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2014

Cherry Valley
Sewer District



Annual Report

June 30, 2014

**CHERRY VALLEY SEWER DISTRICT
P.O. BOX 476
LEICESTER, MA 01524**

ANNUAL MEETING WARRANT

To: Carla A. Davis, District Clerk
Cherry Valley Sewer District

Greetings:

You are hereby directed to notify the Voters of the Cherry Valley Sewer District to meet at the Leicester Town Hall, 3 Washburn Square, Leicester, Massachusetts, 01524, Thursday, the 22nd day of May, 2014 at 7:00 P.M. then and there to act on the following:

ARTICLE 1 To elect a Moderator to preside at said meeting and for a period of one (1) year thereafter.

ARTICLE 2 To act on reports of the District.

ARTICLE 3 To elect a Sewer Commissioner for a term of three (3) years.

ARTICLE 4 To see if the District will vote to raise and appropriate transfer from available funds, or otherwise provide a sum of money from any available means, for the operating budget for Fiscal Year 2015, to provide for the District's annual operating requirements, including but not limited to, salaries, related services, office expenses, maintenance, construction and other items related thereto: to execute any instruments or documents necessary or appropriate to accomplish said purposes: and to take any other action thereon.

ARTICLE 5 To see if the District will vote to raise and appropriate, transfer from available funds or free cash or otherwise provide the sum of ten thousand dollars (\$10,000.00) to create a reserve account, or take any action thereto.

ARTICLE 6

To see if the District will vote to authorize the Board of Sewer Commissioners to establish a fund to receive and deposit fees paid pursuant to Chapter 33 of the Acts of 1998, and, from which expenditures may be made by the Board of Sewer Commissioners for legal services, administrative services and engineering services (including but not limited to, design, plan review, and inspection of the project being constructed) in connection with any sewer system design, review, and construction, or to take any action thereon.

You are hereby directed to give notice of this Warrant by posting attested copies thereof at two public places within the limits of the Cherry Valley Sewer District and with the Clerk of the Town of Leicester seven days before time of said meeting.

Given under our hands this 10th day of April, 2014.

Donald G. Manseau, Chairman

Victor M. Taylor, Commissioner

Michael L. DellaCava, Commissioner

A TRUE COPY ATTEST:

Carla A. Davis
Clerk – Cherry Valley Sewer District

(SEAL)

“This institution is an equal opportunity provider, and employer.”

Cherry Valley Sewer District
Statements of Net Assets
June 30, 2013 and 2012

Assets

	2013	2012
Current Assets:		
Cash and cash equivalents	\$ 2,699,908	\$ 2,839,506
Accounts receivable	127,667	130,708
Interest receivable	68,142	74,766
Prepaid expenses	<u>8,426</u>	<u>7,865</u>
Total Current Assets	<u>2,904,143</u>	<u>3,052,845</u>
Non-Current Assets:		
Sewer betterments receivable	3,087,328	3,249,986
Capital assets, net	<u>7,453,896</u>	<u>7,860,967</u>
Total Non-Current Assets	<u>10,541,224</u>	<u>11,110,953</u>
Total Assets	<u>\$13,445,367</u>	<u>\$14,163,798</u>

Liabilities and Net Assets

Current Liabilities:		
Accrued expenses	\$ 12,706	\$ 11,803
Accrued interest	63,638	65,855
Current portion of long-term debt	<u>135,689</u>	<u>129,636</u>
Total Current Liabilities	<u>212,033</u>	<u>207,294</u>
Non-Current Liabilities:		
Long-term debt, net of current portion	3,580,912	3,716,601
Deferred revenue	<u>3,087,328</u>	<u>3,249,986</u>
Total Non-Current Liabilities	<u>6,668,240</u>	<u>6,966,587</u>
Total Liabilities	<u>6,880,273</u>	<u>7,173,881</u>
Contingencies	-	-
Net Assets:		
Invested in capital assets, net of related debt	3,737,295	4,014,730
Restricted for debt service	2,417,961	2,598,242
Restricted for operations & maintenance	<u>409,838</u>	<u>376,945</u>
Total Net Assets	<u>6,565,094</u>	<u>6,989,917</u>
Total Liabilities and Net Assets	<u>\$13,445,367</u>	<u>\$14,163,798</u>

Cherry Valley Sewer District
Statements of Revenue, Expenses, and Changes in Net Assets
Years Ended June 30, 2013 and 2012

