



KENTUCKY MUNICIPAL ENERGY AGENCY



# Financial Presentation

*September 24, 2020*

*Heather Overby*

# Statement of Net Position – August 2020



KENTUCKY MUNICIPAL ENERGY AGENCY

## Statements of Net Position Aug-20

HRO

	August 2020	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 13,096,901	(1)
Other receivables	8,059,556	(2)
Interest receivable	-	
Prepayments	8,651	
<b>Total Current Assets</b>	<b>21,165,108</b>	

- 1) Checking account cash
- 2) Billing to AR & Transmission service members and ancillary services

# Statement of Net Position – August 2020

## NON-CURRENT ASSETS

Restricted Assets		
Pledged collateral	2,679,714	(3)
Total Restricted Assets	<u>2,679,714</u>	
Unrestricted Assets		
Investment in SEDC	757	
Total Unrestricted Assets	<u>757</u>	
Capital Assets		
Fixed Asset Clearing Account	10,605	
Office Buildout	253,638	
Meters - AR Project	225,359	
Meter Comm Equipment	330,672	
General Plant	765,081	
Construction work in progress	-	
Less Accumulated Depreciation	<u>(288,214)</u>	
Net Capital Assets	<u>1,297,141</u>	
<b>Total Non-Current Assets</b>	<u>3,977,612</u>	
<b>Total Assets</b>	<u>25,142,720</u>	

3) Collateral represents  
\$1.9m at MISO and  
\$800k at PJM

# Statement of Net Position – August 2020

<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 10,719,830	(4)
Accrued Employee Benefits	130,528	
Accrued interest payable	132	
<b>Total Current Liabilities</b>	<b>10,850,490</b>	
<b>NON-CURRENT LIABILITIES</b>		
Deferred Lease Liability	39,289	(5)
Line of Credit	-	(6)
<b>Total Non-Current Liabilities</b>	<b>39,289</b>	
<b>Total Liabilities</b>	<b>10,889,779</b>	
<b>Net Position</b>		
Invested in capital assets, net of related debt	1,286,537	
Restricted	-	
Unrestricted	12,966,404	
<b>TOTAL NET POSITION</b>	<b>14,252,941</b>	(7)

- 4) AP represents purchased power
- 5) Deferred Lease Liability represents the difference in average monthly rent for term of office lease and actual lease payments
- 6) Line of Credit paid off in August 2019
- 7) Positive net position - LTD

# Statement Revenue, Expenses, and Changes in Net Position– August 2020

	August 2020	YTD FY21	
<b>OPERATING REVENUES</b>			
Sales to members	\$ 7,408,611	\$ 15,173,934	(8)
RTO Market Revenue	\$ 93,809	\$ 111,380	(9)
Transmission Services	66,155	150,682	(10)
Miscellaneous Revenue	-	-	
<b>TOTAL OPERATING REVENUE</b>	<b>7,568,575</b>	<b>15,435,996</b>	
<b>OPERATING EXPENSES</b>			
Transmission	732,866	\$ 1,493,209	(11)
Production	5,439,866	\$ 11,196,190	(12)
Administrative and General	212,173	400,645	
Depreciation	15,418	30,835	
<b>TOTAL PURCHASE POWER AND OPERATING EXPENSES</b>	<b>6,400,323</b>	<b>13,120,879</b>	
		-	
<b>OPERATING INCOME</b>	<b>1,168,253</b>	<b>2,315,117</b>	
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest expense on debt	\$ -	\$ -	
Interest income	\$ 132	\$ 1,243	
Other non-operating expenses (income)	\$ (4,116)	\$ (8,968)	
Regulatory Credit/Debit - Cost to Be Recovered	-	-	
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(3,984)</b>	<b>(7,725)</b>	
		-	
<b>CHANGE IN NET POSITION</b>	<b>1,164,268</b>	<b>2,307,392</b>	(13)
		\$ -	
<b>NET POSITION AT BEGINNING OF PERIOD</b>	<b>\$ 13,088,673</b>	<b>\$ 11,945,549</b>	
<b>NET POSITION AT END OF PERIOD</b>	<b>\$ 14,252,941</b>	<b>\$ 14,252,941</b>	

- 8) Sales to AR Members
- 9) RTO Auction Revenue Rights
- 10) Sales of transmission and ancillary services
- 11) Transmission from MISO, PJM, and KU net of depancaking credit
- 12) All purchased power including PPA, ITO, and SEPA
- 13) Positive Net Income

