

**CHERRY VALLEY & ROCHDALE WATER DISTRICT  
AND  
CHERRY VALLEY SEWER DISTRICT  
BOARD OF COMMISSIONERS' MEETING**

**MEETING MINUTES  
October 16, 2017  
10:00 A.M.**

- I. CALL TO ORDER – The Cherry Valley & Rochdale Water District meeting was called to order by Kevin M. Bergin at 10:00 AM. Victor M. Taylor called the Cherry Valley Sewer District to order at 10:00 AM. The following were in attendance:
- Kevin M. Bergin, CVRWD Chairman      Arthur E.J. Levesque, CVRWD Commissioner  
Donald G. Manseau, CVSD Chairman      Victor M. Taylor, CVSD Commissioner  
Michael L. DellaCava, CVRWD & CVSD Commissioner  
Benjamin Morris, Superintendent      Barry Bachrach, Attorney  
Greg Buteau, Customer      Tom Lennon, Customer  
Karen Spinelli – Auditor  
Jennifer Wood, Treasurer (Recorded Minutes)
- II. INVOKE RULE OF NECESSITY
- Victor M. Taylor declared a potential conflict and invoked a rule of necessity.  
Michael L. DellaCava declared a potential conflict and invoked a rule of necessity.  
Arthur E. J. Levesque declared a potential conflict and invoked a rule of necessity.  
Kevin M. Bergin declared a potential conflict and invoked a rule of necessity.  
Don Manseau joined at 10:12AM and declared a potential conflict and invoked a rule of necessity.
- III. APPROVE MINUTES
- A. **September 25, 2017** - Commissioner Levesque motioned to approve the Minutes of September 25, 2017. Seconded by Commissioner DellaCava. All in favor. Approved.
- IV. FINANCE
- A. **Approve October 2, 2017 Warrants** - Commissioner Levesque motioned to approve the October 2, 2017 warrants. Seconded by Commissioner DellaCava. All in Favor. Approved.
- B. **Approve October 9, 2017 Warrants** - Commissioner DellaCava motioned to approve the October 9, 2017 warrants. Seconded by Commissioner Levesque. All in Favor. Approved.
- C. **Approve October 16, 2017 Warrants** - Commissioner Levesque motioned to approve the October 16, 2017 warrants. Seconded by Commissioner DellaCava. All in Favor. Approved.
- D. **Approve September Bank Transfers** - Commissioner DellaCava motioned to approve the September Bank Transfers. Seconded by Commissioner Levesque. All in Favor. Approved. Customer Mr. Buteau asked if the transfers were because of the service agreement between the Water and Sewer District. Treasurer Wood explained to him yes this is because all checks are made out and deposited to the Water District. We have to transfer the deposited funds that are for sewer to the Sewer Account.
- E. **FY17 CVRWD & CVSD Audit Presentation – Robert C. Alario, CPA, CP** - Cherry Valley & Rochdale Water District Audit Presentation is presented by Auditor Karen Spinelli – Independent auditors report is relatively standard with no findings that stood out.

