



**Municipal Services Commission
of the City of New Castle**

School Lane Water Treatment Facility Carbon Filtration System

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Secretary's Message

As many of you may be aware, the Municipal Services Commission (MSC) has been working with the City of New Castle in order to reach an agreement on many items, such as the amount of appropriation paid to the City each year, the properties and buildings utilized by the MSC and the rights and responsibilities of the MSC related to electric and water infrastructure. Although all these items may take some time to resolve, the Commission believes it is time well spent to firm up the relationship among the two organizations. Both organizations exist to serve the citizens of New Castle and the Commission looks forward to continuing with this mission.

I am proud to report the MSC is providing reliable electric service, safe drinking water and is financially healthy. As you will read in this edition of the MSC newsletter, the electric department has begun their underground conversion project in Penn Valley (Booker Circle) and in the Spring of 2016 expect to begin constructing a solar array on the Penn Farm. The water department is completing the construction of a permanent filtration system to remove PFC contaminants and they are beginning a water main replacement in Dobbinsville. Lastly, the business office completed the annual financial statement audit and developed a new look for the MSC's website. Please take a look at the financial statements in this newsletter and on our new website at <http://newcastlemsc.delaware.gov>

Featured on the cover of our newsletter, the USDA along with Senators Carper, Coons, and Representative Carney highlighted the emergency grant funds awarded to the Municipal Services Commission by having a toast of New Castle water with Commission President Roy Sippel, Council President Linda Ratchford and Mayor Donald Reese.

As always, if you have any questions please feel free to call us at 323-2330 or stop by the office, we look forward to hearing from you.

Pamela A. Patone Secretary



Booker Circle Project



The rear property design and associated maintenance in Penn Valley has prompted the need to convert the aerial electric service to underground. The MSC had meetings with the residents on Booker Circle in late spring and early summer to explain the project. Several residents attended the meetings and inquired regarding the timing, restoration and costs. Progress has been slower than originally estimated due to design changes but the crew is working hard, gaining knowledge of the obstacles, and developing steps to improve on efficiencies. The MSC looks forward to similar projects in the future to firm up the system and ensure reliable service to the citizens of New Castle.

Solar Comes To The Penn Farm

The MSC, in cooperation with the Trustees of New Castle Common and Delaware Greenways, will be constructing a 25KW Solar Array to power the City's water treatment facility located on the Penn Farm. Look for construction to begin in 2016.



RT 9 Water Main Replacement

This fall, MSC was made aware of a roadway repaving project Del DOT was planning to complete on RT 9 between Washington Street and Federal School Lane. Once aware of the project, MSC representatives communicated to Del DOT concerns in reference to the project potentially damaging the 100 plus year old water mains located in the area. MSC representatives worked with City and State officials to delay paving until 2016 which has allowed MSC time to design and put out to bid the water main renewal project. Local contractors Greggo & Ferrara, Inc. and Brandywine Construction Company, Inc. were awarded the project. Materials were ordered and received with construction scheduled to start in December 2015.



School Lane Treatment Facility

MSC received a Certificate to Operate the new Calgon Carbon Filtration System from the Delaware Department of Health on November 10, 2015. Water Operators started up the system and began functional testing and acceptance of the new treatment system that will remove PFC Contamination from the City's water supply wells. The new permanent system was put online November 30th and will replace the temporary treatment system that was installed to allow the City's wells to be used for supply. Work on the new treatment system was completed by the MSC Water and Electric Department staff to control costs and meet the aggressive schedule of a fall start up. Water Operators will now begin dismantling the temporary unit for return to Calgon Carbon then start work on the final punch list of items to be completed at the School Lane Treatment Facility. MSC continues submitting the necessary paperwork for reimbursements from the \$500,000 USDA Emergency Grant Fund.



Business Office Report

Hard work and lots of paperwork have been rewarded with the awarding of four grants to the Municipal Services Commission (MSC). The Homeland Security Grant Program has awarded 2 grants for security at the Utility building and the newly constructed Cross Roads Well site. The USDA has awarded a \$500,000 grant to fund the water treatment system to remove PFOS & PFOA contaminants from the City's drinking water and the Delaware Water Infrastructure Advisory Council has awarded a Drinking Water Innovation and Technology Grant to perform testing on the City's water mains in the amount of \$50,000.

