

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 5**

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**TO:** Board of Directors

**FROM:** Mitch Sears, Executive Director  
Edward Burnham, Finance and Operations Director

**SUBJECT:** Financial Update – April 30 2024 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending April 30 2024

**DATE:** June 13, 2024

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**RECOMMENDATION:**

Accept the following Financial Statements (unaudited) for the period of April 1, 2024 to April 30 2024 (with comparative year to date information) and Actual vs. Budget year to date ending April 30 2024.

**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
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, Staff is reporting the Actual vs. Budget variances year to date ending April 30 2024.

**Financial Statements for the period April 1, 2024 – April 30 2024**

In the Statement of Net Position, VCE, as of April 30, 2024, has a total of \$35,103,442 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, and \$1,800,000 restricted assets related to supplier deposits. On April 30 2022, VCE's net position was \$41,513,659.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 6,213,328 of revenue (net of allowance for doubtful accounts), of which \$6,014,268 was billed in April, and \$4,789,993 represent estimated unbilled revenue. The cost of electricity for the April revenue totaled \$7,753,833. For April, VCE's gross margin was approximately 32% and the net loss totaled \$2,186 ,604. The year-to-date change in net position was 5,090,484.

In the Statement of Cash Flows, VCE cash flows from operations were \$5,296,129 due to April cash receipts of revenues being more than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending April 30 2024

Below are the financial statement line items with variances >\$50,000 and 5%

- Electric Revenue – (\$1,979,673) and -9% – Unfavorable variance due to retail load variance lower than forecasted due to mild and wet winter.
- Purchased Power – (\$1,433,805) and -8% – Favorable mainly due to budgeted renewable energy certificates not procured, lower load due to mild and wet winter, and lower energy prices.
- Reimbursable Revenues \$607,000 (AgFIT) – Unfavorable Variance - Reimbursable AgFIT revenues and associated program costs expected in May resulting in budget timing differences.
- General Programs Costs \$131,628 – Favorable Variance – Budgeted program costs are amortized for the year resulting in timing differences.
- AgFIT Programs Costs \$431,814 (AgFIT) – Favorable Variance – Program costs are expected in May resulting in budget timing differences.
- Operational Support Services \$63,274 – Unfavorable Variance – Additional costs related to rate discount implementation and collections program implementation.
- Banking Fees \$62,432 – Unfavorable Variance – Letter of credit costs offset costs savings from reduction of power purchase agreement rate.

**Attachments:**

- 1) Financial Statements (Unaudited) April 1, 2024 to April 30 2024 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending April 30 2024



# **VALLEY CLEAN ENERGY**

**VALLEY CLEAN ENERGY ALLIANCE**

**FINANCIAL STATEMENTS**

**(UNAUDITED)**

**FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2024**

**PREPARED ON JUNE 7, 2024**

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2024**  
**(UNAUDITED)**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 35,103,442
Accounts receivable, net of allowance	8,900,057
Accrued revenue	4,789,993
Prepaid expenses	111,272
Inventory - Renewable Energy Credits	-
Other current assets and deposits	3,700,487
Total current assets	52,605,251

Restricted assets:

Debt service reserve fund	1,100,000
Total restricted assets	1,100,000

**TOTAL ASSETS**

**\$ 53,705,251**

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 437,486
Accrued payroll	127,971
Interest payable	-
Due to member agencies	(1,723)
Accrued cost of electricity	7,723,862
Other accrued liabilities	2,059,295
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	44,700
Total liabilities	\$ 12,191,592

**NET POSITION**

Net position:

Local Programs Reserve	\$ 840,000
Restricted	1,100,000
Unrestricted	39,573,659
Total net position	\$ 41,513,659

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**APRIL 30, 2024**  
**(WITH COMPARATIVE YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	FOR THE PERIOD ENDING APRIL 30, 2024	YEAR TO DATE
<b>OPERATING REVENUE</b>		
Electricity sales, net	\$ 6,213,328	\$ 26,417,297
Other revenue	-	-
<b>TOTAL OPERATING REVENUES</b>	6,213,328	26,417,297
<b>OPERATING EXPENSES</b>		
Cost of electricity	7,753,833	19,267,804
Contract services	342,869	946,134
Staff compensation	134,651	581,240
General, administration, and other	230,759	752,774
<b>TOTAL OPERATING EXPENSES</b>	8,462,112	21,547,952
<b>TOTAL OPERATING INCOME (LOSS)</b>	(2,248,784)	4,869,345
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	62,181	221,138
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	62,181	221,138
<b>CHANGE IN NET POSITION</b>	(2,186,604)	5,090,484
Net position at beginning of period	5,714,148	36,423,176
Net position at end of period	\$ 3,527,544	\$ 41,513,659

