

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO: Board of Directors

FROM: Mitch Sears, Interim General Manager
Edward Burnham, Finance and Operations Director

SUBJECT: Financial Update – April 30, 2021 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending April 30, 2021 – UPDATED 6/7/2021

DATE: June 10, 2021

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of April 1, 2021 to April 30, 2021 (with comparative year to date information) and Actual vs. Budget year to date ending April 30, 2021.

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, 2021.

Financial Statements for the period April 1, 2021 – April 30, 2021

In the Statement of Net Position, VCEA as of April 30, 2021 has a total of \$12,176,811 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account and \$1,998,137 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and owes as of April 30, 2021 \$79,659. VCEA member obligations are incurred monthly due to staffing, accounting and legal services.

The term loan with River City Bank includes a current portion of \$395,322 and a long-term portion of \$1,021,252 as of April 30, 2021 for a total of \$1,416,574. On April 30, 2021, VCE's net position is \$14,725,496.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded \$2,791,094 of revenue (net of allowance for doubtful accounts) of which \$2,803,434 was billed in April and (\$1,460,222) represent estimated unbilled revenue. The cost of the electricity for the April revenue totaled \$3,133,723. For April, VCEA's gross margin is approximately (3.81%), and operating loss totaled (\$658,276). The year-to-date change in net position was (\$1,862,188).

In the Statement of Cash Flows, VCEA cash flows from operations was (1,114,775) due to April cash receipts of revenues being lower than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending April 30, 2021

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

- Electric Revenue - \$5,771,706 and 15% – variance is due to load being more favorable year-to-date than planned; the COVID and recessionary impacts have not been as severe as anticipated and the weather has been warmer than forecast.
- Interest Revenue – (\$65,350) and (59%) – variance is due to unfavorable year-to-date than planned due to the Federal Reserve reductions in interest rates resulting from COVID-19 to prevent long-term recessionary conditions.
- Purchased Power - \$4,385,821 and 11% – variance is due to load being more favorable year-to-date than planned; the COVID and recessionary impacts have not been as severe as anticipated and the weather has been warmer than forecast.
- SMUD - Operating Services– (\$117,003) and (47%) – favorable variance to budget due to services lower than planned related to TOU bill protection.
- Legal General Counsel – (\$96,369) and (78%) – favorable variance to budget due to services lower than planned from member agencies and no major cases requiring general counsel.
- New Member Expenses – (57,500) and (100%) favorable variance to budget related to no new member territories being added this year. Winters onboarding expenses are included in marketing and outreach.
- Contingency – (\$195,278) and (100%) – favorable variance to budget is due to not having a need yet to utilize the contingency funds set aside in the budget.

Attachments:

- 1) Financial Statements (Unaudited) April 1, 2021 to April 30, 2021 (with comparative year to date information.)
- 2) Actual vs. Budget for year to date ending April 30, 2021



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2021

PREPARED ON MAY 31, 2021

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
 APRIL 30, 2021
 (UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$	12,176,811
Accounts receivable, net of allowance		3,732,472
Accrued revenue		1,460,222
Prepaid expenses		20,647
Other current assets and deposits		6,883
Total current assets		17,397,035

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		1,998,137
Total restricted assets		3,098,137

Noncurrent assets:

Other noncurrent assets and deposits		100,000
Total noncurrent assets		100,000
TOTAL ASSETS	\$	20,595,172

LIABILITIES

Current liabilities:

Accounts payable	\$	438,976
Accrued payroll		33,755
Interest payable		3,455
Due to member agencies		79,659
Accrued cost of electricity		3,133,723
Other accrued liabilities		(1,560,208)
Security deposits - energy supplies		2,258,640
User taxes and energy surcharges		65,102
Current Portion of LT Debt		395,322
Total current liabilities		4,848,424

Noncurrent liabilities

Term Loan- RCB		1,021,252
Total noncurrent liabilities		1,021,252
TOTAL LIABILITIES	\$	5,869,676

NET POSITION

Restricted		
Local Programs Reserve		224,500
Restricted		3,098,137
Unrestricted		11,402,859
TOTAL NET POSITION	\$	14,725,496

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF APRIL 1, 2021 TO APRIL 30, 2021
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING APRIL 30, 2021	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 2,791,094	\$ 45,315,448
TOTAL OPERATING REVENUES	<u>2,791,094</u>	<u>45,315,448</u>
OPERATING EXPENSES		
Cost of electricity	3,133,723	43,588,958
Contract services	183,341	2,195,854
Staff compensation	90,275	970,734
General, administration, and other	39,906	418,645
TOTAL OPERATING EXPENSES	<u>3,447,245</u>	<u>47,174,191</u>
TOTAL OPERATING INCOME (LOSS)	(656,151)	(1,858,743)
NONOPERATING REVENUES (EXPENSES)		
Interest income	2,429	44,515
Interest and related expenses	(4,554)	(47,960)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(2,125)</u>	<u>(3,445)</u>
CHANGE IN NET POSITION	(658,276)	(1,862,188)
Net position at beginning of period	15,383,772	16,587,684
Net position at end of period	<u>\$ 14,725,496</u>	<u>\$ 14,725,496</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2021
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING APRIL 30, 2021	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 2,556,766	\$ 49,060,991
Receipts for security deposits with energy suppliers	-	1,743,000
Payments to purchase electricity	(3,284,246)	(45,046,662)
Payments for contract services, general, and administration	(298,044)	(5,011,404)
Payments for staff compensation	(89,251)	(948,783)
Other cash payments	-	(4,343)
Net cash provided (used) by operating activities	(1,114,775)	(207,201)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(32,943)	(329,432)
Interest and related expenses	(4,456)	(48,940)
Net cash provided (used) by non-capital financing activities	(37,399)	(378,372)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	2,429	44,515
Net cash provided (used) by investing activities	2,429	44,515
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,149,745)	(541,058)
Cash and cash equivalents at beginning of period	16,424,693	15,816,006
Cash and cash equivalents at end of period	\$ 15,274,948	\$ 15,274,948
Cash and cash equivalents included in:		
Cash and cash equivalents	12,176,811	12,176,811
Restricted assets	3,098,137	3,098,137
Cash and cash equivalents at end of period	\$ 15,274,948	\$ 15,274,948

