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2017

Cherry Valley Sewer District



Annual Report

June 30, 2017

Cherry Valley Sewer District
Annual Meeting
June 30, 2017

COMMISSIONERS REPORT

To the people of the Cherry Valley Sewer District:

Greetings:

Your Board of Sewer Commissioners respectfully submits their 54th Annual Report for the fiscal year ending June 30, 2017.

The Commissioners are pleased to report that 433 homes have connected to the sewer system.

The Cherry Valley Sewer District (District) operates its sewer system by discharging or **transporting** its sewerage through the City into the Upper Blackstone Waste Water Treatment Facility for **treatment** and release into the Blackstone River. This method of operation was proposed, discussed and accepted by the voters of the District as the most cost effective means of transporting and treating the sewerage generated by District. In turn the City assesses a **transportation fee** for sewerage that flows from the District through the City to the Upper Blackstone. The Upper Blackstone assesses a **treatment fee** for that same sewerage received from the District via the City's sewer system.

The FY 2018 Budget reflects increases of \$58,800 to pay for the City sewer transportation fee and \$10,682 to pay for the Upper Blackstone treatment fee.

In March 2017, the Commissioners contracted a Massachusetts based company with twenty-one years of experience, specializing in sewer rate studies for numerous cities, towns and districts. The intent of the study was to independently evaluate the current schedule of rates and to develop and recommend revisions. The objective of the study was to purpose a rate structure to adequately fund sewer utility operation and maintenance expenses, debt service, specified reserves and other cash requirements.

The study concluded that the current rates did not generate enough revenue to keep pace with the sewer charges assessed to the District by the Upper Blackstone (sewer treatment) and City of Worcester (sewer transportation). The revised Sewer rates will replace the current rate structure and generate necessary revenue to fund operating expenses, salaries, debt, sewer treatment and transportation costs.

The new sewer rates went into effect April 1, 2017. The following monthly schedule replaces the current 10 year structure; Minimum charge is \$29.00 and contains zero (0) consumption, 1st Step, 1-350 cubic feet at a charge of \$0.0624 per cubic foot, 2nd Step, 351 – 700 cubic feet at a charge of \$0.0971 per cubic foot, 3rd Step, 701-1,050 cubic feet at a charge of \$0.1481 and the 4th Step, Over 1,051 cubic feet at a charge of \$0.2198 per cubic foot. The sewer rates will be reviewed annually and adjusted as needed.

One of the biggest challenges facing the District in 2017 is In April 2016 is the development of the MassDEP required Sewer I/I plan and analysis. The District received notification from MassDEP that **ALL** sewer system authorities must submit their respective I/I plan and analysis to MassDEP by December 2017. The Commissioners will work with Tata & Howard in developing the plan. As previously reported the District has had an ongoing 5-year Infiltration and Inflow (I/I) which was completed in May 2015. The information collected throughout the I/I study will be valuable to the District and Tata & Howard in the preparation of the MassDEP requirement.

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. Ms. Jennifer Wood, District Treasurer, has done a most commendable job for the District ensuring the security and integrity of the District's finances. Thank you, Jen.

Attorney Barry Bachrach, Leicester, MA, the District's Attorney, Tata & Howard, Inc., Marlborough, MA, the District's Engineering Consultant, the firm of Robert C. Alario, the District's Auditor, thank you all for your valued service and guidance.

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, we 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

**P.O. BOX 138
ROCHDALE, MA 01542**

**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 in the Town Hall Auditorium, 3 Washburn Square, Leicester, Massachusetts Thursday, and the 25th day of May 2017 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 as may be necessary to fund various and diverse accounts in the Fiscal Year 2017 operating budget, or take any action thereon.
- ARTICLE 5 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 2018, 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 6 To see if the District will vote to authorize the Board of Sewer Commissioners to establish a fund to receive and deposit fee 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 ant sewer system design, review, and construction, or 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 4th day of May 2017.

