



KENTUCKY MUNICIPAL ENERGY AGENCY

# **Financial Metrics**

# **2020**





# Financial Targets

## Objectives

Kentucky Municipal Energy Agency's (KYMEA) overall financial objective and annual targets for selected important financial performance measures are set out in the following pages. The overall financial objective of providing stable and competitive rates in a fiduciarily responsible manner was adopted as part of KYMEA's 2019 Strategic Plan as its first Strategic Priority category. The three Strategic Priorities under Financial Stability represent specific and ongoing short-term goals that support the overall financial objective. This document focuses on Strategic Priority 1.3: Financial Health Metrics. These metrics represent checkpoints in the achievement of KYMEA's overall financial objective and significantly contribute to the financial health of the Agency and its members.



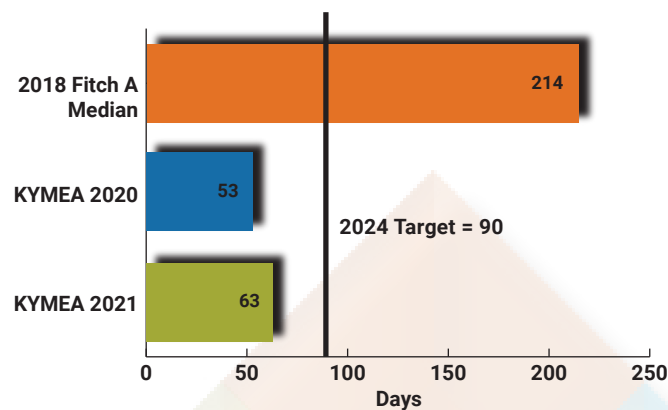
# Metrics

## Targets and Projections

The adjacent charts show metrics supporting KYMEA's Financial Stability Strategic Priority. KYMEA's Fiscal Year-End 2020 and 2021 performance is compared with the median score of public power wholesalers rated "A" or better by Fitch Ratings<sup>1</sup> and to KYMEA's annual targets.

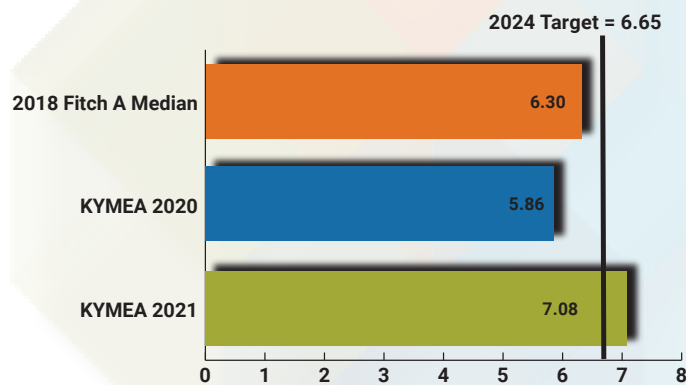
### DAYS CASH ON HAND

Financial Flexibility



### NET ADJUSTED DEBT/ADJUSTED FUNDS AVAILABLE FOR DEBT SERVICE

Debt (real and imputed) compared to margin available for debt service

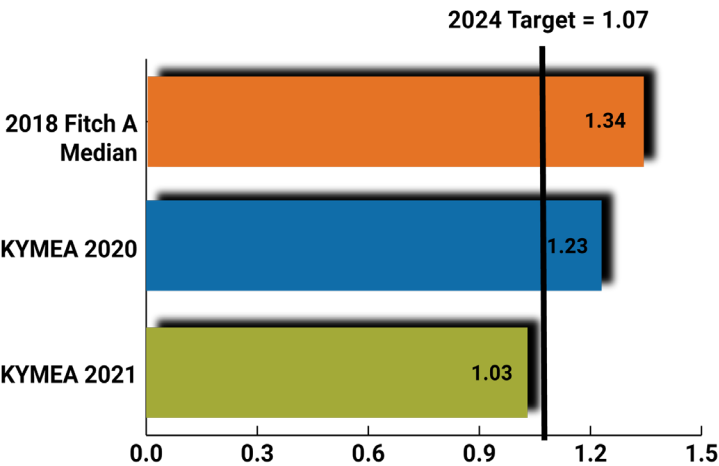


<sup>1</sup> "US Public Power: Peer Review." Fitch Ratings, Fitch Group, July 15, 2019

