

CHESTER PUBLIC UTILITY DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2022

CHESTER PUBLIC UTILITY DISTRICT

CHESTER, CALIFORNIA

JUNE 30, 2022

MEMBER	OFFICE	TERM EXPIRES
Steve Voboril	Chairman	December 2023
Elizabeth Steffen	Vice Chairman	December 2023
Royce Raker	Director	December 2023
Steve Graffweg	Director	December 2023
Blake Mathews	Director	December 2023

ADMINISTRATION

Adam Cox	General Manager (Assumed February 2022)
Allen Homme	General Manager (Interim August 2020 – September 2021)
Cheryl Johnson	Office Manager
Brian Layne (Relieved March 2022)	ESD / Fire Chief

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CHESTER PUBLIC UTILITY DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chester Public Utility District
Chester, California

REPORT ON THE FINANCIAL STATEMENTS

Opinions

We have audited the financial statements of the each major fund of Chester Public Utility District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Chester Public Utility District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of each major fund of Chester Public Utility District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof 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 ("GAAS") 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 Chester Public Utility 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.³

Responsibilities of Management for the Financial Statements

Chester Public Utility District's 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 Chester Public Utility 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.

RT DENNIS
ACCOUNTANCY

Auditor's Responsibilities 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 GAAS 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 GAAS 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 Chester Public Utility District's internal control. Accordingly, no such opinion is expressed.⁵
- ❖ 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 Chester Public Utility 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.

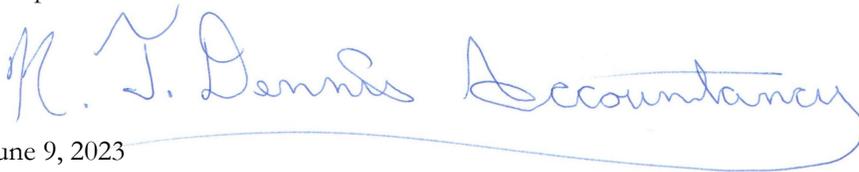
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension schedules, and other postemployment schedules on pages 27–29, 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.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2023 on our consideration of Chester Public Utility 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.¹¹ 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 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 Chester Public Utility District’s internal control over financial reporting and compliance.

 K. J. Dennis Accountancy

June 9, 2023

BASIC FINANCIAL STATEMENTS

CHESTER PUBLIC UTILITY DISTRICT

STATEMENTS OF NET POSITION
JUNE 30, 2022

	<u>Lighting</u>	<u>Water</u>	<u>Sewer</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ 29,180	\$ 2,108,319
Accrued receivables	-	68,740	58,272
Due from other funds	-	108,088	-
Total current assets	-	206,008	2,166,591
Non-current assets			
Certificates of deposit	-	-	350,000
Capital assets, non-depreciable	-	41,048	95,261
Capital assets, depreciable	-	1,709,896	3,668,918
Total non-current assets	-	1,750,944	4,114,179
Total Assets	-	1,956,952	6,280,770
DEFERRED OUTFLOWS OF RESOURCES	-	66,000	66,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 2,022,952	\$ 6,346,770
LIABILITIES			
Current liabilities			
Accrued payables	\$ -	\$ 6,938	\$ 11,783
Due to other funds	-	-	962,949
Current portion of long-term debt	-	8,152	8,151
Total current liabilities	-	15,090	982,883
Non-current liabilities			
Customer deposits	-	6,419	8,141
Long-term liabilities	-	563,824	563,825
Total non-current liabilities	-	570,243	571,966
Total Liabilities	-	585,333	1,554,849
DEFERRED INFLOWS OF RESOURCES	-	226,000	226,000
NET POSITION			
Net investment in capital assets	-	1,750,944	3,764,179
Unrestricted - (Deficit)	-	(539,325)	801,742
Total Net Position (Deficit)	-	1,211,619	4,565,921
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ -	\$ 2,022,952	\$ 6,346,770

The accompanying notes are an integral part of these financial statements

Contract Fire				
Fire	Revenue	Ambulance	Total	
\$ 100	\$ -	\$ -	\$ 2,137,599	
21,260	5,816	313,863	467,951	
286,199	965,817	-	1,360,104	
307,559	971,633	313,863	3,965,654	
-	-	-	350,000	
7,000	-	-	143,309	
476,007	-	8,711	5,863,532	
483,007	-	8,711	6,356,841	
790,566	971,633	322,574	10,322,495	
157,000	-	157,000	446,000	
\$ 947,566	\$ 971,633	\$ 479,574	\$ 10,768,495	
\$ 10,167	\$ -	\$ 9,030	\$ 37,918	
-	-	397,155	1,360,104	
-	-	-	16,303	
10,167	-	406,185	1,414,325	
-	-	-	14,560	
939,000	-	928,000	2,994,649	
939,000	-	928,000	3,009,209	
949,167	-	1,334,185	4,423,534	
165,000	-	165,000	782,000	
483,007	-	8,711	6,006,841	
(649,608)	971,633	(1,028,322)	(443,880)	
(166,601)	971,633	(1,019,611)	5,562,961	
\$ 947,566	\$ 971,633	\$ 479,574	\$ 10,768,495	

