



**Chester Metropolitan District**  
Regular Commission Meeting  
December 12, 2018

The Chester Metropolitan District's Regular Commission meeting was held at 6:00 pm on Wednesday, December 12, 2018 at the CMD Office, 155 Wylie Street, Chester, SC. Members attending were: Earl Thraikill, Chairman; Jean H. Nichols, Secretary; Raymond Douglas; Michael Brunson; James Simpson; and George Wilmore. Others in attendance were Fred Castles, Executive Director; Susan Roddey, Executive Assistant; Andy Litten, District Engineer; Arthur Gaston, Attorney; Tommy McMinn or Richburg; and Michael Slapnik of Scott & Company.

**Chairman Earl Thraikill called the meeting to order.**

**Audit:**

At this time, Mr. Castles introduced Michael Slapnik of Scott & Company.

Mr. Slapnik presented the FY 2017-2018 audit. A copy of the draft audit is attached to the minutes.

Mr. Castles asked the Commissioners to take the document home for review, and call with any questions or concerns with the intent to approve the document at the January meeting.

**Old Business:**

***Filter Plant Report-*** Mr. Castles read the Filter Plant Report for December. A copy of the report is attached to the minutes.

***Engineer's Report-*** Mr. Litten read the report for December. A copy of the report is attached to the minutes.

***DMAG Report-*** Mr. Litten read the report for December. A copy of the report is attached to the minutes.

***Procurement Policy-*** Mr. Castles stated that copies of the draft Procurement Policy were given to the Commissioners at the last meeting. Though the document was never formally adopted, it is the policy CMD has been following for the last ten years. Due to that fact, Mr. Castles recommended that the Commissioners adopt the policy.

***Motion to adopt the CMD Procurement Policy was made by Jean Nichols, Seconded by Michael Brunson, and unanimously approved.***

**New Business:**

***Director's Update-***

- **DNR Surface Water Committee:** Mr. Castles stated that he has been asked to chair the committee which will rewrite the existing SC Surface Water Plan. It is one of three committees DNR has started to revise the 100-year water management plan.

- **Tyler Project:** We are nearing the end of the startup process. Three payrolls have now been run out of InCode, and the second Accounts Payable run will take place this week. We are currently in the process of implementing the Utility Billing portion, which is running in live mode. We have also purchased an Accounts Receivable module, which will go live in January and assist with purchasing and inventory. Within the next few weeks, the online payment and pay-by-phone systems will also be up and running.

### **Reports:**

***Director's Report-*** Mr. Castles read the Director's Report for December. A copy of this report is attached to the minutes.

***Hydrant Report-*** Mr. Castles read the Hydrant Report for December. A copy of this report is attached to the minutes.

***Financial Report-*** Mr. Castles stated that do to Mrs. Moon's illness and the heavy workload with the software conversion, the Financial Report is unavailable for this month. It will be made available at the January meeting.

With there being no further business to discuss, the meeting was adjourned. Motion to adjourn was made by James Simpson, Seconded by Jean Nichols, and unanimously approved.

Approved:

Date: January 9, 2019

Respectfully Submitted:

By: Susan H. Roddey

# *Chester Metropolitan District*

## *Agenda*

*Wednesday, December 12, 2018*

*6:00 PM*

- I. Call Meeting to Order**
- II. Approval of Last Meeting Minutes**
- III. Audit**
- IV. Old Business**
  - A. Filter Plant - Fred Castles
  - B. Engineer's Report - Andy Litten
  - C. DMAG Report - Andy Litten
  - D. Procurement Policy - Fred Castles
- V. New Business**
  - A. Director's Update - Fred Castles
- VI. Reports**
  - A. Director's Report - Fred Castles
  - B. Hydrant Report - Fred Castles
  - C. Financial Report - Becky Moon
  - D. Tyler Billing/Finance Software Update - Becky Moon
- VII. Adjourn**

*This agenda is subject to change up to 24 hours in advance of the meeting.*

*Public Comment is limited to three (3) minutes per speaker. Only members of the public who have signed up in advance of the meeting will be allowed to speak.*

**Independent Auditor's Report  
on the Financial Statements**

**Chester Metropolitan District**

***as of and for the years ended June 30, 2018 and 2017***

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## **Independent Auditor's Report**

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To the Board of Commissioners  
Chester Metropolitan District  
Chester, South Carolina

We have audited the accompanying financial statements of Chester Metropolitan District (the "District") as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2018. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefits, and pension information on pages 3 through 8 and 32 through 34, respectively, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The schedule of certain expenses – budget and actual is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of certain expenses – budget and actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of certain expenses – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Columbia, South Carolina  
January XX, 2018

## Required Supplementary Information



# Basic Financial Statements

Chester Metropolitan District  
Statements of Net Position  
June 30,

	2018	2017 (as restated)
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 5,140,378	\$ 4,162,745
Customer receivables, net of allowance of \$87,500 and \$27,500 for 2018 and 2017, respectively	358,199	663,538
Unbilled revenue	464,933	438,754
Due from related party	54,371	290,992
Other receivables	73,316	-
Prepaid expenses	55,887	61,260
Inventories	276,139	279,220
Investments - U.S. government bonds, restricted	189,568	195,750
Total current assets	<u>6,612,791</u>	<u>6,092,259</u>
Cash and cash equivalents, restricted	1,871,126	2,217,172
Cash surrender value of life insurance	224,304	202,992
Capital assets, net of accumulated depreciation	12,887,059	13,548,708
Total assets	<u>21,595,280</u>	<u>22,061,131</u>
<b>Deferred outflows of resources:</b>		
Contributions to retirement plan after measurement date	300,951	241,639
Difference between expected and actual retirement plan experience	21,246	43,339
Difference between projected and actual investment experience	133,036	347,197
Change in proportionate share of net pension liability	390,384	247,237
Change in actuarial assumptions on retirement plan	278,981	-
Contributions to OPEB after measurement date	314,862	63,684
Difference between expected and actual OPEB experience	10,574	-
Deferred loss on bond refunding	21,343	24,900
Total deferred outflows of resources	<u>1,471,377</u>	<u>967,996</u>
Total assets and deferred outflows of resources	<u>23,066,657</u>	<u>23,029,127</u>
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Current maturities of revenue bonds payable	380,000	370,000
Accounts payable	281,611	316,990
Due to related party	63,857	97,542
Accrued interest payable	16,427	16,888
Accrued payroll and related liabilities	206,237	120,032
Customer service deposits	286,586	295,923
Accrued compensated absences, current	67,024	101,056
Total current liabilities	<u>1,301,742</u>	<u>1,318,431</u>
Accrued compensated absences, net of current portion	156,390	92,241
Revenue bonds payable, net of current maturities	6,241,268	6,634,400
OPEB liability	4,236,862	4,409,876
Net pension liability	4,765,707	4,180,764
Total liabilities	<u>16,701,969</u>	<u>16,635,712</u>
<b>Deferred inflows of resources:</b>		
Difference between expected and actual retirement plan experience	2,641	607
Change in actuarial assumptions on OPEB	442,691	-
Total deferred inflows of resources	<u>445,332</u>	<u>607</u>
Total liabilities and deferred inflows of resources	<u>17,147,301</u>	<u>16,636,319</u>
<b>Net position:</b>		
Net investment in capital assets	7,234,258	7,910,503
Restricted for debt service	480	57,819
Restricted for other purposes	2,060,214	2,355,103
Unrestricted	<u>(3,375,596)</u>	<u>(3,930,617)</u>
Total net position	<u>\$ 5,919,356</u>	<u>\$ 6,392,808</u>

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

Chester Metropolitan District  
Statements of Revenues, Expenses, and Changes in Net Position  
for the years ended June 30,