The audit is done using the United States Government Auditing Standards. You will see that there are a lot of highlighted items in the audit this is because the Worcester Regional Retirement has not finalized their numbers yet. Once we receive those finalized numbers we will update the audit. Auditor Spinelli stated that they believe that the finances for the CVRWD are strong. The total Assets are \$5,050,025 compared to \$4,916,953 last year. The total liabilities did decrease by \$49,654 compared to last year. Operating revenue had an increase of \$195,275 were non-operating revenue increased \$1,174. The Depreciation expense decreased by \$1,370. Capital assets shows an increase which consists of four components land, building, distribution lines and equipment. The Debt Administration shows that the total outstanding notes with USDA is \$663,406 and a total outstanding balance with MWPAT of \$981,136. These loans are due between 2022 – 2051. Statement of net assets shows that cash is up, accounts receivable is up, water liens is up compared to last fiscal year. Accounts payable was also up this year but that all has to do with when invoices are received by the District. Operating expenses shows that outside service increased about \$40,000, lab fees decreased about \$30,000, professional services increased about \$15,000 and other operating expenses stayed about the same as last year. Non-operating revenue did have some changes this year The City of Worcester was the biggest change which was \$326,514. Interest expense is down as we pay the loans down that will continue to go down. Notes 1 - 7 go over some standard accounting policy's along with showing increases in capital assets, what is left for each long-term note and what the payments are for the next 5 years, pension plan which is still waiting to be finalized, subsidy revenue, and related party transactions between the Water and Sewer District. Note 8 talks about how the district was approved for a loan in the amount of \$556,038 (for Miex Pilot Study) and that the payment was contingent on approval of USDA funding in the amount of \$3,500,000. As of June 30, 2017 the funding from USDA has been denied (due to rate payer vote) and the loan no longer has additional drawdowns available. Note 10 talks about how CVRWD was required to connect to the City of Worcester due to emergency drought conditions. Once the District connected to the city they received a MassDEP issued UAO, prohibiting the District from returning to Henshaw Pond. Note 11 states Ben Morris is new superintendent effective August 1, 2017. The District's budget was favorable by \$99,401 at the end of the year. Customer Buteau asked the question, last year on page 14 long term date there was a note payable for MWPAT did that amount increase? Auditor Spinelli stated that yes it did. Auditor Spinelli stated that they did find two findings this year during the audit. One is that the Bank Statements and Reconciliations do not have a secondary level of review. CVRWD agreed to have Superintendent Morris review all bank statements after they are reconciled and sign off on them. The other finding was that non-exempt hourly employees were working through lunch without a proper wavier or approval on file. Commissioner Levesque stated that we can't have both employee's leaving at the same time to take lunch it would have to be staggered. Audit communications report Auditor Spinelli stated that they did follow the GAAP standards and they are completely independent with no relation to the District. She also stated that there were no major changes from previous years and there was no disagreements with management.

Auditor Karen Spinelli presented the Cherry Valley Sewer District Audit. The audit is done using the United States Government Auditing Standards. The Auditors believe that the financial condition is not strong at the end of year. The total assets for 2017 is \$8,300,346 compared to \$9,165,307 last year, total operating revenue for 2017 was \$367,446 compared to last year the operating revenue was at \$378,197. Changes in net assets for 2017 was a net loss of \$659,368 compared to a net loss of \$574,849 in 2016. The income statement shows that the total revenue decreased by \$18,010 from fiscal year 2016. But depreciation expenses did stay the same. The district has 3 outstanding loans with USDA

the balance of \$3,141,057 which is due between 2030 -2033. Statement of Net Assets shows that cash and cash equivalents did decrease, interest receivable decreased, and sewer betterments also decreased. Interest expense did decrease but will continue to decrease as we pay off our loans. The Changes in net asset reports shows that we did receive more revenue this year from users than last year but over all our total operating revenue received was down from last year. The Service agreement between the Water and Sewer Districts decreased, the sewerage and disposal fees increased by \$88,000 which accounts for most of the increased expenses this year – as a result of the City of Worcester and the UBWPAD increases. Statement of cash flows shows that we did receive more cash from property owners and fees paid to professional contractors stayed about the same. Notes 1 – 8 goes over the standard accounting policies, sewer betterment receivables, capital assets, long term debt on each note payable, leases, and related party transactions between the water and sewer districts. Auditor Spinelli stated they added note 9 – uncertainty because they thought it was important to point out that the District faces an uncertainty to continue operations if they continue a decrease in net assets. The District is working on developing a plan to fix this situation by increasing rates through a rate study. The CVSD had a favorable balance of \$70,153 at the end of the year compared to what was actually budgeted for operating expenses. Auditor Spinelli stated that there was one finding during the audit. The finding was that bank statements and reconciliations do not have a secondary level of review. It was agreed that Superintendent Morris will review bank statements and sign off on them after they are reconciled. Audit communications report Auditor Spinelli stated that they did follow the GAAP standards and they are completely independent with no relation to the District. She also stated that there were no major changes from previous years and there was no disagreements with management.

