

CHESTER PUBLIC UTILITY DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

CHESTER PUBLIC UTILITY DISTRICT

CHESTER, CALIFORNIA

JUNE 30, 2023

MEMBER	OFFICE	TERM EXPIRES
Steve Voboril	Chairman	December 2025
Kimberly Green	Vice Chairman	December 2023
Royce Raker	Director	December 2025
Steve Graffweg	Director	December 2027
Arthur Tharpe	Director	December 2025

ADMINISTRATION

Adam Cox	General Manager
Cheryl Johnson	Office Manager
Matthew Balzarini	ESD / Fire Chief

<PAGE INTENTIONALLY LEFT BLANK>

CHESTER PUBLIC UTILITY DISTRICT

TABLE OF CONTENTS
JUNE 30, 2023

FINANCIAL SECTION

Independent Auditor's Report..... - 1 -
Basic Financial Statements
 Statements of Net Position..... - 6 -
 Statements of Revenues, Expenditures, and Changes in Net Position - 8 -
 Statements of Cash Flows..... - 10 -
Notes to the Financial Statements - 12 -

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability - 29 -
Schedule of Contributions..... - 30 -
Schedule of Changes in the Total OPEB Liability and Related Ratios - 31 -

OTHER AUDITOR'S REPORT

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*..... - 35 -

<PAGE INTENTIONALLY LEFT BLANK>

FINANCIAL SECTION

<PAGE INTENTIONALLY LEFT BLANK>



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, 2023, 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, 2023, 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.

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 29–31, 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 July 10, 2024 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.

A handwritten signature in cursive script that reads "R J Dennis Accountancy". The signature is written in dark ink and is positioned above the date.

July 10, 2024

BASIC FINANCIAL STATEMENTS

CHESTER PUBLIC UTILITY DISTRICT

STATEMENTS OF NET POSITION
JUNE 30, 2023

	Lighting	Water	Sewer
ASSETS			
Current assets			
Cash and cash equivalents	\$ 6,380	\$ 1,137	\$ 1,391,583
Accrued receivables	-	104,137	115,406
Due from other funds	-	108,088	1,079,709
Total current assets	6,380	213,362	2,586,698
Non-current assets			
Capital assets, non-depreciable	-	41,048	95,261
Capital assets, depreciable	-	1,627,774	3,549,150
Total non-current assets	-	1,668,822	3,644,411
Total Assets	6,380	1,882,184	6,231,109
DEFERRED OUTFLOWS OF RESOURCES	-	186,000	186,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,380	\$ 2,068,184	\$ 6,417,109
LIABILITIES			
Current liabilities			
Accrued payables	\$ -	\$ 9,039	\$ 9,051
Due to other funds	-	22,176	980,268
Current portion of long-term debt	-	8,503	8,503
Total current liabilities	-	39,718	997,822
Non-current liabilities			
Customer deposits	-	8,888	8,422
Long-term liabilities	-	928,337	928,337
Total non-current liabilities	-	937,225	936,759
Total Liabilities	-	976,943	1,934,581
DEFERRED INFLOWS OF RESOURCES	-	10,000	10,000
NET POSITION			
Net investment in capital assets	-	1,634,982	3,575,739
Unrestricted - (Deficit)	6,380	(553,741)	896,789
Total Net Position (Deficit)	6,380	1,081,241	4,472,528
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 6,380	\$ 2,068,184	\$ 6,417,109

