

**CHESTER PUBLIC UTILITY DISTRICT**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2021**



**CHESTER PUBLIC UTILITY DISTRICT**

**CHESTER, CALIFORNIA**

**JUNE 30, 2021**

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<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Steve Trotter	Chairman	December 2021
Joe Waterman	Vice Chairman	December 2023
Steve Voboril	Secretary/Treasurer	December 2021
Royce Raker	Director	December 2021
Steve Graffweg	Director	December 2021

**ADMINISTRATION**

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Allen Homme (Interim August 2020 – September 2021)	General Manager
Cheryl Johnson	Office Manager
Brian Layne (Resigned March 2022)	ESD / Fire Chief

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**CHESTER PUBLIC UTILITY DISTRICT**

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**JUNE 30, 2021**

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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

We have audited the accompanying financial statements of each fund of the Chester Public Utility District, as of and for the year ended June 30, 2021, 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.

#### *Management's Responsibility for the Financial Statements*

Chester Public Utility District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fund of the Chester Public Utility District, as of June 30, 2021, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

RT DENNIS  
ACCOUNTANCY

## ***Other Matters***

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the pension and OPEB schedules on pages 29–31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 opinion on the basic financial statements is not affected by this missing information.

### **Other Information**

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2022 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

July 21, 2022

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## **BASIC FINANCIAL STATEMENTS**

CHESTER PUBLIC UTILITY DISTRICT

STATEMENTS OF NET POSITION  
JUNE 30, 2021

	Lighting	Water	Sewer
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ -	\$ 1,121	\$ 683,165
Accrued receivables	-	68,034	65,760
<b>Total current assets</b>	-	69,155	748,925
<b>Non-current assets</b>			
Certificates of deposit	-	-	550,000
Capital assets, non-depreciable	-	39,041	93,254
Capital assets, depreciable	-	1,747,378	3,778,458
<b>Total non-current assets</b>	-	1,786,419	4,421,712
<b>Total Assets</b>	-	1,855,574	5,170,637
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	-	68,000	68,000
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ -	\$ 1,923,574	\$ 5,238,637
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrued payables	\$ -	\$ 9,255	\$ 9,255
<b>Non-current liabilities</b>			
Customer deposits	-	7,454	9,617
Long-term liabilities	-	653,000	653,000
<b>Total non-current liabilities</b>	-	660,454	662,617
<b>Total Liabilities</b>	-	669,709	671,872
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	18,000	18,000
<b>NET POSITION</b>			
Net investment in capital assets	-	1,786,419	3,871,712
Unrestricted - (Deficit)	-	(550,554)	677,053
<b>Total Net Position (Deficit)</b>	-	1,235,865	4,548,765
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	\$ -	\$ 1,923,574	\$ 5,238,637

The accompanying notes are an integral part of these financial statements

<b>Contract Fire</b>				
<b>Fire</b>	<b>Revenue</b>	<b>Ambulance</b>	<b>Total</b>	
\$ 100	\$ 550,119	\$ -	\$ 1,234,505	
27,255	258	219,838	381,145	
27,355	550,377	219,838	1,615,650	
-	350,000	-	900,000	
7,000	-	-	139,295	
426,201	-	8,894	5,960,931	
433,201	350,000	8,894	7,000,226	
460,556	900,377	228,732	8,615,876	
166,000	-	166,000	468,000	
\$ 626,556	\$ 900,377	\$ 394,732	\$ 9,083,876	
\$ 11,076	\$ -	\$ 11,532	\$ 41,118	
-	-	-	17,071	
1,012,000	-	1,010,000	3,328,000	
1,012,000	-	1,010,000	3,345,071	
1,023,076	-	1,021,532	3,386,189	
1,000	-	1,000	38,000	
433,201	-	8,894	6,100,226	
(830,721)	900,377	(636,694)	(440,539)	
(397,520)	900,377	(627,800)	5,659,687	
\$ 626,556	\$ 900,377	\$ 394,732	\$ 9,083,876	