	<u>2018</u>	<u>2017</u>
<b>Operating revenues:</b>		
Water service	\$ 5,176,360	\$ 4,904,456
Residual management fees	718,751	683,345
Expense reimbursements, related party	202,904	200,368
Capital project fees	155,029	146,663
Penalties	75,970	50,279
Water connection fees	35,534	36,106
Miscellaneous	251,033	169,820
Total operating revenues	<u>6,615,581</u>	<u>6,191,037</u>
<b>Operating expenses:</b>		
Filter plant	1,512,484	1,476,073
Distribution	1,176,832	1,266,462
Administration and general	1,764,381	2,104,573
Depreciation	989,224	932,991
Meters	289,983	353,233
Sludge operations	201,039	284,390
Engineering	234,994	243,761
MIS	214,363	-
Human resources	214,003	2,076
Consulting services	-	17,620
Loss on disposal of assets	316,854	-
Total operating expenses	<u>6,914,157</u>	<u>6,681,179</u>
Operating loss	<u>(298,576)</u>	<u>(490,142)</u>
<b>Non-operating income (expenses):</b>		
Interest income	38,128	20,024
Interest expense	(211,322)	(152,185)
Unrealized loss on investment	(1,682)	(5,892)
Total non-operating expenses, net	<u>(174,876)</u>	<u>(138,053)</u>
<b>Contributed capital:</b>		
State grants	-	21,982
Total contributed capital	<u>-</u>	<u>21,982</u>
Decrease in net position	(473,452)	(606,213)
Net position, at beginning of year	<u>6,392,808</u>	10,927,326 *
Net position, at end of year	<u>\$ 5,919,356</u>	<u>\$ 10,321,113</u>

\* Historical information required to restate beginning net position as of July 1, 2016 is not available and given the nature of the plan, is not practical to obtain on behalf of the District.

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

Chester Metropolitan District  
Statements of Cash Flows  
for the years ended June 30,

	2018	2017
<b>Cash flows from operating activities:</b>		
Cash received from customers and others	\$ 7,048,709	\$ 5,745,890
Cash paid to employees	(2,254,340)	(2,195,803)
Cash paid to suppliers	(2,979,659)	(3,132,000)
Net cash provided by operating activities	<u>1,814,710</u>	<u>418,087</u>
<b>Cash flows provided by (used in) capital and related financing activities:</b>		
Acquisition and construction of capital assets	(678,578)	(1,886,943)
Principle payments on revenue bonds	(370,000)	(4,780,000)
Interest paid	(211,322)	(177,085)
Grants received	-	67,888
Proceeds from bond issuance	-	7,004,400
Net cash provided by (used in) capital and related financing activities	<u>(1,259,900)</u>	<u>228,260</u>
<b>Cash flows provided by investing activities:</b>		
Sales of investments	4,500	357,517
Proceeds from sale of capital assets	34,149	-
Interest income	38,128	20,024
Net cash provided by investing activities	<u>76,777</u>	<u>377,541</u>
Net increase in cash and cash equivalents	631,587	1,023,888
Cash and cash equivalents at beginning of year	6,379,917	5,356,029
Cash and cash equivalents at end of year	<u>\$ 7,011,504</u>	<u>\$ 6,379,917</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss	\$ (298,576)	\$ (490,142)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation	989,224	932,991
Amortization	3,557	-
Increase in cash surrender value of life insurance	(21,312)	(20,874)
Change in value of investments	-	(5,892)
Change in assets and liabilities:		
Customer receivables	305,339	(280,460)
Unbilled revenue	(26,179)	(60,894)
Due from related party	236,621	(137,873)
Other receivables	(73,316)	-
Prepaid expenses	5,373	2,999
Inventories	3,081	964
Deferred outflows of resources	(506,938)	(524,306)
Accounts payable	(35,379)	58,902
Accrued interest payable	(461)	(25,646)
Accrued expenses	116,322	104,672
Due to related party	(33,685)	(115,271)
Customer service deposits	(9,337)	34,080
Bond premium	(13,132)	-
Net pension liability	584,943	746,115
OPEB liability	(173,014)	204,258
Deferred inflows of resources	444,725	(5,536)
Loss on disposal of capital assets	316,854	-
Total adjustments	<u>2,113,286</u>	<u>908,229</u>
Net cash provided by operating activities	<u>\$ 1,814,710</u>	<u>\$ 418,087</u>

A reconciliation of cash and cash equivalents reflected in the statements of cash flows to the statements of net position are as follows:

	Current assets	Restricted assets	Statements of Cash Flows
Cash and cash equivalents, June 30, 2016	\$ 3,491,329	\$ 1,864,700	\$ 5,356,029
Net increase	671,416	352,472	1,023,888
Cash and cash equivalents, June 30, 2017	4,162,745	2,217,172	6,379,917
Net increase (decrease)	977,633	(346,046)	631,587
Cash and cash equivalents, June 30, 2018	<u>\$ 5,140,378</u>	<u>\$ 1,871,126</u>	<u>\$ 7,011,504</u>

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

Chester Metropolitan District  
Notes to the Financial Statements

**Note 1. Summary of Significant Accounting Policies**

**Organization and Basis of Accounting** – Chester Metropolitan District (the “District”) was created in 1964 pursuant to Act Number 379 of the Acts of the General Assembly of the State of South Carolina. The District’s principal purpose is to provide filtered water in substantial quantities in and throughout the area of Chester County.

The District operates as a self-supporting governmental enterprise and uses accounting policies applicable to governmental enterprise funds. The District is directed by a governing board whose members (7) are appointed by the County and town governments serviced by the District.

The District uses the accrual basis of accounting and the economic resources measurement focus for reporting. The accrual basis of accounting recognizes revenue when earned, regardless of when received. Expenses are recorded when incurred, regardless of when paid.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund’s principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Accounting Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include the estimated useful lives of property and equipment and the actuarially calculated net pension and other post-employment benefit (“OPEB”) liabilities. Management is not aware of any condition that would affect those estimates in the near term.

**Cash and Cash Equivalents** – For purposes of reporting cash flows in the financial statements, all demand deposits and highly liquid debt instruments (including restricted assets) purchased with an initial maturity of three months or less are considered to be cash equivalents.

**Customer Receivables** – Customer receivables are obligations due under billing cycles and each customer is required to remit a deposit before service is activated. The District’s accounts receivable are due from residential and industrial customers.

**Allowance for Doubtful Accounts** – An allowance for possible credit losses is recorded and reduces the carrying value of accounts receivable to its net realizable value. The amount of the reserve is based upon management’s estimate of currently uncollectible accounts, historical trends, current economic trends, and other factors. Provisions to increase or decrease the allowance are charged to operations. Account balances are written off when collection efforts are deemed ineffective. The allowance for doubtful accounts was approximately \$87,500 and \$27,500 at June 30, 2018 and 2017, respectively.

**Investments** – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable

Chester Metropolitan District  
Notes to the Financial Statements

**Note 1. Summary of Significant Accounting Policies (continued)**

**Investments (continued)**

inputs. At June 30, 2018 and 2017, all of the District's investments are bank certificates of deposit or U.S. government bonds with maturities of one year or less, that are valued with Level 1 inputs. Certificates of deposit are reported at cost plus interest earned which approximates fair value. U.S. government bonds are reported at fair value.

**Unbilled Revenue** – The District renders bills to customers on billing cycles that end on various days throughout the month. Unbilled revenue represents the portion of bills rendered during the month of July applicable to service provided in June.

**Cash Surrender Value of Life Insurance** - The District has a life insurance policy on its former executive director and it had a cash surrender value of approximately \$224,000 and \$203,000 at June 30, 2018 and 2017, respectively. The death benefit of the policy at June 30, 2018 and 2017, was approximately \$553,544 and \$553,439, respectively.

**Inventories** – Inventories consist principally of maintenance parts and supplies valued at average cost.

**Restricted Assets Not Available for Current Operations** – In accordance with revenue bond provisions and loan requirements, revenues have been set aside in special funds for specified purposes. The assets in these accounts are shown as restricted assets on the statements of net position.

**Capital Assets** – Property constructed or purchased is stated at cost. Contributed property is stated at estimated fair market value on the date received. Interest is capitalized on significant long-term construction projects and is depreciated over the useful life of the related asset. Depreciation is computed over the assets' estimated useful lives using the straight-line method at the following rates: structures and distribution lines 2%-4%; buildings 3%-11%; equipment 10%-20%; and vehicles 20%.

