

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

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**TO:** Board of Directors

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

**SUBJECT:** Financial Update – January 31, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending January 31, 2023

**DATE:** June 15, 2023

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**RECOMMENDATION:**

Accept the following Financial Statements (unaudited) for the period of January 1, 2023 to January 31, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending January 31, 2023.

**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 January 31, 2023.

**Financial Statements for the period January 1, 2023 – January 31, 2023**

In the Statement of Net Position, VCE, as of January 31, 2023, has a total of \$5,968,106 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,800,000 restricted assets related to supplier deposits, and \$2,066,806 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of January 31, 2023 a total of \$11,939. VCE member obligations are incurred monthly due to staffing, accounting, and legal services.

The term loan with River City Bank includes a current portion of \$487,492 and a long-term portion of 181,284. On January 31, 2022, VCE's net position was \$13,814,322.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 6,405,983 of revenue (net of allowance for doubtful accounts), of which \$6,523,365 was billed in January, and \$3,236,478 represent estimated unbilled revenue. The cost of electricity for the January revenue totaled \$7,586,903. For January, VCE's gross margin was approximately -7% and the net loss totaled (\$1,596,212). The year-to-date change in net position was (\$1,596,212).

In the Statement of Cash Flows, VCE cash flows from operations were 1,326,151 due to January cash receipts of revenues being more than the monthly cash operating expenses.

#### Actual vs. Budget Variances for the year to date ending January 31, 2023

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

- Electric Revenue – (\$1,888,017) and -23% – Unfavorable variance revenue model error on the timing of rate change isolated to January-2023 and retail load variance lower than forecasted.
- Purchased Power – (\$321,903) and -4% – Unfavorable variance due to gas prices driving short-term power market increases during winter months.
- Wholesale Energy Services – (66,810) and 130% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.
- Programs – AgFIT – 53,995 and 98% favorable variance for timing difference for the amortized budget.

#### **Attachments:**

- 1) Financial Statements (Unaudited) January 1, 2023 to January 31, 2023 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending January 31, 2023



# **VALLEY CLEAN ENERGY**

**VALLEY CLEAN ENERGY ALLIANCE**

**FINANCIAL STATEMENTS**

**(UNAUDITED)**

**FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2023**

**PREPARED ON APRIL 6, 2023**

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF NET POSITION**  
**JANUARY 31, 2023**  
**(UNAUDITED)**

**ASSETS**

Current assets:

Cash in Yolo County Treasury		
Cash and cash equivalents	\$	5,968,106
Accounts receivable, net of allowance		10,629,761
Accrued revenue		3,348,687
Prepaid expenses		16,636
Other current assets and deposits		1,959,196
Total current assets		<u>21,922,386</u>

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		2,066,806
Total restricted assets		<u>3,166,806</u>

Noncurrent assets:

Total noncurrent assets		-
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>25,089,192</u></b>

**LIABILITIES**

Current liabilities:

Accounts payable	\$	544,370
Accrued payroll		130,095
Interest payable		2,056
Due to member agencies		11,939
Accrued cost of electricity		7,161,025
Other accrued liabilities		891,373
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		65,237
Limited Term Loan		487,492
Total current liabilities		<u>11,093,587</u>

Noncurrent liabilities

Term Loan- RCB		181,284
Total noncurrent liabilities		<u>181,284</u>
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b><u>11,274,871</u></b>

**NET POSITION**

Net position:

Local Programs Reserve		224,500
Restricted		3,166,806
Unrestricted		10,423,016
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b><u>13,814,322</u></b>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET POSITION**  
**FOR THE PERIOD OF JANUARY 1, 2023 TO JANUARY 31, 2023**  
**(WITH COMPARATIVE YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<b>FOR THE PERIOD ENDING JANUARY 31, 2023</b>	<b>YEAR TO DATE</b>
<b>OPERATING REVENUE</b>		
Electricity sales, net	\$ 6,405,983	\$ 6,405,983
Other revenue	41,844	41,844
<b>TOTAL OPERATING REVENUES</b>	<b>6,447,827</b>	<b>6,447,827</b>
<b>OPERATING EXPENSES</b>		
Cost of electricity	7,586,903	7,586,903
Contract services	303,268	303,268
Staff compensation	118,805	118,805
General, administration, and other	46,325	46,325
<b>TOTAL OPERATING EXPENSES</b>	<b>8,055,301</b>	<b>8,055,301</b>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>(1,607,474)</b>	<b>(1,607,474)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	13,259	13,259
Interest and related expenses	(1,997)	(1,997)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>11,262</b>	<b>11,262</b>
<b>CHANGE IN NET POSITION</b>	<b>(1,596,212)</b>	<b>(1,596,212)</b>
Net position at beginning of period	15,410,534	15,410,534
Net position at end of period	<b>\$ 13,814,322</b>	<b>\$ 13,814,322</b>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2023**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<u>FOR THE PERIOD ENDING JANUARY 31, 2023</u>	<u>YEAR TO DATE</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from electricity sales	\$ 6,959,389	\$ 6,959,389
Payments received from other revenue sources	41,844	41,844
Payments to purchase electricity	(5,034,903)	(5,034,903)
Payments for contract services, general, and administration	(535,184)	(535,184)
Payments for staff compensation	(104,995)	(104,995)
<b>Net cash provided (used) by operating activities</b>	<u>1,326,151</u>	<u>1,326,151</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Loans from member agencies		
Draw of line of credit		
Transfer to restricted cash		
Principal payments of Debt	137,808	137,808
Interest and related expenses	(2,189)	(2,189)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>135,619</u>	<u>135,619</u>
<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	13,259	13,259
<b>Net cash provided (used) by investing activities</b>	<u>13,259</u>	<u>13,259</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,475,029	1,475,029
Cash and cash equivalents at beginning of period	7,659,883	7,659,883
<b>Cash and cash equivalents at end of period</b>	<u>\$ 9,134,912</u>	<u>\$ 9,134,912</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	5,968,106	5,968,106
Restricted assets	3,166,806	3,166,806
<b>Cash and cash equivalents at end of period</b>	<u>\$ 9,134,912</u>	<u>\$ 9,134,912</u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2023**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	FOR THE PERIOD ENDING JANUARY 31, 2023	<u>YEAR TO DATE</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (1,607,474)	\$ (1,607,474)
(Increase) decrease in net accounts receivable	455,325.88	455,325.88
(Increase) decrease in accrued revenue	81,710	81,710.00
(Increase) decrease in prepaid expenses	(16,636)	(16,636.00)
Increase (decrease) in accounts payable	144,841	144,841.00
Increase (decrease) in accrued payroll	13,810	13,810.00
Increase (decrease) in due to member agencies	(194,505)	(194,505.00)
Increase (decrease) in accrued cost of electricity	2,552,000	2,552,000.00
Increase (decrease) in other accrued liabilities	(119,291)	(119,291.49)
Increase (decrease) in user taxes and energy surcharges	16,371	16,371.00
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,326,151</u>	<u>\$ 1,326,151</u>

