

# Debt Service Coverage Calculation

## Purpose of Metric

- Indicates the financial margin to meet current debt service with current revenues available for debt service

## Calculation

- Debt Service Coverage = 
$$\frac{\text{Net Revenue (*)}}{\text{Debt Service Requirement}}$$
- (\*)Net Revenue = Gross Revenue less Operating Expense



# Days Cash On Hand Calculation

## Purpose of Metric

- Measures an entity's available resources to meet short-term liabilities, particularly in the event of unforeseen hardships or difficult operating conditions

## Calculation

- Days Cash on Hand =  $\frac{\text{Operating Cash Balance} \times 365 \text{ days}}{\text{Operating Requirements (*)}}$
- (\*) Operating Requirements = O&M expense and other operating transfers excludes debt and other transfers.



Operating Cash Balance x 365 days



Operating Requirements (\*)



## Purpose of Metric

- Measures the degree to which an entity limits debt exposure by utilizing cash funding for a significant portion of its' capital programs

## Calculation

- Cash Financing % =  $\frac{\text{Capital projects funded with Current Revenue}^{(*)} \img alt="water tap icon" data-bbox="718 638 758 698}}{\text{Total Capital Spending} \img alt="hand holding money icon" data-bbox="628 708 668 748}} \times 100\%$
- (\*)Current Revenue is the transfer from service revenue to fund capital projects for the year.