These grants could not have been possible without the work of the supervisors and solid financial statement reporting. In addition, the Commissioners showed the confidence in staff to secure and properly administer the grant reporting. The benefit to the citizens of New Castle is the ability to continue to have reliable, safe drinking water and electric supply at some of the lowest rates in Delaware.

The Commission is pleased to report that the MSC's financial statements "present fairly, in all material respects, the financial position of...the Commission" according to the auditing firm of Harty & Harty, PA for the year ending March 31, 2015. The additional funding from the grants should be received in calendar year 2015 and 2016 and should not affect the auditing requirements of the Commission.

Sincerely,

Pamela A. Patone

Secretary

Sincerely,

Mary Jane Stubbs

Treasurer



MUNICIPAL SERVICES COMMISSION

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

STATEMENT OF NET ASSETS

MARCH 31, 2015

<u>ASSETS</u>	<u>LIABILITIES AND NET ASSETS</u>
<u>Current Assets:</u>	<u>Current Liabilities:</u>
Cash and Cash Equivalents	Accounts Payable
\$ 2,374,078	\$ 688,590
Investments	Utility Taxes Payable
1,028,300	16,716
Accounts Receivable (net of \$15,622 allowance)	Payroll Withholdings Payable
775,056	2,843
Inventory	Accrued Wages
590,106	32,665
Dividend Receivable	Developer Deposits
252	254
Prepayments	Other Liabilities
68,371	5,592
Other Receivables	Accrued Compensated Absences
30,988	265,706
<u>Total Current Assets</u>	<u>Total Current Liabilities</u>
4,867,151	1,012,366
 <u>Property, Plant and Equipment</u>	 <u>Long-Term Liability:</u>
Property, Plant and Equipment	Customer Deposits
20,415,974	412,149
Construction in Progress	<u>Total Liabilities</u>
503,862	1,424,515
<u>Less: Accumulated Depreciation</u>	 <u>Net Assets:</u>
(11,448,191)	Capital Grants (less accum amort \$650,670)
<u>Net Property and Equipment</u>	273,470
9,471,645	Private Developer Contributions
 <u>Other Asset</u>	2,258,772
Restricted Cash	Unrestricted Net Position
412,149	10,794,188
<u>Total Assets</u>	<u>Total Net Assets</u>
\$ 14,750,945	13,326,430
	<u>Total Liabilities and Net Position</u>
	\$ 14,750,945

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, 2015

<u>Operating Revenue:</u>		<u>Total Expenses</u>	
User Charges	\$ 10,900,690	Purchase of Power	
City Service Charges	105,501	Operating Expenses	
Free Service	44,623	General & Administrative Expenses	
Miscellaneous	<u>114,496</u>	Total Expenses	<u>10,631,730</u>
Total Operating Revenues	\$ 11,165,310		
<u>Less:</u> Free service	(44,623)	<u>Operating Income</u>	488,957
Net Operating Revenues	11,120,687		
<u>Purchase of Power and Water</u>	7,722,255	<u>Nonoperating Revenue (Expenses):</u>	
<u>Operating Expenses</u>	2,052,048	Investment Income	37,373
Salaries and Related Expenses	1,119,085	Private developer contributions	404,036
Repairs and Maintenance	50,380	Net Unrealized (Loss) on Noncurrent Investments	(113)
Supplies, Training & Water sampling	68,241	Gain on sale of equipment	1,900
Insurance	91,526	Appropriations to the City of New Castle:	
Depreciation	590,414	Ordinary	(500,000)
Plant & Equipment Expense	94,276	City service	(105,501)
Other	38,126	Special	(16,141)
<u>General and Administrative Expenses</u>	857,427	Total Appropriations to the City of New Castle:	(621,642)
Salaries and Related Expenses	583,007		
Insurance	22,906	<u>Total Nonoperating Revenue (Expenses)</u>	<u>(178,446)</u>
Professional Fees	81,807		
Administrative & Occupancy	147,158	<u>Change in Net Position</u>	<u>310,511</u>
Depreciation	22,549		

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.



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