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2021
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING APRIL 30, 2021</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (656,151)	\$ (1,858,743)
(Increase) decrease in net accounts receivable	(249,565.00)	2,227,739
(Increase) decrease in accrued revenue	(8,064)	1,512,973
(Increase) decrease in prepaid expenses	(18,772)	(20,022)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	-	(4,343)
Increase (decrease) in accounts payable	(7,148)	(203,424)
Increase (decrease) in accrued payroll	1,024	21,951
Increase (decrease) in due to member agencies	22,073	(36,807)
Increase (decrease) in accrued cost of electricity	(150,523)	(1,457,704)
Increase (decrease) in other accrued liabilities	(70,950)	(2,136,652)
Increase (decrease) security deposits with energy suppliers	-	1,743,000
Increase (decrease) in user taxes and energy surcharges	23,301	4,831
Net cash provided (used) by operating activities	<u><u>\$ (1,114,775)</u></u>	<u><u>\$ (207,201)</u></u>

VALLEY CLEAN ENERGY
ACTUAL VS. BUDGET FYE 6-30-2021
FOR THE YEAR TO DATE ENDING 04-30-2021

GL#	Description	4/30/2021	4/30/2021	YTD Variance	% over/-under
		YTD FY2021 Actuals	YTD FY2021 Budget		
301.00	Electric Revenue	\$ 45,315,448	\$ 39,543,742	\$ 5,771,706	15%
311.00	Interest Revenues	44,515	109,865	(65,350)	-59%
415.00	Purchased Power	43,588,953	39,203,132	4,385,821	11%
	Labor & Benefits	947,401	946,664	737	0%
451.10	Salaries & Wages/Benefits	689,202	719,123	(29,921)	-4%
451.20	Contract Labor	161,095	117,493	43,602	37%
453.41	Human Resources & Payroll	97,103	110,048	(12,944)	-12%
	Office Supplies & Other Expenses	131,978	122,357	9,621	8%
452.10	Technology Costs	31,985	17,913	14,072	79%
452.15	Office Supplies	1,676	1,920	(244)	-13%
452.25	Travel	-	5,080	(5,080)	-100%
452.30	CalCCA Dues	95,941	95,944	(3)	0%
452.35	Memberships	2,375	1,500	875	58%
	Contractual Services	2,225,156	2,504,838	(279,682)	-11%
453.10	LEAN Energy	13,320	20,000	(6,680)	-33%
453.15	Don Dame	3,865	8,333	(4,468)	-54%
453.20	SMUD - Credit Support	489,581	465,019	24,561	5%
453.21	SMUD - Wholesale Energy Services	479,720	480,463	(743)	0%
453.22	SMUD - Call Center	630,534	627,033	3,501	1%
453.23	SMUD - Operating Services	134,179	251,182	(117,003)	-47%
	Legal PG&E Bankruptcy	-	20,500	(20,500)	-100%
	Legal General Counsel	26,631	123,000	(96,369)	-78%
453.36	Regulatory Counsel	167,270	158,260	9,010	6%
453.37	Joint CCA Regulatory counsel	17,276	25,625	(8,349)	-33%
453.38	Legislative Support	50,000	51,250	(1,250)	-2%
453.40	Accounting Services	19,240	20,500	(1,260)	-6%
453.42	Audit Fees	43,100	59,963	(16,863)	-28%
453.60	PG&E Acquisition Consulting	849	-	849	100%
459.05	Marketing Outreach	149,591	193,710	(44,120)	-23%
	Rents & Leases	13,752	14,625	(873)	-6%
457.10	Hunt Boyer Mansion	16,894	14,625	2,269	16%
	Other A&G	262,920	311,829	(48,909)	-16%
459.10	PG&E Data Fees	240,666	230,693	9,972	4%
459.15	Community Engagement Activities & Sponsorships	2,359	5,125	(2,766)	-54%
459.20	Insurance	4,905	6,285	(1,380)	-22%
459.08	New Member Expenses	-	57,500	(57,500)	-100%
459.70	Banking Fees	14,990	1,025	13,965	1362%
	Program Costs	-	11,200	(11,200)	-100%
463.00	Miscellaneous Operating Expenses	4,355	5,238	(883)	-17%
463.99	Contingency	-	195,278	(195,278)	-100%
	TOTAL OPERATING EXPENSES	\$ 47,174,514	\$ 43,303,961	\$ 3,870,554	9%
481.10	Interest on RCB loan	47,205	48,182	(977)	-2%
482.10	Interest Expense - SMUD	431	646	(215)	-33%
	NET INCOME	\$ (1,862,188)	\$ (3,699,182)	\$ 1,836,994	-50%