The accompanying notes are an integral part of these financial statements

Contract Fire				
Fire	Revenue	Ambulance	Total	
\$ 100	\$ 78,585	\$ -	\$ 1,477,785	
232,478	5,816	324,451	782,288	
2,802,631	52,702	865,858	4,908,988	
3,035,209	137,103	1,190,309	7,169,061	
7,000	-	-	143,309	
529,263	-	8,011	5,714,198	
536,263	-	8,011	5,857,507	
3,571,472	137,103	1,198,320	13,026,568	
383,000	-	383,000	1,138,000	
\$ 3,954,472	\$ 137,103	\$ 1,581,320	\$ 14,164,568	
\$ 31,761	\$ 1,445	\$ 16,387	\$ 67,683	
759,968	2,796,309	350,267	4,908,988	
-	-	-	17,006	
791,729	2,797,754	366,654	4,993,677	
-	-	-	17,310	
1,335,000	-	1,328,000	4,519,674	
1,335,000	-	1,328,000	4,536,984	
2,126,729	2,797,754	1,694,654	9,530,661	
22,000	-	22,000	64,000	
536,263	-	8,011	5,754,995	
1,269,480	(2,660,651)	(143,345)	(1,185,088)	
1,805,743	(2,660,651)	(135,334)	4,569,907	
\$ 3,954,472	\$ 137,103	\$ 1,581,320	\$ 14,164,568	

CHESTER PUBLIC UTILITY DISTRICT

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Lighting</u>	<u>Water</u>	<u>Sewer</u>
OPERATING REVENUE			
Sales	\$ -	\$ 584,167	\$ 563,440
Services		-	-
Miscellaneous	-	28,103	30,520
Total operating revenue	-	612,270	593,960
OPERATING EXPENSE			
Salaries	-	163,182	159,837
Benefits	-	143,707	143,564
Supplies	-	36,956	89,020
Services and other operating	28,620	353,067	342,854
Depreciation	-	82,122	154,600
Total operating expenses	28,620	779,034	889,875
OPERATING GAIN/(LOSS)	(28,620)	(166,764)	(295,915)
NON-OPERATING REVENUES/(EXPENSES)			
Taxes			
Property	-	72,614	119,381
Intergovernmental			
Grants	-	-	39,320
State homeowner exemption	-	427	681
Revenue from use of assets	-	13	42,308
Other non-operating revenue	-	-	2,500
Interest expense	-	(1,668)	(1,668)
Interfund transfer in	35,000	-	-
Interfund transfer out	-	(35,000)	-
Total non-operating revenues/(expenses)	35,000	36,386	202,522
CHANGE IN NET POSITION	6,380	(130,378)	(93,393)
Net Position (Deficit) - Beginning	-	1,211,619	4,565,921
Net Position (Deficit) - Ending	\$ 6,380	\$ 1,081,241	\$ 4,472,528

The accompanying notes are an integral part of these financial statements

Contract Fire			
Fire	Revenue	Ambulance	Total
\$ 237,913	\$ 548,403	\$ 340,138	\$ 2,274,061
161,057	(3,321)	-	157,736
-	-	94,866	153,489
398,970	545,082	435,004	2,585,286
554,746	342,882	371,806	1,592,453
338,874	46,123	299,104	971,372
22,851	5,625	3,608	158,060
292,166	22,736	225,509	1,264,952
59,743	-	700	297,165
1,268,380	417,366	900,727	4,284,002
(869,410)	127,716	(465,723)	(1,698,716)
430,445	-	-	622,440
-	-	-	39,320
1,309	-	-	2,417
-	-	-	42,321
-	-	-	2,500
-	-	-	(3,336)
2,410,000	-	1,350,000	3,795,000
-	(3,760,000)	-	(3,795,000)
2,841,754	(3,760,000)	1,350,000	705,662
1,972,344	(3,632,284)	884,277	(993,054)
(166,601)	971,633	(1,019,611)	5,562,961
\$ 1,805,743	\$ (2,660,651)	\$ (135,334)	\$ 4,569,907

