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of the City of New Castle**

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Meet A Customer

Caroline's



Secretary's Message

Busy, busy, busy.....this time of year most New Castle residents are busy with holiday preparation, family gatherings and maybe some year end tax planning. The employees at the Municipal Services Commission (MSC) are also busy. The December Newsletter reports to the MSC's customers the financial results of the previous fiscal year and the auditor's opinion, you can find the complete financial statements on the MSC's website at <http://newcastlemsc.delaware.gov/financial-statements/> . Also see the Business Report at the end of this newsletter to read a little more about the pension reporting changes established by GASB.

As was reported in the last edition of this newsletter the MSC is undergoing a software data conversion, a few details on the new software are shared on page 3. Although it is a large undertaking the efficiencies and benefits will be very positive in the coming years.

The Electric and Water Departments are always busy maintaining your electric and water systems to ensure service whenever you switch that light on or turn on your faucet. Keep up to date on the projects of the MSC by reading about the Dobbinsville water main relining to the Delaware Street electric loop.

With all these changes it is important the Commission maintain good internal controls and proper oversight. New Castle residents can be assured the Commissioners are qualified to do this task. One example is reported in Meet the Commissioner below, introducing you to Commissioner Dan Knox and his qualifications and responsibilities on the Commission.

Even though everyone may be busy, please remember to take some time to slow down and enjoy your family and friends during this time of year and remember to spread some cheer. The MSC wishes everyone a happy and safe holiday season and a wonderful new year!!

Pamela A. Patone
General Manager/Secretary

Meet Commissioner Daniel Knox



Dan Knox was appointed to the Commission by City Council in March 2008 and during this time he has utilized his finance and accounting background to provide oversight to the Commission.

His knowledge of utilities through his previous employment at Delmarva Power and current employment with PBF Energy proves to be a good source of information to the Commission's management team. As part of his financial oversight, Dan, along with the other Commissioners, reviews the monthly financial statements, disbursements and is a check signer when necessary. The Commission is fortunate to have Dan as part of leadership.



The Business Office is getting a long awaited upgrade to its' accounting and billing software. After an extensive search for a software that has the capability of providing project costing for the operation supervisors and inventory tracking. The MSC management team identified Tyler Technologies Incode 10, which will be a fully integrated software. This will reduce the amount of time spent entering transactions into several software packages and provide meaningful reporting. The Billing portion of the software has the capability of offering customers with on-line access and communication via automatic phone, text or e-mail messages. Staff has been preparing for the conversion process of the current data to the new software and the schedule for completion will be the second quarter of 2017. We look forward to sharing with you the benefits of this software in the coming year.

<http://www.tylertech.com/solutions-products/incode-product-suite>

Calendar Of Events

December 23rd—MSC Closed

December 26th— MSC Closed

January 2nd— MSC Closed



Merry little Christmas



ELECTRIC ARTICLES

DELAWARE STREET PROJECT

After an electric outage this past summer on Delaware Street, it was determined the underground electric cable was not the quality currently utilized within the system and the system was not sufficiently looped. Supervisor Blomquist indicated a looped system would have minimized the outage duration and the number of customers affected. The Commission approved the funds to loop the electric system to ensure reliability. The staff began the project in November and expects to complete in early 2017.



PENN VALLEY/BOOKER CIRCLE PROJECT

The MSC Electric Department successfully converted the community of Penn Valley's electric system to underground. The residents of Booker Circle have reported satisfaction with the project that took the electric lines from poles in their backyards to underground which will ensure reliability and easier access to lines when making repairs. In addition, during the project the Electric Department was able to update the street lighting system that was in existence.



WATER ARTICLES



DOBBINSVILLE WATER MAIN PROJECT

Last Year, MSC assessed the water mains in the Dobbinsville community to determine the wall thickness and estimated remaining life expectancy. It was determined the water mains were good candidates for cleaning and relining. The relining will be done with a 3M Scotchkote Pipe Renewal Liner 2400. J. Fletcher Creamer & Sons, Inc. is the contractor which will be performing the relining. Creamer is an approved contractor who has performed this work in numerous surrounding states. A preliminary meeting was held with the Dobbinsville community on November 30, 2016. The meeting only had one interested customer in attendance and the MSC staff will be attempting additional communication methods.