CHESTER PUBLIC UTILITY DISTRICT

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Lighting</u>	<u>Water</u>	<u>Sewer</u>
OPERATING REVENUE			
Sales	\$ -	\$ 585,654	\$ 556,966
Services		-	-
Miscellaneous	-	604	-
Total operating revenue	-	586,258	556,966
OPERATING EXPENSE			
Salaries	-	119,875	117,847
Benefits	-	156,371	155,992
Retiree benefits/OPEB change	-	18,191	18,191
Supplies	-	27,650	43,950
Services and other operating	30,360	247,784	162,285
Depreciation	-	81,272	153,330
Total operating expenses	30,360	651,143	651,595
OPERATING GAIN/(LOSS)	(30,360)	(64,885)	(94,629)
NON-OPERATING REVENUES/(EXPENSES)			
Taxes			
Property	-	70,399	103,933
Intergovernmental			
Grants	-	-	-
State homeowner exemption	-	297	635
Revenue from use of assets	-	3	1,917
Other non-operating revenue	-	-	5,000
Interest expense	-	(637)	(637)
Other non-operating expenses	-	-	-
Interfund transfer in	30,360	-	-
Interfund transfer out	-	(30,360)	-
Gain/(Loss) on sale of assets	-	937	937
Total non-operating revenues/(expenses)	30,360	40,639	111,785
CHANGE IN NET POSITION	-	(24,246)	17,156
Net Position (Deficit) - Beginning	-	1,235,865	4,548,765
Net Position (Deficit) - Ending	\$ -	\$ 1,211,619	\$ 4,565,921

The accompanying notes are an integral part of these financial statements

Contract Fire			
Fire	Revenue	Ambulance	Total
\$ -	\$ 366,065	\$ 256,538	\$ 1,765,223
1,342,718	-	-	1,342,718
-	-	209,302	209,906
1,342,718	366,065	465,840	3,317,847
896,649	263,599	332,719	1,730,689
256,124	26,050	209,355	803,892
179,836	-	171,836	388,054
12,823	-	8,317	92,740
165,258	11,941	139,241	756,869
54,746	-	183	289,531
1,565,436	301,590	861,651	4,061,775
(222,718)	64,475	(395,811)	(743,928)
322,627	-	-	496,959
129,386	-	-	129,386
1,324	-	-	2,256
-	6,781	-	8,701
-	-	-	5,000
-	-	-	(1,274)
-	-	-	-
-	-	-	30,360
-	-	-	(30,360)
300	-	4,000	6,174
453,637	6,781	4,000	647,202
230,919	71,256	(391,811)	(96,726)
(397,520)	900,377	(627,800)	5,659,687
\$ (166,601)	\$ 971,633	\$ (1,019,611)	\$ 5,562,961

CHESTER PUBLIC UTILITY DISTRICT

**STATEMENTS OF CASH FLOWS
JUNE 30, 2022**

	<u>Lighting</u>	<u>Water</u>	<u>Sewer</u>
Cash flows from operating activities			
Cash receipts from rate payers and operations	\$ -	\$ 581,571	\$ 560,310
Cash payments to employees for services	-	(206,790)	(204,383)
Cash payments to suppliers for goods and services	(30,360)	(278,398)	(204,354)
Net cash provided/(used) by operating activities	(30,360)	96,383	151,573
Cash flows from non-capital financing activities			
Grant and non-operating activity	-		
Tax/assessment receipts	-	73,642	107,236
Interfund cash transfers in/(out)	30,360	(138,448)	962,949
Net cash provided/(used) by non-capital financing activities	30,360	(64,806)	1,070,185
Cash flows from capital and related financing			
Acquisition of capital assets	-	(43,790)	(43,790)
Proceeds of debt	-	43,790	43,790
Debt service payments	-	(4,902)	(4,902)
Net cash used in capital and related financing activities	-	(4,902)	(4,902)
Cash flows from investing activities			
Interest received	-	-	1,917
Sale of assets	-	1,384	6,381
Maturity/(Purchase) of CDs	-	-	200,000
Net cash provided/(used) in investing activities	-	1,384	208,298
NET INCREASE/(DECREASE) IN CASH	-	28,059	1,425,154
CASH			
Beginning of year	-	1,121	683,165
End of year	\$ -	\$ 29,180	\$ 2,108,319
Reconciliation of operating loss to cash used in operating activities			
Operating Gain/(Loss)	\$ (30,360)	\$ (64,885)	\$ (94,629)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	81,272	153,330
(Increase)/decrease in accrued receivables	-	(3,652)	4,820
Increase/(decrease) in accounts payables	-	(2,317)	2,528
Increase/(decrease) in deposits	-	(1,035)	(1,476)
Increase/(decrease) in compensated absence balance, OPEB, and NPL related balances	-	87,000	87,000
Net cash used by operating activities	\$ (30,360)	\$ 96,383	\$ 151,573