CHESTER PUBLIC UTILITY DISTRICT

**STATEMENTS OF CASH FLOWS
JUNE 30, 2023**

	Lighting	Water	Sewer
Cash flows from operating activities			
Cash receipts from rate payers and operations	\$ -	\$ 613,518	\$ 590,976
Cash payments to employees for services	-	(262,059)	(258,559)
Cash payments to suppliers for goods and services	(28,620)	(395,752)	(442,448)
Net cash provided/(used) by operating activities	(28,620)	(44,293)	(110,031)
Cash flows from non-capital financing activities			
Grant and non-operating activity	-	-	41,820
Tax/assessment receipts	-	39,216	66,545
Interfund cash transfers in/(out)	35,000	(12,824)	(1,062,390)
Net cash provided/(used) by non-capital financing activities	35,000	26,392	(954,025)
Cash flows from capital and related financing			
Acquisition of capital assets	-	-	(34,832)
Debt service payments	-	(10,155)	(10,156)
Net cash used in capital and related financing activities	-	(10,155)	(44,988)
Cash flows from investing activities			
Interest received	-	13	42,308
Maturity/(Purchase) of CDs	-	-	350,000
Net cash provided/(used) in investing activities	-	13	392,308
NET INCREASE/(DECREASE) IN CASH	6,380	(28,043)	(716,736)
CASH			
Beginning of year	-	29,180	2,108,319
End of year	\$ 6,380	\$ 1,137	\$ 1,391,583
Reconciliation of operating loss to cash used in operating activities			
Operating Gain/(Loss)	\$ (28,620)	\$ (166,764)	\$ (295,915)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	82,122	154,600
(Increase)/decrease in accrued receivables	-	(1,221)	(3,265)
Increase/(decrease) in accounts payables	-	2,101	(2,732)
Increase/(decrease) in deposits	-	2,469	281
Increase/(decrease) in compensated absence balance, OPEB, and NPL related balances	-	37,000	37,000
Net cash used by operating activities	\$ (28,620)	\$ (44,293)	\$ (110,031)

The accompanying notes are an integral part of these financial statements

Contract Fire				
Fire	Revenue	Ambulance	Total	
\$ 398,970	\$ 545,082	\$ 424,416	\$ 2,572,962	
(849,682)	(387,560)	(628,831)	(2,386,691)	
(310,361)	(28,361)	(232,839)	(1,438,381)	
(761,073)	129,161	(437,254)	(1,252,110)	
-	-	-	41,820	
220,536	-	-	326,297	
653,536	(50,576)	437,254	-	
874,072	(50,576)	437,254	368,117	
(112,999)	-	-	(147,831)	
-	-	-	(20,311)	
(112,999)	-	-	(168,142)	
-	-	-	42,321	
-	-	-	350,000	
-	-	-	392,321	
-	78,585	-	(659,814)	
100	-	-	2,137,599	
\$ 100	\$ 78,585	\$ -	\$ 1,477,785	
\$ (869,410)	\$ 127,716	\$ (465,723)	\$ (1,698,716)	
59,743	-	700	297,165	
-	1,445	(10,588)	(13,629)	
21,594	-	7,357	28,320	
-	-	-	2,750	
27,000	-	31,000	132,000	
\$ (761,073)	\$ 129,161	\$ (437,254)	\$ (1,252,110)	

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

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.

Joint Powers Authority (“JPA”). The District is associated with a JPA, the California Cooperative Liquid Assets Securities System (California CLASS). These organizations do not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 10 to the financial statements.

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.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

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.

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.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2023

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.

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 (50) 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.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

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.

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		84,965
Local Agency Investment Fund ("LAIF")		1,319
Cooperative Liquid Assets Securities System ("CLASS")		1,391,101
Total Cash and Cash Equivalents	\$	1,477,785

2 - B. Cash Deposits and Certificates of Deposit

Credit Risk. As of June 30, 2023, the District’s cash pool was as follows:

Investment Type:	S & P Rating	Maturity (Days)	Fair Value Level	Fair Market Value
LAIF	Not Rated	260	2	\$ 1,319
CLASS	AAAm	38	2	1,391,101
Total				\$ 1,392,420

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, 2023, the bank balances totaled \$275,467. Of the total bank balance, \$250,000 was insured through the FDIC.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