	2013	2012
Operating Revenue:		
Sewer user and connection fees	\$ 239,431	\$ 212,544
Sewer betterments, net	154,053	116,623
Tax title	28,166	24,649
Other revenue	<u>450</u>	<u>1,486</u>
Total Operating Revenue	<u>422,100</u>	<u>355,302</u>
Operating Expenses:		
Depreciation	410,917	416,378
Payroll and related expenses	112,142	55,742
Sewerage and disposal fees	80,510	76,163
Dues	34,655	27,554
Outside services	32,634	92,505
Insurance and surety bond	32,619	34,661
Supplies and materials	19,040	21,312
Utilities	17,257	14,143
Professional services	12,927	12,398
Other operating expenses	<u>5,468</u>	<u>14,681</u>
Total Operating Expenses	<u>758,169</u>	<u>765,537</u>
Operating Loss	<u>(336,069)</u>	<u>(410,235)</u>
Non-Operating Revenue (Expenses):		
Interest income	89,422	110,409
Interest expense	<u>(178,176)</u>	<u>(177,645)</u>
Total Net Non-Operating Expenses	<u>(88,754)</u>	<u>(67,236)</u>
Changes in Net Assets	(424,823)	(477,471)
Net Assets, beginning of year	<u>6,989,917</u>	<u>7,467,388</u>
Net Assets, end of year	<u>\$ 6,565,094</u>	<u>\$ 6,989,917</u>

Cherry Valley Sewer District
Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities:		
Received from property owners	\$ 156,949	\$ 138,816
Received from customers	239,357	209,327
Other operating revenue	28,836	26,135
Paid to employees & prof. contractors for services	(144,373)	(148,137)
Paid to suppliers for goods and services	<u>(202,538)</u>	<u>(200,199)</u>
Net Cash Provided by Operating Activities	<u>78,231</u>	<u>25,942</u>
Cash Flows from Capital & Related Financing Activities:		
Interest income	96,046	114,763
Acquisition of capital assets	(3,846)	-
Principal paid on long-term debt	(129,636)	(130,265)
Interest paid on long-term debt	<u>(180,393)</u>	<u>(179,762)</u>
Net Cash Used in Capital & Financing Activities	<u>(217,829)</u>	<u>(195,264)</u>
Net Changes in Cash and Cash Equivalents	(139,598)	(169,322)
Cash & Cash Equivalents, beginning of year	<u>2,839,506</u>	<u>3,008,828</u>
Cash and Cash Equivalents, end of year	<u>\$ 2,699,908</u>	<u>\$ 2,839,506</u>
Reconciliation of Operating Loss to Net Cash provided by Operating Activities:		
Operating loss	<u>\$ (336,069)</u>	<u>\$ (410,235)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Changes in assets and liabilities:		
Depreciation	410,917	416,378
Accounts receivable	3,041	18,976
Prepaid expenses	(561)	713
Accrued expenses	<u>903</u>	<u>110</u>
Total Adjustments	<u>414,300</u>	<u>436,177</u>
Net Cash Provided by Operating Activities	<u>\$ 78,231</u>	<u>\$ 25,942</u>

**Cherry Valley Sewer District
Proposed FY 2015 Operating Budget**

Operating Expenses	<u>FY14</u>		<u>FY15</u>
Abatements	\$ 100.00		\$ 100.00
Accounting	\$ 12,000.00		\$ 12,360.00
Administration	\$ 8,500.00		\$ 8,500.00
Allowance	\$ 25,315.00		\$ 30,300.00
Bank Fees	\$ 200.00		\$ 200.00
Electricity	\$ 7,000.00		\$ 7,000.00
Field Supplies	\$ 2,800.00		\$ 2,800.00
Insurance	\$ 42,000.00		\$ 31,000.00
Legal Advertising	\$ 500.00		\$ 500.00
Legal	\$ 7,000.00		\$ 7,000.00
Miscellaneous	\$ 200.00		\$ 200.00
Mission / SCADA	\$ 3,600.00		\$ 3,600.00
Motor Vehicle Expense	\$ 4,100.00		\$ 4,100.00
Office Supply	\$ 4,100.00		\$ 4,100.00
Officers' Salary	\$ 14,660.00		\$ 15,100.00
Payroll	\$ 94,360.00		\$ 98,563.00
Pipes	\$ 2,300.00		\$ 2,300.00
Postage	\$ 2,000.00		\$ 2,000.00
Rent	\$ 1,500.00		\$ 1,500.00
Repair/Maintenance	\$ 6,000.00		\$ 6,000.00
Septage Dumping Fees	\$ 500.00		\$ 500.00
Small Tools	\$ 3,000.00		\$ 3,000.00
Sub Contracts	\$ 13,500.00		\$ 13,500.00
Technology	\$ 6,000.00		\$ 8,200.00
Telephone	\$ 6,000.00		\$ 6,000.00
WCR Assessment	\$ 1,974.00		\$ 243.00
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Total Operating Expense	\$ 269,209.00		\$ 268,666.00
Total Operating Expense Decrease		\$ (543.00)	
Reserve	\$ 10,000.00		\$ 10,000.00
COW Transport./Treatment Expenses			
FY15 Rate (\$3.50 per ccf)	\$ 98,940.00		\$ 182,000.00
UBWPAD FY15 Rate (\$8,750.75/qtr)	\$ 31,689.00		\$ 35,003.00
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Total Proposed Budget	\$ 409,838.00		\$ 495,669.00
Total Proposed Budget Increase		\$85,831.00	