The accompanying notes are an integral part of these financial statements

Contract Fire				
Fire	Revenue	Ambulance	Total	
\$ 1,342,035	\$ 360,507	\$ 371,815	\$	3,216,238
(1,228,547)	(289,649)	(620,441)		(2,549,810)
(183,052)	(11,941)	(152,529)		(860,634)
(69,564)	58,917	(401,155)		(194,206)
129,386	-			129,386
330,629	-			511,507
(286,199)	(965,817)	397,155		-
173,816	(965,817)	397,155		640,893
(104,552)	-	-		(192,132)
-	-	-		87,580
-	-	-		(9,804)
(104,552)	-	-		(114,356)
-	6,781	-		8,698
300	-	4,000		12,065
-	350,000	-		550,000
300	356,781	4,000		570,763
-	(550,119)	-		903,094
100	550,119	-		1,234,505
\$ 100	\$ -	\$ -	\$	2,137,599
\$ (222,718)	\$ 64,475	\$ (395,811)	\$	(743,928)
54,746	-	183		289,531
(683)	(5,558)	(94,025)		(99,098)
(909)	-	(2,502)		(3,200)
-	-	-		(2,511)
100,000	-	91,000		365,000
\$ (69,564)	\$ 58,917	\$ (401,155)	\$	(194,206)

CHESTER PUBLIC UTILITY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Financial Reporting Entity

The fire department and the Chester Public Utility District merged on 2009, under the provisions of the Public Utilities Code (“PUC”), Division 7, Public Utilities District Act, PUC Code §15501, et seq. The District provides street light, water, sewer, fire and ambulance services to approximately 2,400 residents of the District, located in Chester, California.

1 - B. Basis of Presentation – Proprietary Fund Type – Major Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Street Light Fund. The Street Light Fund is used to account for street lighting subsidization and related expenses.

Water Fund. The Water Fund is used to account water sales, fees, property taxes, and water production, treatment, and delivery expenses.

Sewer Fund. The Sewer Fund is used to account for sewer fees, and sewage treatment expenses

Fire Fund. The Fire Fund is used to account for the property taxes and contract fire services associated with fire protection services and costs associated with providing fire protection.

Contract Fire Revenue Fund. The Contract Fire Revenue Fund accounts for the reimbursement of services provided to the Office of Emergency Management to staff and operate logistical support for forest fires throughout California.

Ambulance Fund. The Ambulance Fund is used to account for the ambulance fees and costs associated with providing ambulance services.

1 - C. Basis of Accounting – Measurement Focus

Proprietary Fund Financial Statements. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

1 - D. Assets, Liabilities, and Net Position

Acquisition Value. The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Prepaid Items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

Accrued Receivables. All trade and property tax receivables are shown net of an allowance for uncollectibles. The District considers property taxes receivable collected within sixty days after year-end to be available and recognizes them as revenues of the current year.

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Utility Plant and Infrastructure	10 – 60
Meters and Equipment	5 – 20
Vehicles and Office Equipment	3 – 7

Interfund Balances. On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds" and "Due to other funds."

Pension. 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 California Public Employee Retirement System ("Cal PERS") and additions to/deductions from Cal PERS' fiduciary net position have been determined on the same basis as they are reported by Cal PERS. 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.

Net Position. Net Position represents the difference of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

1 - E. Revenue and Expenditures/Expenses

Revenues – Exchange Transactions (Program Revenue). Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Property Tax Calendar:

July 1	Beginning of fiscal year
August 31	Unsecured tax deadline. A 10% penalty is added as of 5:00 p.m. (*)
October	Secured tax bills are mailed for current fiscal year. Tax liens recorded for unpaid unsecured taxes.
November 1	First installment of secured taxes is due and payable
December 10	First installment of secured taxes payment deadline. A 10% penalty is added as of 5:00 p.m. (*)
January 1	Tax Lien date (affects the upcoming fiscal year)
February 1	Second installment of secured taxes due and payable.
April 10	Second installment of secured taxes payment deadline. A 10% penalty plus a \$20.00 cost is added as of 5:00 p.m. (*)
May	Treasurer-Tax Collector mails delinquent notices for any unpaid secured taxes.
June 30	End of fiscal year

(*) If a delinquent date falls on a weekend or holiday, the delinquent date is the next business day.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2022

Operating Revenues and Expenses. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses result from transactions directly associated with the fund's principal services.