When property, plant, and equipment are retired or otherwise disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in the statements of revenues, expenses, and changes in net position.

**Capitalization of Interest** – The District capitalizes interest paid on bonds during the construction period of long-lived assets. The amount paid, reduced by interest earned on the unspent funds, is added to the construction in progress account.

**Compensated Absences** – Vacations accrue based on years of service with the District. Only full-time employees are eligible for paid vacations. The compensated absences liability includes accrued annual leave earned for which the employees are entitled to paid time off or payment at termination.

**Deferred inflows/outflows of resources** – GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* requires that the statement of net position provide separate sections for deferred inflows and outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Employer contributions made

Chester Metropolitan District  
Notes to the Financial Statements

**Note 1. Summary of Significant Accounting Policies (continued)**

**Deferred inflows/outflows of resources (continued)**

subsequent to the measurement date of the net pension liability and net OPEB liability are reported as deferred outflows of resources. The District's deferred outflows of resources are also determined by the difference between expected and actual liability experience, difference between projected and actual investment earnings, change in proportionate share of net pension liability, changes in actuarial assumptions on the retirement plan, and loss on bond refunding.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources include the difference between expected and actual retirement plan experience and changes in actuarial assumptions on the OPEB plan.

**Net Position** – The District reports the following classifications of net position:

***Net investment in capital assets:*** This represents the District's total investment in capital assets, net of outstanding debt obligations, if any, related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

***Restricted net position:*** Restricted net position consists of assets with constraints placed on the use of those assets either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.

***Unrestricted net position:*** Unrestricted net position represents the remainder of the District's liabilities in excess of assets excluding net position reported in other categories.

When the District incurs an expense that may be paid from unrestricted or restricted funds, the District first uses restricted funds as allowed by legal or contractual requirements.

**Implementation of New Accounting Standards and Restatement of Net Position**

The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75") and GASB Statement No. 85, *Omnibus 2017* ("GASB No. 85") in the year ended June 30, 2018.

The primary objective of GASB No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves information provided by state and local governmental employers about financial support for other postemployment benefits ("OPEB") that is provided by other entities. GASB No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, it identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Chester Metropolitan District  
Notes to the Financial Statements

**Note 1. Summary of Significant Accounting Policies (continued)**

**Implementation of New Accounting Standards and Restatement of Net Position (continued)**

The objective of GASB No. 85 is to address issues identified during the implementation and application of certain GASB Statements, including GASB No. 75. GASB No. 85 addresses the timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus, recognizing on-behalf payments for pensions or OPEB in employer financial statements, presenting payroll-related measures in required supplementary information for purposes of reporting by employers that provide OPEB, classifying employer-paid member contributions for OPEB, and accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans. The provisions of GASB No. 85 are required to be applied simultaneously with the provisions of GASB No. 75.

The District has determined that a restatement to its July 1, 2017 beginning net position was required to recognize the changes in accounting principles for implementation of GASB No. 75, through which accounting for OPEB plans and the related disclosure requirements were modified. The implementation of GASB No. 75 requires retroactive implementation to the earliest period presented during the year of implementation, unless such implementation is impractical. In such a case, the Statement allows for the restatement due to implementation to be reported for the earliest period for which it is practical. As discussed further in Note 9, the District participates in a single employer defined benefit OPEB plan. Historical information required to restate beginning net position as of July 1, 2016 is not available and given the nature of the plan is not practical to obtain on behalf of the District. As a result, the District has determined a restatement as of July 1, 2017 which is as follows:

Net position at June 30, 2017 as originally reported	\$ 10,321,113
District's OPEB liability, net of previously recognized OPEB liability	(3,991,989)
Deferred outflow for OPEB contributions made after the measurement date	<u>63,684</u>
Net position at June 30, 2017 as restated	<u>\$ 6,392,808</u>

**Note 2. Deposits and Investments**

**Deposits**

**Custodial Credit Risk** – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's policy regarding custodial credit risk related to deposits is that management monitors the amounts deposited that have exceeded the FDIC insurance of \$250,000. Any overages are then collateralized with the financial institution to avoid exposure. The District deposits its funds in high quality and very large institutions, and also considers shifting funds from one financial institution to another when funds greatly exceed the FDIC insurance coverage.



**Chester Metropolitan District  
Notes to the Financial Statements**

**Note 2. Deposits and Investments (continued)**

The bank balances for deposits of the District at June 30, 2018 and 2017, were approximately \$7,017,000 and \$6,363,000, respectively. All of these balances were either secured with FDIC insurance coverage or collateralized in the District's name at June 30, 2018. The District did not recognize any losses in either reporting period due to default by counterparties.

Restricted cash and investments includes approximately \$2,061,000 and \$2,413,000 at June 30, 2018 and 2017, respectively, held for debt service reserve funds.

**Investments**

The District is authorized, by the South Carolina Code of Laws, Title 6, Chapter 5, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

The District's investments at June 30, 2018 and June 30, 2017 are held by a financial institution in the District's name. The fair values of the District's investments at June 30, 2018 and 2017 were approximately \$190,000 and \$196,000, respectively, and consist of certificates of deposits with maturities of one year. All of the District's securities at June 30, 2018 and 2017 were fully collateralized in the District's name.

**Custodial Credit Risk** - Custodial credit risk for investments is the risk that, in the event of failure of counterparty, the District will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The District's policy regarding custodial credit risk for investments is that all investments are collateralized by highly stable and low risk debt securities. The District monitors its investments periodically to ensure that the collateral exceeds the market value of investments.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy regarding credit risk of investments is that it only uses high quality brokers and financial institutions to manage its investment portfolios. In addition, the District's investments are not subject to credit risk as they are fully collateralized. Therefore, the disclosure of quality ratings on rated debt investments is not applicable to the District.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy regarding concentration of credit risk of investments is that it only uses high quality brokers and financial institutions to manage its investment portfolios, as noted above. The District's investments are invested at two financial institutions. These investments represent 100% of total investments with each institution holding more than 5% of the investments individually.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. The District does not have a formal policy related to interest rate risk as it applies to its investments.

Chester Metropolitan District  
Notes to the Financial Statements

**Note 2. Deposits and Investments (continued)**

**External Investment Pool** – The District has funds invested in the South Carolina Local Government Investment Pool (the “Pool”). These funds total approximately \$1,335,000 and \$1,315,000 at June 30, 2018 and 2017, respectively, and are included in cash and cash equivalents on the statements of net position. The Pool is under the regulatory oversight of the South Carolina State Treasurer's Office and the fair value of the District's funds in the Pool is the same as the value of the Pool shares as allocated to the District.

More information pertaining to carrying amounts, fair value, credit and other risks as required by Governmental Accounting Standards Board Statement No. 40, Deposits and Investments – Risk Disclosures, of the State Treasurer's investments are disclosed in the Comprehensive Annual Financial Report of the State of South Carolina. The financial statements for the Pool can be obtained from <http://osa.sc.gov/Pages/default.aspx>.

The following schedule reconciles cash and investments as reported on the Statements of Net Position to the footnote disclosure provided for deposits and investments, as of June 30:

Statements of Net Position:	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 5,140,378	\$ 4,162,745
Restricted assets:		
Cash and cash equivalents	1,871,126	2,217,172
Investments	<u>189,568</u>	<u>195,750</u>
Total cash and investments	<u>\$ 7,201,072</u>	<u>\$ 6,575,667</u>
Disclosure: Deposits and Investments	<u>2018</u>	<u>2017</u>
Carrying value of deposits:		
Held by a financial institution	\$ 5,676,067	\$ 5,064,488
SC State Treasurer	1,335,437	1,315,429
Investments, reported amount:		
Held by a financial institution	<u>189,568</u>	<u>195,750</u>
Total deposits and investments	<u>\$ 7,201,072</u>	<u>\$ 6,575,667</u>

**Note 3. Assets Restricted by Revenue Bond Covenants**

In connection with outstanding revenue bonds, (1) the District's net earnings (defined as the portion of revenues remaining after providing for the proper operation and maintenance of facilities) are pledged for payment of bond principal and interest, (2) a statutory lien on the District's facilities exists, and (3) the District is required to maintain Revenue Bond Debt Service Funds, a Depreciation and Contingent Fund (for improvements, betterments, and extensions of the water system).