Cherry Valley Sewer District
Annual Meeting
May 22, 2014

COMMISSIONERS REPORT

To the people of the Cherry Valley Sewer District:

Greetings:

Your Board of Sewer Commissioners respectfully submits their Annual Report for the fiscal year ending June 30, 2014.

The Commissioners are pleased to report that 409 homes have connected to the sewer system.

In October 2013 repairs to the flow metering station were completed and the station return to service. The flow metering station, located at the Leicester/Worcester line measures the total flow leaving the sewer district and entering the City of Worcester sewer system. Total flow includes the flows generated by the district sewer users plus inflow/infiltration and is further used in the generation of the sewer use charges paid directly to the City of Worcester. Currently, sewer user fees assessed to all district sewer users are based on water consumption only and does not include the added inflow/infiltration flows. The Commissioners believe this method of calculating sewer bills must change and plan to address and revise the method in 2014.

In June 2014, the District was notified that the City of Worcester sewer use fee would increase by 12%. As in the past the district sewer use fee was based on the City's rates. All sewer users can expect that this increase will be reflected in the 2014 third quarter sewer bills.

The Contract for the Year 4 Infiltration and Inflow Control Plan and Sewer Rehabilitation was awarded to EST Associates, Inc of Connecticut. The contract work consisted of the cleaning and CCTV inspections of 11,147 linear feet of sewer main along Main Street, Sargent Street and Redfield Road; building inspections, flow meter calibration and maintenance and inspections documents for the flow metering station and collection system.

Based on the results of the CCTV investigations, minimal structural deficiencies were identified within the collection system. Therefore the collection system infrastructure does not appear to be the main contributor of I/I. However, visual inspections conducted by the district staff observed flows characteristic with that of sump pump discharge into the collection system. The Board with assistance from Tata & Howard will develop a plan to broaden the investigations and solution of potential sump pump discharge into the collection system. Infiltration and Inflow (I/I) will continue to be at the forefront of the District's Preventive Maintenance Plan.

Delinquent sewer user fees continue to be a concern of the District. The Commissioners view this trend as a burden on the District's finances. These trends along with the increasingly stringent requirements imposed by regulators without funding assistance will potentially impact the Fiscal Year 2015 sewer rates.

Several notes of appreciation are in order;

Ms. Carla Davis our Office Administrator has performed her duties with the utmost efficiency and professionalism. Thank you, Carla.

Mr. John Graham, District Treasurer has done a most commendable job for the District this past year. Thank you, John.

Also, Leicester Highway Department, Board of Selectmen, Leicester Police and Fire Departments, City of Worcester D.P.W. and the Cherry Valley and Rochdale Water District, thank you all for your continued support.

Respectfully submitted,

Donald G. Manseau, Chairman

Victor M. Taylor, Commissioner

Michael L. Della Cava, Sr., Commissioner

**CHERRY VALLEY SEWER DISTRICT
RECORD OF VOTE
ANNUAL MEETING
JUNE 20, 2013**

A meeting of the Cherry Valley Sewer District was held at the American Legion, Cherry Valley Post # 443, 167 Main Street, Cherry Valley, Massachusetts, thirteen (13) were in attendance, all of whom were eligible voters.

The meeting was called to order at 7:00 P.M. by Moderator Kevin M. Bergin who entertained a motion by Chairman Manseau and seconded by Commissioner DellaCava to waive the reading of the annual warrant, which was in the hands of the voters and Return of same.

**Voted: In Favor – Ten (10), Abstained – Three (3). Majority Vote.
Approved.**

ARTICLE 1 – MODERATOR

Commissioner Taylor motioned and seconded by Commissioner DellaCava to nominate Mr. Kevin M. Bergin as moderator to preside at tonight's meeting and for a period of one (1) year hereafter.

**Voted: In Favor - Ten (10), Abstained – Three (3). Majority Vote.
Approved.**

ARTICLE 2 – REPORTS

Commissioner DellaCava motioned and seconded by Chairman Manseau to vote to accept the Reports of the District as printed in the 2013 Annual Report, which was in the hands of the voters present.