**VALLEY CLEAN ENERGY**  
**2023 YTD ACTUAL VS. BUDGET**  
**FOR THE YEAR TO DATE ENDING 01/31/23**

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 6,405,983	\$ 8,294,000	\$ (1,888,017)	-23%
Interest Revenues	\$ 13,259	\$ 3,500	\$ 9,759	279%
<b>Purchased Power</b>	<b>\$ 7,586,903</b>	<b>\$ 7,265,000</b>	<b>\$ 321,903</b>	<b>4%</b>
Purchased Power Base	\$ 7,586,903	\$ 6,919,000	\$ 667,903	10%
Purchased Power Contingency 2%	\$ -	\$ 346,000	\$ (346,000)	-100%
<b>Labor &amp; Benefits</b>	<b>\$ 115,866</b>	<b>\$ 120,200</b>	<b>\$ (4,334)</b>	<b>-4%</b>
Salaries & Wages/Benefits	\$ 92,568	\$ 100,000	\$ (7,432)	-7%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 2,500	\$ (2,500)	-100%
Human Resources & Payroll	\$ 23,298	\$ 17,700	\$ 5,598	32%
<b>Office Supplies &amp; Other Expenses</b>	<b>\$ 17,029</b>	<b>\$ 17,200</b>	<b>\$ (171)</b>	<b>-1%</b>
Technology Costs	\$ 3,432	\$ 3,100	\$ 332	11%
Office Supplies	\$ 1,610	\$ 200	\$ 1,410	705%
Travel	\$ -	\$ 500	\$ (500)	-100%
CalCCA Dues	\$ 10,752	\$ 11,100	\$ (348)	-3%
CC Power	\$ -	\$ 2,100	\$ (2,100)	-100%
Memberships	\$ 1,235	\$ 200	\$ 1,035	518%
<b>Contractual Services</b>	<b>\$ 275,874</b>	<b>\$ 224,400</b>	<b>\$ 51,474</b>	<b>23%</b>
Other Contract Services	\$ -	\$ 2,200	\$ (2,200)	-100%
Don Dame	\$ 800	\$ 900	\$ (100)	-11%
SMUD - Credit Support	\$ 35,076	\$ 45,600	\$ (10,524)	-23%
SMUD - Wholesale Energy Services	\$ 118,110	\$ 51,300	\$ 66,810	130%
SMUD - Call Center	\$ 68,646	\$ 69,100	\$ (454)	-1%
SMUD - Operating Services	\$ 18,694	\$ 5,300	\$ 13,394	253%
Commercial Legal Support	\$ 3,860	\$ 2,500	\$ 1,360	54%
Legal General Counsel	\$ -	\$ 13,600	\$ (13,600)	-100%
Regulatory Counsel	\$ 13,765	\$ 17,500	\$ (3,736)	-21%
Joint CCA Regulatory counsel	\$ 3,959	\$ 2,800	\$ 1,159	41%
Legislative - (Lobbyist)	\$ 5,500	\$ 5,500	\$ -	0%
Accounting Services	\$ 5,964	\$ 2,400	\$ 3,564	149%
Financial Consultant	\$ -	\$ 3,500	\$ (3,500)	-100%
Audit Fees	\$ 1,500	\$ 2,200	\$ (700)	-32%
<b>Marketing</b>	<b>\$ 27,444</b>	<b>\$ 22,000</b>	<b>\$ 5,444</b>	<b>25%</b>
Marketing Collateral	\$ 27,394	\$ 21,000	\$ 6,394	30%
Community Engagement Activities & Sponsorships	\$ 50	\$ 1,000	\$ (950)	-95%
<b>Programs</b>	<b>\$ 21,036</b>	<b>\$ 14,500</b>	<b>\$ (14,500)</b>	<b>-100%</b>
Program Costs	\$ -	\$ 14,500	\$ (14,500)	-100%
Programs - EV	\$ 14,950	\$ -	\$ 14,950	100%
Programs - AgFIT	\$ 1,005	\$ 55,000	\$ (53,995)	-98%
Programs - Heat Pump	\$ 5,081	\$ -	\$ 5,081	100%
<b>Rents &amp; Leases</b>	<b>\$ 8,238</b>	<b>\$ 2,200</b>	<b>\$ 6,038</b>	<b>274%</b>
Hunt Boyer Mansion	\$ 8,238	\$ 2,200	\$ 6,038	274%
<b>Other A&amp;G</b>	<b>\$ 2,911</b>	<b>\$ 38,150</b>	<b>\$ (35,239)</b>	<b>-92%</b>
Development - New Members	\$ -	\$ 2,100	\$ (2,100)	-100%
Strategic Plan Implementation	\$ -	\$ 12,000	\$ (12,000)	-100%
PG&E Data Fees	\$ (29)	\$ 23,000	\$ (23,029)	-100%
Insurance	\$ 2,940	\$ 950	\$ 1,990	209%
Banking Fees	\$ -	\$ 100	\$ (100)	-100%
Miscellaneous Operating Expenses	\$ -	\$ 600	\$ 600	100%
Contingency	\$ -	\$ 20,000	\$ 20,000	100%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 8,055,300</b>	<b>\$ 7,724,250</b>	<b>\$ 351,214</b>	<b>5%</b>
Interest on RCB loan	\$ 1,997	\$ 2,200	\$ (203)	-9%
Interest Expense - Bridge Loan	\$ -	\$ 2,500	\$ (2,500)	-100%
<b>NET INCOME</b>	<b>\$ (1,638,056)</b>	<b>\$ 568,550</b>	<b>\$ (2,226,770)</b>	<b>-392%</b>



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

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**TO:** Board of Directors

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

**SUBJECT:** Financial Update – February 28, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending February 23, 2023

**DATE:** June 15, 2023

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**RECOMMENDATION:**

Accept the following Financial Statements (unaudited) for the period of February 1, 2023 to February 28, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending February 28, 2023.