**CHESTER PUBLIC UTILITY DISTRICT**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Lighting</u>	<u>Water</u>	<u>Sewer</u>
<b>OPERATING REVENUE</b>			
Sales	\$ -	\$ 554,084	\$ 557,762
Services		-	-
Miscellaneous	-	18	1,548
<b>Total operating revenue</b>	-	554,102	559,310
<b>OPERATING EXPENSE</b>			
Salaries	-	131,289	133,112
Benefits	-	115,259	107,735
Retiree benefits/OPEB change	-	(113,526)	(113,526)
Supplies	-	19,870	25,586
Services and other operating	21,763	172,589	134,621
Depreciation	-	83,212	152,598
<b>Total operating expenses</b>	21,763	408,693	440,126
<b>OPERATING GAIN/(LOSS)</b>	(21,763)	145,409	119,184
<b>NON-OPERATING REVENUES/(EXPENSES)</b>			
Taxes			
Property	-	71,614	105,104
Intergovernmental			
Grants	-	-	25,483
State homeowner exemption	-	459	671
Revenue from use of assets	-	5	595
Other non-operating revenue	-	-	3,550
Other non-operating expenses	-	-	(37,964)
Interfund transfer in	25,363	108,088	-
Interfund transfer out	-	(25,363)	(980,267)
<b>Total non-operating revenues/(expenses)</b>	25,363	154,803	(882,828)
<b>CHANGE IN NET POSITION</b>	3,600	300,212	(763,644)
Net Position (Deficit) - Beginning	(3,600)	935,653	5,312,409
Net Position (Deficit) - Ending	\$ -	\$ 1,235,865	\$ 4,548,765

The accompanying notes are an integral part of these financial statements



<b>Contract Fire</b>			
<b>Fire</b>	<b>Revenue</b>	<b>Ambulance</b>	<b>Total</b>
\$ 2,293	\$ 795,191	\$ 261,223	\$ 2,170,553
1,163,093	106,639	-	1,269,732
-	-	4,622	6,188
1,165,386	901,830	265,845	3,446,473
974,688	(10,129)	350,206	1,579,166
336,129	8,399	239,567	807,089
(515,797)	-	(520,872)	(1,263,721)
10,619	40,112	6,512	102,699
182,495	477,590	188,038	1,177,096
40,715	-	15,389	291,914
1,028,849	515,972	278,840	2,694,243
136,537	385,858	(12,995)	752,230
323,211	-	-	499,929
265,436	-	2,833	293,752
1,249	-	-	2,379
-	2,051	-	2,651
-	-	-	3,550
-	-	-	(37,964)
2,802,631	-	865,858	3,801,940
-	(2,796,310)	-	(3,801,940)
3,392,527	(2,794,259)	868,691	764,297
3,529,064	(2,408,401)	855,696	1,516,527
(3,926,584)	3,308,778	(1,483,496)	4,143,160
\$ (397,520)	\$ 900,377	\$ (627,800)	\$ 5,659,687

**CHESTER PUBLIC UTILITY DISTRICT**

**STATEMENTS OF CASH FLOWS  
JUNE 30, 2021**

	<b>Lighting</b>	<b>Water</b>	<b>Sewer</b>
<b>Cash flows from operating activities</b>			
Cash receipts from rate payers and operations	\$ -	\$ 573,403	\$ 552,646
Cash payments to employees for services	-	(234,906)	(228,937)
Cash payments to suppliers for goods and services	(21,763)	(184,481)	(151,451)
<b>Net cash provided/(used) by operating activities</b>	<b>(21,763)</b>	<b>154,016</b>	<b>172,258</b>
<b>Cash flows from non-capital financing activities</b>			
Grant and non-operating activity	-	-	(8,931)
Tax/assessment receipts	-	70,837	103,950
Interfund cash transfers in/(out)	21,763	(224,853)	198,941
<b>Net cash provided/(used) by non-capital financing activities</b>	<b>21,763</b>	<b>(154,016)</b>	<b>293,960</b>
<b>Cash flows from capital and related financing</b>			
Acquisition of capital assets	-	-	-
<b>Cash flows from investing activities</b>			
Interest received	-	5	595
Maturity/(Purchase) of CDs	-	-	(550,000)
<b>Net cash provided/(used) in investing activities</b>	<b>-</b>	<b>5</b>	<b>(549,405)</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>-</b>	<b>5</b>	<b>(83,187)</b>
<b>CASH</b>			
Beginning of year	-	1,116	766,352
End of year	\$ -	\$ 1,121	\$ 683,165
<b>Reconciliation of operating loss to cash used in operating activities</b>			
Operating Gain/(Loss)	\$ (21,763)	\$ 145,409	\$ 119,184
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	83,212	152,598
(Increase)/decrease in accrued receivables	-	17,538	(7,371)
(Increase)/decrease in all other current assets	-	9,216	9,216
Increase/(decrease) in accounts payables	-	(1,238)	(460)
Increase/(decrease) in deposits	-	1,763	707
Increase/(decrease) in payroll and pension related balances	-	(101,884)	(101,616)
<b>Net cash used by operating activities</b>	<b>\$ (21,763)</b>	<b>\$ 154,016</b>	<b>\$ 172,258</b>