# Metrics

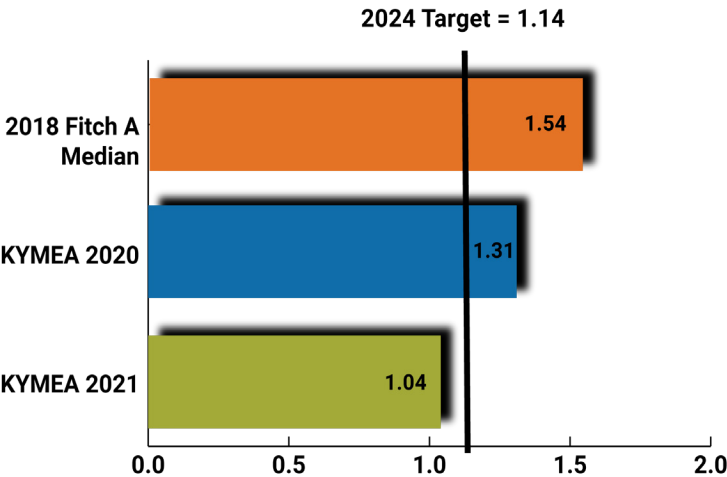
## COVERAGE OF FULL OBLIGATIONS

Margin available to meet current fixed obligations



## DEBT SERVICE COVERAGE

Margin available to meet current debt service



# At-a-Glance Performance

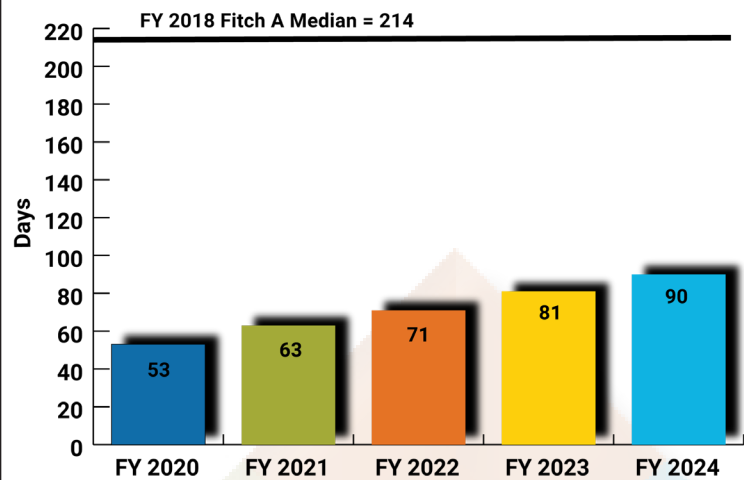
## Projected Financial Performance and Condition

The final charts discuss each of the financial health metrics and provides KYMEA's FY 2020 performance along with projected performance over the next 4-year period.

### DAYS CASH ON HAND

- Represents financial flexibility - the number of days KYMEA can pay its operating expenses with the given cash available.
- Unrestricted Cash/(Operating Expenses- Depreciation- Amortization)

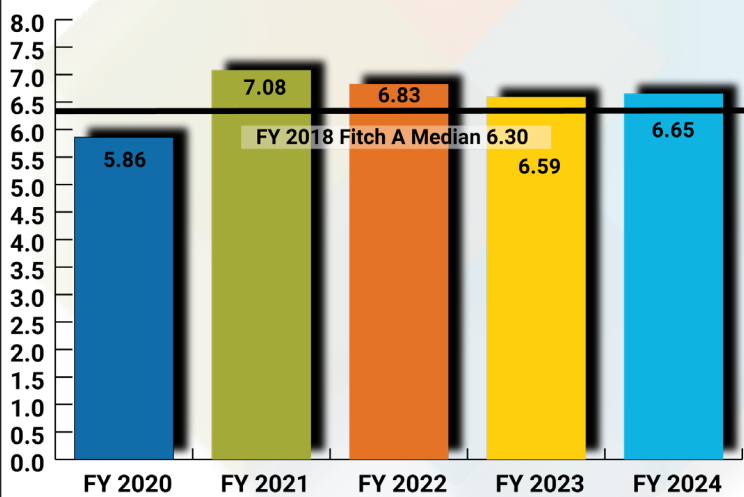
KYMEA has the goal of systematically moving toward a target Dash Cash on Hand of 90 days by the end of FY 2024.