**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 February 28, 2023.

**Financial Statements for the period February 1, 2023 – February 31, 2023**

In the Statement of Net Position, VCE, as of February 28, 2023, has a total of \$2,200,070 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,800,000 restricted assets related to supplier deposits, and \$3,404,816 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of

February 28, 2023 a total of \$11,939. VCE member obligations are incurred monthly due to staffing, accounting, and legal services.

The term loan with River City Bank includes a current portion of \$443,882 and long-term portion of 181,284. On February 28, 2022, VCE's net position is \$13,769,235.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 5,897,893 of revenue (net of allowance for doubtful accounts), of which \$5,652,061 was billed in February, and \$3,659,130 represent estimated unbilled revenue. The cost of electricity for the February revenue totaled \$5,397,922. For February, VCE's gross margin was approximate 8% and net loss totaled (\$45,087). The year-to-date change in net position was (\$1,641,299).

In the Statement of Cash Flows, VCE cash flows from operations were (2,398,369) due to February cash receipts of revenues being less than the monthly cash operating expenses.

#### Actual vs. Budget Variances for the year to date ending February 28, 2023

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

- Electric Revenue – (\$2,644,124) and -18% – Unfavorable variance revenue model error on the timing of rate change isolated to January-2023 and retail load variance lower than forecasted.
- Purchased Power – (\$183,825) and -1% – Unfavorable variance due to gas prices driving short-term power market increases during winter months.
- Wholesale Energy Services – (133,322) and 130% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.
- Operational Support Services (SMUD) – (\$52,868) and 499% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.
- Programs – AgFIT – 66,806 and 61% favorable variance for timing difference for the amortized budget.

#### **Attachments:**

- 3) Financial Statements (Unaudited) February 1, 2023 to February 28, 2023 (with comparative year to date information.)
- 4) Actual vs. Budget for the year to date ending February 28, 2023



# **VALLEY CLEAN ENERGY**

**VALLEY CLEAN ENERGY ALLIANCE**

**FINANCIAL STATEMENTS**

**(UNAUDITED)**

**FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2023**

**PREPARED ON APRIL 6, 2023**

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF NET POSITION**  
**FEBRUARY 28, 2023**  
(UNAUDITED)

**ASSETS**

Current assets:

Cash in Yolo County Treasury		
Cash and cash equivalents	\$	2,200,070
Accounts receivable, net of allowance		10,480,628
Accrued revenue		3,659,130
Prepaid expenses		39,876
Other current assets and deposits		1,959,196
Total current assets		<u>18,338,901</u>

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		3,404,816
Total restricted assets		<u>4,504,816</u>

Noncurrent assets:

Total noncurrent assets		-
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>22,843,717</u></b>

**LIABILITIES**

Current liabilities:

Accounts payable	\$	557,829
Accrued payroll		136,943
Interest payable		1,736
Due to member agencies		11,939
Accrued cost of electricity		4,867,081
Other accrued liabilities		1,044,486
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		29,302
Limited Term Loan		443,882
Total current liabilities		<u>8,893,198</u>

Noncurrent liabilities

Term Loan- RCB		181,284
Total noncurrent liabilities		<u>181,284</u>
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b><u>9,074,482</u></b>

**NET POSITION**

Net position:

Local Programs Reserve		224,500
Restricted		4,504,816
Unrestricted		9,039,919
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b><u>13,769,235</u></b>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET POSITION**  
**FOR THE PERIOD OF FEBRUARY 1, 2023 TO FEBRUARY 28, 2023**  
**(WITH COMPARATIVE YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<b>FOR THE PERIOD ENDING FEBRUARY 28, 2023</b>	<b>YEAR TO DATE</b>
<b>OPERATING REVENUE</b>		
Electricity sales, net	\$ 5,897,893	\$ 12,303,876
Other revenue	-	\$ 41,844
<b>TOTAL OPERATING REVENUES</b>	<b>5,897,893</b>	<b>\$ 12,345,720</b>
<b>OPERATING EXPENSES</b>		
Cost of electricity	5,397,922	\$ 12,984,825
Contract services	342,607	\$ 645,875
Staff compensation	125,632	\$ 244,437
General, administration, and other	89,092	\$ 135,417
<b>TOTAL OPERATING EXPENSES</b>	<b>5,955,253</b>	<b>\$ 14,010,554</b>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>(57,360)</b>	<b>\$ (1,664,834)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	14,009	\$ 27,268
Interest and related expenses	(1,736)	\$ (3,733)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>12,273</b>	<b>\$ 23,535</b>
<b>CHANGE IN NET POSITION</b>	<b>(45,087)</b>	<b>\$ (1,641,299)</b>
Net position at beginning of period	13,814,322	\$ 29,224,856
Net position at end of period	<b>\$ 13,769,235</b>	<b>\$ 27,583,557</b>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2023**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<u>FOR THE PERIOD ENDING FEBRUARY 28, 2023</u>	<u>YEAR TO DATE</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from electricity sales	\$ 5,700,648	\$ 12,660,037
Payments received from other revenue sources	-	\$ 41,844
Payments to purchase electricity	(7,691,866)	\$ (12,726,769)
Payments for contract services, general, and administration	(288,367)	\$ (823,551)
Payments for staff compensation	(118,784)	\$ (223,779)
<b>Net cash provided (used) by operating activities</b>	<u>(2,398,369)</u>	<u>(1,072,218)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Principal payments of Debt	(43,610)	94,198
Interest and related expenses	(2,056)	(4,245)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(45,666)</u>	<u>89,953</u>
<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	14,009	27,268
<b>Net cash provided (used) by investing activities</b>	<u>14,009</u>	<u>27,268</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
	(2,430,026)	(954,997)
Cash and cash equivalents at beginning of period	9,134,912	16,794,795
<b>Cash and cash equivalents at end of period</b>	<u>\$ 6,704,886</u>	<u>\$ 15,839,798</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	2,200,070	8,168,176
Restricted assets	4,504,816	7,671,622
<b>Cash and cash equivalents at end of period</b>	<u>\$ 6,704,886</u>	<u>\$ 15,839,798</u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2023**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