Compensated Absences:

Administrative personnel vacation, accrual shall be computed from date of hire: a.) During the first through second year of compensated and continuous service, employees shall accrue 80 hours of vacation, (10 days). b.) During the third through fourth year of compensated and continuous service, employees shall accrue 96 hours of vacation, (12 days). c.) During the fifth through ninth year of compensated and continuous service, employees shall accrue 136 hours of vacation, (17 days). d.) During the tenth year of compensated and continuous service, and each year thereafter, employees shall accrue 176 hours of vacation, (22 days).

Fire personnel vacation, accrual shall be computed from date of hire: a.) During the first through fourth year of compensated and continuous service, employees shall accrue 192 hours of vacation, (8 shifts). b.) During the fifth through seventh year of compensated and continuous service, employees shall accrue 240 hours of vacation, (10 shifts). c.) During the eighth through tenth year of compensated and continuous service, employees shall accrue 288 hours of vacation, (12 shifts). d.) During the eleventh year of compensated and continuous service, and each year thereafter, employees shall accrue 336 hours of vacation, (14 shifts). e.) All employees will receive one (1) non-accruing paid personal development day a calendar year.

The balance of accrued unused vacation leave shall be limited to the number of days equal to two times the current year's rate of accrual. Any time an employees accrued unused vacation leave reaches the limit; further accrual will cease until the employee takes vacation time off and brings their accrued unused amount below the limit. The General Manager or designee shall allow the employee to "cash in" excess vacation, if the affected employee can demonstrate that they were unable to take vacation time off.

Sick leave, upon death or retirement, or upon layoff or resignation in good standing after ten (10) years of continuous and compensated service an employee or said employee's estate shall be paid twenty-five (25) percent of any accrued, unused sick leave, the rate shall be thirty-five (35) percent after 15 years and fifty (SO) percent after 20 years of service. Valuation shall be on the basis of the hourly equivalent of said employee's monthly salary at the effective date of separation or layoff. The employee shall have the option of using their unused sick leave as a service credit for retirement purposes, but not both.

Estimates. The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data. Per Board Policy 3020, an annual budget proposal shall be prepared by the General Manager. Prior to final approval by the Board of Directors, the General Manager will meet with the Budget/Finance Committee for review and input on budget drafts. Notice of the proposed annual budget shall be published in a local newspaper and presented to the public at a Public Hearing for comments prior to adoption by the Board of Directors. The Board of Directors shall approve an annual budget at its regular meeting in June of each year. The approved Budget goes into effect on July 1st.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS

2 - A. Summary of Cash and Cash Equivalents

	<u>Business-Type Activities</u>	
Cash on hand	\$	400
Deposits in financial institutions		683,097
LAIF		1,301
Money market		1,452,801
Total Cash and Cash Equivalents	\$	2,137,599

2 - B. Cash Deposits and Certificates of Deposit

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District’s deposits may not be returned. The District’s deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation (“FDIC”) or are collateralized as required by Statutes of the State. As of June 30, 2022, the bank balances totaled \$1,117,451. Of the total bank balance, \$250,000 was insured through the FDIC.

NOTE 3 – ACCRUED RECEIVABLES

Receivables at June 30, 2022, were as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Fire</u>	<u>Contract Fire Revenue</u>	<u>Ambulance</u>	<u>Total</u>
Sales	\$ 66,327	\$ 53,033	\$ -	\$ -	\$ -	\$ 119,360
Ambulance collections, net	-	-	-	-	313,630	313,630
GEMT	-	-	-	-	74,233	74,233
Contract fire work/mutual aid	-	-	149,195	908,816	-	1,058,011
Taxes	2,413	5,239	20,065	-	-	27,717
Allowance for doubtful accts.	-	-	(148,000)	(903,000)	(74,000)	(1,125,000)
Total Accrued Receivables	\$ 68,740	\$ 58,272	\$ 21,260	\$ 5,816	\$ 313,863	\$ 467,951