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**APRIL 30, 2024**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	FOR THE PERIOD ENDING APRIL 30, 2024	YEAR TO DATE
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from electricity sales	\$ 6,213,328	\$ 26,417,297
Payments received from other revenue sources	-	-
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(208,919)	(8,712,522)
Payments for contract services, general, and administration	(573,628)	(1,698,908)
Payments for member agency services	-	-
Payments for staff compensation	(134,651)	(581,240)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
<b>Net cash provided (used) by operating activities</b>	5,296,129	15,424,628
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
<b>Net cash provided (used) by non-capital financing activities</b>	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	62,181	221,138
<b>Net cash provided (used) by investing activities</b>	62,181	221,138
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	5,358,310	15,645,766
Cash and cash equivalents at beginning of period	30,845,132	28,579,933
<b>Cash and cash equivalents at end of period</b>	36,203,442	44,225,699
Cash and cash equivalents included in:		
Cash and cash equivalents	35,103,442	43,125,699
Restricted assets	1,100,000	1,100,000
<b>Cash and cash equivalents at end of period</b>	\$ 36,203,442	\$ 44,225,699

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**APRIL 30, 2024**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<u>FOR THE PERIOD ENDING APRIL 30, 2024</u>	<u>YEAR TO DATE</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (2,248,784)	\$ 5,613,073
Adjustments to reconcile operating income to net cash provided (used) by		
Depreciation expense		
Revenue reduced for uncollectible accounts		
(Increase) decrease in net accounts receivable	(263,042)	(593,095.56)
(Increase) decrease in accrued revenue	290,598	313,839.15
(Increase) decrease in prepaid expenses	52,056	(5,880.34)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	24,606	15,756.69
Increase (decrease) in accounts payable	(18,360)	(54,547.41)
Increase (decrease) in accrued payroll	(18,439)	(25,888.91)
Increase (decrease) in due to member agencies	-	5,855.40
Increase (decrease) in accrued cost of electricity	7,490,604	(1,645,382.32)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	-	-
Increase (decrease) in user taxes and energy surcharges	-	-
Increase (decrease) in security deposits from energy suppliers	-	-
Increase (decrease) in user taxes due to other governments	(13,109)	16,094.60
Increase (decrease) in advances from public purpose programs	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 5,296,129</b>	<b>\$ 3,639,825</b>

