

City Of New Castle



Municipal Services Commission

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A promotional poster for the 'Art on the Green Arts & Craft Show' organized by the New Castle Hundred Lions Club. The poster features a cartoon artist in a green suit holding a palette and a brush. Text on the poster includes: 'NEW CASTLE HUNDRED LIONS CLUB', '42nd ANNUAL ART on the GREEN ARTS & CRAFT SHOW', 'Saturday September 22, 2012 10:00 am to 5:00 pm', 'Battery Park', '3rd and South Streets - City of New Castle, DE', 'Food Vendors FREE PARKING from Rts. 9 / 273 /141 New Castle School New Castle Baptist Church', 'FREE SHUTTLE', 'CALL - 302 / 328-5466 artonthegreen@verizon.net', 'Rain Date September 29, 2012', and logos for 'ART on the GREEN' and '99.5 WJBR Ten Songs in a Row'. To the right of the poster is a portrait of Dave Jones, a man with glasses wearing a light-colored striped shirt.



DAVE JONES

New Castle Lions Club

Dave Jones - New Castle Lions Club

This quarter's newsletter features New Castle Lions Club member Dave Jones and the "Art on The Green" which will be held September 22, 2012. This event has been going on for 42 years and is a major fund raiser for the Lions Club and their charitable activities. Dave has been involved with this event for some 41 years and is a familiar face to New Castle residents who frequent the day. Dave lives in Van Dyke Village with his wife Sandy and became a Lion through his father in-law former President of City Council Jack Weaver. Giving back to the community is a tradition in this family. The Lions have a great many local members. Their activities include supplying medical equipment, eye glass exams and Christmas food baskets at no cost to anyone who is in need. If you want to have a wonderful day and pick up a unique art or craft from over 200 vendors be sure to visit the "Art on The Green" September 22 and help support a truly worthy organization. Remember admission



Calendar Of Events

September 22nd,
Art on The Green

October 8th,
Columbus Day ,
MSC Closed

October 31st,
Halloween

November 4th,
Day Light Savings Time Ends

November 4th,
Election Day,
MSC Closed

Dear Water Customers:

The MSC distributed our 2012 Consumer Confidence Report as part of our June Quarterly News Letter. While reading it you may have noticed three errors related to the Maximum Contaminant Level (MCL) and Maximum Contaminant Level Goal (MCLG) for the contaminants Barium, Chromium, and Nickel.

I am writing this to apologize for the inaccurate information contained in our Report. While I make every effort to ensure information the MSC publishes is accurate, there is always the possibility that errors will get by me as in this case. Going forward, I will exercise a renewed effort for proof reading all information provided by the MSC to try and prevent this from happening in the future.

Starting this year, in an effort to make the report more user friendly and readable, the EPA required several changes be made to the format of the information provided in the tables for contaminants that are tested for and detected. One of these changes was to reduce the number of decimal places that are required to report the level of a contaminant.

In this case, the Unit of Measure (UOM) for the Contaminants Barium, Chromium, and Nickel were changed from parts per million (ppm) to parts per billion (ppb) thus the Maximum Contaminant Level (MCL) and Maximum Contaminant Level Goal (MCLG) for these Contaminants should have been changed from Barium – 2ppm to 2000ppb, Chromium – 0.1ppm to 100ppb, and Nickel - 0.1ppm to 100ppb. When the Level Detected is properly illustrated in ppb and using the correct MCL and MCLG for the contaminants shows that the levels detected in our drinking water are significantly lower than allowed by EPA Standards.

I have contacted the State of Delaware Office of Drinking Water to advise them of the error in our Consumer Confidence Report. Although they are not requiring the MSC to take any action at this time, they supported our publishing the corrected information in this News Letter and posting the corrected information on our Web Site.

Again, please accept my apology for the inaccurate information. Thank you to our customers for your interest and continued support. You are our best ally in protecting this valuable resource.

If you have any questions or concerns, please contact me at your convenience.