**FOR THE**  
**PERIOD ENDING**  
**FEBRUARY 28,**  
2023

YEAR TO DATE

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

Operating Income (Loss)	\$ (57,360)	\$ (1,664,834)
(Increase) decrease in net accounts receivable	149,132.76	604,459
(Increase) decrease in accrued revenue	(310,443)	(228,733)
(Increase) decrease in prepaid expenses	(23,240)	(39,876)
Increase (decrease) in accounts payable	13,459	158,300
Increase (decrease) in accrued payroll	6,848	20,658
Increase (decrease) in due to member agencies	-	(194,505)
Increase (decrease) in accrued cost of electricity	(2,293,944)	258,056
Increase (decrease) in other accrued liabilities	153,113	33,822
Increase (decrease) in user taxes and energy surcharges	(35,935)	(19,564)
<b>Net cash provided (used) by operating activities</b>	<u>\$ (2,398,369)</u>	<u>\$ (1,072,218)</u>

**VALLEY CLEAN ENERGY**  
**2023 YTD ACTUAL VS. BUDGET**  
**FOR THE YEAR TO DATE ENDING 02/28/23**

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 12,303,876	\$ 14,948,000	\$ (2,644,124)	-18%
Interest Revenues	\$ 27,268	\$ 7,000	\$ 20,268	290%
<b>Purchased Power</b>	<b>\$ 12,984,825</b>	<b>\$ 12,801,000</b>	<b>\$ 183,825</b>	<b>1%</b>
Purchased Power Base	\$ 12,984,825	\$ 12,191,000	\$ 793,825	7%
Purchased Power Contingency 2%	\$ -	\$ 610,000	\$ (610,000)	-100%
<b>Labor &amp; Benefits</b>	<b>\$ 238,554</b>	<b>\$ 240,400</b>	<b>\$ (1,846)</b>	<b>-1%</b>
Salaries & Wages/Benefits	\$ 188,955	\$ 200,000	\$ (11,045)	-6%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 5,000	\$ (5,000)	-100%
Human Resources & Payroll	\$ 49,599	\$ 35,400	\$ 14,199	40%
<b>Office Supplies &amp; Other Expenses</b>	<b>\$ 32,307</b>	<b>\$ 34,400</b>	<b>\$ (2,093)</b>	<b>-6%</b>
Technology Costs	\$ 6,302	\$ 6,200	\$ 102	2%
Office Supplies	\$ 2,266	\$ 400	\$ 1,866	466%
Travel	\$ -	\$ 1,000	\$ (1,000)	-100%
CalCCA Dues	\$ 21,504	\$ 22,200	\$ (696)	-3%
CC Power	\$ -	\$ 4,200	\$ (4,200)	-100%
Memberships	\$ 2,235	\$ 400	\$ 1,835	459%
<b>Contractual Services</b>	<b>\$ 584,681</b>	<b>\$ 445,500</b>	<b>\$ 139,181</b>	<b>31%</b>
Other Contract Services	\$ -	\$ 4,400	\$ (4,400)	-100%
Don Dame	\$ 507	\$ 1,800	\$ (1,293)	-72%
SMUD - Credit Support	\$ 69,508	\$ 87,800	\$ (18,292)	-21%
SMUD - Wholesale Energy Services	\$ 235,922	\$ 102,600	\$ 133,322	130%
SMUD - Call Center	\$ 137,345	\$ 138,300	\$ (955)	-1%
SMUD - Operating Services	\$ 63,468	\$ 10,600	\$ 52,868	499%
Commercial Legal Support	\$ 11,900	\$ 5,000	\$ 6,900	138%
Legal General Counsel	\$ 4,171	\$ 27,200	\$ (23,029)	-85%
Regulatory Counsel	\$ 27,530	\$ 35,000	\$ (7,471)	-21%
Joint CCA Regulatory counsel	\$ 8,338	\$ 5,600	\$ 2,738	49%
Legislative - (Lobbyist)	\$ 10,500	\$ 11,000	\$ (500)	-5%
Accounting Services	\$ 12,492	\$ 4,800	\$ 7,692	160%
Financial Consultant	\$ -	\$ 7,000	\$ (7,000)	-100%
Audit Fees	\$ 3,000	\$ 4,400	\$ (1,400)	-32%
<b>Marketing</b>	<b>\$ 61,247</b>	<b>\$ 44,000</b>	<b>\$ 17,247</b>	<b>39%</b>
Marketing Collateral	\$ 61,197	\$ 42,000	\$ 19,197	46%
Community Engagement Activities & Sponsorships	\$ 50	\$ 2,000	\$ (1,950)	-98%
<b>Programs</b>	<b>\$ 74,625</b>	<b>\$ 29,000</b>	<b>\$ (29,000)</b>	<b>-100%</b>
Program Costs	\$ -	\$ 29,000	\$ (29,000)	-100%
Programs - EV	\$ 26,350	\$ -	\$ 26,350	100%
Programs - AgFIT	\$ 43,194	\$ 110,000	\$ (66,806)	-61%
Programs - Heat Pump	\$ 5,081	\$ -	\$ 5,081	100%
<b>Rents &amp; Leases</b>	<b>\$ 6,588</b>	<b>\$ 4,400</b>	<b>\$ 2,188</b>	<b>50%</b>
Hunt Boyer Mansion	\$ 6,588	\$ 4,400	\$ 2,188	50%
<b>Other A&amp;G</b>	<b>\$ 27,727</b>	<b>\$ 76,300</b>	<b>\$ (48,573)</b>	<b>-64%</b>
Development - New Members	\$ -	\$ 4,200	\$ (4,200)	-100%
Strategic Plan Implementation	\$ -	\$ 24,000	\$ (24,000)	-100%
PG&E Data Fees	\$ 21,847	\$ 46,000	\$ (24,153)	-53%
Insurance	\$ 5,880	\$ 1,900	\$ 3,980	209%
Banking Fees	\$ -	\$ 200	\$ (200)	-100%
<b>Miscellaneous Operating Expenses</b>	<b>\$ -</b>	<b>\$ 1,200</b>	<b>\$ 600</b>	<b>50%</b>
<b>Contingency</b>	<b>\$ -</b>	<b>\$ 40,000</b>	<b>\$ 20,000</b>	<b>50%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 14,010,553</b>	<b>\$ 13,716,200</b>	<b>\$ 281,528</b>	<b>2%</b>
Interest on RCB loan	\$ 3,733	\$ 4,300	\$ (567)	-13%
Interest Expense - Bridge Loan	\$ -	\$ 2,500	\$ (2,500)	-100%
<b>NET INCOME</b>	<b>\$ (1,683,143)</b>	<b>\$ 1,232,000</b>	<b>\$ (2,902,318)</b>	<b>-236%</b>



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

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**TO:** Board of Directors

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

**SUBJECT:** Financial Update – March 31, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending March 31, 2023

**DATE:** June 15, 2023

---

**RECOMMENDATION:**

Accept the following Financial Statements (unaudited) for the period of March 1, 2023 to March 31, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending March 31, 2023.

