | 1-5 | More than 5 |
| Corporate Bonds | \$ 5,171,905 | \$ 1,713,920 | \$ 3,457,985 | \$ - |
| Marketable CD | 239,925 | - | 239,925 | - |
| Municipal Bond | 196,743 | 196,743 | - | - |
| Utah Public Treasurer's Investment Fund | 3,535,133 | 3,535,133 | - | - |
| Total | \$ 9,143,706 | \$ 5,445,796 | \$ 3,697,910 | \$ - |

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 Act as previously discussed. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories, repurchase agreements, commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poors, bankers’ acceptances, obligations of the U.S. Treasury and U.S. As of December 31, 2021 and 2020, the District’s investments in the State of Utah Public Treasurer’s Investment Fund were unrated.

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 the 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 total dollar amount held in the portfolio. The District does not have any corporate obligations from a single issuer that are over 10% of the portfolio.

The District invests in the PTIF, which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer’s Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company, and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days.

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 costs basis. The income, gains, losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participants’ share to the total funds in the PTIF based on the participants’ average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

participants are informed of the fair value valuation factor. Additional information is available from the Utah State Treasurer’s Office. As of December 31, 2021, the Utah Public Treasurer’s Investment Fund was unrated.

At December 31, 2021, the District had the following quality ratings:

| <u>Average Rating</u> | <u>Corporate</u> | <u>CD</u> | <u>Municipal</u> | <u>PTIF</u> | <u>Total</u> |
|-----------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| AA | \$ - | \$ - | \$ 200,452 | \$ - | \$ 200,452 |
| AA- | 501,680 | - | - | - | 501,680 |
| A+ | 803,043 | - | - | - | 803,043 |
| A | 1,214,450 | - | - | - | 1,214,450 |
| A- | 740,989 | - | - | - | 740,989 |
| BBB+ | 1,850,596 | - | - | - | 1,850,596 |
| Unrated | - | 240,113 | - | 3,535,133 | 3,775,246 |
| | <u>\$ 5,110,758</u> | <u>\$ 240,113</u> | <u>\$ 200,452</u> | <u>\$ 3,535,133</u> | <u>\$ 9,086,456</u> |

Fair Value of Investments

The District measures its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the District can access. Since valuations are based on quoted prices that are readily and regularly available in an active market, the valuation of these securities does not entail any significant degree of judgment. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.;
- Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include corporate and municipal bonds, and “brokered” or securitized certificates of deposit; and,
- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

On December 31, 2021 the District had the following recurring fair value measurements:

| | <u>12/31/2021</u> | <u>Fair Value Measurements Using</u> | | |
|--|---------------------|--------------------------------------|---------------------|----------------|
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Investments by fair value level | | | | |
| Utah State Treasurer's investment pool | \$ 3,535,133 | \$ - | \$ 3,535,133 | \$ - |
| Corporate Bonds | 5,171,905 | 5,171,905 | - | - |
| Marketable CD | 239,925 | 239,925 | - | - |
| Municipal Bond | 196,743 | 196,743 | - | - |
| Total investments by fair value level | <u>\$ 9,143,706</u> | <u>\$ 5,608,573</u> | <u>\$ 3,535,133</u> | <u>\$ -</u> |

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 3 UNREMITTED PROPERTY LIENS

Unremitted property liens as of December 31, 2021 and 2020, in the amount of \$91,826 and \$125,503, 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. 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 4 CAPITAL ASSETS

The summary of the District's capital assets activity and accumulated depreciation for the years ended December 31, 2021 and 2020 follows:

| | December 31, 2021 | | | |
|---|-------------------------------|-------------------------------------|--------------------------------------|-------------------------------|
| | Balance 12/31/2020 | Additions / Transfers In | Deletions / Transfers Out | Balance 12/31/2021 |
| Capital assets not being depreciated | | | | |
| Land | \$ 449,836 | \$ - | \$ - | \$ 449,836 |
| Construction in progress | 82,455 | 42,572 | (125,027) | - |
| Total Capital Assets not being depreciated | 532,291 | 42,572 | (125,027) | 449,836 |
| Capital assets, being depreciated | | | | |
| Sewer main | 13,140,143 | 275,150 | - | 13,415,293 |
| Sewer systems | 20,953,282 | - | - | 20,953,282 |
| Office & garage | 3,801,841 | - | - | 3,801,841 |
| Furniture and fixtures | 132,851 | - | - | 132,851 |
| Automobiles & trucks | 2,137,675 | 122,621 | (146,939) | 2,113,357 |
| Tools & equipment | 353,991 | 18,608 | - | 372,599 |
| Total Capital Assets, being depreciated | 40,519,783 | 416,379 | (146,939) | 40,789,223 |
| Less accumulated depreciation | | | | |
| Sewer main | (5,643,116) | (231,924) | - | (5,875,040) |
| Sewer systems | (17,023,366) | (214,133) | - | (17,237,499) |
| Office & garage | (1,844,963) | (111,368) | - | (1,956,331) |
| Furniture and fixtures | (76,526) | (6,003) | - | (82,529) |
| Automobiles & trucks | (1,458,790) | (193,294) | 146,939 | (1,505,145) |
| Tools & equipment | (322,163) | (18,164) | - | (340,327) |
| Total accumulated depreciation | (26,368,924) | (774,886) | 146,939 | (26,996,871) |
| Capital Assets, being depreciated, net | 14,150,859 | (358,507) | - | 13,792,352 |
| Property and Equipment, Net | <u>\$ 14,683,150</u> | <u>\$ (315,935)</u> | <u>\$ (125,027)</u> | <u>\$ 14,242,188</u> |

MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 CAPITAL ASSETS (Continued)

| | December 31, 2020 | | | |
|---|-------------------------------|-------------------------------------|--------------------------------------|-------------------------------|
| | Balance 12/31/2019 | Additions / Transfers In | Deletions / Transfers Out | Balance 12/31/2020 |
| Capital assets not being depreciated | | | | |
| Land | \$ 449,836 | \$ - | \$ - | \$ 449,836 |
| Construction in progress | - | 82,455 | - | 82,455 |
| Total Capital Assets not being depreciated | 449,836 | 82,455 | - | 532,291 |
| Capital assets, being depreciated | | | | |
| Sewer main | 12,657,300 | 482,843 | - | 13,140,143 |
| Sewer systems | 20,953,282 | - | - | 20,953,282 |
| Office & garage | 3,788,566 | 13,275 | - | 3,801,841 |
| Furniture and fixtures | 168,083 | - | (35,232) | 132,851 |
| Automobiles & trucks | 2,061,809 | 75,866 | - | 2,137,675 |
| Tools & equipment | 422,401 | - | (68,410) | 353,991 |
| Total Capital Assets, being depreciated | 40,051,441 | 571,984 | (103,642) | 40,519,783 |
| Less accumulated depreciation | | | | |
| Sewer main | (5,416,457) | (226,659) | - | (5,643,116) |
| Sewer systems | (16,808,509) | (214,857) | - | (17,023,366) |
| Office & garage | (1,732,382) | (112,581) | - | (1,844,963) |
| Furniture and fixtures | (105,755) | (6,003) | 35,232 | (76,526) |
| Automobiles & trucks | (1,287,071) | (171,719) | - | (1,458,790) |
| Tools & equipment | (362,428) | (28,145) | 68,410 | (322,163) |
| Total accumulated depreciation | (25,712,602) | (759,964) | 103,642 | (26,368,924) |
| Capital Assets, being depreciated, net | 14,338,839 | (187,980) | - | 14,150,859 |
| Property and Equipment, Net | <u>\$ 14,788,675</u> | <u>\$ (105,525)</u> | <u>\$ -</u> | <u>\$ 14,683,150</u> |

Depreciation expense of \$777,920 and \$759,964 was charged to expense for the years ended December 31, 2021 and 2020 respectively.