# Indirect Statement of Cash Flows – August 2020

CONSOLIDATED STATEMENT OF CASH FLOWS	CY Month Ended 8/31/2020	CY YTD FY 2021	
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
NET INCOME	\$ 1,164,268	\$ 2,307,392	(14)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:			
DEPRECIATION	\$ 15,418	\$ 30,835	
CHANGES IN CURRENT & DEFERRED ITEMS:			
ACCOUNTS RECEIVABLE	\$ 240,799	\$ (439,310)	
PREPAYMENTS & OTHER CURRENT ASSETS	\$ 1,236	\$ 2,472	
DEFERRED DEBITS	\$ -	\$ -	
OTHER REG ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ -	\$ -	
ACCOUNTS PAYABLE	\$ 276,063	\$ 2,249,550	(15)
COLLATERAL DEPOSITS	\$ -	\$ -	
TAXES & INTEREST ACCRUED	\$ 563	\$ 536	
OTHER CURRENT LIABILITIES	\$ 5,303	\$ 15,036	
DEFERRED CREDITS	\$ 314	\$ 629	
OTHER	\$ -	\$ -	
NET CASH PROVIDED BY (USED IN) OPERATION	\$ 1,703,964	\$ 4,167,140	
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>			
ADDITIONS TO PLANT	\$ -	\$ (10,605)	
NET CHANGE IN OTHER PROP & INVEST	\$ (132)	\$ (1,243)	
OTHER - ASSET RETIREMENT OBLIGATIONS	\$ -	\$ -	
NET CASH PROVIDED BY (USED IN) INVESTING	\$ (132)	\$ (11,848)	
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>			
LONG TERM BORROWINGS	\$ -	\$ -	
OTHER	\$ -	\$ -	
NET CASH PROVIDED BY (USED IN) FINANCING	\$ -	\$ -	
<b>NET INCREASE (DECREASE) IN CASH &amp; TEMP INVESTMENTS</b>	\$ 1,703,832	\$ 4,155,292	
<b>CASH &amp; TEMP INVESTMENTS BEGINNING PERIOD</b>	\$ 11,393,069	\$ 8,941,609	
<b>CASH &amp; TEMP INVESTMENTS END OF PERIOD</b>	\$ 13,096,901	\$ 13,096,901	(16)

14) Net Income

15) Timing of Accounts Payable has largest effect of operational items on cash

16) Cash balance in checking account

# Financial Metrics – August 2020



## KEY FINANCIAL METRICS

FY2021 Actuals Through August 2020

Days Cash on Hand

**61.71 ▲**

Target: 63.00

Leverage

**6.98 ▼**

Target: 7.08

Coverage of Full Obligations

**1.05 ▲**

Target: 1.03

Debt Service Coverage

**1.06 ▲**

Target: 1.04

# Financial Metrics – August 2020

## Days Cash On Hand

Financial flexibility - the number of days KYMEA can pay its operating expenses with the given cash available.

**\$13.1M**

Unrestricted Cash

\$13.0M EOY Projection



**\$212,226**

Adjusted Operating Expense per Day

\$77.46M / 365 days



**61.71**

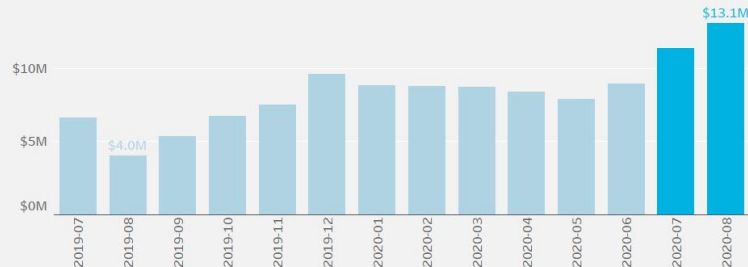
Days Cash on Hand

Target: 63.00

Unrestricted Cash

Adjusted Operating Expenses

Cash on Hand through Current Month



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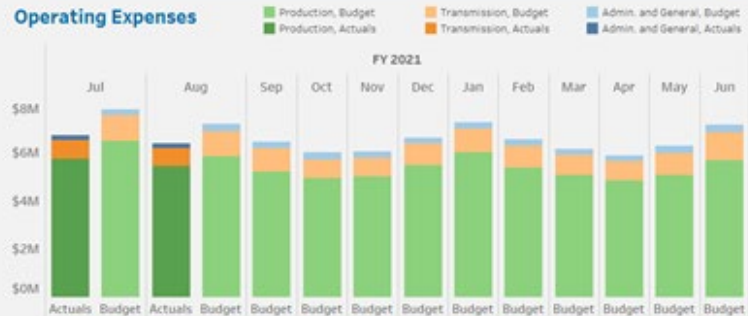
Days Cash on Hand

