

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 6**

TO: Board of Directors

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

SUBJECT: Financial Update – April 30, 2022 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending April 30, 2022

DATE: June 9, 2022

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of April 1, 2022 to April 30, 2022 (with comparative year to date information) and Actual vs. Budget year to date ending April 30, 2022.

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, 2022.

Financial Statements for the period April 1, 2022 – April 30, 2022

In the Statement of Net Position, VCEA, as of April 30, 2021, has a total of \$5,296,074 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,998,276 restricted assets related to supplier deposits, and \$1,041 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of April 30, 2021, \$62,246 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 \$1,054,195. The line of credit with the County of Yolo has an outstanding balance of \$3,000,000. On April 30, 2022, VCE's net position is \$8,388,870.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCEA recorded \$6,729,101 of revenue (net of allowance for doubtful accounts), of which \$ 5,340,067 was billed in April, and \$2,813,755 represent estimated unbilled revenue. The cost of the electricity for the April revenue totaled \$3,894,811. For April, VCEA's gross margin was approximate 42% and net income totaled \$2,445,024. The year-to-date change in net position was (\$1,551,433).

In the Statement of Cash Flows, VCEA cash flows from operations were (\$94,005) 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, 2022

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

- Electric Revenue - \$803,417 and 5% – favorable variance due to the weather has been warmer than forecast during the winter months and rate and PCIA impacts.
- Purchased Power – (\$1,221,308) and -8% – favorable variance is due to load being more favorable than planned, weather has been warmer than forecast, and lower power market prices during winter months.
- Banking Fees – (\$58,812) and -754% – unfavorable related to the upfront banking fees for the executed 2 year agreement line of credit with River City Bank.

Attachments:

- 1) Financial Statements (Unaudited) April 1, 2022 to April 30, 2022 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending April 30, 2022



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2022

PREPARED ON JUNE 1, 2022

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
 APRIL 30, 2022
 (UNAUDITED)

ASSETS

Current assets:	
Cash and cash equivalents	\$ 5,296,074
Accounts receivable, net of allowance	8,002,312
Accrued revenue	2,813,755
Prepaid expenses	29,717
Other current assets and deposits	1,998,276
Total current assets	<u>18,140,134</u>
Restricted assets:	
Debt service reserve fund	1,100,000
Power purchase reserve fund	1,041
Total restricted assets	<u>1,101,041</u>
TOTAL ASSETS	<u>\$ 19,241,175</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 425,663
Accrued payroll	63,828
Interest payable	2,356
Due to member agencies	62,646
Accrued cost of electricity	4,131,535
Other accrued liabilities	6,346
Security deposits - energy supplies	1,980,000
User taxes and energy surcharges	125,736
Limited Term Loan	1,054,195
Loan - County of Yolo	3,000,000
Total current liabilities	<u>10,852,305</u>
Total noncurrent liabilities	-
TOTAL LIABILITIES	<u>\$ 10,852,305</u>

NET POSITION

Restricted	
Local Programs Reserve	224,500
Restricted	1,101,041
Unrestricted	7,063,329
TOTAL NET POSITION	<u>\$ 8,388,870</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF APRIL 1, 2022 TO APRIL 30, 2022
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING APRIL 30, 2022	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 6,729,101	\$ 16,643,416
TOTAL OPERATING REVENUES	6,729,101	16,643,416
OPERATING EXPENSES		
Cost of electricity	3,900,849	16,735,230
Contract services	188,318	783,169
Staff compensation	121,423	415,206
General, administration, and other	71,318	252,383
TOTAL OPERATING EXPENSES	4,281,908	18,185,988
TOTAL OPERATING INCOME (LOSS)	2,447,193	(1,542,572)
NONOPERATING REVENUES (EXPENSES)		
Other Revenue		
Interest income	1,047	4,250
Interest and related expenses	(3,216)	(13,111)
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,169)	(8,861)
CHANGE IN NET POSITION	2,445,024	(1,551,433)
Net position at beginning of period	5,943,846	9,749,097
Net position at end of period	\$ 8,388,870	\$ 8,197,664

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2022
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING APRIL 30, 2022	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 3,546,169	\$ 14,910,660
Payments to purchase electricity	(3,274,410)	(17,851,669)
Payments for contract services, general, and administration	(247,656)	(689,634)
Payments for staff compensation	(124,146)	(291,141)
Net cash provided (used) by operating activities	<u>(100,043)</u>	<u>(3,921,784)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(32,944)	2,901,169
Interest and related expenses	(3,342)	(13,541)
Net cash provided (used) by non-capital financing activities	<u>(36,286)</u>	<u>2,887,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,047	4,250
Net cash provided (used) by investing activities	<u>1,047</u>	<u>4,250</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(135,282)	(1,154,052)
Cash and cash equivalents at beginning of period	6,532,397	6,532,397
Cash and cash equivalents at end of period	<u>\$ 6,397,115</u>	<u>\$ 6,088,653</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	5,296,074	5,296,074
Restricted assets	1,101,041	1,101,041
Cash and cash equivalents at end of period	<u>\$ 6,397,115</u>	<u>\$ 6,397,115</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2022
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING APRIL 30, 2022</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 2,447,193	\$ (1,613,890)
(Increase) decrease in net accounts receivable	(1,723,072.00)	(694,467.41)
(Increase) decrease in accrued revenue	(1,475,666)	(1,045,561.74)
(Increase) decrease in prepaid expenses	(18,799)	855,513.00
Increase (decrease) in accounts payable	18,966	(19,079.00)
Increase (decrease) in accrued payroll	(2,723)	(81.00)
Increase (decrease) in due to member agencies	1,385	(55,299.00)
Increase (decrease) in accrued cost of electricity	626,439	(1,200,634.00)
Increase (decrease) in other accrued liabilities	10,428	(279,404.00)
Increase (decrease) in user taxes and energy surcharges	15,806	6,973.10
Net cash provided (used) by operating activities	<u>\$ (100,043)</u>	<u>\$ (4,045,930)</u>

