

1963

2016

Cherry Valley Sewer District



Annual Report

June 30, 2016

Cherry Valley Sewer District
Annual Meeting
June 30, 2016

COMMISSIONERS REPORT

To the people of the Cherry Valley Sewer District:

Greetings:

Your Board of Sewer Commissioners respectfully submits their 53rd Annual Report for the fiscal year ending June 30, 2016.

The Commissioners are pleased to report that 425 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.

In March 2016, the District received notification that the City sewer transportation fee would increase by 15.5%. In April 2016, the District was notified by the Upper Blackstone that the treatment fee increased by 23.8%. The Commissioners have worked hard with the operating staff to hold the line on the annual operating expenses and through a "Service Agreement" with the Cherry Valley and Rochdale Water District (CVRWD) have already realized modest savings. Unfortunately the modest savings fall short of offsetting the annual increases imposed on District by the City and Upper Blackstone. The Commissioners are committed to continue to identify best management practices resulting in savings in the operation of the sewer collection system. However, the overbearing impact of the regulatory actions imposed by U.S. Environmental Protection Agency and MassDEP on the wastewater industry, will in effect, force the City and Upper Blackstone to increase service rates to its member communities. This cause and effect will result in an increase of the District's annual budget and service rates.

Working with the District's Auditors and retaining the services of Tata & Howard the Commissioners took on the task of a comprehensive analysis of the District's revenues versus expenses both short and long term. In the final analysis, it was determined that implementing and maintaining a rate increase over a ten year period was the best approach to secure the financial stability of the District. On April 28, 2016 the Commissioners adopted the following ten (10) year rate structure which includes last year's sewer rate increase of 10% effective May 1, 2015; year two rate increase of 25% effective May 1, 2016; year three rate increase of 25% effective May 1, 2017; year four rate increase of 25% effective May 1, 2018; year five rate increase of 20% effective May 1, 2019; year six rate increase of 20% effective May 1, 2020; year seven rate increase of 20% effective May 1, 2021; year eight rate increase of 20% effective May 1, 2022; year nine rate increase of 20% effective May 1, 2023; year ten rate increase of 20% effective May 1, 2024. The increases will be effective annually on May 1st of each year and reflected annually in the July 1st monthly bill that is issued by the Cherry Valley and Rochdale Water District.

In April 2016 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.

An ongoing operational problem that has been reported annually as well as direct mail public notices to all sewer customers is the use of a "Flushable". The list of flushable products include; diapers, cigarettes, paper towels, cotton swabs, tampons, condoms, dental floss, facial tissues and wipes. The problem is that product labelling is misleading. Items including in the aforementioned list claim to be flushable but in reality they are **NOT** and cause serious operational problems. Operational problems such as sewer clogs and backups in the sewer mains and services and clogs in the sewer pumps and check valves. These problems end up costing you, the rate paying customer, unnecessary expenses in the form of overtime to repair the main and service clogs and the repair and replacement of vital parts to the sewer pumps. Remember, "Flushable" does **NOT** mean it is safe for your septic system or your District public sewer system!

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 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 in the Town Hall Auditorium, 3 Washburn Square, Leicester, Massachusetts Thursday, the 26th day of May 2016 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 2017, 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 fee 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 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.

ARTICLE 7 To see if the District will vote to raise and appropriate transfer from available funds, or otherwise provide a sum money from any available means, to fund the MassDEP mandated Infiltration and Inflow (I/I) Control Plan: to execute any instruments or documents necessary or appropriate to accomplish said purposes: and to take any other 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 28th day of April 2016.

Donald G. Manseau, Chairman

Victor M. Taylor, Commissioner

Michael L. Della Cava, Commissioner

A TRUE COPY ATTEST:

Carla A. Davis
Clerk-Cherry Valley Sewer District

(SEAL)

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2015 AND 2014**

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,112,525	\$ 2,475,998
Accounts Receivable	148,085	134,081
Interest Receivable	59,496	64,140
Due from Related Party	-	3,691
Prepaid Expenses	7,135	7,135
Total Current Assets	2,327,241	2,685,045
NON-CURRENT ASSETS		
Sewer Betterments Receivable	1,042,490	1,149,182
Capital Assets, Net	6,654,143	7,059,415
Total Noncurrent Assets	7,696,633	8,208,597
TOTAL ASSETS	<u>\$ 10,023,874</u>	<u>\$ 10,893,642</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ -	\$ 47,013
Accrued Expenses	11,300	25,045
Accrued Interest	73,967	72,688
Current Portion of Long-Term Debt	148,657	142,025
Current Portion of Obligations Under Capital Lease	2,780	-
Total Current Liabilities	236,704	286,771
LONG-TERM LIABILITIES		
Obligations Under Capital Lease, Net of Current Portion	7,525	-
Long-Term Debt, Net of Current Portion	3,297,687	3,438,887
Deferred Revenue	1,042,490	1,149,182
Net Pension Liability	3,659	3,572
Total Long-Term Liabilities	4,351,361	4,591,641
Total Liabilities	4,588,065	4,878,412
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	3,207,799	3,478,503
Restricted for Debt Service	1,754,434	2,041,058
Restricted for Operations and Maintenance	473,576	495,669
Total Net Assets	5,435,809	6,015,230
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,023,874</u>	<u>\$ 10,893,642</u>

CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUE		
Sewer User and Connection Fees	\$ 207,322	\$ 224,479
Sewer Betterments, Net	104,568	124,695
Tax Title	41,816	33,532
Other Revenue	2,850	1,053
	356,556	383,759
OPERATING EXPENSES		
Depreciation	417,463	413,527
Payroll and Related Expense	128,228	111,158
Sewerage and Disposal Fee	119,014	131,665
Inflow and Infiltration Program	59,655	43,700
Dues	35,003	32,275
Insurance and Surety Bond	25,595	32,614
Utilities	16,039	16,311
Other Operating Expenses	13,852	10,720
Professional Services	12,808	12,036
Supplies and Materials	10,630	13,442
Outside Services	4,743	11,624
	843,030	829,072
OPERATING LOSS	(486,474)	(445,313)
NON OPERATING REVENUE (EXPENSES)		
Interest Income	84,758	82,410
Interest Expense	(177,705)	(183,389)
	(92,947)	(100,979)
TOTAL NON-OPERATING EXPENSES	(92,947)	(100,979)
CHANGE IN NET ASSETS	(579,421)	(546,292)
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	6,015,230	6,565,094
RESTATEMENT	-	(3,572)
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	6,015,230	6,561,522
NET ASSETS, END OF YEAR	\$ 5,435,809	\$ 6,015,230

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Property Owners	\$ 92,301	\$ 124,377
Received from Customers	217,816	224,207
Other Operating Revenue	32,435	28,760
Paid to Employees and Professional Contractors for Services	(146,929)	(155,978)
Paid to Suppliers for Goods and Services	<u>(335,618)</u>	<u>(202,615)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(139,995)</u>	<u>18,751</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest Income	89,402	86,412
Acquisition of Capital Assets	-	(19,045)
Principal Payments on Capital Leases	(1,886)	-
Interest Paid on Capital Leases	(967)	-
Principal Payments on Long Term Debt	(134,568)	(135,689)
Interest Paid on Long-Term Debt	<u>(175,459)</u>	<u>(174,339)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(223,478)</u>	<u>(242,661)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	(363,473)	(223,910)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,475,998</u>	<u>2,699,907</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,112,525</u>	<u>\$ 2,475,998</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating Loss	<u>\$ (486,474)</u>	<u>\$ (445,313)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used In) Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	417,463	413,527
Accounts Receivable	(14,004)	(6,415)
Due from Related Party	3,691	(3,691)
Prepaid Expenses	-	1,291
Accounts Payable	(47,013)	47,013
Accrued Expenses	(13,745)	12,339
Net Pension Liability	<u>87</u>	<u>-</u>
Total Adjustments	<u>346,479</u>	<u>464,064</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (139,995)</u>	<u>\$ 18,751</u>

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

Operating Expenses	FY 16 Approved	FY 17 Proposed
Abatements	\$ 100.00	\$ 100.00
Accounting	\$ 12,800.00	\$ 13,184.00
Administration	\$ 8,755.00	\$ 2,000.00
Allowance	\$ 40,185.00	\$ 3,524.00
Bank Fees	\$ 200.00	\$ 200.00
Electricity	\$ 7,210.00	\$ 7,210.00
Field Supplies	\$ 2,884.00	\$ 2,410.20
Heat	\$ -	\$ 4,635.00
Insurance	\$ 29,000.00	\$ 11,100.00
Health Insurance		\$ 19,000.00
Legal Advertising	\$ 500.00	\$ 500.00
Legal	\$ 7,210.00	\$ 7,210.00
Miscellaneous	\$ 200.00	\$ 200.00
Mission / SCADA	\$ 3,820.00	\$ 3,934.60
Motor Vehicle Expense	\$ 4,100.00	\$ 5,730.00
Office Supply	\$ 4,100.00	\$ 8,910.00
Officers' Salary	\$ 15,553.00	\$ 4,800.00
Payroll	\$101,520.00	\$104,000.00
Pipes	\$ 2,300.00	\$ 2,300.00
Postage	\$ 2,000.00	\$ 3,900.00
Rent	\$ 1,500.00	\$ -
Repair/Maintenance	\$ 6,180.00	\$ 6,365.40
Septage Dumping Fees	\$ 500.00	\$ -
Small Tools	\$ 3,000.00	\$ 1,920.00
Sub Contracts	\$ 13,500.00	\$ 13,500.00
Technology	\$ 15,300.00	\$ 15,700.00
Telephone	\$ 6,000.00	\$ 4,217.00
WCR Assessment	\$ -	\$ -
Total Operating Expense	\$288,417.00	\$ 246,550.00

Reserve	\$ 10,000.00	\$ 10,000.00
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COW Transport./Treatment Expenses (\$3.75 per ccf)	\$130,000.00	\$150,000.00
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UBWPAD (\$13,973.75 per qtr)	\$ 45,159.00	\$ 55,895.00
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Total Proposed Budget	\$473,576.00	\$462,445.00
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CHERRY VALLEY SEWER DISTRICT

RECORD OF VOTE ANNUAL MEETING MAY 28, 2015

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 7:15 P.M. by Moderator Kevin M. Bergin who entertained a motion by Chairman Manseau and seconded by Commissioner Taylor 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 Chairman Manseau 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 2015 Annual Report, which was in the hands of the voters present.

Voted unanimously. All in favor. Approved.

ARTICLE 3 – ELECTION OF OFFICERS

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

Voted unanimously. All in favor. Approved.

ARTICLE 4 – FY 2016 BUDGET

Chairman Manseau motioned and seconded by Commissioner DellaCava that the District vote to appropriate from available funds, the sum of **\$473,576.00 (Four hundred and seventy three thousand, five hundred and seventy-six dollars and no cents)**, for the operating budget of Fiscal Year 2016, 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 2015 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), to create a reserve account.

Voted unanimously. All in favor. Approved.

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

Commissioner Taylor 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.

Moderator Bergin motioned and seconded by Commissioner Taylor to adjourn the meeting. All in favor. The meeting adjourned at 7:23 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 28, 2015.

A TRUE COPY ATTEST:

CARLA A. DAVIS
CLERK

(SEAL)