### NET ADJUSTED DEBT/ADJUSTED FUNDS AVAILABLE FOR DEBT SERVICE

- Represents the size of the debt to the margin available to cover all debt service and fixed charges
- Net Adjusted Debt/Adjusted Funds Available for Debt Service

KYMEA has not issued debt at this time; therefore, it uses an imputed number equal to 8x the fixed portion of its purchase power cost to impute a debt equivalent.

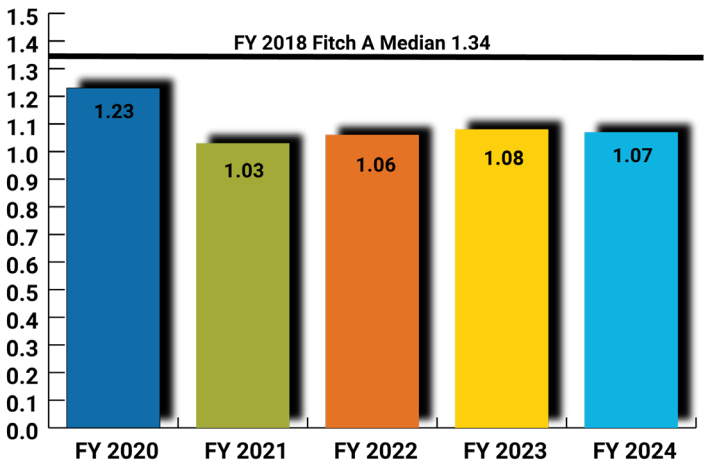


# At-a-Glance Performance

## COVERAGE OF FULL OBLIGATIONS

- Represents the funds available from operations to cover current debt service and fixed charges requirements
- Funds Available for Debt Service/(Total Annual Debt Service + Fixed Charges)

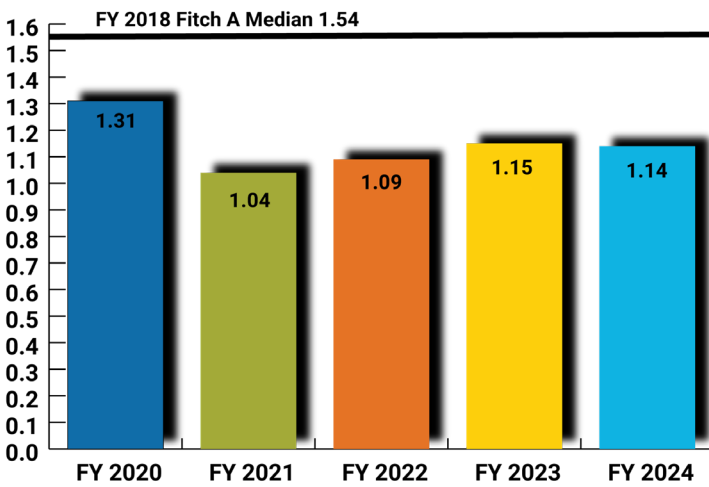
**Funds Available for Debt Service represent Earnings Before Interest, Taxes, Depreciation, and Amortization plus Interest Income.**



## DEBT SERVICE COVERAGE

- Represents the funds available from operations to cover current debt service
- Funds Available for Debt Service/Total Annual Debt Service

**This is a similar metric to Coverage of Full Obligations. Debt Service Coverage does not include KYMEA Fixed Operations Charges.**



# Conclusion

## Commitment to Transparency

At KYMEA, we consider disclosure to be an essential component of effective Agency governance. We place a high value on the ability of our public power stakeholders to understand our operations, goals, and values, as well as our financial performance. The financial metrics herein are measurements that quantify KYMEA's objectives and enable effective analysis of the Agency's performance. Taken as a whole, the metrics provide insight to KYMEA's ability to pay its operating expenses, its ongoing ability to meet expenses that do not change as member loads fluctuate, and its overall reliance on debt to achieve its goals. We hope the following information aids in achieving that transparency, and we look forward to serving our members and their customers.

DISCOVER THE POWER



OF ENERGY OPTIONS