Chester Metropolitan District  
Notes to the Financial Statements

**Note 3. Assets Restricted by Revenue Bond Covenants (continued)**

The assets of the Revenue Bond Debt Service Funds ("Debt Service Funds") and Revenue Bond Debt Service Reserve Funds ("Reserve Funds") are to be used for the redemption of bonds and payment of interest on the bonds.

Additions to the Debt Service Funds are required from operating funds in amounts equal to the annual principal and interest payments. Additions to the Reserve Funds are from operating funds when the Reserve Funds assets are less than the sum of the largest annual debt service payment for each issue of revenue bonds outstanding. When the assets of the Reserve Funds exceed the requirements, the District is permitted to use the Reserve Funds investment income for principal and interest payments and thereby reduce the amount of operating funds required to be transferred to the Debt Service Fund.

Restricted funds and restricted net position at June 30  
summarized by fund are:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents held by Trustee:		
Revenue bonds:		
2017 Debt Service Fund	\$ 480	\$ 57,819
Cash and investments in other financial institutions:		
Depreciation and Contingent Fund	<u>196,589</u>	<u>195,750</u>
Total assets restricted by revenue bond covenants	<u>197,069</u>	<u>253,569</u>
Unspent bond proceeds	968,467	1,366,194
Capital fee fund	<u>895,158</u>	<u>793,159</u>
Total restricted net position	<u>\$ 2,060,694</u>	<u>\$ 2,412,922</u>

**Note 4. Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2018, follows:

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Disposals &amp; Adjustments</u>	<u>Balance, June 30, 2018</u>
Capital assets not being depreciated:				
Land and land rights	\$ 1,140,058	\$ -	\$ -	\$ 1,140,058
Construction in progress	1,103,517	38,850	(871,905)	270,462
Other capital assets:				
Structures and distribution lines	25,492,504	1,069,510	(227,064)	26,334,950
Distribution lines purchased	803,489	-	-	803,489
Equipment	2,219,937	201,281	(277,177)	2,144,041
Vehicles	638,933	-	(43,807)	595,126
Buildings	<u>3,886,861</u>	<u>-</u>	<u>-</u>	<u>3,886,861</u>
	35,285,298	1,309,641	(1,419,953)	35,174,987
Less accumulated depreciation	<u>(21,736,590)</u>	<u>(989,224)</u>	<u>437,887</u>	<u>(22,287,927)</u>
Capital assets, net	<u>\$ 13,548,708</u>	<u>\$ 320,417</u>	<u>\$ (982,066)</u>	<u>\$ 12,887,059</u>

Chester Metropolitan District  
Notes to the Financial Statements

**Note 4. Capital Assets (continued)**

A summary of changes in capital assets for the year ended June 30, 2017, follows:

	Balance, July 1, 2016	Additions	Disposals & Adjustments	Balance, June 30, 2017
Capital assets not being depreciated:				
Land and land rights	\$ 1,140,058	\$ -	\$ -	\$ 1,140,058
Construction in progress	1,266,622	120,354	(42,156)	1,344,820
Other capital assets:				
Structures and distribution lines	23,731,525	1,483,902	42,156	25,257,583
Distribution lines purchased	803,489	-	-	803,489
Equipment	2,106,874	160,351	(47,288)	2,219,937
Vehicles	548,805	122,336	(32,208)	638,933
Buildings	3,880,478	-	-	3,880,478
	33,477,851	1,886,943	(79,496)	35,285,298
Less accumulated depreciation	(20,883,095)	(932,991)	79,496	(21,736,590)
Capital assets, net	<u>\$ 12,594,756</u>	<u>\$ 953,952</u>	<u>\$ -</u>	<u>\$ 13,548,708</u>

Depreciation expense was approximately \$989,000 and \$933,000 for the years ended June 30, 2018 and 2017, respectively. The District did not have any interest capitalized at June 30, 2018 and 2017, in the above totals.

**Note 5. Financing Arrangements**

**Revenue Bonds Payable**

In March of 2017, the District issued the Waterworks System Improvement and Refunding Revenue Bonds, Series 2017 bonds with a par amount of \$6,755,000. Premiums recorded during the fiscal year totaled \$236,000. The proceeds of the bond were used to defease the Series 2009 Bonds (\$2,517,122). The interest rate on the 2017 Series Bond is 3.00 percent from 2017 through 2032, 3.25 percent in 2033 and 2034, and 3.50 percent in 2035 and 2036, with a term of 20 years maturing on June 1, 2036. The bond was refunded to reduce total debt service payments by approximately \$108,000 and to obtain an economic gain of approximately \$112,000.

**Optional Redemption.** The Series 2017 Bonds maturing on or after June 1, 2028 are subject to redemption prior to maturity, at the option of the District on and after June 1, 2027, in whole or in part at any time, upon 30 days' notice, in such manner as will be determined by the District, and by lot (or by such DTC procedure as is customary if the Book-Entry-Only System is still in effect) within a maturity at par, plus accrued interest to the redemption date.

**Mandatory Redemption.** The Series 2017 Bonds maturing on June 1, 2034 are subject to mandatory sinking fund redemption (to the extent not previously redeemed) at a redemption price of 100% of such principal amount, plus interest to the redemption date, on June 1 of each of the following years in the respective principal amounts for each year specified below:

Year	Amount
2033	\$350,000
2034*	\$360,000

\* Final Maturity.

Chester Metropolitan District  
Notes to the Financial Statements

**Note 5. Financing Arrangements (continued)**

**Revenue Bonds Payable (continued)**

***Mandatory Redemption (continued)***

The Series 2017 Bonds maturing on June 1, 2036 are subject to mandatory sinking fund redemption (to the extent not previously redeemed) at a redemption price of 100% of such principal amount, plus interest to the redemption date, on June 1 of each of the following years in the respective principal amounts for each year specified below:

Year Amount

2035 \$375,000

2036\* \$385,000

\* Final Maturity.

The amount of any mandatory sinking fund redemption will be reduced to the extent the Series 2017 Bonds of the applicable maturity have been purchased by the District or redeemed by the District pursuant to any optional redemption provisions, in such manner as the District will direct.

Maturities of revenue bonds are summarized as follows:

Year Ending June 30,	Interest	Principal	Total Debt Service
2019	197,125	380,000	577,125
2020	185,725	390,000	575,725
2021	174,025	405,000	579,025
2022	161,875	415,000	576,875
2023	149,425	430,000	579,425
2024-2028	579,125	1,595,000	2,174,125
2029-2033	347,375	1,650,000	1,997,375
2034-2036	78,375	1,120,000	1,198,375
	<u>\$ 1,873,050</u>	<u>\$ 6,385,000</u>	<u>\$ 8,258,050</u>

Interest expense was approximately \$211,000 and \$152,000 for the years ended June 30, 2018 and 2017, respectively.

Chester Metropolitan District  
Notes to the Financial Statements

**Note 5. Financing Arrangements (continued)**

**Revenue Bonds Payable (continued)**

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	Balance, July 1, 2017	Additions	Reductions	Balance, June 30, 2018	Due within one year
Series 2017 Revenue Bonds	\$ 6,755,000	\$ -	\$ 370,000	\$ 6,385,000	\$ 380,000
Premium on Bonds	249,400	-	13,132	236,268	3,557
Net Pension Liability OPEB	4,180,764	584,943	-	4,765,707	-
Liability, 2017 as restated	4,409,876	-	173,014	4,236,862	-
Compensated Absences	193,297	140,889	110,772	223,414	67,024
	<u>\$ 15,788,337</u>	<u>\$ 725,832</u>	<u>\$ 666,918</u>	<u>\$ 15,847,251</u>	<u>\$ 450,581</u>

**Note 6. Pension Plan**

The South Carolina Public Employee Benefit Authority ("PEBA"), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles ("GAAP"). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

**Plan Descriptions**

- The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

**Chester Metropolitan District  
Notes to the Financial Statements**

**Note 6. Pension Plan (continued)**

*Membership*

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees, teachers, and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

- The District does not participate in the State Optional Retirement Program ("State ORP") or the Police Officers Retirement System ("PORS").