**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 March 31, 2023.

**Financial Statements for the period March 1, 2023 – March 31, 2023**

In the Statement of Net Position, VCE, as of March 31, 2023, has a total of \$4,310,216 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,800,000 restricted assets related to supplier deposits, and \$3,412,240 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of March

31, 2023 a total of \$6,084. VCE member obligations are incurred monthly due to staffing, accounting, and legal services.

The term loan with River City Bank includes a current portion of \$399,953 and long-term portion of 181,284. On March 31, 2022, VCE's net position is \$14,395,010.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 6,873,783 of revenue (net of allowance for doubtful accounts), of which \$7,549,454 was billed in March, and \$3,177,457 represent estimated unbilled revenue. The cost of electricity for the March revenue totaled \$5,640,639. For March, VCE's gross margin was approximate 18% and net income totaled \$625,775. The year-to-date change in net position was (\$1,015,524).

In the Statement of Cash Flows, VCE cash flows from operations were 2,148,125 due to March cash receipts of revenues being more than the monthly cash operating expenses.

#### Actual vs. Budget Variances for the year to date ending March 31, 2023

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

- Electric Revenue – (\$2,428,341) and -11% – Unfavorable variance revenue model error on the timing of rate change isolated to January-2023 and retail load variance lower than forecasted.
- Purchased Power – (\$435,464) and -2% – Unfavorable variance due to gas prices driving short-term power market increases during winter months.
- Wholesale Energy Services – (\$281,443) and 130% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.
- Operational Support Services (SMUD) – (\$69,160) and 435% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.
- Programs – AgFIT – \$100,752 and 61% unfavorable variance for timing difference for the amortized budget.
- Banking Fees – \$74,950 or 100% unfavorable variance due to timing difference for renewal of letter of credit budgeted in May-23

#### **Attachments:**

- 5) Financial Statements (Unaudited) March 1, 2023 to March 31, 2023 (with comparative year to date information.)
- 6) Actual vs. Budget for the year to date ending March 31, 2023



# **VALLEY CLEAN ENERGY**

**VALLEY CLEAN ENERGY ALLIANCE**

**FINANCIAL STATEMENTS**

**(UNAUDITED)**

**FOR THE PERIOD OF MARCH 1 TO MARCH 31, 2023**

**PREPARED ON MAY 16, 2023**

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2023**  
(UNAUDITED)

**ASSETS**

Current assets:

Cash in Yolo County Treasury		
Cash and cash equivalents	\$	4,310,216
Accounts receivable, net of allowance		8,427,447
Accrued revenue		5,336,887
Prepaid expenses		31,411
Other current assets and deposits		1,959,196
Total current assets		20,065,156

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		3,412,240
Total restricted assets		4,512,240

Noncurrent assets:

Total noncurrent assets		-
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>24,577,396</b>

**LIABILITIES**

Current liabilities:

Accounts payable	\$	602,274
Accrued payroll		155,216
Interest payable		1,787
Due to member agencies		6,084
Accrued cost of electricity		5,853,987
Other accrued liabilities		1,136,887
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		44,914
Limited Term Loan		399,953
Total current liabilities		10,001,102

Noncurrent liabilities

Term Loan- RCB		181,284
Total noncurrent liabilities		181,284
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>10,182,386</b>

**NET POSITION**

Net position:

Local Programs Reserve		224,500
Restricted		4,512,240
Unrestricted		9,658,270
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>14,395,010</b>

FOR THE PERIOD OF MARCH 1, 2023 TO MARCH 31, 2023  
(WITH COMPARATIVE YEAR TO DATE INFORMATION)  
(UNAUDITED)

	<u>FOR THE PERIOD ENDING MARCH 31, 2023</u>	<u>YEAR TO DATE</u>
<b>OPERATING REVENUE</b>		
Electricity sales, net	\$ 6,873,783	\$ 19,177,659
Other revenue	229,250	\$ 271,094
<b>TOTAL OPERATING REVENUES</b>	<u>7,103,033</u>	<u>\$ 19,448,753</u>
<b>OPERATING EXPENSES</b>		
Cost of electricity	5,640,639	\$ 18,625,464
Contract services	329,369	\$ 975,244
Staff compensation	142,872	\$ 387,309
General, administration, and other	377,701	\$ 513,118
<b>TOTAL OPERATING EXPENSES</b>	<u>6,490,581</u>	<u>\$ 20,501,135</u>
<b>TOTAL OPERATING INCOME (LOSS)</b>	612,452	\$ (1,052,382)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	15,110	\$ 42,378
Interest and related expenses	(1,787)	\$ (5,520)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>13,323</u>	<u>\$ 36,858</u>
<b>CHANGE IN NET POSITION</b>	625,775	\$ (1,015,524)
Net position at beginning of period	13,769,235	\$ 42,994,091
Net position at end of period	<u>\$ 14,395,010</u>	<u>\$ 41,978,567</u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF MARCH 1 TO MARCH 31, 2023**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<u>FOR THE PERIOD ENDING MARCH 31, 2023</u>	<u>YEAR TO DATE</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from electricity sales	\$ 7,264,821	\$ 19,924,858
Payments received from other revenue sources	229,250	\$ 271,094
Payments to purchase electricity	(4,653,733)	\$ (17,380,502)
Payments for contract services, general, and administration	(567,614)	\$ (1,391,165)
Payments for staff compensation	(124,599)	\$ (348,378)
<b>Net cash provided (used) by operating activities</b>	<u>2,148,125</u>	<u>1,075,907</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Principal payments of Debt	(43,929)	50,269
Interest and related expenses	(1,736)	(5,981)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(45,665)</u>	<u>44,288</u>
<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	15,110	42,378
<b>Net cash provided (used) by investing activities</b>	<u>15,110</u>	<u>42,378</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	2,117,570	1,162,573
<b>Cash and cash equivalents at end of period</b>	<u>6,704,886</u>	<u>23,499,681</u>
	<u>\$ 8,822,456</u>	<u>\$ 24,662,254</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	4,310,216	12,478,392
Restricted assets	4,512,240	12,183,862
<b>Cash and cash equivalents at end of period</b>	<u>\$ 8,822,456</u>	<u>\$ 24,662,254</u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF MARCH 1 TO MARCH 31, 2023**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**



