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2018

Cherry Valley Sewer District



Annual Report

June 30, 2018

Cherry Valley Sewer District
Annual Meeting
June 30, 2018

COMMISSIONERS REPORT

To the people of the Cherry Valley Sewer District:

Greetings:

Your Board of Sewer Commissioners respectfully submits their 55th Annual Report for the fiscal year ending June 30, 2018.

The Commissioners are pleased to report that 437 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 of Worcester (City) into the Upper Blackstone Waste Water Treatment Facility for **treatment** and release into the Blackstone River. At the time, 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 the 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 2019 Budget reflects increases of \$63,799.68 to pay for the increased sewer transportation fee by the City and \$13,370.00 to pay for the increased treatment fee imposed by the Upper Blackstone. This continues the trend by which the City and the Upper Blackstone have substantially increased their rates over the past several years.

In April 2018, the Cherry Valley Sewer District received notification from MassDEP that the District has taken the appropriate steps to meet the required Infiltration and Inflow (I/I) Control Plan. However, even though the District complied with the respective plan and analysis, MassDEP concluded that the District needs to take corrective action and address specific deficiencies moving forward. One of the requirements noted by MassDEP is the need to establish a sump pump ordinance, which will require all District customers to remove any and all sump pumps from discharging into the sewer system. The enactment of this ordinance will assist in reducing rates as it is intended to reduce the billable flow charged by the City as a result of increased flows due to rainstorms and runoff. The other items in which the District will have to take action are to finish the Sewer main line camera work (CCTV) of the last 8,500 feet of main that was not in the original I/I program. We shall also submit a Geographic Information System (GIS) map to MassDEP. Lastly we are responsible for continuing the inspection and maintenance program set forth by the I/I Control Plan.

Throughout the course of FY'18, Operation staff conducted yearly jetting of the sewer mains in the majority of the system. Due to finding manhole structures in need of repair the entire system was not able to be jetted as time was needed to address the infiltration through the failing manhole structures. Moving forward, staff will continue to work on annual sewer jetting and implement a manhole inspection program to address Infiltration issues within the District.

Based on the rate study conducted last year, the professional consultant recommended continued increases of rates. The Commissioners are fully aware of the hardship caused to customers due to continually increasing rates. However, without increasing the rates, the CVSD faces substantial financial issues that need to be addressed immediately. This situation is not something that has just recently occurred, it is a result of years of increases in expense for transportation and disposal of sewerage, loan

payments, recent increase to infiltration in the system, and lack of build out of our system to generate the revenue needed to keep the district current on all expenses. To address the critical financial state of the District, the Board chose to seek the assistance of local, state and federal officials by sending a letter to the City of Worcester, Town of Leicester, Massachusetts Department of Revenue, United States Department of Agriculture, Department of Environmental Protection, State Representative Kate Campanale, Senator Michael Moore, Senator Elizabeth Warren, Congressman James McGovern, Lt. Governor Karyn Polito, and Governor Charles Baker, explaining the District's situation and requested meetings or assistance with hopes of addressing and rectifying the problem. (A copy of this letter is attached to the end of the Annual Report for your review.)

The letter has generated significant interest, especially on the federal level, through Congressman McGovern's office. In addition, the Staff has met with Town of Leicester Town Administrator, Mass Department of Revenue, Senator Michael Moore, and the City of Worcester. All parties recognize that there are significant financial issues facing the Cherry Valley Sewer District. We are currently in conversation with Congressman McGovern's office to establish a joint meeting with all of the water and sewer districts and the Town of Leicester to see what we can do as a whole to solve this problem. Please know that the Commissioners and the District Staff take this issue very seriously and are trying to do anything they can to find a viable solution for the ratepayers.

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, and the 24th day of May 2018 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 2018 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 2019, 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 3rd day of May 2018.