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 5 LONG -TERM DEBT

The following is a summary of the changes in the compensated absences payable for the year ended December 31, 2021:

| | <u>December 31, 2020</u> | <u>Additions</u> | <u>Retirements</u> | <u>December 31, 2021</u> | <u>Due Within One Year</u> |
|----------------------|------------------------------|------------------|--------------------|------------------------------|--------------------------------|
| Compensated absences | 516,917 | 189,140 | (147,794) | 558,263 | 189,140 |
| Total | <u>516,917</u> | <u>189,140</u> | <u>(147,794)</u> | <u>558,263</u> | <u>189,140</u> |

NOTE 6 PROPERTY TAX REVENUE

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

The District's tax rate is .000229 and .000248 for the years ended December 31, 2021 and 2020 respectfully. Property tax revenue for the years ended December 31, 2021 and 2020 was as follows:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Total property taxes for the year | <u>\$ 3,228,386</u> | <u>\$ 3,161,493</u> |
| Property tax receivable at December 31 | <u>\$ 138,252</u> | <u>\$ 137,371</u> |

NOTE 6 RETIREMENT AND BENEFIT PLANS

Utah Retirement Systems Pension Plan

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:

- 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

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 6 RETIREMENT AND BENEFIT PLANS (Continued)

49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

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

Benefits provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

| System | Final Average | Years of Service required and/or age eligible for benefit | Benefit percent 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 | 1.5% per year all years | 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 not met may be carried forward to subsequent years.*

Contributions Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement 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, 2021 are as follows:

| Utah Retirement Systems | Employee | Employer | Employer 401(k) |
|--|----------|----------|--------------------|
| Contributory System | | | |
| 111 - Local Governmental Division Tier 2 | N/A | 16.07 | 0.62 |
| Noncontributory System | | | |
| 15- Local Governmental Division Tier 1 | N/A | 18.47 | N/A |
| Tier 2 DC Only | | | |
| 211 - Local Governmental | N/A | 6.69 | 10.00 |

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

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 6 RETIREMENT AND BENEFIT PLANS (Continued)

For fiscal year ended December 31, 2021, the employer and employee contributions to the Systems were as follows:

| <u>System</u> | <u>Employer Contributions</u> | <u>Employee Contributions</u> |
|--------------------------------|-------------------------------|-------------------------------|
| Noncontributory System | \$ 251,767 | N/A |
| Tier 2 Public Employees System | 83,287 | - |
| Tier 2 DC Only System | 5,389 | N/A |
| Total Contributions | <u>\$ 340,443</u> | <u>\$ -</u> |

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.

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

At December 31, 2021, we reported a net pension asset of \$0 and a net pension liability of \$89,874.

| | <u>(Measurement Date): December 31, 2020</u> | | | | |
|-------------------------------------|--|------------------------------|----------------------------|--|--------------------------|
| | <u>Net Pension Asset</u> | <u>Net Pension Liability</u> | <u>Proportionate Share</u> | <u>Proportionate Share December 31, 2017</u> | <u>Change (Decrease)</u> |
| Noncontributory System | \$ - | \$ 85,870 | 0.1674057% | 0.1710038% | -0.0035981% |
| Tier 2 Public Employees System | - | 4,004 | 0.0278394% | 0.0291080% | -0.0012686% |
| Total Net Pension Asset / Liability | <u>\$ -</u> | <u>\$ 89,874</u> | | | |

The net pension asset and liability were measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 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, 2021, we recognized pension expense of \$115,468.

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 6 RETIREMENT AND BENEFIT PLANS (Continued)

At December 31, 2021, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 118,887 | \$ 1,833 |
| Changes in assumptions | 5,065 | 11,378 |
| Net difference between projected and actual earnings on pension plan investments | - | 638,728 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 6,930 | 15,111 |
| Contributions subsequent to the measurement date | 340,443 | - |
| Total | \$ 471,325 | \$ 667,050 |

The \$340,443 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

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, | Deferred Outflows (inflow) of Resources |
|-------------------------|--|
| 2021 | \$ (147,075) |
| 2022 | (69,885) |
| 2023 | (222,088) |
| 2024 | (104,780) |
| 2025 | 1,330 |
| Thereafter | 6,329 |