	FOR THE PERIOD ENDING MARCH 31, 2023	YEAR TO DATE
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**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ 612,452	\$ (1,052,382)
(Increase) decrease in net accounts receivable	2,053,181.84	2,657,640
(Increase) decrease in accrued revenue	(1,677,756)	(1,906,490)
(Increase) decrease in prepaid expenses	8,465	(31,411)
Increase (decrease) in accounts payable	44,445	202,745
Increase (decrease) in accrued payroll	18,273	38,931
Increase (decrease) in due to member agencies	(5,855)	(200,360)
Increase (decrease) in accrued cost of electricity	986,906	1,244,962
Increase (decrease) in other accrued liabilities	92,402	126,223
Increase (decrease) in user taxes and energy surcharges	15,611	(3,952)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,148,125</b>	<b>\$ 1,075,907</b>

**VALLEY CLEAN ENERGY**  
**2023 YTD ACTUAL VS. BUDGET**  
**FOR THE YEAR TO DATE ENDING 03/31/23**

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 19,177,659	\$ 21,606,000	\$ (2,428,341)	-11%
Interest Revenues	\$ 42,378	\$ 10,500	\$ 31,878	304%
<b>Purchased Power</b>	<b>\$ 18,625,464</b>	<b>\$ 18,190,000</b>	<b>\$ 435,464</b>	<b>2%</b>
Purchased Power Base	\$ 18,625,464	\$ 17,323,000	\$ 1,302,464	8%
Purchased Power Contingency 2%	\$ -	\$ 867,000	\$ (867,000)	-100%
<b>Labor &amp; Benefits</b>	<b>\$ 378,484</b>	<b>\$ 360,600</b>	<b>\$ 17,884</b>	<b>5%</b>
Salaries & Wages/Benefits	\$ 303,875	\$ 300,000	\$ 3,875	1%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 7,500	\$ (7,500)	-100%
Human Resources & Payroll	\$ 74,609	\$ 53,100	\$ 21,509	41%
<b>Office Supplies &amp; Other Expenses</b>	<b>\$ 81,485</b>	<b>\$ 51,600</b>	<b>\$ 29,885</b>	<b>58%</b>
Technology Costs	\$ 3,572	\$ 9,300	\$ (5,728)	-62%
Office Supplies	\$ 3,073	\$ 600	\$ 2,473	412%
Travel	\$ -	\$ 1,500	\$ (1,500)	-100%
CalCCA Dues	\$ 32,256	\$ 33,300	\$ (1,044)	-3%
CC Power	\$ 41,029	\$ 6,300	\$ 34,729	551%
Memberships	\$ 1,555	\$ 600	\$ 955	159%
<b>Contractual Services</b>	<b>\$ 913,535</b>	<b>\$ 694,800</b>	<b>\$ 218,735</b>	<b>31%</b>
Other Contract Services	\$ -	\$ 6,600	\$ (6,600)	-100%
Don Dame	\$ 828	\$ 2,700	\$ (1,872)	-69%
SMUD - Credit Support	\$ 91,111	\$ 133,200	\$ (42,089)	-32%
SMUD - Wholesale Energy Services	\$ 460,343	\$ 178,900	\$ 281,443	157%
SMUD - Call Center	\$ 206,152	\$ 207,500	\$ (1,348)	-1%
SMUD - Operating Services	\$ 85,060	\$ 15,900	\$ 69,160	435%
Commercial Legal Support	\$ 8,396	\$ 7,500	\$ 896	12%
Legal General Counsel	\$ 3,811	\$ 40,800	\$ (36,989)	-91%
Regulatory Counsel	\$ 20,672	\$ 52,500	\$ (31,829)	-61%
Joint CCA Regulatory counsel	\$ 5,525	\$ 8,400	\$ (2,875)	-34%
Legislative - (Lobbyist)	\$ 16,500	\$ 16,500	\$ -	0%
Accounting Services	\$ 6,637	\$ 7,200	\$ (563)	-8%
Financial Consultant	\$ -	\$ 10,500	\$ (10,500)	-100%
Audit Fees	\$ 8,500	\$ 6,600	\$ 1,900	29%
<b>Marketing</b>	<b>\$ 62,170</b>	<b>\$ 66,000</b>	<b>\$ (3,830)</b>	<b>-6%</b>
Marketing Collateral	\$ 61,712	\$ 63,000	\$ (1,288)	-2%
Community Engagement Activities & Sponsorships	\$ 458	\$ 3,000	\$ (2,542)	-85%
<b>Programs</b>	<b>\$ 307,283</b>	<b>\$ 43,500</b>	<b>\$ (43,500)</b>	<b>-100%</b>
Program Costs	\$ -	\$ 43,500	\$ (43,500)	-100%
Programs - EV	\$ 36,450	\$ -	\$ 36,450	100%
Programs - AgFIT	\$ 265,752	\$ 165,000	\$ 100,752	61%
Programs - Heat Pump	\$ 5,081	\$ -	\$ 5,081	100%
<b>Rents &amp; Leases</b>	<b>\$ 4,938</b>	<b>\$ 6,600</b>	<b>\$ (1,662)</b>	<b>-25%</b>
Hunt Boyer Mansion	\$ 4,938	\$ 6,600	\$ (1,662)	-25%
<b>Other A&amp;G</b>	<b>\$ 127,775</b>	<b>\$ 114,450</b>	<b>\$ 13,325</b>	<b>12%</b>
Development - New Members	\$ -	\$ 6,300	\$ (6,300)	-100%
Strategic Plan Implementation	\$ -	\$ 36,000	\$ (36,000)	-100%
PG&E Data Fees	\$ 43,705	\$ 69,000	\$ (25,295)	-37%
Insurance	\$ 8,820	\$ 2,850	\$ 5,970	209%
Banking Fees	\$ 75,250	\$ 300	\$ 74,950	24983%
<b>Miscellaneous Operating Expenses</b>	<b>\$ -</b>	<b>\$ 600</b>	<b>\$ 600</b>	<b>100%</b>
<b>Contingency</b>	<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>100%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 20,501,134</b>	<b>\$ 19,548,150</b>	<b>\$ 686,901</b>	<b>4%</b>
Interest on RCB loan	\$ 5,520	\$ 6,100	\$ (580)	-10%
Interest Expense - Bridge Loan	\$ -	\$ 2,500	\$ (2,500)	-100%
<b>NET INCOME</b>	<b>\$ (1,286,618)</b>	<b>\$ 2,059,750</b>	<b>\$ (3,080,285)</b>	<b>-150%</b>



## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 5D

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**TO:** Board of Directors

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

**SUBJECT:** Financial Update – April 30, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending April 30, 2023

**DATE:** June 15, 2023

---

#### **RECOMMENDATION:**

Accept the following Financial Statements (unaudited) for the period of April 1, 2023 to April 30, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending April 30, 2023.

