

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

TO: Board of Directors

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

SUBJECT: Financial Update – May 31, 2024 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending May 31, 2024

DATE: July 11, 2024

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of May 1, 2024 to May 31, 2024 (with comparative year to date information) and Actual vs. Budget year to date ending May 31, 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 May 31, 2024.

Financial Statements for the period May 1, 2024 – May 31, 2024

In the Statement of Net Position, VCE, as of May 31, 2024, has a total of \$36,342,470 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 May 31 2024, VCE's net position was \$43,558,878.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 6,150,654 of revenue (net of allowance for doubtful accounts), of which \$7,004,677 was billed in May, and \$4,033,150 represent estimated unbilled revenue. The cost of electricity for the May revenue totaled \$3,920,722. For May, VCE's gross margin was approximately 72% and the net income totaled \$2,045 ,218. The year-to-date change in net position was \$7,135,702.

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

Actual vs. Budget Variances for the year to date ending May 31, 2024

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

- Electric Revenue – (\$4,854,512) and -13% – Unfavorable variance due to retail load variance lower than forecasted due to mild and wet winter and lower spring temperatures reducing agriculture and residential revenues compared to forecast.
- Purchased Power – \$372,527 and 2% – Favorable mainly due to budgeted renewable energy certificates not procured, lower load due to mild and wet winter, lower energy prices, and lower spring temperatures reducing agriculture and residential usage compared to forecast.
- Reimbursable Revenues \$608,500 (AgFIT) – Unfavorable Variance - Reimbursable AgFIT revenues and associated program costs expected in May resulting in budget timing differences.
- General Programs Costs \$159,448 – Favorable Variance – Budgeted program costs are amortized for the year resulting in timing differences.
- AgFIT Programs Costs \$471,814 (AgFIT) – Favorable Variance – Program costs are expected in May resulting in budget timing differences.

Attachments:

- 1) Financial Statements (Unaudited) May 1, 2024 to May 31, 2024 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending May 31, 2024



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF May 1 TO May 31, 2024

PREPARED ON July 7, 2024

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
 May 31, 2024
 (UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$ 36,342,470
Accounts receivable, net of allowance	9,713,517
Accrued revenue	4,033,150
Prepaid expenses	90,870
Inventory - Renewable Energy Credits	-
Other current assets and deposits	3,700,487
Total current assets	53,880,494

Restricted assets:

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

TOTAL ASSETS	\$ 54,980,494
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LIABILITIES

Current liabilities:

Accounts payable	\$ 363,115
Accrued payroll	141,977
Interest payable	-
Due to member agencies	(1,723)
Accrued cost of electricity	7,037,505
Other accrued liabilities	2,070,106
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	10,636
Total liabilities	11,421,617

TOTAL LIABILITIES	\$ 11,421,617
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NET POSITION

Net position:

Local Programs Reserve	\$ 840,000
Restricted	1,100,000
Unrestricted	41,618,878

TOTAL NET POSITION	\$ 43,558,878
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VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
May 31, 2024
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE	
	PERIOD ENDING	YEAR TO DATE
	May 31, 2024	
OPERATING REVENUE		
Electricity sales, net	\$ 6,150,654	\$ 32,567,951
Other revenue	-	-
TOTAL OPERATING REVENUES	6,150,654	32,567,951
 OPERATING EXPENSES		
Cost of electricity	3,920,722	23,188,526
Contract services	15,572	961,706
Staff compensation	132,876	714,116
General, administration, and other	103,634	856,408
TOTAL OPERATING EXPENSES	4,172,805	25,720,757
 TOTAL OPERATING INCOME (LOSS)	1,977,849	6,847,194
 NONOPERATING REVENUES (EXPENSES)		
Interest income	67,369	288,508
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES	67,369	288,508
(EXPENSES)		
 CHANGE IN NET POSITION		
Net position at beginning of period	2,045,218	7,135,702
	5,714,148	36,423,176
Net position at end of period	\$ 7,759,366	\$ 43,558,878

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
May 31, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING May 31, 2024	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 6,150,654	\$ 32,567,951
Payments received from other revenue sources	-	-
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	631,397	
Payments for contract services, general, and administration	(119,206)	(1,818,115)
Payments for member agency services	-	-
Payments for staff compensation	(132,876)	(714,116)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	6,529,968	30,035,720
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
Net cash provided (used) by non-capital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	67,369	288,508
Net cash provided (used) by investing activities	67,369	288,508
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	6,597,338	30,324,228
Cash and cash equivalents at end of period	30,845,132	28,579,933
	37,442,470	58,904,161
Cash and cash equivalents included in:		
Cash and cash equivalents	36,342,470	57,804,161
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	\$ 37,442,470	\$ 58,904,161

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
 May 31, 2024
 (WITH YEAR TO DATE INFORMATION)
 (UNAUDITED)

	<u>FOR THE PERIOD ENDING May 31, 2024</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 1,977,849	\$ 5,613,073
Adjustments to reconcile operating income to net cash provided (used)		
Depreciation expense		
Revenue reduced for uncollectible accounts		
(Increase) decrease in net accounts receivable	802,648	(593,095.56)
(Increase) decrease in accrued revenue	(756,843)	313,839.15
(Increase) decrease in prepaid expenses	(4,732)	(5,880.34)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	(15,670)	15,756.69
Increase (decrease) in accounts payable	3,820,301	(54,547.41)
Increase (decrease) in accrued payroll	(14,006)	(25,888.91)
Increase (decrease) in due to member agencies	-	5,855.40
Increase (decrease) in accrued cost of electricity	686,357	(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	34,064	16,094.60
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	<u>\$ 6,529,968</u>	<u>\$ 3,639,825</u>