*Benefits*

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

*Contributions*

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the State Fiscal Accountability Authority for approval an increase in the SCRS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS. An increase in the contribution rates adopted by the Authority may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Authority are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Authority shall increase the contribution rates in equal percentage

Chester Metropolitan District  
Notes to the Financial Statements

**Note 6. Pension Plan (continued)**

*Contributions (continued)*

amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

Required employee contribution rates are as follows:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>
<b>SCRS</b>		
Employee Class Two	<b>9.00%</b>	8.66%
Employee Class Three	<b>9.00%</b>	8.66%

Required employer contribution rates<sup>1</sup> are as follows:

<b>SCRS</b>		
Employer Class Two	<b>13.41%</b>	11.41%
Employer Class Three	<b>13.41%</b>	11.41%
Employer Incidental Death Benefit	<b>0.15%</b>	0.15%

<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws

**Actuarial Assumptions and Methods**

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2017, total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on the July 1, 2016, actuarial valuations, as adopted by PEBA and SFAA which utilized membership data as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law on April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2016, valuations for SCRS.



Chester Metropolitan District  
Notes to the Financial Statements

**Note 6. Pension Plan (continued)**

	<b>SCRS</b>
Actuarial cost method	Entry age
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)
Includes inflation at	2.25%
Benefit adjustments	lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table ("2016 PRSC") was developed using the Systems' mortality experience. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in the July 1, 2016 valuations for SCRS are as follows:

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
Educators and Judges	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

**Net Pension Liability**

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2017 and 2016, for SCRS are presented below:

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>
SCRS - 2017	\$48,244,437,494	\$25,732,829,268	\$ 22,511,608,226	53.3%
SCRS - 2016	\$45,356,214,752	\$23,996,362,354	\$ 21,359,852,398	52.9%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements. The District's net pension liability at June 30, 2018 was \$4,765,707.

Chester Metropolitan District  
Notes to the Financial Statements

**Note 6. Pension Plan (continued)**

The District's proportionate share of the net pension liability for SCRS is as follows for the years ended June 30, 2018 and 2017:

System	June 30, 2018	June 30, 2017	Change
SCRS	0.021170%	0.019573%	0.001597%

The District's change in proportionate share of the net pension liability and related deferred inflows and outflows of the resources will be amortized into pension expense over the respective average remaining service lives of the system.

*Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments, as used in the July 1, 2016 actuarial valuations, is based upon the 30 year capital market outlook at the end of the third quarter 2016. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Chester Metropolitan District  
Notes to the Financial Statements

**Note 6. Pension Plan (continued)**

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
<b>Global Equity</b>	<b>45.0%</b>		
Global Public Equity	31.0	6.72%	2.08%
Private Equity	9.0	9.60	0.86
Equity Options Strategies	5.0	5.91	0.30
<b>Real Assets</b>	<b>8.0</b>		
Real Estate (Private)	5.0	4.32	0.22
Real Estate (REITs)	2.0	6.33	0.13
Infrastructure	1.0	6.26	0.06
<b>Opportunistic</b>	<b>17.0</b>		
GTAA/Risk Parity	10.0	4.16	0.42
Hedge Funds (non-PA)	4.0	3.82	0.15
Other Opportunistic Strategies	3.0	4.16	0.12
<b>Diversified Credit</b>	<b>18.0</b>		
Mixed Credit	6.0	3.92	0.24
Emerging Markets Debt	5.0	5.01	0.25
Private Debt	7.0	4.37	0.31
<b>Conservative Fixed Income</b>	<b>12.0</b>		
Core Fixed Income	10.0	1.60	0.16
Cash and Short Duration (Net)	2.0	0.92	0.02
<b>Total Expected Real Return</b>	<b>100.0%</b>		<b>5.31</b>
<b>Inflation for Actuarial Purposes</b>			<b>2.25</b>
<b>Total Expected Nominal Return</b>			<b>7.56%</b>

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System'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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity Analysis**

The following table presents the Fund's proportional share of the collective net pension liability of the participating employers calculated using the discount rate of 7.25 percent, as well as what the Fund's proportional share of the employers' net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Chester Metropolitan District  
Notes to the Financial Statements

**Note 6. Pension Plan (continued)**

<b>Sensitivity of the Proportional Share of Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1.00% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1.00% Increase (8.25%)</b>
SCRS	\$ 6,142,342	\$ 4,765,707	\$ 3,930,414

**Deferred Outflows (Inflows) of Resources**

For the year ended June 30, 2018, the District recognized pension expense of \$642,743. At June 30, 2018, the District reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 300,951	\$ -
Differences in actual and expected retirement plan experience	21,246	(2,641)
Net differences between projected and actual earnings on plan investments	133,036	-
Change in actuarial assumptions	278,981	-
Change in proportionate share of net pension liability and differences between actual contributions and the District's proportionate share of contributions	390,384	-
	<u>\$ 1,124,598</u>	<u>\$ (2,641)</u>

The District reported \$300,951 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the District's proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2018. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2018 was 4.073 years for SCRS.

<b>Measurement Period Ending June 30,</b>	<b>Fiscal Year Ending June 30,</b>	<b>SCRS</b>
2018	2019	\$ (204,828)
2019	2020	(276,102)
2020	2021	(210,017)
2021	2022	(130,059)
		<u>\$ (821,006)</u>

The District's contributions to SCRS for the fiscal years ended June 30, 2018, 2017 and 2016 were \$300,951, \$241,639, and \$209,345, respectively.

**Chester Metropolitan District**  
**Notes to the Financial Statements**

**Note 7. Related Parties**

The Chester Sewer District (the "Sewer District"), an independent organization, and the District previously shared common facilities until 2016. Billing and collections are performed jointly by the organizations with separate accounting records maintained for each organization. The District bills the Sewer District for a portion of the salaries of employees who perform services for both organizations, any Sewer District expenses paid by the District, and any portion of expenses associated with shared space and equipment. Expense reimbursements for the years ended June 30, 2018 and 2017 totaled approximately \$203,000 and \$200,000, respectively. At June 30, 2018 and 2017, the District had amounts due from the Sewer District of approximately \$54,000 and \$291,000, respectively. At June 30, 2018 and 2017 the District had amounts due to the Sewer District of approximately \$64,000 and \$98,000, respectively. These related party amounts are due upon invoicing and are therefore current assets and liabilities in the accompanying statements of net position.

**Note 8. Risk Management**

The District pays premiums to the South Carolina State Insurance Reserve Fund ("IRF"), which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following assets, activities, and/or events:

1. Theft of, damage to, or destruction of the assets;
2. Building contents and equipment;
3. Motor vehicles;
4. Torts;
5. Errors and omissions;
6. Natural disasters;

Worker's compensation claims are handled by the South Carolina State Accident Fund, whom the District also pays premiums to.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of certain property and equipment and auto liability. The IRF's rates are determined actuarially.

The District obtains coverage through a commercial insurer for employee fidelity bond insurance for all of its employees for losses arising from theft or misappropriation.

**Note 9. Other Post-Employment Benefits**

The District contributes to the premium cost of retiree group health insurance in the State's retiree insurance program. The South Carolina Public Employee Benefit Authority ("PEBA") is a State agency responsible for the administration and management of South Carolina's employee insurance programs. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits (OPEB). For reporting purposes, this OPEB plan is a single-employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Chester Metropolitan District  
Notes to the Financial Statements**

**Note 9. Other Post-Employment Benefits (continued)**

**Funding Policy**

***Insurance and Retirement***

The District contributes the employer portion of the premium cost for coverage of eligible employees and covered dependents in the State of South Carolina's Employee Insurance Plan. The District also currently contributes an additional \$16.70 toward the employee's portion of the premiums. The employer and employee's contribution are set by PEBA and not by the District.