Target: 63.00

Unrestricted Cash

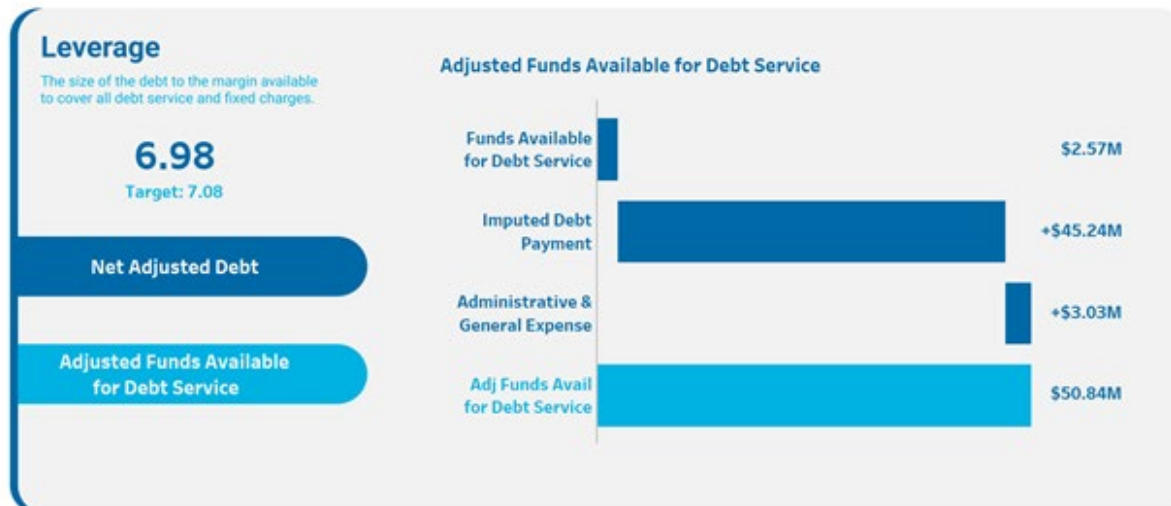
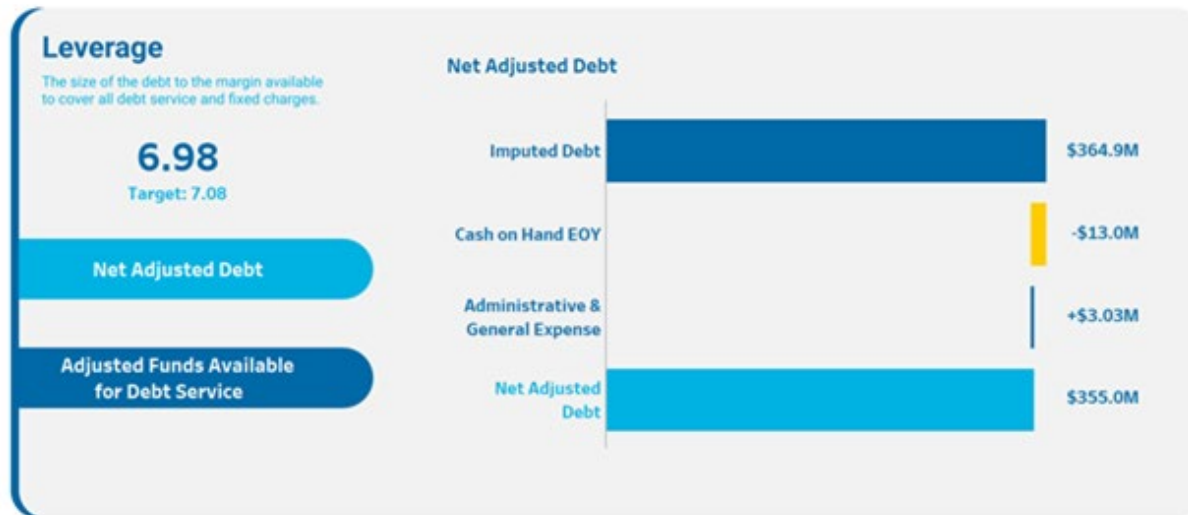
Adjusted Operating Expenses

Operating Expenses





# Financial Metrics – August 2020



# Financial Metrics – August 2020

## Coverage of Full Obligations 1.05

The funds available from operations to cover current debt service and fixed charges requirements.

Target: 1.03

Funds Available for Debt Service ÷ Total Debt Service & Fixed Charges

Imputed Debt Payment \$45.24M

Administrative & General Expense \$3.03M

EBITDA & Interest Income \$2.57M

## Debt Service Coverage 1.06

The funds available from operations to cover current debt service.

Target: 1.04

Funds Available for Debt Service ÷ Total Debt Service

Imputed Debt Payment \$45.24M

EBITDA & Interest Income \$2.57M