**VALLEY CLEAN ENERGY**  
**2024 YTD ACTUAL VS. BUDGET**  
**FOR THE YEAR TO DATE ENDING 04/30/24**

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
<b>Total Revenues</b>	\$ 26,638,465	\$ 29,169,000	\$ (2,530,535)	-9%
Electric Revenue	\$ 26,417,327	\$ 28,397,000	\$ (1,979,673)	-7%
Interest Revenues	\$ 221,139	\$ 165,000	\$ 56,139	34%
Reimbursable Revenues	\$ -	\$ 607,000	\$ (607,000)	-100%
<b>Purchased Power</b>	\$ 19,267,805	\$ 17,834,000	\$ 1,433,805	8%
Purchased Power Base	\$ 19,267,805	\$ 16,984,000	\$ 2,283,805	13%
Purchased Power Contingency 5%	\$ -	\$ 850,000	\$ (850,000)	-100%
<b>Labor &amp; Benefits</b>	\$ 596,312	\$ 544,000	\$ 52,312	10%
Salaries & Wages/Benefits	\$ 481,378	\$ 448,000	\$ 33,378	7%
Contract Labor	\$ 52,891	\$ 68,000	\$ (15,109)	-22%
Human Resources & Payroll	\$ 62,043	\$ 28,000	\$ 34,043	122%
<b>Office Supplies &amp; Other Expenses</b>	\$ 108,632	\$ 118,300	\$ (9,668)	-8%
Technology Costs	\$ 37,062	\$ 12,800	\$ 24,262	190%
Office Supplies	\$ 5,832	\$ 4,000	\$ 1,832	46%
Travel	\$ 17,772	\$ 21,500	\$ (3,728)	-17%
CalCCA Dues	\$ 45,976	\$ 48,000	\$ (2,024)	-4%
CC Power	\$ -	\$ 30,000	\$ (30,000)	-100%
Memberships	\$ 1,990	\$ 2,000	\$ (10)	-1%
<b>Contractual Services</b>	\$ 845,345	\$ 775,600	\$ 69,745	9%
Other Contract Services (e.g. IRP)	\$ -	\$ 10,000	\$ (10,000)	-100%
Don Dame	\$ 1,443	\$ 7,200	\$ (5,757)	-80%
Wholesale Energy Services (TEA)	\$ 253,075	\$ 273,000	\$ (19,925)	-7%
2030 100% Renewable & Storage	\$ -	\$ 10,000	\$ (10,000)	-100%
Customer Support Call Center	\$ 381,490	\$ 268,000	\$ 113,490	42%
Operating Services	\$ 83,274	\$ 20,000	\$ 63,274	316%
Commercial Legal Support	\$ (3,128)	\$ 8,000	\$ (11,128)	-139%
Legal General Counsel	\$ 15,294	\$ 28,000	\$ (12,706)	-45%
Regulatory Counsel	\$ 43,667	\$ 68,000	\$ (24,333)	-36%
Joint CCA Regulatory counsel	\$ 31,334	\$ 6,400	\$ 24,934	390%
Legislative - (Lobbyist)	\$ 24,251	\$ 23,000	\$ 1,251	5%
Accounting Services	\$ (5,855)	\$ 1,000	\$ (6,855)	-686%
Financial Consultant	\$ -	\$ 8,000	\$ (8,000)	-100%
Audit Fees	\$ 20,500	\$ 45,000	\$ (24,500)	-54%
<b>Marketing</b>	\$ 59,247	\$ 100,000	\$ (40,753)	-41%
Marketing Collateral	\$ 59,247	\$ 96,000	\$ (36,753)	-38%
Community Engagement Activities & Sponsorships	\$ -	\$ 4,000	\$ (4,000)	-100%
<b>Programs</b>	\$ 356,558	\$ 926,000	\$ (569,442)	-61%
Program Costs (Rebates, Incentives, etc.)	\$ 108,372	\$ 240,000	\$ (131,628)	-55%
AG Fit	\$ 248,186	\$ 680,000	\$ (431,814)	-64%
PIPP Program	\$ -	\$ 6,000	\$ (6,000)	-100%
<b>Rents &amp; Leases</b>	\$ 19,890	\$ 16,400	\$ 3,490	21%
Hunt Boyer Mansion	\$ 19,890	\$ 8,400	\$ 11,490	137%
Lease Improvement	\$ -	\$ 8,000	\$ (8,000)	-100%
<b>Other A&amp;G</b>	\$ 247,798	\$ 221,600	\$ 26,198	12%
Development - New Members	\$ -	\$ 8,400	\$ (8,400)	-100%
Strategic Plan Implementation	\$ 5,235	\$ 25,600	\$ (20,365)	-80%
PG&E Data Fees	\$ 89,189	\$ 96,000	\$ (6,811)	-7%
Insurance	\$ 15,342	\$ 16,000	\$ (658)	-4%
Banking Fees	\$ 138,032	\$ 75,600	\$ 62,432	83%
Miscellaneous Operating Expenses	\$ 754	\$ 4,000	\$ (3,246)	-81%
Contingency	\$ -	\$ 80,000	\$ (80,000)	-100%
	0	0		
<b>TOTAL OPERATING EXPENSES</b>	\$ 21,502,340	\$ 20,619,900	\$ 882,440	4%
Interest on RCB Term loan	\$ -	\$ -	\$ -	100%
Interest Expense - Bridge Loan \ Line of Credit	\$ -	\$ -	\$ -	100%
<b>NET INCOME</b>	\$ 5,136,125	\$ 8,549,100	\$ (3,412,975)	