Full-time and part-time employees are required to enter into the State Retirement System as a condition of their employment. The employee will contribute a portion of his gross salary per pay period into retirement plan with the District contributing an additional amount. The employee and employer shares are set by PEBA and not the District.

***Retiree Group Health Insurance***

Effective July 1, 2015, the District began contributing to the premium cost of retiree group health insurance in the state's retiree insurance program as set forth below. This policy may be altered or eliminated at any time in the District's discretion on notice to participating retirees. Eligibility to participate in the state's retiree insurance program is required and is determined by the PEBA and not by this or any of the District's policies. Eligibility to retire under the rules of the state retirement plan is also required and is determined by PEBA retirement system. In accordance with District policy, "years of consecutive full-time service to the District" means years of service to the Chester Metropolitan District. At retirement, if an employee has reached at least 10 years of service with the District, the District will accept up to 5 years of full-time service with a PEBA (SCRS & Employee Insurance Program ("EIP")) participating employer to apply towards District funding guidelines. In order for the service to count, the employee must have participated in PEBA's retirement and insurance program in the previous public employment.

***Employees and Former Employees Hired Before May 2, 2008***

Funded – for the following employees or former employees who meet the age and service requirements below, the District will pay 100% of the premium for retiree coverage and will pay towards any dependent coverage the equivalent of the employer portion of the premium for active coverage. The retiree will be responsible for the remainder of the premium. The age and service requirements are as follows:

Chester Metropolitan District  
Notes to the Financial Statements

**Note 9. Other Post-Employment Benefits (continued)**

- Current employees who at the time of retirement will be at least 60 years of age, or on PEBA-approved disability retirement, and have at least ten years of consecutive full-time service to the District.
- Employees with 25 years of service with the District, who retire before age 60, will be eligible for funded insurance premiums at the time they would have reached 28 years of service or reached 60 years of age, whichever occurs first.
- Current employees who at the time of retirement have at least 28 years of consecutive full-time service to the District.
- Employee's last 5 years of service must have been served consecutively in a full-time, benefits eligible position with the District.
  - Non-Funded – for all other current and former employees, the retiree will be responsible for the entire premium cost.
- Employees and Former Employees Hired On or After May 2, 2008
  - Funded – for current employees who at the time of retirement will have 25 years of consecutive full-time service to the District, the District will pay 100% of the premium for retiree coverage and will pay towards any dependent coverage the equivalent of the employer portion of the premium for active coverage. The retiree will be responsible for the remainder of the premium.
  - Partially Funded – for current employees who at the time of retirement will have 15 years but fewer than 25 years of consecutive full-time service to the District, the District will pay towards the elected coverage the equivalent of 50% of the employer portion of the premium for active coverage. The retiree will be responsible for the remainder of the premium.
  - Non-Funded – for all current employees, the retiree will be responsible for the entire premium cost.

**Membership**

The following summarizes the data required regarding the membership used in the June 30, 2017 valuation of the Plan.

Inactive Employees or Beneficiaries Currently Receiving Benefits	11
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Employees	41
Total Membership	<u>52</u>

**Total OPEB Liability**

The District's total OPEB liability of \$4,236,862 was measured as of June 30, 2017, and was determined by an actuarial valuation of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Chester Metropolitan District  
Notes to the Financial Statements

**Note 9. Other Post-Employment Benefits (continued)**

Inflation	2.25%
Real wage growth	0.75%
Wage inflation	3.00%
Salary increases, including wage inflation	3.00% - 7.00%
Municipal Bond Index Rate	
Prior Measurement Date	3.01%
Measurement Date	3.56%
Health Care Cost Trends	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.50% for 2016 decreasing to an ultimate rate of 5.00% by 2020

The discount rate used to measure the Total OPEB Liability ("TOL") was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly.

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect the anticipated experience and provide margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the July 1, 2017 valuation were based on the results of an actuarial experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were used in the July 1, 2017 valuation and were based on a review of recent plan experience done concurrently with the July 1, 2017 valuation.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Total OPEB Liability as of June 30, 2016</b>	<b>\$ 4,409,876</b>
<b>Changes for the year:</b>	
Service cost	243,506
Interest	131,786
Difference between expected and actual experience	11,859
Changes of assumption or other inputs	(496,481)
Benefit payments and implicit subsidy credit	(63,684)
<b>Net changes</b>	<b>\$ (173,014)</b>
<b>Total OPEB Liability as of June 30, 2017</b>	<b>\$ 4,236,862</b>



Chester Metropolitan District  
Notes to the Financial Statements

**Note 9. Other Post-Employment Benefits (continued)**

The total OPEB liability is based on an actuarial valuation performed as of the valuation date of July 1, 2017. An expected total OPEB liability is determined as of June 30, 2016, the prior measurement date, using standard roll back techniques. The roll back calculation begins with the total OPEB liability as of the measurements date, June 30, 2017, adds the expected benefit payments for the year, deducts interest at the discount rate for the year, and then subtracts the annual normal cost (also called the service cost).

The actuary has assumed no significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the valuation date and the measurement date. If a significant change, other than the change in the Municipal Bond Index Rate, has occurred between the valuation date and the measurement date, an updated valuation may need to be performed.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

<b>Sensitivity of the Proportional Share of Total OPEB Liability to Changes in the Discount Rate</b>			
	<b>1.00% Decrease (2.56%)</b>	<b>Current Discount Rate (3.56%)</b>	<b>1.00% Increase (4.56%)</b>
Total OPEB Liability	\$ 5,197,661	\$ 4,236,862	\$ 3,498,197

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<b>Sensitivity of the Proportional Share of Total OPEB Liability to Changes in the Healthcare Cost Trend Rates</b>			
	<b>1.00% Decrease</b>	<b>Current</b>	<b>1.00% Increase</b>
Total OPEB Liability	\$ 3,416,672	\$ 4,236,862	\$ 5,347,741

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the District recognized negative OPEB expense of \$322,787. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in actual and expected experience	\$ 10,574	\$ -
Change in actuarial assumptions	-	(442,691)
Total	\$ 10,574	\$ (442,691)

Chester Metropolitan District  
Notes to the Financial Statements

**Note 9. Other Post-Employment Benefits (continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Measurement Period</b>	
<b>Ending June 30,</b>	
2018	\$ 52,505
2019	52,505
2020	52,505
2021	52,505
2022	52,505
Thereafter	169,592
Total	<u>\$ 432,117</u>

**Note 10. Subsequent Events**

The District has evaluated events and transactions occurring subsequent to the Statement of Net Position date of June 30, 2018, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through January XX, 2019, the date these financial statements were available to be issued, and there were no subsequent events that required disclosure in these financial statements.

**Required Supplementary Information**

Chester Metropolitan District  
 Schedule of the Chester Metropolitan District's  
 Changes in Total OPEB Liability and Related Ratios --  
 Other Postemployment Benefits  
 As of June 30, 2018  
 Last 1 fiscal year

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service Cost at end of year	\$ 243,506
Interest	131,786
Difference between expected and actual experience	11,859
Changes of assumptions or other inputs	(496,481)
Benefit payments and implicit subsidy credit	(63,684)
<b>Net change in Total OPEB Liability</b>	<b>\$ (173,014)</b>
<b>Total OPEB Liability – beginning</b>	<b>\$ 4,409,876</b>
<b>Total OPEB Liability – ending</b>	<b>\$ 4,236,862</b>
 <b>Covered-employee payroll</b>	 <b>\$ 1,884,585</b>
 <b>Total OPEB Liability as a percentage of covered-employee payroll</b>	 <b>224.82%</b>

Note that 10 years of information are required for this schedule, but is not available. The above information was determined as of June 30<sup>th</sup> of the preceding year.