NOTE 3 – ACCRUED RECEIVABLES

Receivables at June 30, 2023, were as follows:

	Water	Sewer	Fire	Contract Fire Revenue	Ambulance	Total
Sales	\$ 67,548	\$ 56,298	\$ -	\$ -	\$ -	\$ 123,846
Ambulance collections, net	-	-	-	-	416,218	416,218
GEMT	-	-	-	-	74,233	74,233
Contract fire work/mutual aid	-	-	149,195	908,816	-	1,058,011
Taxes	36,589	59,108	231,283	-	-	326,980
Allowance for doubtful accts.	-	-	(148,000)	(903,000)	(166,000)	(1,217,000)
Total Accrued Receivables	\$ 104,137	\$ 115,406	\$ 232,478	\$ 5,816	\$ 324,451	\$ 782,288

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023

	Balance July 01, 2022	Additions	Balance June 30, 2023
Capital Assets Not Being Depreciated			
Land	\$ 139,295	\$ -	\$ 139,295
Construction in progress	4,014	-	4,014
Total Capital Assets Not Being Depreciated	\$ 143,309	\$ -	\$ 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	2,288,573	147,831	2,436,404
Total assets being depreciated	13,682,144	147,831	13,829,975
Less, accumulated depreciation	7,818,612	297,165	8,115,777
Total Capital Assets Being Depreciated, Net	\$ 5,863,532	\$ (149,334)	\$ 5,714,198

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

NOTE 5 – INTERFUND BALANCES AND ACTIVITY

5 - A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2023, consist of the following:

Due to Other Funds	Due From Other Funds					
	Water	Sewer	Fire	Contract Fire Revenue	Ambulance	Total
Water	\$ -	\$ -	\$ 22,176	\$ -	\$ -	\$ 22,176
Sewer	108,088	-	872,180	-	-	980,268
Fire	-	-	-	-	759,968	759,968
Contract Fire Revenue	-	1,079,709	1,610,710	-	105,890	2,796,309
Ambulance	-	-	297,565	52,702	-	350,267
Total Due From Other Funds	\$ 108,088	\$1,079,709	\$2,802,631	\$ 52,702	\$ 865,858	\$4,908,988

Sewer owes Water for negative cash	\$ 108,088
Contract Fire owes Sewer for negative cash	1,079,709
Water owes Fire for negative cash	22,176
Sewer owes Fire for negative cash	872,180
Contract Fire owes Fire for negative cash	1,610,710
Ambulance owes Fire for negative cash	297,565
Ambulance owes Contract Fire for negative cash	52,702
Fire owes Ambulance for negative cash	759,968
Contract Fire Revenue owes Ambulance for negative cash	105,890
Total	\$4,908,988

5 - B. Transfers to/from Other Funds

Transfers to/from other funds at June 30, 2023, consist of the following:

Interfund Transfer Out	Interfund Transfer In			
	Lighting	Fire	Ambulance	Total
Water	\$ 35,000	\$ -	\$ -	\$ 35,000
Contract Fire	-	2,410,000	1,350,000	3,760,000
Total Interfund Transfer In	\$ 35,000	\$ 2,410,000	\$ 1,350,000	\$ 3,795,000

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

The Water Fund made an operating transfer to the Lighting Fund in the amount of	\$ 35,000
Contract Fire transferred to Fire for negative cash in the amount of	2,410,000
Contract Fire transferred to Ambulance for negative cash	1,350,000
Total	\$ 3,795,000

NOTE 6 – ACCRUED PAYABLES

Payables at June 30, 2023, were as follows:

	Water	Sewer	Fire	Contract Fire Revenue	Ambulance	Total
Vendors	\$ -	\$ -	\$ 8,378	\$ -	\$ -	\$ 8,378
Payroll related	9,039	9,051	23,383	1,445	16,387	59,305
Total	\$ 9,039	\$ 9,051	\$ 31,761	\$ 1,445	\$ 16,387	\$ 67,683