Sincerely,

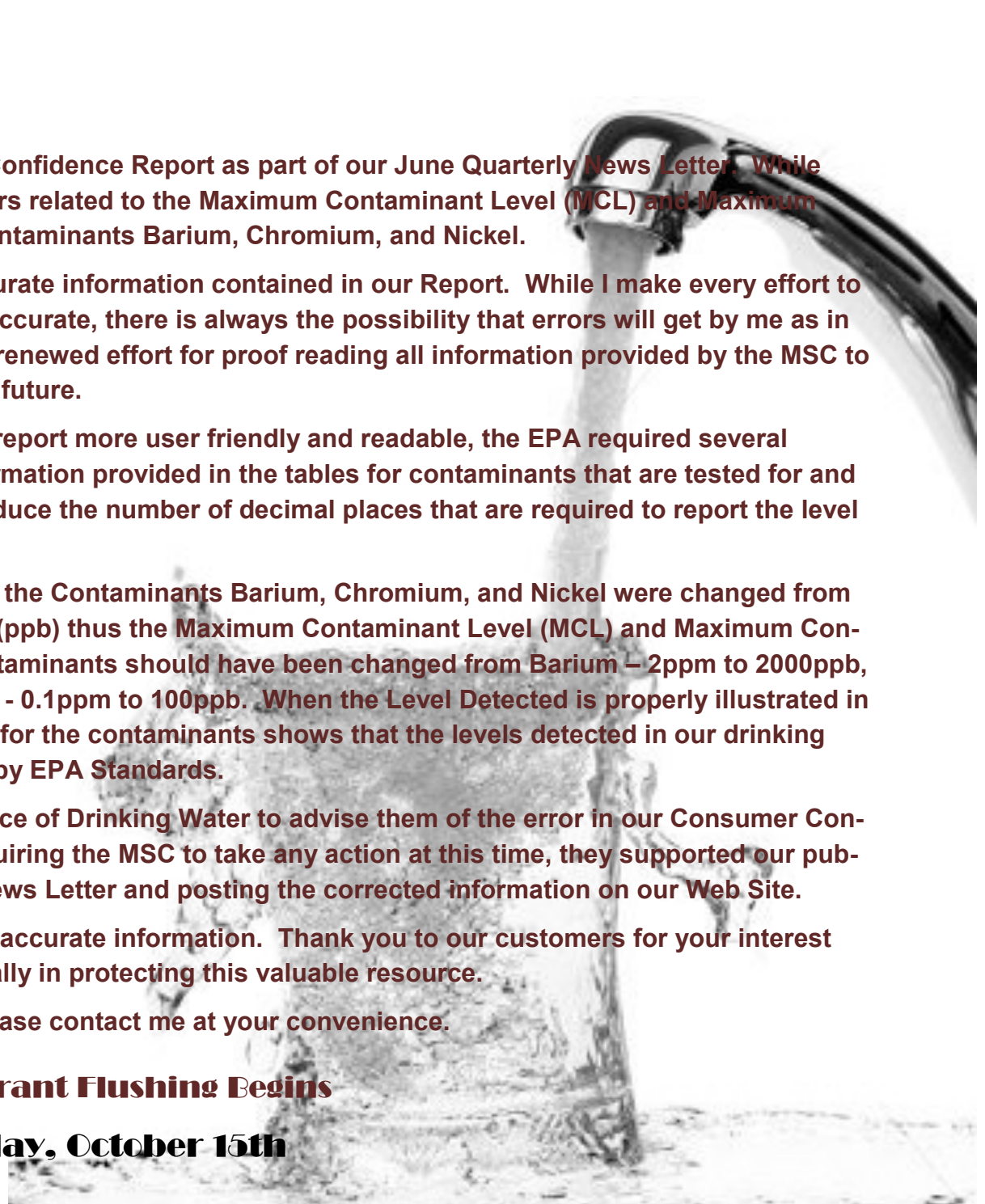
Jay Guyer

Water Supervisor



Fall Hydrant Flushing Begins

Monday, October 15th



Between The Lines

What To Expect In An Electric Outage

On the rare occasions when New Castle's electric goes out we start to get feedback from our customers on what they expect. In many instances they just want us to know their electric is out. In some instances they want to know what caused it and how long will they be without electric.

The Biggest Cause of Electric Outages

In New Castle the biggest cause of electric outages are squirrels and birds. The second is vegetation that falls on the lines.

Reporting an Outage

MSC electric crews work from 7:00 am to 3:30 pm. If an outage occurs during those hours phone calls from the public are answered by the office. Helpful information you can provide is your name and address. This helps us to determine the size of the outage by the different addresses. Please don't ask us why the electric is out and how long will it be before it is restored. These are questions we won't have an answer to until the electric crew identifies what caused the outage and determine what needs to be done to restore it. Chances are your electric will be back on by the time that information is available. Trust that we are doing the best we can to minimize the time you are without electric and the office staff has little or no information other than we are aware that there is an outage and we are working on it.