Actuarial assumptions: The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.50 Percent |
| Salary increases | 3.25 – 9.75 percent, average, including inflation |
| Investment rate of return | 6.95 percent, net of pension plan investment expense, including inflation |

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 6 RETIREMENT AND BENEFIT PLANS (Continued)

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

| Asset Class | Expected Return Arithmetic Basis | | |
|---------------------------|------------------------------------|------------------------------|--|
| | Target Asset Allocation | Real Return Arithmetic Basis | Long-Term Expected Portfolio Real Rate of Return |
| Equity securities | 37% | 6.30% | 2.33% |
| Debt securities | 20% | 0.00% | 0.00% |
| Real assets | 15% | 6.19% | 0.93% |
| Private equity | 12% | 9.50% | 1.14% |
| Absolute return | 16% | 2.75% | 0.44% |
| Cash and cash equivalents | 0% | 0.00% | 0.00% |
| Total | 100% | | 4.84% |
| | Inflation | | 2.50% |
| | Expected Arithmetic Nominal Return | | 7.34% |

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, and a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 6 RETIREMENT AND BENEFIT PLANS (Continued)

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 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

| System | 1% Decrease (5.95%) | Discount Rate (6.95%) | 1% Increase (7.95%) |
|-------------------------------|------------------------|--------------------------|------------------------|
| Noncontributory System | \$ 1,488,723 | \$ 85,870 | \$ (1,083,620) |
| Tier 2 Public Employee Sestem | \$ 67,377 | \$ 4,004 | \$ (44,474) |
| Total | \$ 1,556,100 | \$ 89,874 | \$ (1,128,094) |

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

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.

The District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|------------------------|-------------|-------------|-------------|
| 401(k) Plan | | | |
| Employer Contributions | \$ 76,668 | \$ 77,819 | \$ 74,670 |
| Employee Contributions | 65,031 | 81,489 | 69,608 |
| Roth IRA Plan | | | |
| Employer Contributions | N/A | N/A | N/A |
| Employee Contributions | \$ 19,067 | \$ 14,866 | \$ 22,687 |

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 7 CENTRAL VALLEY WATER RECLAMATION FACILITY

During 1978, the District entered into a joint venture with four other special districts and two cities. The joint venture, named Central Valley Water Reclamation Facility (CVWRF) was organized to construct and operate a regional sewage treatment facility for the benefit of the seven members. The seven members and their related ownership interest, as of December 31, 2021, are as follows:

| | Proportionate Share |
|---|------------------------|
| Cottonwood Improvement District | 16.96% |
| Mt. Olympus Improvement District | 23.78% |
| Granger-Hunter Improvement District | 23.91% |
| Kearns Improvement District | 10.73% |
| Murray City | 8.31% |
| South Salt Lake City | 5.43% |
| Taylorsville-Bennion Improvement District | <u>10.88%</u> |
| Net Position | <u><u>100.00%</u></u> |

The Joint venture is administered by a joint administration board. Each member entity 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 approval by each of the seven members. Each member is billed its share of operations and capital costs based on the members usage and ownership percentage.

The District accounts for its investment in CVWRF using the equity method of accounting. The following is a summary of CVWRF's financial information as of December 31, 2021 and 2020 and for the years then ended. The amounts related to CVWRF as of December 31, 2021 and 2020 were obtained from audited financial statements provided by CVWRF and are available on the Utah State Auditor's website at www.sao.state.ut.us.

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 7 CENTRAL VALLEY WATER RECLAMATION FACILITY (Continued)

| | 2021 | 2020 |
|------------------------------------|----------------|----------------|
| Current assets | \$ 10,940,822 | \$ 9,660,691 |
| Noncurrent assets | 468,027,019 | 207,330,324 |
| Total assets | \$ 478,967,841 | \$ 216,991,015 |
| | | |
| Current liabilities | \$ 25,329,257 | \$ 14,614,045 |
| Noncurrent liabilities | 313,891,590 | 79,762,387 |
| Net position | 139,746,994 | 122,614,583 |
| Total liabilities and net position | \$ 478,967,841 | \$ 216,991,015 |
| | | |
| Operating revenues | \$ 21,406,781 | \$ 19,936,823 |
| Operating expenses | 28,229,279 | 26,588,373 |
| Net operating loss | (6,822,498) | (6,651,550) |
| Member contributions | 30,558,177 | 23,765,696 |
| Other | (6,603,268) | (2,463,065) |
| Change in net position | \$ 17,132,411 | \$ 14,651,081 |