#### **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, 2023.

#### Financial Statements for the period April 1, 2023 – April 30, 2023

In the Statement of Net Position, VCE, as of April 30, 2023, has a total of \$3,817,909 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,800,000 restricted assets related to supplier deposits, and \$3,419,970 restricted assets for the Power

Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of April 30, 2023 a total of \$6,734. VCE member obligations are incurred monthly due to staffing, accounting, and legal services.

The term loan with River City Bank includes a current portion of \$356,074 and long-term portion of 181,284. On April 30, 2022, VCE's net position is \$15,295,724.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 6,022,839 of revenue (net of allowance for doubtful accounts), of which \$5,128,625 was billed in April, and \$4,288,909 represent estimated unbilled revenue. The cost of electricity for the April revenue totaled \$4,857,964. For April, VCE's gross margin was approximate 19% and net income totaled \$900,714. The year-to-date change in net position was (\$114,810).

In the Statement of Cash Flows, VCE cash flows from operations were (456,628) due to April cash receipts of revenues being less than the monthly cash operating expenses.

#### Actual vs. Budget Variances for the year to date ending April 30, 2023

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

- Electric Revenue – (\$2,577,502) and -9% – Unfavorable variance revenue model error on the timing of rate change isolated to January-2023 and retail load variance lower than forecasted.
- Purchased Power – (\$1,438,428) and -7% – Unfavorable variance due to gas prices driving short-term power market increases during winter months.
- Wholesale Energy Services – (\$327,161) and 129% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.
- Operational Support Services (SMUD) – (\$102,857) and 485% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.
- Banking Fees – \$74,950 or 100% unfavorable variance due to timing difference for renewal of letter of credit budgeted in May-23

#### **Attachments:**

- 7) Financial Statements (Unaudited) April 1, 2023 to April 30, 2023 (with comparative year to date information.)
- 8) Actual vs. Budget for the year to date ending April 30, 2023



# VALLEY CLEAN ENERGY

**VALLEY CLEAN ENERGY ALLIANCE**

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2023

PREPARED ON JUNE 8, 2023

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2023**  
**(UNAUDITED)**

**ASSETS**

Current assets:

Cash in Yolo County Treasury	
Cash and cash equivalents	\$ 3,817,909
Accounts receivable, net of allowance	10,171,782
Accrued revenue	4,288,910
Prepaid expenses	48,047
Other current assets and deposits	<u>2,227,703</u>
Total current assets	<u>20,554,351</u>

Restricted assets:

Debt service reserve fund	1,100,000
Power purchase reserve fund	<u>3,419,970</u>
Total restricted assets	<u>4,519,970</u>

Noncurrent assets:

Total noncurrent assets	-
<b>TOTAL ASSETS</b>	<u><u>\$25,074,321</u></u>

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 662,161
Accrued payroll	92,243
Interest payable	1,599
Due to member agencies	6,734
Accrued cost of electricity	5,109,205
Other accrued liabilities	1,515,145
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	54,153
Limited Term Loan	<u>356,074</u>
Total current liabilities	<u>9,597,314</u>

Noncurrent liabilities

Term Loan- RCB	<u>181,284</u>
Total noncurrent liabilities	<u>181,284</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 9,778,598</u></u>

**NET POSITION**

Net position:

Local Programs Reserve	224,500
Restricted	4,519,970
Unrestricted	<u>10,551,254</u>
<b>TOTAL NET POSITION</b>	<u><u>\$15,295,724</u></u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET POSITION**  
**FOR THE PERIOD OF APRIL 1, 2023 TO APRIL 30, 2023**  
**(WITH COMPARATIVE YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<b>FOR THE PERIOD ENDING APRIL 30, 2023</b>	<b>YEAR TO DATE</b>
<b>OPERATING REVENUE</b>		
Electricity sales, net	\$ 6,022,839	\$ 25,200,498
Other revenue	353,375	\$ 624,469
<b>TOTAL OPERATING REVENUES</b>	<b>6,376,214</b>	<b>\$ 25,824,967</b>
<b>OPERATING EXPENSES</b>		
Cost of electricity	4,857,964	\$ 23,483,428
Contract services	465,538	\$ 1,440,782
Staff compensation	125,626	\$ 512,935
General, administration, and other	42,490	\$ 555,608
<b>TOTAL OPERATING EXPENSES</b>	<b>5,491,618</b>	<b>\$ 25,992,753</b>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>884,596</b>	<b>\$ (167,786)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	17,717	\$ 60,095
Interest and related expenses	(1,599)	\$ (7,119)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>16,118</b>	<b>\$ 52,976</b>
<b>CHANGE IN NET POSITION</b>	<b>900,714</b>	<b>\$ (114,810)</b>
Net position at beginning of period	14,395,010	\$ 57,389,101
Net position at end of period	<b>\$ 15,295,724</b>	<b>\$ 57,274,291</b>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2023**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<u>FOR THE PERIOD ENDING APRIL 30, 2023</u>	<u>YEAR TO DATE</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from electricity sales	\$ 5,335,719	\$ 25,260,577
Payments received from other revenue sources	353,375	624,469
Payments to purchase electricity	(5,602,746)	(22,983,248)
Payments for contract services, general, and administration	(85,869)	(1,477,034)
Payments for staff compensation	(188,599)	(536,977)
<b>Net cash provided (used) by operating activities</b>	<u>(456,628)</u>	<u>887,786</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Principal payments of Debt	(43,879)	6,390
Interest and related expenses	(1,787)	(7,768)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(45,666)</u>	<u>(1,378)</u>
<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	17,717	60,095
<b>Net cash provided (used) by investing activities</b>	<u>17,717</u>	<u>60,095</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(484,577)	677,996
Cash and cash equivalents at beginning of period	8,822,456	32,322,137
<b>Cash and cash equivalents at end of period</b>	<u>\$ 8,337,879</u>	<u>\$ 33,000,133</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	3,817,909	16,296,301
Restricted assets	4,519,970	16,703,832
<b>Cash and cash equivalents at end of period</b>	<u>\$ 8,337,879</u>	<u>\$ 33,000,133</u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2023**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<b>FOR THE PERIOD ENDING <u>APRIL 30, 2023</u></b>	<b><u>YEAR TO DATE</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 884,596	\$ (167,786)
(Increase) decrease in net accounts receivable	(1,744,335.88)	913,305
(Increase) decrease in accrued revenue	1,047,977	(858,513)
(Increase) decrease in prepaid expenses	(16,636)	(48,047)
Increase (decrease) in accounts payable	59,887	262,632
Increase (decrease) in accrued payroll	(62,973)	(24,042)
Increase (decrease) in due to member agencies	650	(199,710)
Increase (decrease) in accrued cost of electricity	(744,782)	500,180
Increase (decrease) in other accrued liabilities	378,258	504,481
Increase (decrease) in user taxes and energy surcharges	9,239	5,287
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ (456,628)</u></b>	<b><u>\$ 619,279</u></b>