Donald G. Manseau, Chairman

Victor M. Taylor, Commissioner

Michael L. Della Cava, Commissioner

Carla A. Davis

A TRUE COPY ATTEST:

Clerk-Cherry Valley Sewer District

(SEAL)

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2016 AND 2015
ASSETS**

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,774,471	\$ 2,112,525
Accounts Receivable	167,202	148,085
Interest Receivable	71,171	59,496
Prepaid Expenses	4,401	7,135
	2,017,245	2,327,241
NON-CURRENT ASSETS		
Sewer Betterments Receivable	911,787	1,042,490
Capital Assets, Net	6,236,275	6,654,143
	7,148,062	7,696,633
	<u>\$ 9,165,307</u>	<u>\$ 10,023,874</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses	\$ 11,700	\$ 11,300
Accrued Interest	76,030	73,967
Due to Related Party	6,466	-
Current Portion of Long-Term Debt	155,598	148,657
Current Portion of Obligations Under Capital Lease	3,111	2,780
	252,905	236,704
LONG-TERM LIABILITIES		
Obligations Under Capital Lease, Net of Current Portion	4,414	7,525
Long-Term Debt, Net of Current Portion	3,135,241	3,297,687
Deferred Revenue	911,787	1,042,490
Net Pension Liability	-	3,659
	4,051,442	4,351,361
Total Long-Term Liabilities	4,051,442	4,351,361
Total Liabilities	<u>4,304,347</u>	<u>4,588,065</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	2,945,436	3,207,799
Restricted for Debt Service	1,453,079	1,754,434
Restricted for Operations and Maintenance	462,445	473,576
	4,860,960	5,435,809
Total Net Assets	<u>\$ 9,165,307</u>	<u>\$ 10,023,874</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,165,307</u>	<u>\$ 10,023,874</u>

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
OPERATING REVENUE		
Sewer User and Connection Fees	\$ 233,253	\$ 207,322
Sewer Betterments, Net	130,756	104,568
Tax Title	2,924	41,816
Other Revenue	11,264	2,850
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TOTAL OPERATING REVENUE	378,197	356,556
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OPERATING EXPENSES		
Depreciation	417,869	417,463
Service Agreement Reimbursements	183,358	-
Sewerage and Disposal Fee	150,929	119,014
Dues	45,264	35,003
Professional Services	12,548	12,808
Other Operating Expenses	11,137	13,852
Insurance and Surety Bond	11,034	25,595
Outside Services	9,610	4,743
Utilities	3,762	16,039
Supplies and Materials	400	10,630
Payroll and Related Expense	260	128,228
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TOTAL OPERATING EXPENSES	846,171	783,375
	<hr/>	<hr/>
OPERATING LOSS	(467,974)	(426,819)
NON-OPERATING REVENUE (EXPENSES)		
Interest Income	53,868	84,758
Rate Study	(2,465)	-
Inflow and Infiltration Program	(1,692)	(59,655)
Interest Expense	(156,586)	(177,705)
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TOTAL NON-OPERATING EXPENSES	(106,875)	(152,602)
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CHANGES IN NET ASSETS	(574,849)	(579,421)
NET ASSETS, BEGINNING OF YEAR	5,435,809	6,015,230
	<hr/>	<hr/>
NET ASSETS, END OF YEAR	<u>\$ 4,860,960</u>	<u>\$ 5,435,809</u>

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Property Owners	\$ 83,192	\$ 92,301
Received from Customers	225,291	217,816
Other Operating Revenue	50,597	32,435
Paid to Employees and Professional Contractors for Services	(190,421)	146,929
Paid to Suppliers for Goods and Services	(231,940)	275,963
	<u>(63,281)</u>	<u>(80,340)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Interest Income	42,192	89,402
Inflow and Infiltration Program	(1,692)	(59,655)
Rate Study	(2,465)	-
Principal Payments on Capital Leases	(2,780)	(1,886)
Interest Paid on Capital Leases	(1,024)	(967)
Principal Payments on Long Term Debt	(155,505)	(134,568)
Interest Paid on Long-Term Debt	(153,499)	(175,459)
	<u>(274,773)</u>	<u>(283,133)</u>
NET CASH USED IN CAPITAL & RELATED FINANCING ACTIVITIES		
NET CHANGES IN CASH AND CASH EQUIVALENTS	(338,054)	363,473
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,112,525</u>	<u>2,475,998</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,774,471</u>	<u>\$ 2,112,525</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	\$ (467,974)	\$ (426,819)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used In) Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	417,869	417,463
Accounts Receivable	(19,117)	(14,004)
Due from Related Party	-	3,691
Due to Related Party	6,466	-
Prepaid Expenses	2,734	-
Accounts Payable	-	(47,013)
Accrued Expenses	400	(13,745)
Net Pension Liability	(3,659)	87
Total Adjustments	<u>404,693</u>	<u>346,479</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (63,281)</u>	<u>\$ (80,340)</u>