In prior years the District has recorded its previous proportionate share (23.40%) of the government grants received by Central Valley as an addition to the District's investments in Central Valley and to the District's contributions in aid to construction. All expenses (except depreciation) incurred by Central Valley are billed to its members. Accordingly, the District's equity in net losses of Central Valley annually is billed to the District. The District's equity in net losses of Central Valley annually approximates its share of Central Valley's depreciation expense. Audited statements are available at Central Valley Water Reclamation Facility, 800 West Central Valley Road, Salt Lake City, Utah 84119.

The District incurred the following costs from the joint venture for the years ended December 31, 2021 and 2020:

| | 2021 | 2020 |
|-------------------------|--------------|--------------|
| Treatment costs | \$ 4,387,695 | \$ 3,839,466 |
| Pretreatment costs | 155,733 | 198,637 |
| Laboratory | 218,939 | 187,803 |
| Interception monitoring | - | (856) |
| Total | \$ 4,762,367 | \$ 4,225,050 |

**MT. OLYMPUS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 7 CENTRAL VALLEY WATER RECLAMATION FACILITY (Continued)

The District's investment in CVWRF for the years ended December 31, 2021 and 2020 is \$33,231,834 and \$28,691,811, respectively. Change in the investment is summarized as follows:

| | |
|---------------------------------|----------------------|
| Investment at January 1, 2021 | \$ 28,691,811 |
| Capital contributions | 9,251,525 |
| Loss from CVWRF | <u>(4,711,502)</u> |
| Investment at December 31, 2021 | <u>\$ 33,231,834</u> |

NOTE 8 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 9 RISK MANAGEMENT

The District is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District has commercial insurance. The District also carries commercial workers' compensation insurance. There were no significant reductions in coverage from the prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 10 SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through April 27, 2022 the date the financial statements were available to be issued. As a result of the spread of the COVID-19 (coronavirus), economic uncertainties have arisen and the financial impact that could occur is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

MT. OLYMPUS IMPROVEMENT DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Measurement Date of December 31, 2020
DECEMBER 31, 2021
Last 10 Fiscal Years*

| <u>For the year ended December 31,</u> | <u>Proportion of the net pension liability (asset)</u> | <u>Proportionate share of the net pension liability (asset)</u> | <u>Covered payroll</u> | <u>Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll</u> | <u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u> |
|--|--|---|----------------------------|--|---|
| Noncontributory System | | | | | |
| 2021 | 0.1674057% | \$ 85,870 | \$ 1,476,847 | 5.81% | 99.2% |
| 2020 | 0.1710038% | 644,491 | 1,495,396 | 43.10% | 93.7% |
| 2019 | 0.1712743% | 1,261,216 | 1,471,766 | 85.69% | 87.0% |
| 2018 | 0.1693994% | 742,190 | 1,455,661 | 50.99% | 91.9% |
| 2017 | 0.1653156% | 1,061,528 | 1,421,416 | 74.68% | 87.3% |
| 2015 | 0.1823294% | 1,031,708 | 1,541,818 | 66.92% | 87.8% |
| 2014 | 0.1779964% | 772,902 | 1,505,897 | 51.33% | 90.2% |
| Tier 2 Public Employees System | | | | | |
| 2021 | 0.0278394% | \$ 4,004 | \$ 445,153 | 0.90% | 98.3% |
| 2020 | 0.0291080% | 6,547 | 404,567 | 1.62% | 96.5% |
| 2019 | 0.0299666% | 12,834 | 349,453 | 3.67% | 90.8% |
| 2018 | 0.0261918% | 2,309 | 256,297 | 0.90% | 97.4% |
| 2017 | 0.0280698% | 3,131 | 230,192 | 1.36% | 95.1% |
| 2015 | 0.0257577% | (56) | 166,466 | -0.03% | 100.2% |
| 2014 | 0.0233787% | (708) | 114,632 | -0.62% | 103.5% |

* The 10-year schedule will be built prospectively.