A TRUE COPY ATTEST:

Donald G. Manseau, Chairman

Victor M. Taylor, Commissioner

Michael L. Della Cava, Commissioner

Carla A. Davis
Clerk-Cherry Valley Sewer District

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2017 AND 2016
ASSETS**

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,497,074	\$ 1,774,471
Accounts Receivable	132,719	167,202
Interest Receivable	45,355	71,171
Due from Related Party	449	-
Prepaid Expenses	4,793	4,401
Total Current Assets	1,680,390	2,017,245
NON-CURRENT ASSETS		
Sewer Betterments Receivable	801,550	911,787
Capital Assets, Net	5,818,406	6,236,275
Total Non-current Assets	6,619,956	7,148,062
TOTAL ASSETS	\$ 8,300,346	\$ 9,165,307
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses	\$ 98,148	\$ 11,700
Accrued Interest	53,585	76,030
Due to Related Party	-	6,466
Current Portion of Long-Term Debt	162,864	155,598
Current Portion of Obligations Under Capital Lease	3,480	3,111
Total Current Liabilities	318,077	252,905
LONG-TERM LIABILITIES		
Obligations Under Capital Lease, Net of Current Portion	934	4,414
Long-Term Debt, Net of Current Portion	2,978,193	3,135,241
Deferred Revenue	801,550	911,787
Total Long-Term Liabilities	3,780,677	4,051,442
Total Liabilities	4,098,754	4,304,347
NET ASSETS		
Invested in Capital Assets, Net of Related Debt Restricted for Debt Service	2,677,349	2,945,436
Restricted for Operations and Maintenance	997,198	1,453,079
	527,045	462,445
Total Net Assets	4,201,592	4,860,960
TOTAL LIABILITIES AND NET ASSETS	\$ 8,300,346	\$ 9,165,307

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE		
Sewer User and Connection Fees	\$ 276,546	\$ 233,253
Sewer Betterments, Net	84,158	130,703
Tax Title	6,292	2,924
Other Revenue	450	11,317
	367,446	378,197
OPERATING EXPENSES		
Depreciation	417,869	417,869
Sewerage and Disposal Fee	238,883	150,929
Service Agreement Reimbursements	175,222	183,358
Dues	56,004	45,264
Professional Services	12,212	12,548
Insurance and Surety Bond	10,683	11,034
Outside Services	9,050	9,610
Supplies and Materials	6,529	400
Other Operating Expenses	4,929	11,137
Utilities	3,780	3,762
Payroll and Related Expense	-	260
	935,161	846,171
OPERATING LOSS	(567,715)	(467,974)
NON-OPERATING REVENUE (EXPENSES)		
Interest Income	46,609	53,868
Rate Study	-	(2,465)
Inflow and Infiltration Program	(461)	(1,692)
Interest Expense	(137,801)	(156,586)
	(91,653)	(106,875)
CHANGES IN NET ASSETS	(659,368)	(574,849)
NET ASSETS, BEGINNING OF YEAR	4,860,960	5,435,809
NET ASSETS, END OF YEAR	\$ 4,201,592	\$ 4,860,960

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Property Owners	\$ 132,177	\$ 83,139
Received from Customers	264,376	225,291
Other Operating Revenue	5,376	50,650
Paid to Employees and Professional Contractors for Services	(190,738)	(190,421)
Paid to Suppliers for Goods and Services	(247,413)	(231,940)
	(36,222)	(63,281)
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Interest Income	72,425	42,192
Inflow and Infiltration Program	(461)	(1,692)
Rate Study	-	(2,465)
Principal Payments on Capital Leases	(3,111)	(2,780)
Interest Paid on Capital Leases	(693)	(1,024)
Principal Payments on Long Term Debt	(149,782)	(155,505)
Interest Paid on Long-Term Debt	(159,553)	(153,499)
	(241,175)	(274,773)
NET CASH USED IN CAPITAL & RELATED FINANCING ACTIVITIES		
NET CHANGES IN CASH AND CASH EQUIVALENTS	(277,397)	(338,054)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,774,471	2,112,525
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,497,074	\$ 1,774,471
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Changes in Net Assets	\$ (567,715)	\$ (467,974)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used In) Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	417,869	417,869
Accounts Receivable	34,483	(19,117)
Due from Related Party	(449)	-
Due to Related Party	(6,466)	6,466
Prepaid Expenses	(392)	2,734
Accrued Expenses	86,448	400
Net Pension Liability	-	(3,659)
Total Adjustments	531,493	404,693
NET CASH USED IN OPERATING ACTIVITIES	\$ (36,222)	\$ (63,281)