**CHERRY VALLEY SEWER DISTRICT
Proposed FY 2017 Operating Budget**

Operating Expenses	FY 17 Approved	FY 18 Proposed
Abatements	\$ 100.00	\$ 100.00
Accounting	\$ 13,184.00	\$ 13,184.00
Administration	\$ 2,000.00	\$ 2,000.00
Allowance	\$ 3,524.00	\$ 3,500.00
Bank Fees	\$ 200.00	\$ 200.00
Consulting Fees	\$ -	\$ 3,000.00
Electricity	\$ 7,210.00	\$ 7,210.00
Field Supplies	\$ 2,410.20	\$ 2,410.20
Heat	\$ 4,635.00	\$ 3,600.00
Insurance	\$ 11,100.00	\$ 12,100.00
Health Insurance	\$ 19,000.00	\$ 19,000.00
Legal Advertising	\$ 500.00	\$ 500.00
Legal	\$ 7,210.00	\$ 7,210.00
Miscellaneous	\$ 200.00	\$ 200.00
Mission / SCADA	\$ 3,934.60	\$ 3,934.60
Motor Vehicle Expense	\$ 5,730.00	\$ 4,500.00
Office Supply	\$ 8,910.00	\$ 9,177.00
Officers' Salary	\$ 4,800.00	\$ 4,944.00
Payroll	\$104,000.00	\$107,120.00
Pipes	\$ 2,300.00	\$ 2,300.00
Postage	\$ 3,900.00	\$ 3,474.00
Rent	\$ -	\$ -
Repair/Maintenance	\$ 6,365.40	\$ 6,365.40
Septage Dumping Fees	\$ -	\$ -
Small Tools	\$ 1,920.00	\$ 1,920.00
Sub Contracts	\$ 13,500.00	\$ 13,500.00
Technology	\$ 15,700.00	\$ 15,700.00
Telephone	\$ 4,217.00	\$ 3,600.00
WCR Assessment	\$ -	\$ 1,519.00
Total Operating Expense	\$ 246,550.00	\$ 252,268.00

Reserve	\$ 10,000.00	-
COW Transport./Treatment Expenses (\$3.73 per ccf)	\$ 150,000.00	\$ 208,200.00
UBWPAD (\$16,644.25 per qtr)	\$ 55,895.00	\$ 66,577.00
Total Proposed Budget	\$ 462,445.00	\$ 527,045.00

CHERRY VALLEY SEWER DISTRICT

**RECORD OF VOTE
ANNUAL MEETING
MAY 26, 2016**

A meeting of the Cherry Valley Sewer District was held at the Leicester Town Hall Auditorium, 3 Washburn Square, Leicester, Massachusetts, ten (10) were in attendance, all of whom were eligible voters.

The meeting was called to order at 7:24 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 unanimously. All in favor. 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 unanimously. All in favor. Approved.

ARTICLE 2 – REPORTS

Commissioner DellaCava motioned and seconded by Commissioner Taylor to vote to accept the Reports of the District as printed in the 2016 Annual Report, which was in the hands of the voters present.

Voted unanimously. All in favor. 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 unanimously. All in favor. Approved.

ARTICLE 4 – FY 2017 BUDGET

Commissioner Taylor motioned and seconded by Commissioner DellaCava that the District vote to appropriate from available funds, the sum of **\$462,445.00 (Four hundred and sixty-two thousand, four hundred and forty-five dollars and no cents)**, for the operating budget of Fiscal Year 2017, 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 9 of the 2016 Annual Report, which was in the hands of the voters present.)

Voted unanimously. All in favor. 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 dollars), to create a reserve account.

Voted unanimously. All in favor. Approved.

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

Chairman Manseau motioned and seconded by Commissioner DellaCava 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 unanimously. All in favor. Approved.

ARTICLE 7– I/I CONTROL PLAN - PASSOVER

Commissioner Taylor motioned to Passover Article # 7.

Voted unanimously. All in favor. Approved.

Moderator Bergin motioned and seconded by Commissioner Taylor to adjourn the meeting.
All in favor. The meeting adjourned at 7:33 P.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, May 26, 2016.

A TRUE COPY ATTEST:

CARLA A. DAVIS
CLERK

(SEAL)