CHESTER PUBLIC UTILITY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022

	Balance		Balance
	July 01, 2021	Additions	June 30, 2022
Capital Assets Not Being Depreciated			
Land	\$ 139,295	\$ -	\$ 139,295
Construction in progress	-	4,014	4,014
Total Capital Assets Not Being Depreciated	\$ 139,295	\$ 4,014	\$ 143,309
Capital Assets Being Depreciated			
Water systems	\$ 3,307,556	\$ -	\$ 3,307,556
Sewer systems	6,949,622	-	6,949,622
Buildings and improvements	1,136,393	-	1,136,393
Equipment	2,096,441	192,132	2,288,573
Total assets being depreciated	13,490,012	192,132	13,682,144
Less, accumulated depreciation	7,529,081	289,531	7,818,612
Total Capital Assets Being Depreciated, Net	\$ 5,960,931	\$ (97,399)	\$ 5,863,532

NOTE 5 – INTERFUND BALANCES AND ACTIVITY

5 - A. Balances Due To/From Other Funds

Due to Other Funds	Due From Other Funds			
	Water	Fire	Contract Fire Revenue	Total
Sewer	108,088		\$ 854,861	\$ 962,949
Ambulance		286,199	110,956	397,155
Total Due From Other Funds	\$ 108,088	\$ 286,199	\$ 965,817	\$ 1,360,104
Sewer owes Water for negative cash				\$ 108,088
Sewer owes Contract Fire for negative cash				854,861
Ambulance owes Fire for negative cash				286,199
Ambulance owes Contract Fire for negative cash				110,956
Total				\$ 1,360,104

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

5 - B. Transfers to/from Other Funds

Transfers to/from other funds for the year-ended June 30, 2022, consist of the Water Fund transferred to the Lighting Fund \$30,360 to pay for electrical costs.

NOTE 6 – ACCRUED PAYABLES

Payables at June 30, 2022, were as follows:

	Water	Sewer	Fire	Ambulance	Total
Vendors	\$ 5,729	\$ 10,574	\$ 3,722	\$ 3,722	\$ 23,747
Payroll related	1,209	1,209	6,445	5,308	14,171
Total	\$ 6,938	\$ 11,783	\$ 10,167	\$ 9,030	\$ 37,918

NOTE 7 – LONG-TERM LIABILITIES

7 - A. Long-Term Liabilities Summary

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Balance			Balance	Due In One
	July 01, 2021	Additions	Deletions	June 30, 2022	Year
Compensated absence	\$ 92,000	\$ -	\$ 11,000	\$ 81,000	\$ -
Net pension liability ("NPL")	1,738,000	-	706,000	1,032,000	-
Other postemployment benefits	1,498,000	316,000	-	1,814,000	-
Lease payable	-	87,580	3,628	83,952	16,303
Total Long-Term Liabilities	\$ 3,328,000	\$ 403,580	\$ 720,628	\$ 3,010,952	\$ 16,303

7 - B. Compensated Absences

The unpaid employee vacation for the year ended June 30, 2022 was \$11,000, \$11,000, \$35,000, and \$24,000 for the Water Fund, Sanitation Fund, Fire Fund, and Ambulance Fund, respectively.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

7 - C. Net Pension Liabilities (“NPLs”)

The District's pension activities between the District and Cal PERS for the year ended June 30, 2022, resulted in net pension obligations and other related balances as follows:

	<u>Cal PERS Risk Pool</u>		
	<u>Safety</u>	<u>Miscellaneous</u>	<u>Total</u>
Net Pension Liability	\$ (555,000)	\$ (477,000)	\$ (1,032,000)
Deferred Outflows of Resources	314,000	132,000	446,000
Deferred Inflows of Resources	(452,000)	(330,000)	(782,000)
Effect on Net Position	\$ (693,000)	\$ (675,000)	\$ (1,368,000)

For the year ended June 30, 2022, the District's NPLs was \$239,000, \$239,000, \$277,000, and \$277,000 for the Water Fund, Sanitation Fund, Fire Fund, and Ambulance Fund, respectively. See Note 8 for additional information regarding the pension plans and activities.

7 - D. Other Postemployment Benefits (“OPEB”)

For the year ended June 30, 2022, the District's OPEB obligation was \$280,000, \$280,000, \$627,000, and \$627,000 for the Water Fund, Sanitation Fund, Fire Fund, and Ambulance Fund, respectively. See Note 9 for additional information regarding the pension plans and activities.

7 - E. Lease Payable

The District entered into a lease to purchase a Bobcat and trailer with a historical cost and accumulated depreciation of \$87,580 and \$1,464, respectively, under a lease arrangements. Future payments at June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 16,303	\$ 3,307	\$ 19,610
2024	17,006	2,603	19,609
2025	17,738	1,870	19,608
2026	18,505	1,105	19,610
2027	14,400	307	14,707
Total	\$ 83,952	\$ 9,192	\$ 93,144

NOTE 8 – DEFINED BENEFIT PENSION

Plan Description. The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C) is administered by the CalPERS. The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan’s June 30, 2018 Annual Valuation Report (“funding valuation”). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS’ audited financial statements are publicly available reports that can be found on CalPERS’ website at <https://www.calpers.ca.gov/page/forms-publications>.