Commissioner Taylor motioned to adjourn the Cherry Valley Sewer District meeting. Seconded by Chairman Manseau. All in Favor. Approved.

## V. ADMINISTRATION

- A. Davis - Green Street Agreement** – Superintendent Morris stated we have a signed easement from Mr. Davis and the contract that Attorney Bachrach had written up and disused with Mr. Davis. Once the initial payment is made we will get the easement recorded and Mr. Davis will be in charge of all the upkeep. Commissioner DellaCava mentioned that the contract states everything that we wanted including being able to connect to the electrical if necessary, at a later date. Commissioner DellaCava motioned to approve the contract. Seconded by Chairman Bergin. All in favor. Approved.

## VI. OPERATIONS

### A. Superintendent's Report

- 1. Inter-connection Automation Project Update** – Superintendent Morris met with Amanda from Tata & Howard on site Thursday. She showed him the location of the vault. We did hear back from the City of Worcester and we can do work after the 15<sup>th</sup> but there are a few conditions depending on the weather. Amanda is waiting for the final draft from the City of Worcester so that she can put it out to bid. The new Vault is needed because when they inspected the old one it was not satisfactory to what is required. It would cost more to redo the current vault than it would to just get a new one. It is going to be a one piece set in and they can install the electricity afterwards. There is going to be a structure similar to a telephone box on the side of the road that will have a 4 hour backup. We will than have a generator has an additional back up. An alarm will be in place so we know when we are low and have to get a generator up there. Commissioner Bergin asked how we would secure the generator. Superintendent Morris

said that is something that we still have to figure out. The location of the box is going to be right over the Worcester Leicester line and set back 2 or 3 feet from the road. We will have access to the controls with in it. The City of Worcester owns land so we do not have to worry about purchasing an easement to put it onto the property. Amanda should have more information by next week. Customer Buteau asked if we should consider putting in a pressure reducing valve. Superintendent Morris stated that Paul Howard was working with the City of Worcester on this issue and that it was not our issue. Superintendent Morris also stated that we have not gotten a response from Phil Guerin on the billing question. But talking to Amanda they are hoping to have the vault and everything in by the end of December and the new meter would be in the vault. Customer Lennon asked what is being billed to our customer vs what the City of Worcester is charging us for. Superintendent Morris let him know we do not have that answer but could look into it. It would be hard to come up with an exact answer because our billing dates are different from the City of Worcester and our billed amount does not account for leaks, firefighting, etc. Customer Lennon stated that the rates were based off of the estimated and if what if they are not accurate. Customer Lennon stated is that all he is looking for is a best guess. Superintendent Morris will do an estimate and get back the numbers but it is going to be hard to do.

**VII. COMMUNICATIONS**

**VIII. PERSONNEL**

**IX. DATE OF NEXT MEETING**

- A. Approval of Next Meeting** – Next meeting was already approved at the previous meeting. Next meeting to be held on October 30, 2017 at 10:00 A.M.

**X. EXECUTIVE SESSION**

- A. To approve executive session minutes of September 25, 2017, to further to discuss strategy with respect to pending litigation and to comply with or act under the authority of, any general or special law.**

Commissioner DellaCava motioned to enter into executive session to review and approve the executive session meeting minutes of September 25, 2017 and to discuss litigation strategy pursuant to G.L. c. 30A, § 21(3), and to discuss acting under the authority of any general or special law pursuant to G.L. c 30A, § 21(7). I further move that upon the conclusion of executive session, the Board will adjourn today's meeting with no further discussion.

Chairman Bergin declared that discussing strategy with respect to litigation and discussing strategy with respect to acting under any general or special law, during the open meeting, may have a detrimental effect on the litigating position of the Cherry Valley and Rochdale Water District and on the confidentiality provided under the general law; namely, G.L. c. 268B, § 3(g). Roll call: Commissioner DellaCava, Yes. Chairman Bergin, Yes. All in favor. Approved. Executive Session began at 11:36AM.

- XI. ADJOURNMENT** – Commissioner DellaCava motioned to adjourn the meeting. Seconded by Chairman Bergin. All in Favor. Approved. Meeting adjourned at 12:12PM