**Chester Metropolitan District  
Schedule of the Chester Metropolitan District's  
Proportionate Share of the Net Pension Liability –  
South Carolina Retirement System  
As of June 30, 2018  
Last Four Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.021170%	0.019573%	0.018110%	0.017663%
The District's proportionate share of the net pension liability	\$ 4,765,707	\$ 4,180,764	\$ 3,434,649	\$ 3,040,983
The District's covered employee payroll	\$ 2,117,783	\$ 1,892,812	\$ 1,724,716	\$ 1,603,547
The District's proportionate share of the net pension liability as percentage of covered-employee payroll	225.03%	220.88%	199.14%	189.64%
Plan fiduciary net position as a percentage of the total pension liability	53.3%	52.90%	57.0%	

Note: The amounts presented above were determined as of June 30<sup>th</sup> of the preceding year.

Chester Metropolitan District  
Schedule of the Chester Metropolitan District's Contributions –  
South Carolina Retirement System  
As of June 30, 2018  
Last Ten Fiscal Years

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 300,951	\$ 241,639	\$ 209,345	\$ 184,913	\$ 169,976
Contributions in relation to the contractually required contribution	300,951	241,639	209,345	184,913	169,976
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
The District's covered payroll	\$ 2,244,228	\$ 2,117,783	\$ 1,892,812	\$ 1,724,716	\$ 1,603,547
Contributions as a percentage of covered payroll	13.41%	11.41%	11.06%	10.90%	10.60%
	2013	2012	2011	2010	2009
Contractually required contribution	\$ 163,791	\$ 142,565	\$ 132,012	\$ 126,369	\$ 119,793
Contributions in relation to the contractually required contribution	163,791	142,565	132,012	126,369	119,793
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
The District's covered payroll	\$ 1,545,198	\$ 1,495,176	\$ 1,405,879	\$ 1,345,783	\$ 1,275,751
Contributions as a percentage of covered payroll	10.60%	9.535%	9.39%	9.39%	9.39%

**Supplemental Information**

Chester Metropolitan District  
Supplemental Schedule of Certain Expenses - Budget and Actual  
for the year ended June 30, 2018

	Budget	Actual	Variance (Favorable) Unfavorable
Administrative and general:			
Salaries	\$ 696,369	\$ 573,562	\$ (122,807)
Payroll taxes	47,688	42,544	(5,144)
Fringe benefits	84,529	85,019	490
Supplies	29,111	19,134	(9,977)
Postage	39,000	11,367	(27,633)
Contract services	104,244	114,579	10,335
Legal	14,000	8,367	(5,633)
Audit	21,000	18,212	(2,788)
Utilities and telephone	46,180	40,476	(5,704)
Insurance	14,016	(7,024)	(21,040)
Travel and fuel	5,200	2,851	(2,349)
Repairs and maintenance	5,300	5,085	(215)
Bad debts	-	61,475	61,475
Dues, education, and drug testing	26,772	28,488	1,716
Bank service charges	20,000	22,217	2,217
Employee Appreciation	8,500	10,733	2,233
Crisis Fund	2,500	-	(2,500)
Tuition Assistance	10,000	2,405	(7,595)
Miscellaneous	-	672	672
Newsletter	6,300	7,247	947
Board expense	6,560	3,962	(2,598)
Uniforms and boots	2,800	1,727	(1,073)
Non-operating expenses	50,000	21,186	(28,814)
MIS Maintenance, Software and Hardware	-	1,104	1,104
Community Support	5,143	4,383	(760)
Non-operating expenses	79,614	20,032	(59,582)
Pension Expense	-	341,791	341,791
OPEB Expense	306,128	322,787	16,659
	<u>\$ 1,630,954</u>	<u>\$ 1,764,381</u>	<u>\$ 133,427</u>
Filter plant:			
Salaries	454,741	470,250	15,509
Payroll taxes	34,788	33,362	(1,426)
Fringe benefits	61,662	63,640	1,978
Supplies	37,800	41,078	3,278
Chemicals	437,500	565,462	127,962
Uniforms and boots	5,325	2,986	(2,339)
Contract services	14,400	26,668	12,268
Clearwell cleaning	15,000	-	(15,000)
Basin cleaning	9,200	2,464	(6,736)
Utilities and telephone	182,000	200,092	18,092
Postage	180	167	(13)
Repairs and maintenance	59,000	63,237	4,237
Travel and fuel	3,750	3,382	(368)
Dues, education, and drug testing	3,172	696	(2,476)
Non-operating expenses	32,270	11,332	(20,938)
Testing, fees and permits	29,250	27,668	(1,582)
	<u>\$ 1,380,038</u>	<u>\$ 1,512,484</u>	<u>\$ 132,446</u>



Chester Metropolitan District  
Supplemental Schedule of Certain Expenses - Budget and Actual (Continued)  
for the year ended June 30, 2018

	Budget	Actual	Variance (Favorable) Unfavorable
<b>Distribution:</b>			
Salaries	\$ 497,355	\$ 627,723	\$ 130,368
Payroll taxes	38,048	44,909	6,861
Fringe benefits	67,441	86,532	19,091
Supplies	156,200	157,629	1,429
Uniforms and boots	8,050	7,948	(102)
Contract services	108,136	112,266	4,130
Utilities and telephone	42,600	38,063	(4,537)
Repairs and maintenance	78,900	48,611	(30,289)
Travel and fuel	30,800	31,096	296
Non-operating expenses	83,700	10,926	(72,774)
Dues, education and drug testing	17,472	11,129	(6,343)
Machinery and Equipment	93,600	-	(93,600)
Computer Hardware	46,000	-	(46,000)
	<u>\$ 1,268,302</u>	<u>\$ 1,176,832</u>	<u>\$ (91,470)</u>
<b>Meters:</b>			
Salaries	\$ 139,110	\$ 149,022	\$ 9,912
Payroll taxes	10,642	10,748	106
Fringe benefits	18,863	20,996	2,133
Supplies	6,000	8,028	2,028
Uniforms and boots	4,000	2,333	(1,667)
Utilities and telephone	2,120	2,749	629
Contract services	35,936	34,397	(1,539)
Repairs and maintenance	35,000	51,341	16,341
Travel and fuel	15,750	10,302	(5,448)
Dues, education and drug testing	630	67	(563)
	<u>\$ 268,051</u>	<u>\$ 289,983</u>	<u>\$ 21,932</u>
<b>Sludge operations:</b>			
Salaries	101,721	110,498	8,777
Payroll taxes	7,782	7,902	120
Fringe benefits	13,793	15,275	1,482
Chemical and supplies	-	36	36
Uniforms and boots	1,065	761	(304)
Hauling	28,000	26,007	(1,993)
Safety and tipping	44,500	40,560	(3,940)
	<u>\$ 196,861</u>	<u>\$ 201,039</u>	<u>\$ 4,178</u>

Chester Metropolitan District  
Supplemental Schedule of Certain Expenses - Budget and Actual (Continued)  
for the year ended June 30, 2018

	Budget	Actual	Variance (Favorable) Unfavorable
<b>Engineering:</b>			
Salaries	170,240	178,643	8,403
Payroll taxes	13,023	12,611	(412)
Fringe benefits	23,085	24,518	1,433
Uniforms and boots	1,600	1,193	(407)
Supplies	11,270	3,580	(7,690)
Contract services	12,000	5,652	(6,348)
Utilities and telephone	1,740	1,659	(81)
Repairs and maintenance	4,500	2,477	(2,023)
Travel and fuel	6,000	4,343	(1,657)
Dues, education and drug testing	6,205	318	(5,887)
	<u>\$ 249,663</u>	<u>\$ 234,994</u>	<u>\$ (14,669)</u>
<b>MIS:</b>			
Salaries	67,474	77,536	10,062
Payroll taxes	5,162	6,086	924
Fringe benefits	9,149	18,550	9,401
Supplies	1,307	390	(917)
Contract services	41,317	46,033	4,716
Utilities	780	2,229	1,449
Dues, education and drug testing	5,496	2,419	(3,077)
MIS maintenance, software, and hardware	41,997	61,120	19,123
	<u>\$ 172,682</u>	<u>\$ 214,363</u>	<u>\$ 41,681</u>
<b>Human Resources:</b>			
Salaries	76,560	82,634	6,074
Payroll taxes	5,857	6,643	786
Fringe benefits	111,383	51,382	(60,001)
Supplies	4,700	1,744	(2,956)
Contract services	1,150	1,799	649
Legal fees	4,650	2,084	(2,566)
Dues, education and drug testing	19,125	14,782	(4,343)
Insurance	53,000	52,935	(65)
	<u>\$ 276,425</u>	<u>\$ 214,003</u>	<u>\$ (62,422)</u>
<b>Total for all Departments</b>	<u>\$ 5,442,976</u>	<u>\$ 5,608,079</u>	<u>\$ 165,103</u>