Benefit Provided and Contributions. Per the Chester Public Utility District July 2020 actuarial valuation report for the pension plan, the following are the benefits and employee and employer contribution requirements

Member Category	Benefit Group			
	Safety - Classic	Safety – PEPRA	Misc. – Classic	Misc. – PEPRA
Benefit Formula	3% @ 50	2.7% @ 57	2.5% @ 55	2.0% @ 62
Social Security (Full/Modified)	Yes Modified	Yes Full	Yes Full	Yes Full
Employee Contribution Rate	9.00%	13.00%	8.00%	6.75%
Final Avg. Comp Period	1 Yr.	3 Yr.	1 Yr.	3 Yr.
Sick Leave Credit	Yes	Yes	Yes	Yes
Non-Industrial Disability	Standard	Standard	Standard	Standard
Industrial Disability	Yes	Yes	No	No
Pre-Retirement Death Benefits:				
Optional Settlement 2	Yes	Yes	Yes	Yes
1959 Survivor Benefit Level	No	No	No	No
Special	Yes	Yes	No	No
Alternate (firefighters)	No	No	No	No
Post-Retirement Death Benefits				
Lump Sum	\$500	\$500	\$500	\$500
Survivor Allowance (PRSA)	No	No	No	No
COLA	2%	2%	2%	2%
Employer Contribution Rate	23.71%	13.13%	12.20%	7.59%
Employer Unfunded Liability	\$84,038	\$1,956	\$56,480	\$521
Total Employer Contributions	\$138,281	\$33,917	\$64,231	\$13,847

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

At June 30, 2022, the District reported a liabilities of \$555,000 and \$477,000 for safety and miscellaneous, respectively, for its proportionate shares of the net pension liabilities. The schedule of employer allocations for components of net pension liability provides allocation factors by employer for rate plans within the miscellaneous and safety risk pools based on the following allocation methodology: The schedule of employer allocations for components of net pension liability includes two ratios:

- 1) Actuarial Accrued Liability – Determined based on the actuarial accrued liability from the most recent actuarial valuation report as of June 30, 2020 used for funding purposes.
- 2) Market Value of Assets – Determined based on the sum of the market value of assets from the most recent actuarial valuation report as of June 30, 2020 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

The schedule of employer allocations for components of net pension liability is based on actuarial valuation reports that are one year in arrears. As such, there will be a one-year lag between the time an employer enters the Plan and the fiscal year the employer is first included on the schedule of employer allocations for components of net pension liability. Employers joining the Plan during the fiscal year ended June 30, 2021, will be included in the schedule of employer allocations for components of net pension liability as of and for the fiscal year ended June 30, 2022.

The employers' proportionate share percentages of the miscellaneous and safety risk pools were first determined at the rate plan level. The employers' total proportion of the respective miscellaneous and safety risk pools reflects the sum of the proportions of the respective miscellaneous and safety rate plans.

When applying the allocation methodology to the collective miscellaneous or safety risk pool pension amounts, employers should determine proportionate shares using the employer allocation factors as follows:

- 1) Total Pension Liability (TPL) – Allocate based on the employer's share of the actuarial accrued liability.
- 2) Fiduciary Net Position (FNP) – Allocate based on the employer's share of the market value of assets plus additional payments.
- 3) Net Pension Liability (NPL) – After completing the above calculations, subtract FNP from TPL to calculate the employer's NPL.
- 4) Deferred Outflows of Resources, Deferred Inflows of Resources – Allocate based on the employer's share of the net pension liability as noted in 3) above.
- 5) Pension Expense – After completing the above calculations, calculate the employer's share of collective pension expense based on the employer's share of changes in net pension liability, changes in deferred outflows and deferred inflows of resources, and the employer's contributions for the fiscal year ended June 30, 2021. The schedule of collective pension amounts does not reflect employer-specific amounts such as changes in proportion and employer contributions to PERF C subsequent to the measurement date. Appropriate treatment of such amounts is the responsibility of the employers.

An employer's proportionate share of pension amounts for PERF C equals the sum of the employer's proportionate shares of pension amounts for the respective miscellaneous and safety risk pools.

