

**MINUTES**  
**FINANCE COMMITTEE MEETING**  
**SEPTEMBER 14, 2022 (VIRTUAL)**

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Attendants: Messrs. Cherico, DiSantis, Garner, Hurst, Kern, Knapp, Monaghan, Moss, Mullen, Nagle, Willert, Mesdames Amadio, Billings, Bonnett, Cummings, 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 August Interim Statements and highlighted items contained in the written report. Regarding Revenue and Expenses, Mr. Cherico stated that we continue to be on target to reach our reserve for replacing and paying for capital assets of about \$19.5 million. There are a few variances listed on the report. Tapping fees and interest income continue to be favorable at a total of \$720,000. That is offset by utilities and chemicals but the inflationary effects on facilities and chemicals have been fairly significant this year. Repairs and maintenance are a slightly above budget offset somewhat by employee benefits. There was some Information Technology savings since budgeted funds were not spent on some software and hardware. Also, Mr. Cherico stated that the Philadelphia Treatment Costs are likely to be under budget for the year due to the dry weather this summer which had a direct impact on how much flow is sent to Philadelphia. Regarding Cash Generated in Prior 12 Months, Mr. Cherico stated that cash generated from operations continues at about \$21 million and we spent about \$33 million on capital projects, so the net cash position is down about \$12 million for the year. We continue to generate enough cash from operations to cover capital projects. Mr. Cherico had no additional comments to the written report. The Committee had no questions on the written report.

Regarding Residential Accounts Receivables, Mr. Shep Garner, Accounting & Customer Service Manager, reported that about \$1.6 million was collected in August 2022 compared to about \$1.3 million collected in August 2021, indicating a favorable difference of approximately \$336,000. Year-to-date collections are doing very well at about \$760,000 higher than 2021. We continue to go through the peaks and valleys of the quarter but at the end of each quarter, it's our hope to be ahead like we have been. Mr. Garner had no additional comments to his written report. The Committee had no questions on the written report.

4. RESOLUTION NO. 2022-06 – AUTHORIZING THE MINIMUM MUNICIPAL OBLIGATION BUDGET FOR 2023 – PENSION FUND: Mr. Cherico stated that the Minimum Municipal Obligation (MMO) for 2023 is about \$2.2 million which is actually less than the 2022 obligation by about \$130,000. Market interest rates have a significant impact on that because as market interest rates go up the amount needed upfront for future lump sum payouts goes down. There is a complicated formula completed by the Actuary to determine that. Ms. Billings asked if there were any member contributions. Mr. Willert responded that the plan follows guidelines set by the Collective Bargaining Agreement. Ms. Billings asked if the plan was fully funded. Mr. Cherico responded that the plan has historically been between 70% to 85% funded but the Actuary will do a full analysis at the end of the year. For the 2023 MMO, the Actuary used a more conservative approach for a short-term ending plan due to the pending Aqua purchase rather than as an on-going plan.

Following discussion, it was the consensus of the Committee to recommend Board approval of the above resolution. This item will be placed on the agenda for the September 20<sup>th</sup> Board meeting.

Prior to adjournment, Ms. Billings requested a brief Executive Session after the meeting.

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