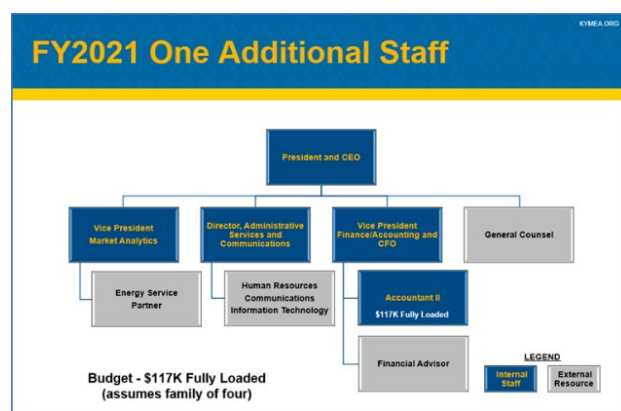


KYMEA FY2021 Operating Budget Update January 23, 2020

1. New Staff – Benefit/Cost Analysis

Included in the FY2021 Budget is one additional staff position as illustrated in the organizational chart to the right.

The Accountant II has an estimated salary of \$70,000 (\$117K fully loaded).



Accountant II

The Accountant II reports to the Vice President, Finance and Accounting and CFO. The tasks identified for the Accountant II position are currently performed by the CFO leaving less time for the CFO to perform senior level financial and accounting activities. Since these activities could potentially be outsourced, the benefit/cost analysis is directly comparable to lost time the CFO is needed to perform Accountant II activities. Those activities are identified below.

Accountant II Reoccurring Activities


- Accounts Payable: 10-12 hours per week
- Financial Statement Preparation: 10 hours per month
- Member Billing: 16 hours per month
- Segregation of Duties: 5 hours per month (bank reconciliation, ach and wire, check received processing)
- Document Retention Maintenance: 5 hours per month

1. The reoccurring activities identified above equate to 1,056 hours. Assuming a consulting rate of \$185/hr, the avoided outside expense would be \$195K. The fully loaded expense of the accountant II position is \$117K, creating a benefit/cost ratio of 1.67 (195K/117K).



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2. From a different perspective, the break-even utilization point is 29% (605 hours). In other words, if the Accountant II is able to offset an outside consultant at least 29% of his or her time, the position pays for itself.
 3. In addition to the positive Benefit/Cost Ratio, the new position provides redundancy and as well as risk oversight. The risk oversight aspect incorporates industry best practices where the accounting activity does not reside with a single employee (e.g. VP of Finance and Accounting and CFO). This was a recommendation by KYMEA's outside auditor (BKD).
 4. With the additional staff position, the CFO is able to concentrate on:
 - Budgeting/Forecasting
 - Ratemaking
 - Strategic planning and business unit financial structure development
 - Member and Legislative activities
 - Risk management (middle and back office duties)

Sincerely,



Doug Buresh
President & CEO
Kentucky Municipal Energy Agency