	<u>Jun. 30, 2021</u>	<u>Jun. 30, 2020</u>	<u>Difference</u>
Safety Plan:			
Total Pension Liability Allocation Basis	0.0001568	0.0001504	0.0000064
Fiduciary Net Position Allocation Basis	0.0001566	0.0001504	0.0000062
Miscellaneous Plan:			
Total Pension Liability Allocation Basis	0.0001354	0.0001468	-0.0000114
Fiduciary Net Position Allocation Basis	0.0001232	0.0001388	-0.0000156

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

For the year ended June 30, 2022, the District recognized pension expense of \$314,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows / (Inflows) of Resources		
	Safety	Misc.	Total
Changes of assumptions			\$ -
Differences between expected and actual experience	95,000	54,000	149,000
Net difference between projected and actual earnings on pension plan	(330,000)	(417,000)	(747,000)
Differences between District contributions and proportionate share of contributions	9,000	(16,000)	(7,000)
Changes in proportion	37,000	(18,000)	19,000
District contributions subsequent to the measurement date	172,000	78,000	250,000
Total	\$ (17,000)	\$ (319,000)	\$ (336,000)

The District reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ 156,000
2024	(126,000)
2025	(160,000)
2026	(206,000)
Total	\$ (336,000)

Actuarial Methods and Assumptions. The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The collective total pension liability was based on the following assumptions:

Investment rate of return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table ¹	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.50% until Purchasing Power
Post-Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-Term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1 – 10 ²	Real Return Years 11+ ^{3, 4}
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	(0.92)%

¹ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation rate of 2.00% used for this period.

³ An expected inflation rate of 2.92% used for this period.

⁴ Figures are based on previous ALM of 2017

Discount Rate. The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents the collective net pension liability calculated using a discount rate of 7.15%, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Safety NPL	\$ 1,108,000	\$ 555,000	\$ 100,000
Miscellaneous NPL	834,000	477,000	182,000
Total	\$ 1,942,000	\$ 1,032,000	\$ 282,000

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report at <https://www.calpers.ca.gov>.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

NOTE 9 – POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. Pursuant to the Public Employees' Medical And Hospital Care Act (“PEMHCA”), as set forth in Government Code §22750 – §22948. The plan is a single-employer, defined benefit OPEB plan administered by the District. Government Code §22777 provides that “health benefit plan” means any program or entity that provides, arranges, pays for, or reimburses the cost of health benefits for employees and retirees and their surviving family members with health benefits provided through the California Public Employee’s Pension System (“CalPERS”). **No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.**

Benefits Provided:

Benefit types provided	Medical only
Duration of Benefits	Life of retiree
Required Service	10 years creditable service
Minimum Age	50 for Safety Classic, 55 for Miscellaneous, 57 for PEPRA Safety
District Contribution	With ten years of service 50% of total up to 100% with twenty years of service

Employees Covered by Benefit Terms. At June 30, 2022, the membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees	13
Total	19

Total OPEB Liability. The District’s total OPEB liability of \$1,814,000 was measured in conformity with the requirements in GASB No. 75, paragraphs 225 and 226 for the alternative measurement method, as of June 30, 2022.

Measurement Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate:	5.90%, based on https://data.bls.gov/timeseries/CUUR0000SA0L1E?output_view=pct_12mths
Discount Rate:	4.09%, https://my.spindices.com/indices/fixed-income/sp-municipal-bond-20-year-high-grade-rate-index
Benefit Increase:	2.09%, based on five year average of minimum CalPERS health contribution increase.
Mortality:	CalPERS Mortality Rates, Safety and Miscellaneous
Benefit Increase:	CalPERS OPEB ASSUMPTION MODEL For Actuarial Valuations and Alternative Measurement Method Analyses Based on Data Measured After August 15, 2012

The CalPERS Miscellaneous assumptions can be downloaded at:

<https://www.calpers.ca.gov/docs/public-agencies-schools-assumption-methods.xlsx>

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

Changes in the Total OPEB Liability:

Balance at July 01, 2021	\$ 1,498,000
Changes for the year:	
Service cost	287,000
Interest	74,000
Differences between expected and actual experience	24,000
Benefit payments	(69,000)
Net changes	316,000
Balances at June 30, 2022	\$ 1,814,000

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate and a health trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rates:

Current Discount Rate		
1% Decrease (3.09%)	(4.09%)	1% Increase (5.09%)
\$ 2,164,000	\$ 1,814,000	\$ 1,547,000

Current Health Trend Rate		
1% Decrease (1.90%)	(2.90%)	1% Increase (3.90%)
\$ 1,591,000	\$ 1,814,000	\$ 2,079,000

OPEB Expense. For the year ended June 30, 2022, the District recognized an OPEB expense of (\$1,030,000).

