

MINUTES
FINANCE COMMITTEE MEETING
MARCH 9, 2022 (VIRTUAL)

Attendants: Messrs. Cherico, Garner, Hurst, Kern, Knapp, Monaghan, Moss, Mullen, Nagle, Willert, Mesdames Billings, Bonnett, Caulk, Nichols, and Sage.

There were no members of the public present.

1. ROLL CALL: Nine members of the DELCORA Board of Directors were present constituting a quorum.
2. PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was recited by all parties present.
3. MONTHLY FINANCIAL REVIEW: Mr. Mike Cherico, Chief Financial Officer, provided the Board with a written summary report of the February Interim Statements and highlighted items contained in the written report. Regarding Revenue and Expenses, Mr. Cherico stated that we are still expecting to generate about \$19.5 million to be used for reserve and replacing capital assets, and we are about \$100,000 ahead, similar to last month, due to tapping fees received from Edgmont in the first few months of the year. In other income and expenses, he reported that we expect to be close to budget for the year. In response to a question from Mr. Knapp about the Edgmont tapping fees collected, Mr. Cherico stated that the golf course in Edgmont paid the \$1.7 million tapping fee in total but the other Edgmont development is paying the tapping fee in increments, at \$7,600 per unit, as the units are developed. Mr. Cherico will provide the name of that development later. Concerning Cash Generated in Prior 12 Months, Mr. Cherico stated that the figures show the total cash balances as of February 2022 and 2021, indicating a decrease of about \$3.5 million. The report also shows that over \$27 million was spent on capital projects in the same time period resulting in an approximate \$24 million in operating cash flow generated. This indicates that DELCORA was able to meet its ongoing operating expenses with a significant amount leftover to pay capital expenditures. It also indicates that DELCORA is in a good financial position to borrow funds, if needed. Mr. Cherico had no additional comments to the written report. The Committee had no questions on the written report.

Regarding Residential Accounts Receivables, Mr. Garner, Accounting & Customer Service Manager, reported that about \$1,789,000 was collected in February 2022 compared to about \$945,000 in February 2021 indicating a favorable difference of approximately \$844,000. Year-to-date, cash collected from customers is about \$1,055,000 higher than 2021. Factors contributing to the increase include the 12.5% rate increase, lower billing in the first quarter of 2021 due to an issue with the consumption file from CWA, and several large customers who paid in February vs. March 2021, including the State of Pennsylvania (Prison), Widener University, and the Chester Upland School District. In addition, more people are starting to come into the office to pay due to the decline in Covid. He also stated that residential flow in February was also higher than budgeted. It was noted that an entire quarter of activity is more

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representative for yearly comparisons. Mr. Garner had no additional comments to the written report. The Committee had no questions on the written report.

Regarding the 2021 Audit, Mr. Cherico stated that the auditors completed all of their field work and have not found any issues. It is expected that we will have the final audit report by the April Finance Committee and Board of Directors meetings.

ADJOURNMENT: It was moved by Mr. Mullen, seconded by Mr. Nagle, and unanimously carried to adjourn the regular meeting at 3:40 p.m.