**VALLEY CLEAN ENERGY**  
**2023 YTD ACTUAL VS. BUDGET**  
**FOR THE YEAR TO DATE ENDING 04/30/23**

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 25,200,498	\$ 27,778,000	\$ (2,577,502)	-9%
Interest Revenues	\$ 60,095	\$ 14,000	\$ 46,095	329%
<b>Purchased Power</b>	<b>\$ 23,483,428</b>	<b>\$ 22,045,000</b>	<b>\$ 1,438,428</b>	<b>7%</b>
Purchased Power Base	\$ 23,483,428	\$ 20,994,000	\$ 2,489,428	12%
Purchased Power Contingency 2%	\$ -	\$ 1,051,000	\$ (1,051,000)	-100%
<b>Labor &amp; Benefits</b>	<b>\$ 501,170</b>	<b>\$ 480,800</b>	<b>\$ 20,370</b>	<b>4%</b>
Salaries & Wages/Benefits	\$ 402,992	\$ 400,000	\$ 2,992	1%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 10,000	\$ (10,000)	-100%
Human Resources & Payroll	\$ 98,178	\$ 70,800	\$ 27,378	39%
<b>Office Supplies &amp; Other Expenses</b>	<b>\$ 99,567</b>	<b>\$ 68,800</b>	<b>\$ 30,767</b>	<b>45%</b>
Technology Costs	\$ 9,552	\$ 12,400	\$ (2,848)	-23%
Office Supplies	\$ 4,423	\$ 800	\$ 3,623	453%
Travel	\$ -	\$ 2,000	\$ (2,000)	-100%
CalCCA Dues	\$ 43,008	\$ 44,400	\$ (1,392)	-3%
CC Power	\$ 41,029	\$ 8,400	\$ 32,629	388%
Memberships	\$ 1,555	\$ 800	\$ 755	94%
<b>Contractual Services</b>	<b>\$ 1,339,349</b>	<b>\$ 987,500</b>	<b>\$ 351,849</b>	<b>36%</b>
Other Contract Services	\$ -	\$ 8,800	\$ (8,800)	-100%
Don Dame	\$ 828	\$ 3,600	\$ (2,772)	-77%
SMUD - Credit Support	\$ 119,740	\$ 178,300	\$ (58,560)	-33%
SMUD - Wholesale Energy Services	\$ 685,061	\$ 298,900	\$ 386,161	129%
SMUD - Call Center	\$ 274,899	\$ 276,700	\$ (1,801)	-1%
SMUD - Operating Services	\$ 124,057	\$ 21,200	\$ 102,857	485%
Commercial Legal Support	\$ 18,908	\$ 10,000	\$ 8,908	89%
Legal General Counsel	\$ 5,462	\$ 54,400	\$ (48,938)	-90%
Regulatory Counsel	\$ 37,621	\$ 70,000	\$ (32,380)	-46%
Joint CCA Regulatory counsel	\$ 7,525	\$ 11,200	\$ (3,675)	-33%
Legislative - (Lobbyist)	\$ 22,000	\$ 22,000	\$ -	0%
Accounting Services	\$ 7,288	\$ 9,600	\$ (2,312)	-24%
Financial Consultant	\$ -	\$ 14,000	\$ (14,000)	-100%
Audit Fees	\$ 35,960	\$ 8,800	\$ 27,160	309%
<b>Marketing</b>	<b>\$ 101,895</b>	<b>\$ 88,000</b>	<b>\$ 13,895</b>	<b>16%</b>
Marketing Collateral	\$ 101,437	\$ 84,000	\$ 17,437	21%
Community Engagement Activities & Sponsorships	\$ 458	\$ 4,000	\$ (3,542)	-89%
<b>Programs</b>	<b>\$ 311,009</b>	<b>\$ 58,000</b>	<b>\$ (58,000)</b>	<b>-100%</b>
Program Costs	\$ -	\$ 58,000	\$ (58,000)	-100%
Programs - EV	\$ 38,950	\$ -	\$ 38,950	100%
Programs - AgFIT	\$ 266,978	\$ 220,000	\$ 46,978	21%
Programs - Heat Pump	\$ 5,081	\$ -	\$ 5,081	100%
<b>Rents &amp; Leases</b>	<b>\$ 3,288</b>	<b>\$ 8,800</b>	<b>\$ (5,512)</b>	<b>-63%</b>
Hunt Boyer Mansion	\$ 3,288	\$ 8,800	\$ (5,512)	-63%
<b>Other A&amp;G</b>	<b>\$ 152,602</b>	<b>\$ 152,600</b>	<b>\$ 2</b>	<b>0%</b>
Development - New Members	\$ -	\$ 8,400	\$ (8,400)	-100%
Strategic Plan Implementation	\$ -	\$ 48,000	\$ (48,000)	-100%
PG&E Data Fees	\$ 65,592	\$ 92,000	\$ (26,408)	-29%
Insurance	\$ 11,760	\$ 3,800	\$ 7,960	209%
Banking Fees	\$ 75,250	\$ 400	\$ 74,850	18713%
<b>Miscellaneous Operating Expenses</b>	<b>\$ -</b>	<b>\$ 600</b>	<b>\$ 600</b>	<b>100%</b>
<b>Contingency</b>	<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>100%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 25,992,308</b>	<b>\$ 23,910,100</b>	<b>\$ 1,812,399</b>	<b>8%</b>
Interest on RCB loan	\$ 7,119	\$ 7,800	\$ (681)	-9%
Interest Expense - Bridge Loan	\$ -	\$ 2,500	\$ (2,500)	-100%
<b>NET INCOME</b>	<b>\$ (738,835)</b>	<b>\$ 3,871,600</b>	<b>\$ (4,340,626)</b>	<b>-112%</b>