

**MINUTES**  
**FINANCE COMMITTEE MEETING**  
**MAY 10, 2023 (VIRTUAL)**

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

The following were present: Traci Confer. There were no other 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 April Interim Statements and highlighted items contained in the written report. Regarding Revenue and Expenses, Mr. Cherico stated that we are four months through April and we're still on pace to generate \$13 million to be used for replacing capital assets, funding current capital assets, funding the Capital Plan and future Long Term Control Plan expenses. He also stated that as of April, we are projecting \$440,000 ahead. There were a few variances in the revenue budget. We continue to receive tapping fees. So far, we have received about \$90,000 from Edgmont Township. Interest Income has been a positive variance is from a significant increase in rates on available cash balances. This is a result of interest rates on available cash balances being higher than when the budget was prepared. Regarding Debt Service, when the budget was being prepared, we anticipated borrowing \$60 million during the year. Changing capital needs, particularly the tunnel project, have reduced the need to borrow. As of April 30<sup>th</sup>, we have borrowed \$7.8 million of our \$30 million loan facility. Regarding Operating, the unfavorable variance in chemicals is due to price increases in chlorine and polymer that are higher than anticipated. Regarding employee benefits, for the second year in a row, we have received a premium holiday which is equivalent to two months of premiums because of positive plan experience. Solids disposal is running over budget due to a significant amount of sludge removal while the incinerator was down for stack testing in February and March. Mr. Cherico reported that over the last twelve months, we have continued to generate over \$23 million dollars to be used for capital expenditure. Mr. Cherico had no additional comments to the written report. The Committee had no questions on the written report.

Mr. Knapp asked for a status on the tunnel project. Mr. Willert answered that the tunnel project is on hold until we receive an answer from Philadelphia. Mr. Knapp also asked if we moved our funds from TD to FNB. Mr. Cherico answered that funds have not been moved from TD and that was only going to happen if we borrowed a second \$30 million

due to a deal with FNB. Currently, we are not anticipating borrowing a second \$30 million from FNB.

Regarding Residential Accounts Receivables, Mr. Shep Garner, Accounting & Customer Service Manager, reported that about \$1.4 million was collected in April 2023 compared to about \$455,000 collected in April 2022 indicating an favorable difference of approximately \$948,000; year-to-date collections of \$1,081,971 are higher in 2023 compared to 2022. He also stated that 30 Day notices were sent out on March 17<sup>th</sup> for the first time in three years. This resulted in several customers who were delinquent making payments in April, including Crozer Hospital, who made payments totaling \$410,000 to bring their account up to date. Mr. Garner had no additional comments to the written report. The Committee had no questions on the written report.

4. REVIEW OF THE 2022 AUDITED FINANCIAL STATEMENTS: Mr. Cherico provided a draft copy of the 2022 Audit to all Board members for their review and comment. He stated that the auditors had made no adjustments or suggestions to the internally produced financial statements and found no issues with our internal controls or accounting procedures. Mr. Cherico had no additional comments on the draft audit. The Committee had no questions on the draft audit.

Following discussion, it was the consensus of the Committee to recommend Board approval of the 2022 Audit. This item will be placed on the agenda for approval at the May 17<sup>th</sup> Board meeting.

Ms. Billings asked if the audit will be posted to the DELCORA website. Mr. Cherico responded that yes, the audit will be posted to the website, then a condensed version will be sent to the Delaware County Daily Times to be published.

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