If an outage occurs after normal work hours your call will be answered by an automated message. Again please leave your address and name. The on-duty employee will pick up your message and relay it to the electric crew. Too many calls will overwhelm the answering system. Once again trust that we are working as quickly as possible to minimize the outage and your inconvenience.

Calling more than once or knowing what caused the outage will not make the work go faster to restore your electric. If we told you a relay failed what would that mean to the average person.

Maintaining Easements

Many New Castle subdivisions have electric behind the homes in dedicated utility rights-of-way. Planting trees or shrubs or putting utility buildings or sheds and fences under the power lines is asking for trouble and makes our job more difficult. These are areas that must be accessed by foot not by trucks and take longer to service. Keeping these areas clear and accessible makes our job easier and outages shorter.

Age of Communication

We are in the communication age and many people expect instant news and updates. This type of instant communication costs money and can be provided if customers really want it. Or they can trust that their utility is working as fast as it can to fix things and get the lights back on. If an outage will be of a long duration we will post it on our web site.



Comptroller's Report

Everyone likes to hear their doctor say that they are in good health. Well the same goes for an Organization and their financial statements. Although management reviews financial reports with the Commissioners on a monthly basis, it is always reassuring that a third party acknowledges the financial direction of the Organization. Our auditors reported that the annual financial statements were in good order and they issued an unqualified audit opinion. The auditors noted in the Statement of Net Assets report that Total Assets exceed Total Liabilities by **\$11,556,165**. This reflects the **Net Assets (the accumulated surplus)** of the Commission and is a positive reflection of the strength of the Commission. The current year activity is also positive and is summarized in the Statement of Revenue, Expenses and Changes in Net Assets which reflects a **\$652,094 change in Net Assets (current year surplus)**. All this adds up to a healthy annual check-up.

Have you ever wondered how electric and water rates are determined? Utilities employ the expertise of consultants that perform a cost of service study, which identifies the cost to provide service to each customer class (residential, commercial, etc.) and how the rates should be structured (monthly charges, per kilowatt hour charges, etc.) The Commission hired Utility Financial Solutions, LLC to perform a rate study this past year in an effort to better understand the costs and rate structure of electric and water. The results showed that electric rates should be reduced for energy charges (per kWh). This reduction was due to the expected decreases in the cost of energy. The water results showed that we have been under billing for water and that an increase was needed for per gallon charges and monthly charges. Overall, an average residential customer's electric and water bill went down and the Commission had rates that better reflected the cost to provide electric and water service.

This spring, the State Legislature reviewed the Commission's request to make changes in the Charter that defines how the Commission is to operate. One of the changes was to give the Commission the ability to borrow money. This request was prompted because the Commission has missed out on receiving grants in the form of interest free loans from the State of Delaware due to the inability to borrow money. The Senators and Representatives acknowledged the need to be able to incur debt in order to operate the Organization successfully. Currently, there are no projects that will require financing, however, the Commission is now in a position to apply for Federal & State grants and with the approval from City Council will be able to make sound financing decisions.

I hope that you are reassured that our financial statements, our rate structure and our Charter have been reviewed not only by our Commissioners but by auditors, industry consultants and our state government. The Commission strives for transparency and accountability in our operations and will continue to operate your utility as efficiently and effectively as we have been for years.

Sincerely,
Pamela A. Patone
Comptroller

MUNICIPAL SERVICES COMMISSION

(A COMPONENT UNIT OF THE CITY OF NEW CASTLE, DELAWARE)