NOTE 7 – LONG-TERM LIABILITIES

7 - A. Long-Term Liabilities Summary

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023	Due In One Year
Compensated absence	\$ 81,000	\$ -	\$ 38,000	\$ 43,000	\$ -
Net pension liability ("NPL")	1,032,000	1,118,000	-	2,150,000	-
Other postemployment benefits, net of deferred out/(in)flows	1,814,000	462,000	-	2,276,000	-
Lease payable	83,952	-	16,272	67,680	17,006
Total Long-Term Liabilities	\$ 3,010,952	\$ 1,580,000	\$ 54,272	\$ 4,536,680	\$ 17,006

7 - B. Compensated Absences

The unpaid employee vacation for the year ended June 30, 2023 was \$11,000, \$11,000, \$14,000, and \$7,000 for the Water Fund, Sanitation Fund, Fire Fund, and Ambulance Fund, respectively.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

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

The District's pension activities between the District and Cal PERS for the year ended June 30, 2023, resulted in net pension obligations and other related balances as follows:

	Cal PERS Risk Pool		Total
	Safety	Miscellaneous	
Net Pension Liability	\$ (1,296,000)	\$ (854,000)	\$ (2,150,000)
Deferred Outflows of Resources	766,000	372,000	1,138,000
Deferred Inflows of Resources	(44,000)	(20,000)	(64,000)
Effect on Net Position	\$ (574,000)	\$ (502,000)	\$ (1,076,000)

For the year ended June 30, 2023, the District’s NPLs was \$427,000, \$427,000, \$648,000, and \$648,000 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, 2023, the District’s OPEB obligation was \$465,000, \$465,000, \$673,000, and \$673,000 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. The lease was financed at 2.35% per year annum, with payments quarterly in the amount of \$4,902. Future payments at June 30, 2023, are as follows:

Year Ending June 30,	Principal		Interest		Total	
2024	\$ 17,006	\$	2,603	\$	19,609	
2025	17,738		1,870		19,608	
2026	18,504		1,105		19,609	
2027	14,432		307		14,739	
Total	\$ 67,680	\$	5,885	\$	73,565	

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 California Public Employees’ Retirement System (“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. This report and CalPERS’ audited financial statements are publicly available reports that can be found on CalPERS’ website at:

<https://www.calpers.ca.gov/docs/forms-publications>

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

Benefit Provided and Contributions. Per the Chester Public Utility District’s *Annual Valuation Report as of June 30, 2020* (provided in that report is the determination of the minimum required employer contributions for fiscal year 2022-23), 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	23.75%	12.78%	12.21%	7.47%
Employer Unfunded Liability	\$94,290	\$2,127	\$64,147	\$928
Total Employer Contributions	\$131,866	\$40,277	\$73,729	\$15,883

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

At June 30, 2023, the District reported a liabilities of \$1,296,000 and \$854,000 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, 2021 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, 2021 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

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, 2022, 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, 2023.

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.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

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. At June 30, 2023, the District’s proportion was:

	<u>Jun. 30, 2022</u>	<u>Jun. 30, 2021</u>	<u>Difference</u>
Safety Plan:			
Total Pension Liability Allocation Basis	0.0001612	0.0001568	0.0000044
Fiduciary Net Position Allocation Basis	0.0001566	0.0001566	0.0000000
Miscellaneous Plan:			
Total Pension Liability Allocation Basis	0.0000991	0.0001354	-0.0000363
Fiduciary Net Position Allocation Basis	0.0000758	0.0001232	-0.0000474