VALLEY CLEAN ENERGY
2022 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 04/30/22

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 16,643,417	\$ 15,840,000	\$ 803,417	5%
Interest Revenues	\$ 4,575	\$ 6,000	\$ (1,425)	-24%
Purchased Power	\$ 16,735,230	\$ 17,950,500	\$ (1,221,308)	-7%
Purchased Power Base	\$ 16,729,192	\$ 16,248,000	\$ 481,192	3%
Purchased Power Contingency 2%	\$ -	\$ 1,702,500	\$ (1,702,500)	-100%
Labor & Benefits	\$ 416,202	\$ 437,600	\$ (21,398)	-5%
Salaries & Wages/Benefits	\$ 343,001	\$ 363,200	\$ (20,199)	-6%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 17,600	\$ (17,600)	-100%
Human Resources & Payroll	\$ 73,201	\$ 56,800	\$ 16,401	29%
Office Supplies & Other Expenses	\$ 82,862	\$ 65,600	\$ 17,262	26%
Technology Costs	\$ 13,917	\$ 11,600	\$ 2,317	20%
Office Supplies	\$ 4,595	\$ 800	\$ 3,795	474%
Travel	\$ -	\$ 2,000	\$ (2,000)	-100%
CalCCA Dues	\$ 36,460	\$ 42,400	\$ (5,940)	-14%
CC Power	\$ 26,891	\$ 8,000	\$ 18,891	236%
Memberships	\$ 1,000	\$ 800	\$ 200	25%
Contractual Services	\$ 739,732	\$ 834,600	\$ (94,868)	-11%
Other Contract Services	\$ -	\$ 8,400	\$ (8,400)	-100%
Don Dame	\$ 2,076	\$ 3,200	\$ (1,124)	-35%
SMUD - Credit Support	\$ 144,382	\$ 169,900	\$ (25,518)	-15%
SMUD - Wholesale Energy Services	\$ 195,948	\$ 195,200	\$ 748	0%
SMUD - Call Center	\$ 262,312	\$ 263,500	\$ (1,188)	0%
SMUD - Operating Services	\$ 5,181	\$ 20,000	\$ (14,819)	-74%
Commercial Legal Support	\$ -	\$ -	\$ -	100%
Legal General Counsel	\$ 38,464	\$ 51,600	\$ (13,136)	-25%
Regulatory Counsel	\$ 25,880	\$ 66,400	\$ (40,520)	-61%
Joint CCA Regulatory counsel	\$ 192	\$ 10,800	\$ (10,608)	-98%
Legislative - (Lobbyist)	\$ 20,000	\$ 20,000	\$ -	0%
Accounting Services	\$ 4,336	\$ 8,800	\$ (4,464)	-51%
Financial Consultant	\$ -	\$ 8,400	\$ (8,400)	-100%
Audit Fees	\$ 40,960	\$ 8,400	\$ 32,560	388%
Marketing	\$ 49,834	\$ 82,000	\$ (32,166)	-39%
Marketing Collateral	\$ 49,834	\$ 80,000	\$ (30,166)	-38%
Community Engagement Activities & Sponsorships	\$ -	\$ 2,000	\$ (2,000)	-100%
Programs	\$ 65,390	\$ 58,000	\$ 7,390	13%
Program Costs	\$ 65,390	\$ 58,000	\$ 7,390	13%
Rents & Leases	\$ 9,600	\$ 7,200	\$ 2,400	33%
Hunt Boyer Mansion	\$ 9,600	\$ 7,200	\$ 2,400	33%
Other A&G	\$ 158,727	\$ 119,400	\$ 39,327	33%
Development - New Members	\$ -	\$ 8,400	\$ (8,400)	-100%
Strategic Plan Implementation	\$ (90)	\$ 8,400	\$ (8,490)	-101%
PG&E Data Fees	\$ 87,165	\$ 92,000	\$ (4,835)	-5%
Insurance	\$ 5,040	\$ 2,800	\$ 2,240	80%
Banking Fees	\$ 66,612	\$ 7,800	\$ 58,812	754%
Miscellaneous Operating Expenses	\$ 51	\$ 600	\$ 600	100%
Contingency	\$ -	\$ 20,000	\$ 20,000	100%
TOTAL OPERATING EXPENSES	\$ 18,257,629	\$ 19,575,500	\$ (1,282,760)	-7%
Interest on RCB loan	\$ 13,111	\$ 12,600	\$ 511	4%
Interest Expense - Bridge Loan	\$ -	\$ 10,400	\$ (10,400)	-100%
NET INCOME	\$ (1,622,748)	\$ (3,752,500)	\$ 2,094,641	-56%