STATEMENT OF NET ASSETS

MARCH 31, 2012

<u>ASSETS</u>		<u>LIABILITIES AND NET ASSETS</u>	
<u>Current Assets:</u>		<u>Current Liabilities:</u>	
Cash and Cash Equivalents	\$ 2,303,710	Accounts Payable	\$ 815,143
Investments	521,593	Utility Taxes Payable	16,974
Accounts Receivable (net of \$23,611 allowance)	933,253	Payroll Withholdings Payable	4,355
Inventory	464,250	Accrued Wages	24,558
Dividend Receivable	4,000	Developer Deposits	300
Prepayments	39,605	Other Liabilities	45,815
Other Receivables	<u>403,664</u>	Accrued Compensated Absences	<u>278,131</u>
Total Current Assets	<u>4,670,075</u>	Total Current Liabilities	1,185,276
<u>Property, Plant and Equipment</u>		<u>Long-Term Liability:</u>	
Property, Plant and Equipment	17,944,743	Customer Deposits	153,408
Construction in Progress	89,408	Total Liabilities	<u>1,338,684</u>
Less: Accumulated Depreciation	<u>(9,809,377)</u>	<u>Net Assets:</u>	
Net Property and Equipment	<u>8,224,774</u>	Capital Grants (less accum amort \$612,950)	330,050
Total Assets	\$ <u>12,894,849</u>	Private Developer Contributions	1,399,067
		Unrestricted Net Assets	<u>9,827,048</u>
		<u>Total Net Assets</u>	<u>11,556,165</u>
Total Assets	\$ <u>12,894,849</u>	Total Liabilities and Net Assets	\$ <u>12,894,849</u>

ASSETS- This section shows the items that the MSC owns called Assets. These items are either in our possession such as trucks or are at a financial institution, like cash and investments or are payments that are owed to us such as accounts receivable.

LIABILITIES AND NET ASSETS- This section shows the liabilities of the MSC, the amounts owed to vendors (accounts payable), to employees (accrued comp. abs.) and to customers (customer deposits). Net assets is the amount that remains after the liabilities are subtracted from the assets.

MUNICIPAL SERVICES COMMISSION

(A COMPONENT UNIT OF THE CITY OF NEW CASTLE, DELAWARE)

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

FISCAL YEAR ENDING MARCH 31, 2012

<u>Operating Revenue:</u>		<u>Operating Expenses</u>	
User Charges	\$ 11,571,544	Purchase of Power	
City Service Charges	85,244	Operating Expenses	
Miscellaneous	<u>62,745</u>	General & Administrative Expenses	
Total Operating Revenues	\$ 11,719,533	Total Operating Expenses	<u>10,526,834</u>
Less: Free service	<u>(25,750)</u>	<u>Operating Income</u>	\$ 1,166,949
Net Operating Revenues	11,693,783		
<u>Purchase of Power and Water</u>	7,679,582	<u>Nonoperating Revenue (Expenses):</u>	
<u>Operating Expenses</u>	1,884,354	Investment Income	39,155
Salaries and Related Expenses	1,067,438	Private developer contributions	56,611
Repairs and Maintenance	74,649	Net Unrealized Gain on Noncurrent Investments	12,689
Supplies and Training	63,311	Gain on sale of equipment	29,778
Insurance	67,554	Appropriations to the City of New Castle:	
Depreciation	518,201	Ordinary	(537,500)
Plant & Equipment Expense	82,894	City service	(85,244)
Other	10,307	Special	(30,344)
<u>General and Administrative Expenses</u>	962,898	Total Appropriations to the City of New Castle:	(653,088)
Salaries and Related Expenses	583,563	<u>Total Nonoperating Revenue (Expenses)</u>	<u>(514,855)</u>
Insurance	21,971		
Professional Fees	135,107	<u>Change in Net Assets</u>	\$ <u>652,094</u>
NEW CASTLE CARES FUND	5,000		
Administrative & Occupancy	189,132		
Depreciation	28,125		

REVENUE- This section shows the revenue earned through the sale of electricity and water to our customers.

EXPENSES- This section shows the expenses of the MSC. Purchase of Power & Water is the cost we incur to buy power for our customers

Operating Expenses are the direct costs to pay for lineman, water operators and to operate our facilities.

General and Administrative Expenses are the costs associated with Billing, meter reading, accounting and management functions.

NONOPERATING REVENUE AND EXPENSES- This section shows the income associated with investments and contributed capital.

APPROPRIATIONS TO THE CITY OF NEW CASTLE- This section shows the amount given in cash (ordinary), electric and water (city service) and the amounts given in labor or equipment usage (special) to the City of New Castle. All of these appropriations benefit our customers.

CHANGE IN NET ASSETS- This section shows the Change in Net Assets which is the Net Income (what remains after the expenses are subtracted from the revenue. We put this net income back into our systems by making capital improvements to our systems.