For the year ended June 30, 2023, the District recognized pension expense of \$292,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows / (Inflows) of Resources		
	<u>Safety</u>	<u>Misc.</u>	<u>Total</u>
Changes of assumptions	\$ 131,000	\$ 88,000	\$ 219,000
Differences between expected and actual experience	40,000	6,000	46,000
Net difference between projected and actual earnings on pension plan	204,000	156,000	360,000
Differences between District contributions and proportionate share of contributions	(36,000)	(3,000)	(39,000)
Changes in proportion	211,000	15,000	226,000
District contributions subsequent to the measurement date	172,000	90,000	262,000
Total	<u>\$ 722,000</u>	<u>\$ 352,000</u>	<u>\$ 1,074,000</u>

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

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:	Safety	Misc.	Total
2024	\$ 359,000	\$ 153,000	\$ 512,000
2025	150,000	64,000	214,000
2026	88,000	40,000	128,000
2027	125,000	95,000	220,000
Total	\$ 722,000	\$ 352,000	\$ 1,074,000

Actuarial Methods and Assumptions. The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The collective total pension liability was based on the following assumptions:

Investment rate of return	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table ¹	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.30% until Purchasing Power
Post-Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies

¹The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Long-Term Expected Rate of Return. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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

Asset Class ¹	Assumed Asst Allocation	Real Return Year 1 -10^{1,2}
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

¹An expected inflation of 2.30% used for this period.

²Figures are based on the 2021-22 Asset Liability Management study.

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

Discount Rate. The discount rate used to measure the total pension liability for PERF C was 6.90%. 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 District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the collective net pension liability calculated using a discount rate of 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	Current Discount		
	1% Decrease	Rate	1% Increase
Safety NPL	\$ 1,921,000	\$ 1,296,000	\$ 786,000
Miscellaneous NPL	1,144,000	854,000	616,000
Total	\$ 3,065,000	\$ 2,150,000	\$ 1,402,000

Pension Plan Fiduciary Net Position. The components of the employers’ collective net pension liability related to the Plan as of June 30, 2022 are as follows (*\$ amounts in thousands*):

	Miscellaneous Risk Pool	Safety Risk Pool	Total
Total pension liability	\$ 21,449,898	\$ 28,076,077	\$ 49,525,979
Less:			
Plan fiduciary net position	16,770,671	21,204,499	37,975,170
Net Pension Liability of Employers	\$ 4,679,227	\$ 6,871,578	\$ 11,550,805

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

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

Employees Covered by Benefit Terms. At June 30, 2023, the membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	14
Total	19

Total OPEB Liability. The District’s total OPEB liability (net of deferred outflows of resources \$1,295,000 and deferred inflows of resources \$20,000) of \$2,275,000 was measured as of June 30, 2023.

Measurement Assumptions and Other Inputs. The total OPEB liability in the June 30, 2023 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	4.13%, https://my.spindices.com/indices/fixed-income/sp-municipal-bond-20-year-high-grade-rate-index
General Inflation	2.50% annually
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Healthcare Participation at Retirement	100%

Changes in the Total OPEB Liability:

Balance at July 01, 2022	\$ 1,814,000
Changes for the year:	
Service cost	198,000
Interest	142,000
Changes in assumptions or other inputs	213,000
Benefit payments	(91,000)
Net changes	462,000
Balances at June 30, 2023	\$ 2,276,000

CHESTER PUBLIC UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

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:

	1% Decrease		Current Discount Rate		1% Increase
\$	2,903,000	\$	2,276,000	\$	1,778,000

	1% Decrease		Current Health Trend Rate		1% Increase
\$	1,643,000	\$	2,276,000	\$	3,104,000

OPEB Expense. For the year ended June 30, 2023, the District recognized an OPEB expense of \$462,000.

NOTE 10 - PARTICIPATION IN A JOINT POWERS AUTHORITY

The California CLASS is a joint exercise of powers entity authorized under California Government Code §6509.7. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenient method for investing in high-quality, short- to medium-term securities carefully selected to optimize interest earnings while prioritizing safety and liquidity.

This entity has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from the respective entities.