The accompanying notes are an integral part of these financial statements

<b>Contract Fire</b>				
<b>Fire</b>	<b>Revenue</b>	<b>Ambulance</b>	<b>Total</b>	
\$ 1,293,790	\$ 1,349,778	\$ 239,944	\$	4,009,561
(1,299,637)	(671,174)	(579,855)		(3,014,509)
(176,854)	(517,702)	(180,012)		(1,232,263)
(182,701)	160,902	(519,923)		(237,211)
266,685	-	80,554		338,308
318,031	-			492,818
(317,742)	(121,078)	439,369		(3,600)
266,974	(121,078)	519,923		827,526
(84,273)	-	-		(84,273)
-	2,051	-		2,651
-	6,181	-		(543,819)
-	8,232	-		(541,168)
-	48,056	-		(35,126)
100	502,063	-		1,269,631
\$ 100	\$ 550,119	\$ -	\$	1,234,505
\$ 136,537	\$ 385,858	\$ (12,995)	\$	752,230
40,715	-	15,389		291,914
128,404	447,948	(25,901)		560,618
8,765	-	7,743		34,940
7,495	(672,904)	6,795		(660,312)
-	-	-		2,470
(504,617)	-	(510,954)		(1,219,071)
\$ (182,701)	\$ 160,902	\$ (519,923)	\$	(237,211)

## CHESTER PUBLIC UTILITY DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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#### *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.

**CHESTER PUBLIC UTILITY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

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**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, 2021

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#### 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, 2021**

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**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		280,677
LAIF		1,298
Money market		952,130
<b>Total Cash and Cash Equivalents</b>	<b>\$</b>	<b>1,234,505</b>

**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, 2021, the carrying amount of the District’s bank deposits (including the certificates of deposit) were \$1,180,667, and the respective bank balances totaled \$1,272,525. Of the total bank balance, \$500,000 was insured through the FDIC. The remaining \$772,525 was collateralized with pooled securities held by the financial institutions’ trust departments. These securities are held in the name of the financial institution and not that of the District.

**CHESTER PUBLIC UTILITY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

**NOTE 3 – ACCRUED RECEIVABLES**

Receivables at June 30, 2021, were as follows:

	Water	Sewer	Fire	Contract Fire Revenue	Ambulance	Total
Sales	\$ 62,675	\$ 57,853	\$ -	\$ -	\$ -	\$ 120,528
Ambulance collections, net	-	-	-	-	219,605	219,605
GEMT	-	-	-	-	74,233	74,233
Contract fire work/mutual aid	-	-	148,512	903,258	-	1,051,770
Taxes	5,359	7,907	26,743	-	-	40,009
Allowance for doubtful accts.	-	-	(148,000)	(903,000)	(74,000)	(1,125,000)
<b>Total Accrued Receivables</b>	<b>\$ 68,034</b>	<b>\$ 65,760</b>	<b>\$ 27,255</b>	<b>\$ 258</b>	<b>\$ 219,838</b>	<b>\$ 381,145</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021

