

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Valley Clean Energy Alliance Board of Directors

FROM: Lisa Limcaco, Finance and Operations Director, VCEA
Chad Rinde, Asst. Chief Financial Officer, Yolo County
Mitch Sears, Interim General Manager, VCEA

SUBJECT: Financial Update – May 31, 2018

DATE: July 12, 2018

RECOMMENDATIONS:

Accept the Financial Statements (unaudited) for the period of January 1, 2017 (Inception) to May 31, 2018.

BACKGROUND & DISCUSSION:

The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:

- Statement of Net Position as of May 31, 2018
- Statement of Revenues, Expenditures and Changes in Net Position for the Period of January 1, 2017 to May 31, 2018
- Statement of Cash Flows for the Period of January 1, 2017 to May 31, 2018

In the Statement of Net Position, VCEA as of May 31, 2018 has a total of \$517,594 in cash, of which \$283,102 are funds deposited and held by the Yolo County Treasurer in a fund restricted for VCEA and \$234,492 in a checking account with River City Bank. The VCEA has incurred obligations from Member agencies and SMUD and owes as of May 31, 2018 \$501,513 and \$531,273 respectively for a grand total of \$1,032,786. The repayments to the member agencies are deferred by the co-operation agreements until after the VCEA is revenue positive. The SMUD repayments are deferred until October 2018.

In June 2018 subsequent to this report, the following significant transactions/events occurred:

- The funds held by Yolo County Treasurer were transferred to the VCEA River City Bank account

- The River City Bank line of credit of \$11.0 million for the sole purpose of providing working capital to fund power purchases during seasonal differences in cash flow and reserves as needed to support power purchases was finalized
- The first draw on the line of credit of \$500,000 was issued to reimburse VCEA for the \$500,000 deposit made to the California Independent System Operator (CalISO) to be able to engage in power procurement activities
- VCEA launched June 1, 2018 and the June 2018 financial statements will reflect the first month of power operations

Attachment:

Financial Statements (Unaudited) for the period of January 1, 2017 to May 31, 2018



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF JANUARY 1, 2017 TO MAY 31, 2018

PREPARED ON JULY 7, 2018

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
MAY 31, 2018
(UNAUDITED)

ASSETS

Current assets:	
Cash in Yolo County Treasury	\$ 283,102
Cash with fiscal agent	234,492
Other current assets and deposits	2,540
Total current assets	<u>520,134</u>
Noncurrent assets:	
Other noncurrent assets and deposits	600,000
Total noncurrent assets	<u>600,000</u>
TOTAL ASSETS	<u><u>\$ 1,120,134</u></u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 153,383
Accrued payroll	917
Interest payable	9,313
Due to member agencies	501,513
Other accrued liabilities	531,273
Total current liabilities	<u>1,196,399</u>
Noncurrent liabilities	
Loans from member agencies	<u>1,500,000</u>
Total noncurrent liabilities	<u>1,500,000</u>
TOTAL LIABILITIES	<u><u>\$ 2,696,399</u></u>

NET POSITION

Net position:	
Restricted	\$ -
Unrestricted	<u>(1,576,265)</u>
TOTAL NET POSITION	<u><u>\$ (1,576,265)</u></u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF JANUARY 1, 2017 TO MAY 31, 2018
(UNAUDITED)

OPERATING REVENUE	
Electricity sales, net	\$ -
Other revenue	-
TOTAL OPERATING REVENUES	<u>-</u>
OPERATING EXPENSES	
Cost of electricity	-
Contract services	
Contractors	1,066,865
Member agencies	501,513
Staff compensation	9,341
General and administration	5,636
Depreciation	-
TOTAL OPERATING EXPENSES	<u>1,583,355</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	16,403
Interest and related expenses	(9,313)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>7,090</u>
CHANGE IN NET POSITION	(1,576,265)
Net position at beginning of period	-
Net position at end of period	<u><u>\$(1,576,265)</u></u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JANUARY 1, 2017 TO MAY 31, 2018
(UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments for security deposits with energy suppliers	\$ (600,000)
Payments for contract services	(382,209)
Payments for staff compensation	(8,424)
Payments for general and administration	(5,636)
Other cash payments	<u>(2,540)</u>
Net cash provided (used) by operating activities	<u><u>(998,809)</u></u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Loans from member agencies	<u>1,500,000</u>
Net cash provided (used) by non-capital financing activities	<u><u>1,500,000</u></u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>16,403</u>
Net cash provided (used) by investing activities	<u><u>16,403</u></u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	<u><u>\$ 517,594</u></u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE PERIOD OF JANUARY 1, 2017 TO MAY 31, 2018
(UNAUDITED)

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (1,583,355)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in other assets and deposits	(602,540)
Increase (decrease) in accounts payable	153,383
Increase (decrease) in accrued payroll	917
Increase (decrease) in due to member agencies	501,513
Increase (decrease) in other accrued liabilities	531,273
Net cash provided (used) by operating activities	<u><u>\$ (998,809)</u></u>