

1 **PHILADELPHIA WATER DEPARTMENT RESPONSE TO TRANSCRIPT REQUEST**

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3 **TR-16.** PLEASE PROVIDE A TABLE SHOWING HOW YOU DERIVED THE
4 CALCULATION OF 244 DAY'S CASH ON HAND, AND IDENTIFYING
5 EACH THE COMPONENTS.
6

7 **RESPONSE:**

8 The formula to measure the days cash on hand is as follows:

9
$$\text{Days Cash On Hand} = \text{Cash Available} / ((\text{Operating Expenses} - \text{Depreciation Expense}) / 365)$$

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11 The *cash available* is derived by summing, (i) Current Assets – Equity in Treasurer’s Account,
12 (ii) Rate Stabilization Fund and (iii) Residual Fund balances as of close of fiscal year end.

13 The operating expense is derived by using the Total Operating Expenses from the
14 Department’s “Condensed Statement of Net Revenues, Expenses, and Changes in Net
15 Position” less Depreciation Expense. The table below summarizes the results which tally to
16 244 days.
17

18 **Days Cash On Hand**

Current Assets (GAAP Basis)	Projected 2018
Water Operating Fund	81,581
Water Rate Stabilization Fund	188,998
Water Residual Fund	<u>15,040</u>
Total Current Assets	285,619
Operating Expenses (GAAP Basis)	2018
Operating Expenses	534,103
Depreciation and Amortization	<u>108,890</u>
Expenses Less D&A	427,806
Days Cash	244

1 **RESPONSE PROVIDED BY:** Melissa LaBuda, Philadelphia Water Department

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