REQUIRED SUPPLEMENTARY INFORMATION

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CHESTER PUBLIC UTILITY DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2022	2021	2020	2019	2018	2017	2016	2015
Saftey Plan:								
District's proportion of the net pension liability	0.02%	0.02%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%
District's proportionate share of the net pension liability	\$ 555,000	\$ 1,002,000	\$ 922,000	\$ 868,000	\$ 868,000	\$ 783,000	\$ 683,000	\$ 624,000
District's covered payroll	\$ 763,000	\$ 693,000	\$ 566,000	\$ 510,000	\$ 482,000	\$ 482,000	\$ 310,000	\$ 310,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	73%	145%	163%	170%	180%	162%	220%	201%
Plan fiduciary net position as a percentage of the total pension liability	87%	73%	73%	73%	72%	73%	77%	79%
Miscellaneous Plan:								
District's proportion of the net pension liability	0.03%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
District's proportionate share of the net pension liability	\$ 477,000	\$ 763,000	\$ 716,000	\$ 696,000	\$ 729,000	\$ 667,000	\$ 573,000	\$ 482,000
District's covered payroll	\$ 270,000	\$ 345,000	\$ 340,000	\$ 427,000	\$ 328,000	\$ 279,000	\$ 214,000	\$ 214,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	177%	221%	211%	163%	222%	239%	268%	225%
Plan fiduciary net position as a percentage of the total pension liability	90%	78%	78%	78%	75%	76%	80%	81%

The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

CHESTER PUBLIC UTILITY DISTRICT

SCHEDULE OF CONTRIBUTIONS

	2022	2021	2020	2019	2018	2017	2016	2015
Saftey Plan:								
Contractually required contribution	\$ 172,198	\$ 162,113	\$ 177,109	\$ 161,797	\$ 191,290	\$ 138,233	\$ 101,729	\$ 59,979
Contributions in relation to the contractually required contribution	(172,198)	(162,113)	(177,109)	(161,797)	(191,290)	(123,164)	(123,589)	(112,382)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,069	\$ (21,860)	\$ (52,403)
District's covered payroll	\$ 572,749	\$ 763,007	\$ 693,111	\$ 566,363	\$ 510,074	\$ 482,220	\$ 482,310	\$ 309,640
Contributions as a percentage of covered payroll	30%	21%	26%	29%	38%	29%	21%	19%
Miscellaneous Plan:								
Contractually required contribution	\$ 78,078	\$ 70,660	\$ 72,481	\$ 102,410	\$ 123,519	\$ 90,195	\$ 67,847	\$ 58,978
Contributions in relation to the contractually required contribution	(78,078)	(70,660)	(72,481)	(102,410)	(123,519)	(91,281)	(66,404)	(87,918)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,086)	\$ 1,443	\$ (28,940)
District's covered payroll	\$ 296,304	\$ 269,833	\$ 344,565	\$ 339,849	\$ 427,255	\$ 328,473	\$ 279,023	\$ 214,425
Contributions as a percentage of covered payroll	26%	26%	21%	30%	29%	27%	24%	28%

CHESTER PUBLIC UTILITY DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	2022	2021	2020	2019	2018
Changes for the year:					
Service cost	287,000	218,000	\$ 302,000	\$ 106,000	\$ 188,000
Interest	74,000	33,000	76,000	23,000	-
Differences between expected and actual experience	24,000	(1,530,000)	1,723,000	-	-
Benefit payments	(69,000)	(77,000)	(74,000)	(30,000)	(30,000)
Net Changes in Total OPEB Liability	316,000	(1,356,000)	2,027,000	99,000	158,000
Total OPEB Liability - Beginning	1,498,000	2,854,000	827,000	728,000	570,000
Total OPEB Liability - Ending	\$ 1,814,000	\$ 1,498,000	\$ 2,854,000	\$ 827,000	\$ 728,000
 Covered Payroll	 \$ 869,000	 \$ 1,033,000	 \$ 1,273,000	 \$ 906,000	 \$ 937,000
 Total OPEB liability as a percentage of covered payroll	 209%	 145%	 224%	 91%	 78%
 District Has No Assets Accumulated in a Trust to Pay Related Benefits					

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OTHER INDEPENDENT AUDITOR'S REPORT

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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*

The Board of Trustees
Chester Public Utility District
Chester

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each proprietary fund of the Chester Public Utility District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Chester Public Utility District's basic financial statements, and have issued our report thereon dated June 9, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Chester Public Utility District's internal control over financial reporting (internal control) as a basis for designing 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 Chester Public Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of Chester Public Utility 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Chester Public Utility 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.


June 9, 2023

RT DENNIS
ACCOUNTANCY