**MT. OLYMPUS IMPROVEMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS
DECEMBER 31, 2021
Last 10 Fiscal Years****

| | As of fiscal year ended December 31, | Actuarial Determined Contributions | Contributions Related to the contractually required contribution | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered employee payroll |
|---|--|--|--|--|-----------------|---|
| Noncontributory System | 2014 | \$ 269,212 | \$ 269,212 | \$ - | \$ 1,508,104 | 17.85% |
| | 2015 | 284,774 | 284,774 | - | 1,541,818 | 18.47% |
| | 2016 | 262,536 | 262,536 | - | 1,421,416 | 18.47% |
| | 2017 | 268,861 | 268,861 | - | 1,455,661 | 18.47% |
| | 2018 | 271,835 | 271,835 | - | 1,471,766 | 18.47% |
| | 2019 | 276,199 | 276,199 | - | 1,495,396 | 18.47% |
| | 2020 | 272,733 | 272,773 | - | 1,476,847 | 18.47% |
| | 2021 | 251,767 | 251,767 | - | 1,363,111 | 18.47% |
| Tier 2 Public Employees System* | 2014 | \$ 16,672 | \$ 16,672 | \$ - | \$ 114,632 | 14.54% |
| | 2015 | 24,839 | 24,839 | - | 166,466 | 14.92% |
| | 2016 | 34,322 | 34,322 | - | 230,192 | 14.91% |
| | 2017 | 38,472 | 38,472 | - | 256,297 | 15.01% |
| | 2018 | 53,630 | 53,630 | - | 349,453 | 15.35% |
| | 2019 | 63,102 | 63,102 | - | 404,567 | 15.60% |
| | 2020 | 70,002 | 70,002 | - | 445,153 | 15.73% |
| | 2021 | 83,287 | 83,287 | - | 522,200 | 15.95% |
| Tier 2 Public Employees DC Only System* | 2014 | \$ 3,614 | \$ 3,614 | \$ - | \$ 59,560 | 6.07% |
| | 2015 | 4,251 | 4,251 | - | 63,396 | 6.71% |
| | 2016 | 4,517 | 4,517 | - | 67,517 | 6.69% |
| | 2017 | 4,654 | 4,654 | - | 69,573 | 6.69% |
| | 2018 | 4,911 | 4,911 | - | 73,405 | 6.69% |
| | 2019 | 5,218 | 5,218 | - | 78,002 | 6.69% |
| | 2020 | 5,252 | 5,252 | - | 78,505 | 6.69% |
| | 2021 | 5,389 | 5,389 | - | 80,556 | 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.

** This schedule will be built out prospectively to show a 10-year history 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, 2021

Changes in assumptions:

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability as of December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

OTHER REPORTS



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**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
Mt. Olympus Improvement District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mt. Olympus Improvement District (the District) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated April 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 or 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.

Keddington & Christensen

Keddington & Christensen, LLC
Salt Lake City, Utah
April 27, 2022



KEDDINGTON & CHRISTENSEN, CPAS

CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE***

To the Board of Trustees
Mt. Olympus Improvement District

Report On Compliance

We have audited Mt. Olympus Improvement District's (District) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor for the year ended December 31, 2021.

State compliance requirements were tested for the year ended December 31, 2021 in the following areas:

| | |
|-------------------------|-------------------------|
| Budgetary Compliance | Fund Balance |
| Fraud Risk Assessment | Governmental Fees |
| Utah Retirement Systems | Public Treasurer's Bond |

Management's Responsibility

Management is responsible for compliance with the general requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 state compliance requirements referred to above that could have a direct and material effect on the state compliance requirement 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion on Compliance

In our opinion, Mt. Olympus Improvement District, complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements 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 to detect and correct noncompliance with a state 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 state 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 state 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.

Keddington & Christensen

Keddington & Christensen, LLC
Salt Lake City, Utah
April 27, 2022