<PAGE INTENTIONALLY LEFT BLANK>

REQUIRED SUPPLEMENTARY INFORMATION

<PAGE INTENTIONALLY LEFT BLANK>

CHESTER PUBLIC UTILITY DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Saftey Plan:									
District's proportion of the net per	0.02%	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	\$1,296,000	\$ 555,000	\$1,002,000	\$ 922,000	\$ 868,000	\$ 868,000	\$ 783,000	\$ 683,000	\$ 624,000
District's covered payroll	\$ 573,000	\$ 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	226%	73%	145%	163%	170%	180%	162%	220%	201%
Plan fiduciary net position as a									
percentage of the total pension									
liability	76%	87%	73%	73%	73%	72%	73%	77%	79%
Miscellaneous Plan:									
District's proportion of the net per	0.02%	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	\$ 854,000	\$ 477,000	\$ 763,000	\$ 716,000	\$ 696,000	\$ 729,000	\$ 667,000	\$ 573,000	\$ 482,000
District's covered payroll	\$ 296,000	\$ 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	289%	177%	221%	211%	163%	222%	239%	268%	225%
Plan fiduciary net position as a									
percentage of the total pension									
liability	78%	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Safety Plan:									
Contractually required contribution	\$ 172,143	\$ 172,198	\$ 162,113	\$ 177,109	\$ 161,797	\$ 191,290	\$ 138,233	\$ 101,729	\$ 59,979
Contributions in relation to the contractually required contribution	(172,143)	(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	\$ 513,710	\$ 572,749	\$ 763,007	\$ 693,111	\$ 566,363	\$ 510,074	\$ 482,220	\$ 482,310	\$ 309,640
Contributions as a percentage of covered payroll	34%	30%	21%	26%	29%	38%	29%	21%	19%
Miscellaneous Plan:									
Contractually required contribution	\$ 89,612	\$ 78,078	\$ 70,660	\$ 72,481	\$ 102,410	\$ 123,519	\$ 90,195	\$ 67,847	\$ 58,978
Contributions in relation to the contractually required contribution	(89,612)	(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	\$ 236,267	\$ 296,304	\$ 269,833	\$ 344,565	\$ 339,849	\$ 427,255	\$ 328,473	\$ 279,023	\$ 214,425
Contributions as a percentage of covered payroll	38%	26%	26%	21%	30%	29%	27%	24%	28%

CHESTER PUBLIC UTILITY DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	2023	2022	2021	2020	2019	2018
Changes for the year:						
Service cost	198,000	287,000	218,000	\$ 302,000	\$ 106,000	\$ 188,000
Interest	142,000	74,000	33,000	76,000	23,000	-
Differences between expected and actual experience	213,000	24,000	(1,530,000)	1,723,000	-	-
Benefit payments	(91,000)	(69,000)	(77,000)	(74,000)	(30,000)	(30,000)
Net Changes in Total OPEB Liability	462,000	316,000	(1,356,000)	2,027,000	99,000	158,000
Total OPEB Liability - Beginning	1,814,000	1,498,000	2,854,000	827,000	728,000	570,000
Total OPEB Liability - Ending	\$ 2,276,000	\$ 1,814,000	\$ 1,498,000	\$ 2,854,000	\$ 827,000	\$ 728,000
Covered Payroll	\$750,000	\$ 869,000	\$ 1,033,000	\$ 1,273,000	\$ 906,000	\$ 937,000
Total OPEB liability as a percentage of covered payroll	303%	209%	145%	224%	91%	78%

District Has No Assets Accumulated in a Trust to Pay Related Benefits

<PAGE INTENTIONALLY LEFT BLANK>

OTHER INDEPENDENT AUDITOR'S REPORT

<PAGE INTENTIONALLY LEFT BLANK.



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, 2023, 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 July 10, 2024.

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.

A handwritten signature in black ink that reads 'RT Dennis Accountancy'.

July 10, 2024

RT DENNIS
ACCOUNTANCY