	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 139,295	\$ -	\$ -	\$ 139,295
<b>Capital Assets Being Depreciated</b>				
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	2,012,168	84,273	-	2,096,441
Total assets being depreciated	13,405,739	84,273	-	13,490,012
Less, accumulated depreciation	7,237,167	291,914	-	7,529,081
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 6,168,572</b>	<b>\$ (207,641)</b>	<b>\$ -</b>	<b>\$ 5,960,931</b>



**CHESTER PUBLIC UTILITY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

**NOTE 5 – INTERFUND BALANCES AND ACTIVITY**

**5 - A. Transfers to/from Other Funds**

Transfers to/from other funds at June 30, 2021, consist of the following:

Interfund Transfer Out	Interfund Transfer In					Total
	Lighting	Water	Fire	Ambulance		
Water	\$ 25,363	\$ -	\$ -	\$ -	\$ -	\$ 25,363
Sewer	-	108,088	6,321	865,858	-	980,267
Contract Fire	-	-	2,796,310	-	-	2,796,310
<b>Total Interfund Transfer In</b>	<b>\$ 25,363</b>	<b>\$ 108,088</b>	<b>\$ 2,802,631</b>	<b>\$ 865,858</b>	<b>\$ -</b>	<b>\$ 3,801,940</b>

The Water Fund made an operating transfer to the Lighting Fund in the amount of	\$ 25,363
Sewer transferred to Water, Fire, and Ambulance for negative cash in the amount of	980,267
Contract Fire transferred to Fire for negative cash in the amount of	2,796,310
<b>Total</b>	<b>\$ 3,801,940</b>

**NOTE 6 – ACCRUED PAYABLES**

Payables at June 30, 2021, were as follows:

	Water	Sewer	Fire	Ambulance	Total
Vendors	\$ 8,693	\$ 8,693	\$ 8,693	\$ 8,693	\$ 34,772
Payroll related	562	562	2,383	2,839	6,346
<b>Total</b>	<b>\$ 9,255</b>	<b>\$ 9,255</b>	<b>\$ 11,076</b>	<b>\$ 11,532</b>	<b>\$ 41,118</b>

**CHESTER PUBLIC UTILITY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

**NOTE 7 – LONG-TERM LIABILITIES**

**7 - A. Long-Term Liabilities Summary**

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>July 01, 2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2021</b>
Compensated absence	\$ 109,000	\$ -	\$ 17,000	\$ 92,000
Net pension liability ("NPL")	1,638,000	100,000	-	1,738,000
Other postemployment benefits ("OPEB")	2,852,000	-	1,354,000	1,498,000
<b>Total Long-Term Liabilities</b>	<b>\$ 4,599,000</b>	<b>\$ 100,000</b>	<b>\$ 1,371,000</b>	<b>\$ 3,328,000</b>

**7 - B. Compensated Absences**

The unpaid employee vacation for the year ended June 30, 2021 was \$11,000, \$11,000, \$35,000, and \$35,000 for the Water Fund, Sanitation Fund, Fire Fund, and Ambulance Fund, respectively.

**7 - C. Net Pension Liabilities ("NPLs")**

The District's pension activities between the District and Cal PERS for the year ended June 30, 2021, resulted in net pension obligations and other related balances as follows:

	<b>Cal PERS Risk Pool</b>		
	<b>Safety</b>	<b>Miscellaneous</b>	<b>Total</b>
Net Pension Liability	\$ (1,002,000)	\$ (736,000)	\$ (1,738,000)
Deferred Outflows of Resources	333,000	135,000	468,000
Deferred Inflows of Resources	(2,000)	(36,000)	(38,000)
<b>Effect on Net Position</b>	<b>\$ (671,000)</b>	<b>\$ (637,000)</b>	<b>\$ (1,308,000)</b>

For the year ended June 30, 2021, the District's NPLs was \$368,000, \$368,000, \$501,000, and \$501,000 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. OPEB**

For the year ended June 30, 2021, the District's OPEB obligation was \$274,000, \$274,000, \$476,000, and \$474,000 for the Water Fund, Sanitation Fund, Fire Fund, and Ambulance Fund, respectively. See Note 9 for additional information regarding the pension plans and activities.

**CHESTER PUBLIC UTILITY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

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**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.