VALLEY CLEAN ENERGY
2024 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 05/31/2024

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	\$ 32,855,988	\$ 37,710,500	\$ (4,854,512)	-13%
Electric Revenue	\$ 32,567,481	\$ 36,892,000	\$ (4,324,519)	-12%
Interest Revenues	\$ 288,508	\$ 210,000	\$ 78,508	37%
Reimbursable Revenues	\$ -	\$ 608,500	\$ (608,500)	-100%
Purchased Power	\$ 23,188,527	\$ 22,816,000	\$ 372,527	2%
Purchased Power Base	\$ 23,188,527	\$ 21,729,000	\$ 1,459,527	7%
Purchased Power Contingency 5%	\$ -	\$ 1,087,000	\$ (1,087,000)	-100%
Labor & Benefits	\$ 696,141	\$ 680,000	\$ 16,141	2%
Salaries & Wages/Benefits	\$ 587,320	\$ 560,000	\$ 27,320	5%
Contract Labor	\$ 35,705	\$ 85,000	\$ (49,295)	-58%
Human Resources & Payroll	\$ 73,117	\$ 35,000	\$ 38,117	109%
Office Supplies & Other Expenses	\$ 125,165	\$ 143,000	\$ (17,835)	-12%
Technology Costs	\$ 38,160	\$ 16,000	\$ 22,160	139%
Office Supplies	\$ 6,281	\$ 5,000	\$ 1,281	26%
Travel	\$ 19,038	\$ 22,000	\$ (2,962)	-13%
CalCCA Dues	\$ 59,696	\$ 60,000	\$ (304)	-1%
CC Power	\$ -	\$ 37,500	\$ (37,500)	-100%
Memberships	\$ 1,990	\$ 2,500	\$ (510)	-20%
Contractual Services	\$ 830,618	\$ 958,750	\$ (128,132)	-13%
Other Contract Services (e.g. IRP)	\$ -	\$ 13,000	\$ (13,000)	-100%
Don Dame	\$ 1,924	\$ 9,000	\$ (7,076)	-79%
Wholesale Energy Services (TEA)	\$ 321,325	\$ 341,250	\$ (19,925)	-6%
2030 100% Renewable & Storage	\$ -	\$ 12,500	\$ (12,500)	-100%
Customer Support Call Center	\$ 297,517	\$ 335,000	\$ (37,483)	-11%
Operating Services	\$ 35,301	\$ 25,000	\$ 10,301	41%
Commercial Legal Support	\$ (2,365)	\$ 10,000	\$ (12,365)	-124%
Legal General Counsel	\$ 15,899	\$ 35,000	\$ (19,101)	-55%
Regulatory Counsel	\$ 52,765	\$ 85,000	\$ (32,235)	-38%
Joint CCA Regulatory counsel	\$ 40,787	\$ 8,000	\$ 32,787	410%
Legislative - (Lobbyist)	\$ 33,000	\$ 28,750	\$ 4,250	15%
Accounting Services	\$ (5,855)	\$ 1,250	\$ (7,105)	-568%
Financial Consultant	\$ -	\$ 10,000	\$ (10,000)	-100%
Audit Fees	\$ 40,320	\$ 45,000	\$ (4,680)	-10%
Marketing	\$ 76,367	\$ 125,000	\$ (48,633)	-39%
Marketing Collateral	\$ 76,367	\$ 120,000	\$ (43,633)	-36%
Community Engagement Activities & Sponsorships	\$ -	\$ 5,000	\$ (5,000)	-100%
Programs	\$ 388,738	\$ 1,027,500	\$ (638,762)	-62%
Program Costs (Rebates, Incentives, etc.)	\$ 140,552	\$ 300,000	\$ (159,448)	-53%
AG Fit	\$ 248,186	\$ 720,000	\$ (471,814)	-66%
PIPP Program	\$ -	\$ 7,500	\$ (7,500)	-100%
Rents & Leases	\$ 21,840	\$ 20,500	\$ 1,340	7%
Hunt Boyer Mansion	\$ 21,840	\$ 10,500	\$ 11,340	108%
Lease Improvement	\$ -	\$ 10,000	\$ (10,000)	-100%
Other A&G	\$ 392,137	\$ 265,100	\$ 127,037	48%
Development - New Members	\$ 117,782	\$ 10,500	\$ 107,282	1022%
Strategic Plan Implementation	\$ 5,235	\$ 32,000	\$ (26,765)	-84%
PG&E Data Fees	\$ 111,013	\$ 120,000	\$ (8,987)	-7%
Insurance	\$ 20,075	\$ 20,000	\$ 75	0%
Banking Fees	\$ 138,032	\$ 82,600	\$ 55,432	67%
Miscellaneous Operating Expenses	\$ 754	\$ 5,000	\$ (4,246)	-85%
Contingency	\$ -	\$ 100,000	\$ (100,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	\$ 25,720,287	\$ 26,140,850	\$ (420,563)	-2%
Interest on RCB Term loan	\$ -	\$ -	\$ -	100%
Interest Expense - Bridge Loan \ Line of Credit	\$ -	\$ -	\$ -	100%
NET INCOME	\$ 7,135,702	\$ 11,569,650	\$ (4,433,948)	