MSC AWARDED WIAC GRANT

The MSC Water Department was able to secure a \$50,000 Drinking Water Innovation and Technology Grant through the State of Delaware Department of Health and Social Services under the proactive leadership of Water Supervisor Jay Guyer. Supervisor Guyer explained the grant will educate local students in the Science, Technology, Engineering and Math (STEM) programs in addition to exposing local municipalities to new innovative solutions for water main renewal and rehabilitation. Most importantly it will provide a renewed water system for the citizens of Dobbinsville.

LEAD AND COPPER TESTING

During 2016, MSC participated in enhanced lead and copper monitoring required by State and Federal Regulations. After the most recent sampling in the Fall of 2016, it was determined the additional testing was no longer required and the water system will resume triennial testing (testing every three (3) years). The MSC follows all lab testing requirements set forth by the State Office of Drinking Water. If you have any questions or concerns about sampling or water quality please feel free to contact Pamela Patone, General Manager or Jay Guyer, Water Supervisor.

DELAWARE PUBLIC ARCHIVES

Did you know the Delaware Public Archives was established in 1905 with a mission to identify, collect and preserve public records, ensure access to public records and educate in the creation and use of public records? A portion of the Archives holdings are municipal records which consist of minutes and financial data, land records and other government documents. As a public utility the MSC is subject to the proper records retention and destruction guidelines set forth by the Archives. Mary Jane Stubbs, Business Manager, is the authorized agent to ensure compliance with the State of Delaware Archives process - 29 Delaware code, chapter 5 also known as the Delaware Public Records Law.



IS YOUR TOILET LEAKING?

The MSC Customer Service Department makes an effort to contact customers when they note the water usage at a location is higher than usual. Customers sometimes note they had guests visiting or they accidentally left their hose running. Other times the customer is unsure of the additional usage. As a courtesy to our customers, the MSC has sent water operators to homes to place blue dye in their toilet to determine whether it is leaking. A leaking toilet can mean hundreds of gallons of water in a day and if left unfixed it will result in thousands of gallons in a month and higher water bills. We all have a responsibility to conserve this precious natural resource, so do your part by maintaining your toilets. Contact the MSC Customer Service Department if you have any questions or concerns.

On Line Bill Pay

On line bill pay is fast and easy. It can help you manage your bills without having to worry about paper bills & checks.



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

STATEMENTS OF NET POSITION

ASSETS

	<u>March 31,</u>	
	<u>2016</u>	<u>2015</u>
<u>Current Assets:</u>		
Cash	\$ 1,935,146	\$ 2,369,716
Investments	1,031,021	1,028,300
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$19,329 and \$17,741 at March 31, 2016 and 2015, Respectively)	943,095	775,056
Grants Receivable	149,417	
Inventory	583,728	590,106
Dividends Receivable	149	252
Prepayments	69,189	68,371
Other Receivables	<u>1,316</u>	<u>30,988</u>
<u>Total Current Assets</u>	<u>4,713,061</u>	<u>4,862,789</u>
<u>Property, Plant and Equipment:</u>		
Property, Plant and Equipment	21,153,123	20,415,974
Construction in Progress	<u>482,992</u>	<u>503,862</u>
	21,636,115	20,919,836
<u>Less: Accumulated Depreciation</u>	<u>11,107,107</u>	<u>11,448,191</u>
<u>Net Property and Equipment</u>	<u>10,529,008</u>	<u>9,471,645</u>
<u>Other Asset:</u>		
Restricted Cash	671,646	416,511
<u>Deferred Outflows of Resources:</u>		
Deferred outflows of resources related to pension	<u>198,870</u>	
<u>Total Assets</u>	<u>\$ 16,112,585</u>	<u>\$ 14,750,945</u>