# **Chester Metropolitan District**

## **Water Filtration Plant Report November 2018**

- Completed all reports.
- All Emergency generators were ran by Dell Hughes. The emergency diesel engines were also ran and were reported as operating fine.
- Collected 23 Distribution Samples and analyzed for the presences of Coliform Bacteria. All samples were within acceptable range.
- We are currently discharging a Total Chlorine Residual of 2.70 ppm and maintaining an average level throughout the distribution system this month at 1.06 mg/l.
- Drained and cleaned the East sedimentation basin.
- Changed out the sprockets and chains on #2 & #4 flocculators.
- Fabricated new chain guards for the #2 & #4 flocculator gear boxes.
- Removed broken portion of the separation wall in East basin flocculator chamber.
- Removed and replaced the pressure relief valve on the hydraulic system controlling the Filter Press open/close hydraulic cylinder.
- Rebuilt the GA valve on the #2 High Service pump, replaced the valve positioning/pump stop rod.
- Rebuilt the Top of Filters chlorinator and the spare chlorinator.
- Replaced the float in the #2 Top of Filter chlorine flow rotameter.
- Replaced two electrical relays and airline fitting on #3 Trac-Vac.

## MONTHLY REPORT

MONTH:

November 2018

QUANTITIES (million gallons)		PREVIOUS YEAR	PRESENT YEAR
Raw Water		95.639	82.647
Finished Water		90.978	81.432
Peak Day	Raw	3.774	3.114
	Finished	3.331	3.470
Minimum Day	Raw	2.558	2.153
	Finished	2.409	2.090
Average Day	Raw	3.085	2.755
	Finished	2.935	2.714
Total Hours Operated		739.500	720.000
Monthly Load Factor (%)	(Avg. day Plant cap.)	0.990	99%

CHEMICAL COSTS	QTY USED (lb)	@COST PER lb.	TOTAL COST	UNIT COST (Per mil. gal)
	***	***		
Ferric Chloride	61250.81	0.30	\$18,375.24	222.334
Chlorine	2210.00	0.30	\$663.00	8.022
Flouride	0.00	0.48	\$0.00	0.000
Corrosion Inhibitor	3501.44	0.62	\$2,170.89	26.267
Caustic Soda	78884.12	0.28	\$22,087.55	267.252
NACLO2	4457.40	0.57	\$2,540.72	30.742
Polymer (press)	100.00	2.20	\$220.00	2.662
Polymer (plant)	0.00	2.00	\$0.00	0.000
AMMONIA	612.00	0.80	\$489.60	5.924
SUB-TOTAL CHEMICALS	161016.77	7.55	\$46,547.01	563.203

# **CMD Engineering Project Progress Report**

## **December 2018**

### **Development Project Reviews**

**Hampton Inn – Richburg:** Nothing new this month.

**Holiday Inn Express:** The water meter was delivered and the Contractor should have it installed within the next week or two.

**Lincolnvile Hydrant:** We performed additional research at the courthouse and discovered a waterline easement to supply Lincolnvile was signed and given a deed book page number in 1970 but was not final recorded in the index. The Register of Deeds contacted State Archives to see if they had the document on file but they did not. It is unknown what happened to the document after that or why it was not recorded. There is a slight chance that the original document is in our files and we hope to uncover it, but in the meantime, we are going to send a letter this week to the property owner of 864 JA Cochran Bypass (Mitchell Howard) and see if he will donate an easement for the project. If the donation is possible, we will then have the property surveyed to verify the boundaries as there is a discrepancy between Chester County GIS and the 1909 plat for the properties.

**Rocky River Sewer Improvements:** The Orr's Road portion of our water main that was removed for the sewer construction has been replaced and is back in service.

### **Cross-Connection Control Program**

We are using the website exclusively now for test results. There have been a few minor hiccups but overall seems to be working well.

### **Lime Tank Installation at the Filter Plant**

We received the "Permit to Construct" from SCDHEC this week. We will begin making the required alterations so that we can apply for the "Permit to Operate" so that we can make the final switch to lime.

### **GIS Mapping**

We are still looking for "lost" assets.

### **FlexNet Project (Remote Meter Reading)**

We are not using the towers for billing purposes yet, however the billing department is using the system for re-reads. We should begin using the system for billing within the next month.

### **Office Building Renovation**

We are finalizing the documents with the Contractor currently and hope to begin construction in January. District staff are working hard to get the main building cleared, while performing their regular jobs, so that construction can begin on-time.

### **Unmetered Lines**

Omnova's meter is installed.

### **Fire Hydrant Flushing and Testing**

Hydrant testing is complete and we are now performing QA/QC on the results to see if there are any anomalies or hydrants missed.

## Chester Metropolitan District

### Director's Report

FY 2018-2019

	November 2018	TOTAL L 12 MOS	AVERAGE L 12 MOS
<b>DISTRIBUTION NUMBER:</b>			
Taps	1	20	1.7
Leaks	8	245	20.4
<b>DISTRIBUTION MANHOURS:</b>			
Taps	46.0	404	33.7
Leaks	59.0	1,638	136.5
Equipment	0.0	-	-
Shop	211.5	3,246	270.5
Dist. System	473.0	7,425	618.8
Asphalt	75.0	528	44.0
Meters	773.3	4,284	357.0
Filter Plant	0.0	71	5.9
Hydrants	36.0	245	20.4
Construction Projects	0.0	868	72.3
Main Break	101.0	1,864	155.4
Total Manhours	1774.8	20,573	1,714.4
Overtime Hours	130.8	1,647	149.8
<b>METER CALLS:</b>			
Ons	111	858	78.0
Offs	132	862	78.4
Checks	97	1,127	102.5
Total Calls	340	2,847	237.3
Overtime Hours	63.0	580.0	52.7
<b>BILLING INFORMATION:</b>			
Non-Leak Adjustments:	37	137	11.4
Leak Adjustments	2	534	44.5
\$\$\$ Adjusted	\$ 2,523.88	\$ 45,153.29	\$ 3,762.77
Bills Mailed	6,318	73,643.0	6,136.9
Thousand Gallons Billed	62,446.0	778,802.6	64,900.2
Thousand Gallons Pumped	81,432.0	1,212,216.0	101,018.0
% Accounted For	76.7%		64.6%
Other Gallons Accounted For	3,538.0	62,835.1	5,236.3
Estimated System Leakage (20%)	16,286.4	242,443.2	20,203.6
Adjusted % Accounted For	81.0%		71.5%

## Chester Metropolitan District

### Hydrant Report

December 12, 2018

<u>0</u>	New Placement
<u>0</u>	Hydrants Replaced
<u>1</u>	Hydrants Repaired
<u>1</u>	Hydrants Removed
<u>\$450</u>	\$ Spent on Hydrant Work
<u>5519</u>	Total Hydrants Worked to Date
<u>\$ 1,207,097</u>	Total Cost to Date
<u>- 0 -</u>	Local Match
<u>- 0 -</u>	Contract Services
<u>\$ 1,207,097</u>	Total Cost

\* Repair: Walnut @ York Street

\* Removal: Columbia Street (Black Hydrant)