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 June 30, 2017 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%	12.00%	8.00%	6.25%
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	21.927%	13.034%	11.432%	6.985%
Employer Unfunded Liability	\$74,214	\$1,959	\$48,118	\$480
Total Employer Contributions	\$141,151	\$20,962	\$57,005	\$13,655

**CHESTER PUBLIC UTILITY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

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

At June 30, 2021, the District reported a liabilities of \$1,002,000 and \$736,000 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, 2019 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, 2019 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, 2020, 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, 2021.

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, 2019. 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.

**CHESTER PUBLIC UTILITY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

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, 2020</u>	<u>Jun. 30, 2019</u>	<u>Difference</u>
<b>Safety Plan:</b>			
Total Pension Liability Allocation Basis	0.0001504	0.0001380	0.0000124
Fiduciary Net Position Allocation Basis	0.0001504	0.0001345	0.0000159
<b>Miscellaneous Plan:</b>			
Total Pension Liability Allocation Basis	0.0001468	0.0001459	0.0000009
Fiduciary Net Position Allocation Basis	0.0001388	0.0001365	0.0000023

For the year ended June 30, 2021, the District recognized pension expense of \$393,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows / (Inflows) of Resources</b>		
	<u>Safety</u>	<u>Misc.</u>	<u>Total</u>
Changes of assumptions	\$ (3,000)	\$ (5,000)	\$ (8,000)
Differences between expected and actual experience	78,000	38,000	116,000
Net difference between projected and actual earnings on pension plan	22,000	22,000	44,000
Differences between District contributions and proportionate share of contributions	71,000	5,000	76,000
Changes in proportion	1,000	(31,000)	(30,000)
District contributions subsequent to the measurement date	162,000	70,000	232,000
<b>Total</b>	<b>\$ 331,000</b>	<b>\$ 99,000</b>	<b>\$ 430,000</b>

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

<b>Year ended June 30:</b>	
2022	\$ 288,000
2023	75,000
2024	45,000
2025	22,000
<b>Total</b>	<b>\$ 430,000</b>

**CHESTER PUBLIC UTILITY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

**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 <sup>1</sup>	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	

<sup>1</sup> 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.

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:

<b>Asset Class <sup>1</sup></b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10 <sup>2</sup></b>	<b>Real Return Years 11+ <sup>3</sup></b>
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)%

<sup>1</sup> 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.

<sup>2</sup> An expected inflation rate of 2.00% used for this period.

<sup>3</sup> An expected inflation rate of 2.92% used for this period.

**CHESTER PUBLIC UTILITY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

**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	\$ 1,508,000	\$ 1,002,000	\$ 587,000
Miscellaneous NPL	1,106,000	736,000	431,000
	<b>\$ 2,614,000</b>	<b>\$ 1,738,000</b>	<b>\$ 1,018,000</b>

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/docs/forms-publications/cafr-2021.pdf>.

**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, 2021, 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	9
<b>Total</b>	<b>15</b>

**CHESTER PUBLIC UTILITY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

**Total OPEB Liability.** The District’s total OPEB liability of \$1,498,000 was measured in conformity with the requirements in GASB No. 75, paragraphs 225 and 226 for the alternative measurement method, as of June 30, 2021.

**Measurement Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2021 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Inflation Rate: 4.50%, based on [https://data.bls.gov/timeseries/CUUR0000SA0L1E?output\\_view=pct\\_12mths](https://data.bls.gov/timeseries/CUUR0000SA0L1E?output_view=pct_12mths)
- Discount Rate: 2.18%, <https://my.spindices.com/indices/fixed-income/sp-municipal-bond-20-year-high-grade-rate-index>
- 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>

**Changes in the Total OPEB Liability:**

<b>Balance at July 01, 2020</b>	\$ 2,852,000
<b>Changes for the year:</b>	
Service cost	218,000
Interest	33,000
Differences between expected and actual experience	(1,528,000)
Benefit payments	(77,000)
<b>Net changes</b>	<b>(1,354,000)</b>
<b>Balances at June 30, 2021</b>	<b>\$ 1,498,000</b>