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

STATEMENTS OF NET POSITION

LIABILITIES AND NET POSITION

	<u>March 31,</u>	
	<u>2016</u>	<u>2015</u>
<u>Current Liabilities:</u>		
Accounts Payable	\$ 610,381	\$ 688,590
Accrued Expenses	32,117	16,716
Payroll Withholdings Payable	5,641	2,843
Accrued Wages	73,562	32,665
Developer Deposits	7,660	254
Other Liabilities	1,302	1,230
Accrued Compensated Absences	<u>286,051</u>	<u>265,706</u>
<u>Total Current Liabilities</u>	<u>1,016,714</u>	<u>1,008,004</u>
<u>Long-Term Liability:</u>		
Escrow Amounts	4,372	4,362
Customer Deposits	667,274	412,149
Net Pension Liability	<u>1,144,056</u>	
<u>Total Liabilities</u>	<u>2,832,416</u>	<u>1,424,515</u>
<u>Deferred Inflows of Resources</u>		
Deferred inflows of resources related to pension	6,849	
<u>Total Liabilities and Deferred Inflows of Resources</u>	<u>2,839,265</u>	<u>1,424,515</u>
<u>Net Position:</u>		
Contributed Capital:		
Capital Grant	943,000	943,000
<u>Less: Accumulated Amortization</u>	<u>688,390</u>	<u>669,530</u>
<u>Net Capital Grant</u>	<u>254,610</u>	<u>273,470</u>
Private Developer Contributions	<u>2,291,350</u>	<u>2,258,772</u>
<u>Total Contributed Capital</u>	<u>2,545,960</u>	<u>2,532,242</u>
Unrestricted Net Position	<u>10,727,360</u>	<u>10,794,188</u>
<u>Total Net Position</u>	<u>13,273,320</u>	<u>13,326,430</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 16,112,585</u>	<u>\$ 14,750,945</u>



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

STATEMENTS OF REVENUES AND EXPENSES

	<u>Year Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
<u>Operating Revenues:</u>		
User Charges	\$ 11,071,351	\$ 10,900,690
City Service Charges	104,302	105,501
Free Service	54,249	44,623
Miscellaneous	<u>83,183</u>	<u>114,496</u>
<u>Total Operating Revenues</u>	11,313,085	11,165,310
<u>Less: Free Service</u>	<u>7,055</u>	<u>2,317</u>
<u>Net Operating Revenues</u>	11,306,030	11,162,993
<u>Purchase of Power and Water</u>	7,311,736	7,722,255
<u>Operating Expenses</u>	2,118,157	2,094,354
<u>General and Administrative Expenses</u>	<u>918,035</u>	<u>857,427</u>
<u>Operating Income</u>	<u>958,102</u>	<u>488,957</u>
<u>Nonoperating Revenues (Expenses):</u>		
Investment Income	32,456	37,373
Loss/Gain on Sale of Assets	(26,134)	1,900
Grant Income	595,422	
Grant Expense	(41,612)	
Private Developer Contributions	32,578	404,036
Appropriations to the Mayor and Council of New Castle:		
Ordinary	(537,575)	(500,000)
City Services	(104,302)	(105,501)
Special	(30,613)	(16,141)
Net Decrease in the Fair Value of Investments	<u>(26,574)</u>	<u>(113)</u>
<u>Total Nonoperating Revenues (Expenses)</u>	<u>(106,354)</u>	<u>(178,446)</u>
<u>Change in Net Position</u>	<u>\$ 851,748</u>	<u>\$ 310,511</u>



