

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 6

---

**TO:** Valley Clean Energy Alliance Board of Directors

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

**SUBJECT:** Financial Update – January 31, 2021 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending January 31, 2021

**DATE:** March 11, 2021

---

#### **RECOMMENDATION:**

Accept the following Financial Statements (unaudited) for the period of January 1, 2021 to January 31, 2021 (with comparative year to date information) and Actual vs. Budget year to date ending January 31, 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 January 31, 2021.

#### Financial Statements for the period January 1, 2021 – January 31, 2021

In the Statement of Net Position, VCEA as of January 31, 2021 has a total of \$13,634,251 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account and \$1,670,159 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and owes as of January 31, 2021 \$268,618. VCEA obligations are incurred on a monthly basis due to staffing, accounting and legal services billed by Member agencies to VCE. All long-term obligations balances have been paid.

The term loan with River City Bank includes a current portion of \$395,322 and a long-term portion of \$1,120,082 as of January 31, 2021, for a total of \$1,515,404. On January 31, 2021, VCE's net position is \$16,405,209.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded \$3,445,236 of revenue (net of allowance for doubtful accounts) of which \$3,492,826 was billed in January and (\$1,461,096) represent estimated unbilled revenue. The cost of the electricity for the January revenue totaled \$2,712,863. For January, VCEA's gross margin is approximately 13% and operating income totaled \$453,560. The year-to-date change in net position was (\$182,475).

In the Statement of Cash Flows, VCEA cash flows from operations was \$819,010 due to January cash receipts of revenues being higher than the monthly cash operating expenses.

#### Actual vs. Budget Variances for the year to date ending January 31, 2021

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

Electric Revenue - \$4,343,194 and 13% – 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.

Purchased Power - \$3,992,944 and 13% – 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.

Legal General Counsel – (\$39,035) and (80%) – favorable variance due to services lower than planned from member agencies and no major cases requiring general counsel. This is partially offset by Regulatory legal counsel unfavorable to budgeted by \$22K.

Contingency – (\$138,735) and (100%) – variance is due to not having a need yet to utilize the contingency funds set aside in the budget.

#### **Attachments:**

- 1) Financial Statements (Unaudited) January 1, 2021 to January 31, 2021 (with comparative year to date information.)
- 2) Actual vs. Budget for year to date ending January 31, 2021



# **VALLEY CLEAN ENERGY**

**VALLEY CLEAN ENERGY ALLIANCE**

**FINANCIAL STATEMENTS**

**(UNAUDITED)**

**FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2021**

**PREPARED ON FEBRUARY 25, 2021**

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF NET POSITION**  
**JANUARY 31, 2021**  
**(UNAUDITED)**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 13,634,251
Accounts receivable, net of allowance	4,801,068
Accrued revenue	1,461,096
Prepaid expenses	21,897
Other current assets and deposits	6,883
<b>Total current assets</b>	<b>19,925,195</b>
Restricted assets:	
Debt service reserve fund	1,100,000
Power purchase reserve fund	1,670,159
<b>Total restricted assets</b>	<b>2,770,159</b>
Noncurrent assets:	
Other noncurrent assets and deposits	100,000
<b>Total noncurrent assets</b>	<b>100,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 22,795,354</b>

**LIABILITIES**

Current liabilities:	
Accounts payable	\$ 466,636
Accrued payroll	26,560
Interest payable	3,900
Due to member agencies	262,618
Accrued cost of electricity	2,689,524
Other accrued liabilities	(1,053,973)
Security deposits - energy supplies	2,405,640
User taxes and energy surcharges	73,836
Current Portion of LT Debt	395,322
<b>Total current liabilities</b>	<b>5,270,063</b>
Noncurrent liabilities	
Term Loan- RCB	1,120,082
<b>Total noncurrent liabilities</b>	<b>1,120,082</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 6,390,145</b>