**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:

<b>Current Discount Rate</b>		
<b>1% Decrease (1.18%)</b>	<b>(2.18%)</b>	<b>1% Increase (3.18%)</b>
\$ 1,764,000	\$ 1,498,000	\$ 1,298,000

  

<b>Current Health Trend Rate</b>		
<b>1% Decrease (4.0%)</b>	<b>(5.0%)</b>	<b>1% Increase (6.0%)</b>
\$ 1,371,000	\$ 1,498,000	\$ 1,642,000

**OPEB Expense.** For the year ended June 30, 2021, the District recognized an OPEB expense of (\$1,030,000).



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*REQUIRED SUPPLEMENTARY INFORMATION*

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**CHESTER PUBLIC UTILITY DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Safety Plan:</b>							
District's proportion of the net pension liability	0.02%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%
District's proportionate share of the net pension liability	\$1,002,000	\$ 922,000	\$ 868,000	\$ 868,000	\$ 783,000	\$ 683,000	\$ 624,000
District's covered payroll	\$ 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	145%	163%	170%	180%	162%	220%	201%
Plan fiduciary net position as a percentage of the total pension liability	73%	73%	73%	72%	73%	77%	79%
<b>Miscellaneous Plan:</b>							
District's proportion of the net pension liability	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
District's proportionate share of the net pension liability	\$ 763,000	\$ 716,000	\$ 696,000	\$ 729,000	\$ 667,000	\$ 573,000	\$ 482,000
District's covered payroll	\$ 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	221%	211%	163%	222%	239%	268%	225%
Plan fiduciary net position as a percentage of the total pension liability	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**

	2021	2020	2019	2018	2017	2016	2015
<b>Saftey Plan:</b>							
Contractually required contribution	\$ 162,113	\$ 177,109	\$ 161,797	\$ 191,290	\$ 138,233	\$ 101,729	\$ 59,979
Contributions in relation to the contractually required contribution	(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	\$ 763,007	\$ 693,111	\$ 566,363	\$ 510,074	\$ 482,220	\$ 482,310	\$ 309,640
Contributions as a percentage of covered payroll	21%	26%	29%	38%	29%	21%	19%
<b>Miscellaneous Plan:</b>							
Contractually required contribution	\$ 70,660	\$ 72,481	\$ 102,410	\$ 123,519	\$ 90,195	\$ 67,847	\$ 58,978
Contributions in relation to the contractually required contribution	(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	\$ 269,833	\$ 344,565	\$ 339,849	\$ 427,255	\$ 328,473	\$ 279,023	\$ 214,425
Contributions as a percentage of covered payroll	26%	21%	30%	29%	27%	24%	28%

**CHESTER PUBLIC UTILITY DISTRICT**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

	2021	2020	2019	2018
<b>Changes for the year:</b>				
Service cost	218,000	\$ 302,000	\$ 106,000	\$ 188,000
Interest	33,000	76,000	23,000	-
Differences between expected and actual experience	(1,530,000)	1,723,000	-	-
Benefit payments	(77,000)	(74,000)	(30,000)	(30,000)
<b>Net Changes in Total OPEB Liability</b>	<b>(1,356,000)</b>	<b>2,027,000</b>	<b>99,000</b>	<b>158,000</b>
<b>Total OPEB Liability - Beginning</b>	<b>2,854,000</b>	<b>827,000</b>	<b>728,000</b>	<b>570,000</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 1,498,000</b>	<b>\$ 2,854,000</b>	<b>\$ 827,000</b>	<b>\$ 728,000</b>
 <b>Covered Payroll</b>	 <b>\$ 1,033,000</b>	 <b>\$ 1,273,000</b>	 <b>\$ 906,000</b>	 <b>\$ 937,000</b>
 <b>Total OPEB liability as a percentage of covered payroll</b>	 <b>145%</b>	 <b>224%</b>	 <b>91%</b>	 <b>78%</b>

**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 major fund of the Chester Public Utility District as of and for the year ended June 30, 2021, 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 21, 2022.

***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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

***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 blue ink that reads "RT Dennis Accountancy".

July 21, 2022

RT DENNIS  
ACCOUNTANCY