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

COMBINING SCHEDULES OF REVENUES AND EXPENSES BY DEPARTMENT

YEAR ENDED MARCH 31, 2016 AND 2015

	<u>Water Department</u>		<u>Electric Department</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Operating Revenues:</u>						
User Charges	\$ 1,666,770	\$ 1,598,183	\$ 9,404,581	\$ 9,302,507	\$ 11,071,351	\$ 10,900,690
City Service Charges	21,711	21,228	82,591	84,273	104,302	105,501
Free Service	2,138	2,515	52,111	42,108	54,249	44,623
Miscellaneous	16,899	74,239	66,284	40,257	83,183	114,496
<u>Total Operating Revenues</u>	<u>1,707,518</u>	<u>1,696,165</u>	<u>9,605,567</u>	<u>9,469,145</u>	<u>11,313,085</u>	<u>11,165,310</u>
<u>Less: Free Service</u>	<u>1,827</u>	<u>2,205</u>	<u>5,228</u>	<u>112</u>	<u>7,055</u>	<u>2,317</u>
<u>Net Operating Revenues</u>	<u>1,705,691</u>	<u>1,693,960</u>	<u>9,600,339</u>	<u>9,469,033</u>	<u>11,306,030</u>	<u>11,162,993</u>
<u>Purchase of Power and Water</u>	<u>24,001</u>	<u>210,957</u>	<u>7,287,735</u>	<u>7,511,298</u>	<u>7,311,736</u>	<u>7,722,255</u>
<u>Operating Expenses</u>	<u>1,094,344</u>	<u>1,066,389</u>	<u>1,023,813</u>	<u>1,027,965</u>	<u>2,118,157</u>	<u>2,094,354</u>
<u>General and Administrative Expenses</u>	<u>337,573</u>	<u>297,179</u>	<u>580,462</u>	<u>560,248</u>	<u>918,035</u>	<u>857,427</u>
<u>Operating Income</u>	<u>249,773</u>	<u>119,435</u>	<u>708,329</u>	<u>369,522</u>	<u>958,102</u>	<u>488,957</u>
<u>Nonoperating Revenues (Expenses):</u>						
Investment Income	4,915	4,154	27,541	33,219	32,456	37,373
Gain on Sale of Assets	(15,334)	855	(10,800)	1,045	(26,134)	1,900
Grant Income	518,429		76,993		595,422	
Grant Expense	(41,612)				(41,612)	
Private Developer Contributions	10,125	404,036	22,453		32,578	404,036
Appropriations to the Mayor and Council of New Castle:						
Ordinary	(80,700)	(64,167)	(456,875)	(435,833)	(537,575)	(500,000)
City Services	(21,711)	(21,228)	(82,591)	(84,273)	(104,302)	(105,501)
Special	(10,495)	(2,341)	(20,118)	(13,800)	(30,614)	(16,141)
Net Decrease in the Fair Value of Investments	(3,986)	(11)	(22,588)	(102)	(26,575)	(113)
<u>Total Nonoperating Revenues (Expenses)</u>	<u>359,631</u>	<u>321,298</u>	<u>(465,985)</u>	<u>(499,744)</u>	<u>(106,354)</u>	<u>(178,446)</u>
<u>Change in Net Position</u>	<u>\$ 609,404</u>	<u>\$ 440,733</u>	<u>\$ 242,344</u>	<u>(\$ 130,222)</u>	<u>\$ 851,748</u>	<u>\$ 310,511</u>

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

COMBINING SCHEDULES OF OPERATING EXPENSES BY DEPARTMENT

YEAR ENDED MARCH 31, 2016 AND 2015

	<u>Water Department</u>		<u>Electric Department</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Clothing Allowance	\$ 4,241	3,642	\$ 8,968	7,086	\$ 13,209	\$ 10,728
Computer Expense	12,550	11,422	15,781	14,695	28,331	26,117
Depreciation:						
Plant and Equipment	328,473	304,133	233,034	233,737	561,507	537,870
Trucks and Autos	15,309	15,056	38,175	37,488	53,484	52,544
Employee Benefits	86,998	82,560	82,063	71,419	169,061	153,979
Equipment Rental	48,654	45,408	785	317	49,439	45,725
Insurance	50,222	52,565	43,009	38,961	93,231	91,526
Payroll Taxes	24,442	26,838	29,197	32,864	53,639	59,702
Pension Expense	76,876	65,326	93,263	79,253	170,139	144,579
Plant Materials and Supplies	5,136	1,278	5,793	2,538	10,929	3,816
Professional Fees				1,281		1,281
Repairs and Maintenance:						
Buildings and Grounds	6,488	5,100	2,296	1,484	8,784	6,584
Hydrants, Mains and Valves	3,183	4,889			3,183	4,889
Lines and Poles			4,676	6,112	4,676	6,112
Meters and Services	2,676	8,050	2,642	4,991	5,318	13,041
Pumping Stations	18,338	12,781			18,338	12,781
Storm Damage			138		138	
Street Lights			3,565	1,139	3,565	1,139
Substations			1,121	5,834	1,121	5,834
Salaries and Wages	334,211	348,564	389,850	412,261	724,061	760,825
Safety Expense	669	558	5,163	3,127	5,832	3,685
Sampling and Testing	13,749	11,188	4,597	4,532	18,346	15,720
Security			2,492	1,742	2,492	1,742
Seminars/Training	1,675	4,653	3,977	5,254	5,652	9,907
Supplies	11,603	17,203	12,948	17,910	24,551	35,113
Truck Expense	15,383	16,151	26,077	24,947	41,460	41,098
Utilities	33,468	29,024	14,203	18,993	47,671	48,017
<u>Total Operating Expenses</u>	<u>\$ 1,094,344</u>	<u>\$ 1,066,389</u>	<u>\$ 1,023,813</u>	<u>\$ 1,027,965</u>	<u>\$ 2,118,157</u>	<u>\$ 2,094,354</u>