**NET POSITION**

Restricted	
Local Programs Reserve	224,500
Restricted	2,770,159
Unrestricted	13,410,550
<b>TOTAL NET POSITION</b>	<b>\$ 16,405,209</b>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET POSITION**  
**FOR THE PERIOD OF JANUARY 1, 2021 TO JANUARY 31, 2021**  
**(WITH COMPARATIVE YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	FOR THE PERIOD ENDING JANUARY 31, 2021	YEAR TO DATE
<b>OPERATING REVENUE</b>		
Electricity sales, net	\$ 3,445,236	\$ 36,715,532
<b>TOTAL OPERATING REVENUES</b>	<u>3,445,236</u>	<u>36,715,532</u>
<b>OPERATING EXPENSES</b>		
Cost of electricity	2,712,863	34,361,855
Contract services	142,498	1,570,824
Staff compensation	90,412	656,130
General, administration, and other	45,903	309,729
<b>TOTAL OPERATING EXPENSES</b>	<u>2,991,676</u>	<u>36,898,538</u>
<b>TOTAL OPERATING INCOME (LOSS)</b>	453,560	(183,006)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	4,501	35,597
Interest and related expenses	(4,659)	(35,066)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(158)</u>	<u>531</u>
<b>CHANGE IN NET POSITION</b>	453,402	(182,475)
Net position at beginning of period	15,951,807	16,587,684
Net position at end of period	<u>\$ 16,405,209</u>	<u>\$ 16,405,209</u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2021**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<u>FOR THE PERIOD ENDING JANUARY 31, 2021</u>	<u>YEAR TO DATE</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from electricity sales	\$ 3,373,220	\$ 39,400,339
Receipts for security deposits with energy suppliers	-	1,890,000
Payments to purchase electricity	(3,189,497)	(36,263,758)
Payments for contract services, general, and administration	(466,715)	(3,561,854)
Payments for staff compensation	(86,823)	(641,374)
Other cash payments	-	(4,343)
<b>Net cash provided (used) by operating activities</b>	<u>(369,815)</u>	<u>819,010</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Principal payments of Debt	(32,944)	(230,602)
Interest and related expenses	(4,760)	(35,601)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(37,704)</u>	<u>(266,203)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	4,501	35,597
<b>Net cash provided (used) by investing activities</b>	<u>4,501</u>	<u>35,597</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	(403,018)	588,404
<b>Cash and cash equivalents at end of period</b>	<u>16,807,428</u>	<u>15,816,006</u>
	<u>\$ 16,404,410</u>	<u>\$ 16,404,410</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	13,634,251	13,634,251
Restricted assets	2,770,159	2,770,159
<b>Cash and cash equivalents at end of period</b>	<u>\$ 16,404,410</u>	<u>\$ 16,404,410</u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2021**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<u>FOR THE PERIOD ENDING JANUARY 31, 2021</u>	<u>YEAR TO DATE</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING</b>		
Operating Income (Loss)	\$ 453,560	\$ (183,006)
(Increase) decrease in net accounts receivable	(86,473.00)	1,159,143
(Increase) decrease in accrued revenue	(932)	1,512,099
(Increase) decrease in prepaid expenses	(18,772)	(21,272)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	-	(4,343)
Increase (decrease) in accounts payable	(8,925)	(175,764)
Increase (decrease) in accrued payroll	3,589	14,756
Increase (decrease) in due to member agencies	21,774	146,152
Increase (decrease) in accrued cost of electricity	(476,634)	(1,901,903)
Increase (decrease) in other accrued liabilities	(272,391)	(1,630,417)
Increase (decrease) security deposits with energy suppliers	-	1,890,000
Increase (decrease) in user taxes and energy surcharges	15,389	13,565
<b>Net cash provided (used) by operating activities</b>	<u>\$ (369,815)</u>	<u>\$ 819,010</u>

VALLEY CLEAN ENERGY  
ACTUAL VS. BUDGET FYE 6-30-2021  
FOR THE YEAR TO DATE ENDING 01-31-2021

GL#	Description	1/31/2021	1/31/2021		%
		YTD FY2021 Actuals	YTD FY2021 Budget	YTD Variance	over/under
301.00	Electric Revenue	\$ 36,715,532	\$ 32,372,337	\$ 4,343,194	13%
311.00	Interest Revenues	35,597	69,846	(34,250)	-49%
415.00	Purchased Power	34,361,850	30,368,905	3,992,944	13%
	Labor & Benefits	656,129	672,617	(16,488)	-2%
451.10	Salaries & Wages/Benefits	455,777	492,907	(37,130)	-8%
451.20	Contract Labor	142,402	108,536	33,865	31%
453.41	Human Resources & Payroll	57,951	71,174	(13,223)	-19%
	Office Supplies & Other Expenses	91,660	85,650	6,010	7%
452.10	Technology Costs	22,162	12,539	9,623	77%
452.15	Office Supplies	670	1,344	(674)	-50%
452.25	Travel	-	3,556	(3,556)	-100%
452.30	CalCCA Dues	67,158	67,161	(3)	0%
452.35	Memberships	1,670	1,050	620	59%
	Contractual Services	1,593,055	1,773,772	(180,718)	-10%
453.10	LEAN Energy	11,945	14,000	(2,055)	-15%
453.15	Don Dame	2,159	5,833	(3,675)	-63%
453.20	SMUD - Credit Support	342,224	354,212	(11,988)	-3%
453.21	SMUD - Wholesale Energy Services	335,804	336,324	(520)	0%
453.22	SMUD - Call Center	435,407	431,466	3,941	1%
453.23	SMUD - Operating Services	114,510	159,000	(44,490)	-28%
	Legal Bankruptcy	-	14,350	(14,350)	-100%
	Legal General Counsel	17,065	86,100	(69,035)	-80%
453.36	Regulatory Counsel	128,208	110,782	17,426	16%
453.37	Joint CCA Regulatory counsel	12,859	17,938	(5,079)	-28%
453.38	Legislative	35,000	35,875	(875)	-2%
453.40	Accounting Services	13,255	14,350	(1,095)	-8%
453.42	Audit Fees	43,100	59,963	(16,863)	-28%
453.60	PG&E Acquisition Consulting	849	-	849	100%
459.05	Marketing Collateral	100,671	133,580	(32,909)	-25%
	Rents & Leases	8,992	10,172	(1,180)	-12%
457.10	Hunt Boyer Mansion	8,992	10,172	(1,180)	-12%
	Other A&G	195,006	228,826	(33,820)	-15%
459.10	PG&E Data Fees	175,551	167,221	8,330	5%
459.15	Community Engagement Activities & Sponsorships	2,036	3,588	(1,552)	-43%
459.20	Insurance	2,919	4,400	(1,481)	-34%
459.08	New Member Expenses	-	43,500	(43,500)	-100%
459.70	Banking Fees	14,500	718	13,783	1921%
	Program Costs	-	9,400	(9,400)	-100%
463.00	Miscellaneous Operating Expenses	2,129	3,666	(1,538)	-42%
463.99	Contingency	-	138,735	(138,735)	-100%
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 36,908,820</b>	<b>\$ 33,282,344</b>	<b>\$ 3,626,476</b>	<b>11%</b>
481.20	Interest Expense - Munis	-	-	-	0%
481.10	Interest on RCB loan	34,419	34,952	(533)	-2%
482.10	Interest Expense - SMUD	323	646	(323)	-50%
	<b>NET INCOME</b>	<b>\$ (192,433)</b>	<b>\$ (875,759)</b>	<b>\$ 683,326</b>	<b>-78%</b>