CVSD PROPOSED FY19 OPERATING BUDGET

Operating Expenses	FY 18 APPROVED	FY 19 PROPOSED
Abatements	\$ 100.00	\$ -
Accounting	\$ 13,184.00	\$ 13,184.00
Administration	\$ 2,000.00	\$ 2,000.00
Allowance	\$ 3,500.00	\$ 20,658.00
Bank Fees	\$ 200.00	\$ 200.00
Consulting Fees	\$ 3,000.00	\$ 3,000.00
Electricity	\$ 7,210.00	\$ 7,210.00
Field Supplies	\$ 2,410.20	\$ 2,410.20
Heat	\$ 3,600.00	\$ 3,600.00
Insurance	\$ 12,100.00	\$ 12,400.00
Health Insurance	\$ 19,000.00	\$ 21,313.00
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	\$ 4,500.00	\$ 4,500.00
Office Supply	\$ 9,177.00	\$ 8,400.00
Officers' Salary	\$ 4,944.00	\$ 5,092.32
Payroll	\$ 107,120.00	\$ 81,893.42
Pipes	\$ 2,300.00	\$ 2,300.00
Postage	\$ 3,474.00	\$ 3,600.00
Rent	\$ -	\$ -
Repair/Maintenance	\$ 6,365.20	\$ 6,365.20
Septage Dumping Fees	\$ -	\$ -
Small Tools	\$ 1,920.00	\$ 1,920.00
Sub Contracts	\$ 13,500.00	\$ 13,500.00
Technology	\$ 15,700.00	\$ 16,100.00
Telephone	\$ 3,600.00	\$ 3,600.00
WRR Assessment	\$ 1,519.00	\$ 1,747.00
Total Operating Expenses	\$ 252,268.00	\$ 246,837.74
COW (Transportation)		
(Est - \$3.881 per ccf)	\$ 208,200.32	\$ 272,000.00
UBWPAD (Treatment)		
(\$19,986.75 per qtr)	\$ 66,577.00	\$ 79,947.00
Total Proposed Budget	\$ 527,045.00	\$ 598,784.00

**CHERRY VALLEY SEWER DISTRICT
ANNUAL MEETING
RECORD OF VOTE
MAY 25, 2017**

A meeting of the Cherry Valley Sewer District was held at the Leicester Town Hall Auditorium, 3 Washburn Square, Leicester, Massachusetts, eleven (11) were in attendance, all of whom were eligible voters.

The meeting was called to order at 7:01 P.M. by Mr. Michael Knox. Commissioner DellaCava motioned that the District vote to **waive the reading of the Annual Warrant**, which was in the hands of the voters. Seconded by Commissioner Taylor.

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

Chairman Manseau motioned and seconded by Commissioner DellaCava that the District vote to accept the Reports of the District as printed in the 2017 Annual Report, which was in the hands of the voters present.

Voted unanimously. All in favor. Approved.

ARTICLE 3 – ELECTION OF OFFICERS

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

Voted unanimously. All in favor. Approved.

ARTICLE 4 – FULFILL FY 2017 BUDGET

Commissioner Taylor motioned and seconded by Commissioner DellaCava that the District vote to appropriate the sum of **\$125,000.00 (one hundred and twenty-five thousand dollars and no cents)** from available funds to revise and fund the City of Worcester Transportation/Treatment Expenses for the balance of the Fiscal Year 2017 operating budget.

Voted unanimously. All in favor. Approved.

ARTICLE 5 –FY 2018 BUDGET

Chairman Manseau motioned and seconded by Commissioner DellaCava that the District vote to appropriate from available funds, the sum of **\$527,045.00 (Five hundred and twenty-seven thousand, forty-five dollars and no cents)**, for the operating budget of Fiscal Year 2018, to provide for the District's annual operating requirements, including but not limited to, salaries, related services, office expenses, maintenance and construction.

(The proposed budget was published on page 8 of the 2017 Annual Report, which was in the hands of the voters present.)

Voted unanimously. All in favor. Approved.

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

Commissioner DellaCava 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 unanimously. All in favor. Approved.

Mr. Michael Knox motioned and seconded by Commissioner Taylor to adjourn the meeting.
All in favor. The meeting adjourned at 7:11 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 25, 2017.

A TRUE COPY ATTEST:

CARLA A. DAVIS
CLERK

(SEAL)