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



COMBINING SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES BY DEPARTMENT

YEAR ENDED MARCH 31, 2016 AND 2015

	<u>Water Department</u>		<u>Electric Department</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Administrative	\$ 14,438	\$ 10,171	\$ 17,615	\$ 13,076	\$ 32,053	\$ 23,247
Bad Debts		3,038	10,679	15,143	10,679	18,181
Depreciation - Furniture and Fixtures	10,288	10,147	12,574	12,402	22,862	22,549
Dues and Subscriptions	3,025	2,843	1,803	1,856	4,828	4,699
Employee Benefits	34,283	28,684	65,282	64,706	99,565	93,390
Fees and Permits	258	557	193	314	451	871
Insurance	15,265	11,034	17,484	11,872	32,749	22,906
Office Salaries	140,320	122,967	271,252	264,060	411,572	387,027
Office Supplies	17,369	17,715	23,686	23,625	41,055	41,340
Payroll Taxes	14,763	12,457	24,460	24,659	39,223	37,116
Pension Expense	17,991	15,292	59,047	50,182	77,038	65,474
Professional Fees	42,950	35,809	43,242	45,998	86,192	81,807
Rent			801	802	801	802
Repairs and Maintenance - Equip	7,264	10,097	8,879	10,988	16,143	21,085
Security System	1,641	1,573	1,781	2,148	3,422	3,721
Telephone	11,693	11,665	14,292	14,624	25,985	26,289
Training - Administrative	4,266	3,021	5,225	3,660	9,491	6,681
Utilities & Other Expenses	<u>1,759</u>	<u>109</u>	<u>2,167</u>	<u>133</u>	<u>3,926</u>	<u>242</u>
<u>Total General and Administrative Expenses</u>	<u>\$ 337,573</u>	<u>\$ 297,179</u>	<u>\$ 580,462</u>	<u>\$ 560,248</u>	<u>\$ 918,035</u>	<u>\$ 857,427</u>

Business Office

GASB (Governmental Accounting Standards Board) issued Statement No. 68, Accounting and Financial Reporting for Pensions, which established new financial reporting requirements for most state and local governments that provide their employees with pension benefits. The standard became effective for the MSC in the statements issued for fiscal year ending March 31, 2016 (FYE 3-31-16).

As a governmental agency the MSC is now required to record the net pension liability of the Commission on the Statement of Net Position. This liability amounted to \$1,144,056 for the FYE 3-31-16 and the figure will fluctuate each year based on investment performance and contributions/distributions from the plan.

The Commission engages the services of Summit Financial Corporation, to properly manage the investments within the pension fund. In addition an actuary is utilized from the same firm to provide accurate actuarial determined valuations to report information on the Commission's financial statements. The pension figures and disclosures in the financial statements are then audited by the CPA firm of Horty & Horty who issues the opinion on the MSC's financial statements.

Horty & Horty's opinion found the Commission's financial statements were in accordance with accounting principles generally accepted in the United States of America.

You can find the opinion report and financial statements at <http://newcastlemsc.delaware.gov/financial-statements/>.

If you have any questions regarding the financial reports of the Municipal Services Commission please feel free to contact me to discuss.

Sincerely,

Pamela A. Patone

General Manager/Secretary





Visit the New Castle Public Library to see the energy used by traditional holiday lights compared to the energy used by LED holiday lights.

After you see the difference you may want to consider making your next holiday decoration purchase in the form of LED lights. Grab a coupon to receive a discount on LED holiday lights and do your part by being an efficient energy user.

HAPPY HOLIDAYS TO YOU AND YOUR FAMILY!!!



Meet A Customer

Caroline's

Gene and Caroline Dempsey bring the City of New Castle's Community together to share a meal and good conversation at Caroline's their family owned local restaurant on Delaware Street. The Dempsey's have operated this warm and cozy restaurant since 2010 but have lived in New Castle for 25 years raising their four sons and one nephew. Over the years they have also operated other businesses in the community most recently antique shops. The MSC was fortunate to be able to have their annual holiday breakfast at Caroline's on Wednesday December 7, 2016. All had a good time and truly enjoyed the breakfast, which included Caroline's pancakes from scratch. If you have not visited Caroline's you should put it on your holiday to do list.



HAPPY HOLIDAYS!



Municipal Services Commission
of the City of New Castle

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