**Voted: In Favor– Nine (9), Abstained – Four (4). Majority Vote.
Approved.**

ARTICLE 3 – ELECTION OF OFFICERS

Chairman Manseau motioned and seconded by Commissioner DellaCava, to nominate Victor M. Taylor, for the office of Commissioner for a term of three (3) years.

**Voted: In Favor – Ten (10), Abstained - Three (3). Majority Vote.
Approved.**

ARTICLE 4 – FY 2014 BUDGET

Commissioner Taylor motioned and seconded by Commissioner DellaCava that the District vote to appropriate from available funds, the sum of \$ 409,838.00, (Four-hundred and nine thousand, eight hundred and thirty-eight dollars and no cents), for the operating budget of Fiscal Year 2014, to

provide for the District’s annual operating requirements, including but not limited to, salaries, related services, office expenses, maintenance, construction, sundry items and other items related thereto. (The proposed budget was published on page 7 of the 2013 Annual Report, which was in the hands of the voters present.)

Voted: In Favor – Ten (10), Abstained - Three (3). Majority Vote. Approved.

ARTICLE 5 – RESERVE ACCOUNT

Commissioner DellaCava motioned and seconded by Chairman Manseau that the District vote to appropriate from available funds, the sum of \$10,000.00 (Ten thousand), to create a reserve account.

Voted: In Favor - Ten (10), Abstained – Three (3). Majority Vote. Approved.

**ARTICLE 6 – ESTABLISH FUND TO RECEIVE & DEPOSIT FEES
SEWER SYSTEM REVIEW**

Chairman Manseau motioned and seconded by Commissioner Taylor that the District vote to authorize the Board of Sewer Commissioners to establish a fund to receive and deposit fees paid pursuant to Chapter 33 of the Acts of 1998, and, from which expenditures may be made by the Board of Sewer Commissioners for legal services, administrative services and engineering services (including but not limited to, design, plan review, and inspection of the project being constructed) in connection with any sewer system design, review, and construction.

Voted: In Favor – Thirteen (13). All in favor. Approved.

**ARTICLE 7 –
YEAR FIVE (5) INFILTRATION AND INFLOW PROGRAM**

Commissioner Taylor motioned and seconded by Commissioner DellaCava that the District vote to appropriate from available funds the sum of \$15,000.00 (fifteen-thousand dollars and no cents) to enable the District to pay for professional engineering services and all costs incidental and related thereto to perform the year five (5) tasks of the five (5) year I/I implementation plan of the District’s sewer collection system.

Voted: In Favor – Twelve (12), Abstained – One (1). Majority Vote. Approved.

**MOTION ARTICLE # 8 –
EMERGENCY STAND-BY GENERATORS**

Commissioner DellaCava motioned and seconded by Chairman Manseau to appropriate the sum of \$30,000.00 (thirty thousand dollars) from available

funds to enable the District to purchase and install emergency stand-by generators at the Redfield Road and Willow Hill Road sewer pump stations and to further pay all costs related thereto including but not limited to engineering, professional and construction services to complete said purchase and installation.

Voted: In Favor – Thirteen (13). All in favor. Approved.

**MOTION ARTICLE # 9 –
AMENDMENT**

Chairman Manseau motioned and seconded by Commissioner DellaCava to seek to have Section 14 of Chapter 33 of the Acts of 1998 amended to delete the current provisions of said section and to replace the deleted provisions with the following: “All contracts made by the board of sewer commissioners shall be made in the name of the district and shall be signed by the board of sewer commissioners. The board of sewer commissioners shall have the authority to acquire, merge, consolidate, partner, combine, organize, reorganize, associate or otherwise join together or act in concert with any municipality, district, governmental unit or any other form of governmental body, company, or other entity under any form of agreement, contract, compact, consent or accord, including, without limitation, an intermunicipal agreement under section 4A of chapter 40 of the General Laws, for any and all purposes which would further the interests of the inhabitants of the district, as those interests may be determined by the board of sewer commissioners”.

Voted: In Favor – Eleven (11), Abstained – One (1), Opposed – One (1). Majority Vote. Approved.

Commissioner Taylor motioned and seconded by Chairman Manseau to adjourn the meeting.

All in favor. The meeting adjourned at 7:28P.M.

I, Carla A. Davis, hereby certify that this is a true and accurate record of the votes taken by the votes of the Cherry Valley Sewer District at the Annual Meeting, June 20, 2013.

A TRUE COPY ATTEST:

CARLA A. DAVIS
CLERK

(SEAL)