

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

TO: Board of Directors

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

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

DATE: October 14, 2021

RECOMMENDATION:

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

Financial Statements for the period August 1, 2021 – August 31, 2021

In the Statement of Net Position, VCEA as of August 31, 2021 has a total of \$7,544,213 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account and \$2,206,986 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and owes as of August 31, 2021, \$34,092. 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 \$1,284,800. On August 31, 2021, VCE's net position is \$12,810,238.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded \$7,002,088 of revenue (net of allowance for doubtful accounts) of which \$6,431,033 was billed in August and (\$3,194,512) represent estimated unbilled revenue. The cost of the electricity for the August revenue totaled \$6,676,655. For August, VCEA's gross margin is approximately 1.72%, and operating loss totaled (\$120,542). The year-to-date change in net position was (\$270,988).

In the Statement of Cash Flows, VCEA cash flows from operations was (204,551) due to August cash receipts of revenues being lower than the monthly cash operating expenses.

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

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

- Electric Revenue - \$2,295,895 and 20% – variance is due to load being more favorable year-to-date than planned; the continued COVID and recessionary impacts and the weather has been warmer than forecast.
- Purchased Power - \$1,338,210 and 11% – variance is due to load being more favorable year-to-date than planned; the COVID and recessionary impacts and the weather has been warmer than forecast.
- SMUD Credit Support - \$60,189 and 72% – variance is due to higher load and forward market pricing than budgeted.

Attachments:

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



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF AUGUST 1 TO AUGUST 31, 2021

PREPARED ON OCTOBER 5, 2021

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

ASSETS

Current assets:

Cash and cash equivalents	\$	7,544,213
Accounts receivable, net of allowance		9,815,120
Accrued revenue		3,194,512
Prepaid expenses		30,953
Other current assets and deposits		6,883
Total current assets		<u>20,591,681</u>

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		2,206,986
Total restricted assets		<u>3,306,986</u>

Noncurrent assets:

Other noncurrent assets and deposits		100,000
Total noncurrent assets		<u>100,000</u>
TOTAL ASSETS	\$	<u><u>23,998,667</u></u>

LIABILITIES

Current liabilities:

Accounts payable	\$	730,540
Accrued payroll		50,328
Interest payable		3,191
Due to member agencies		34,092
Accrued cost of electricity		6,667,912
Other accrued liabilities		108
Security deposits - energy supplies		2,295,640
User taxes and energy surcharges		121,818
Current Portion of LT Debt		1,284,800
Total current liabilities		<u>11,188,429</u>

Noncurrent liabilities

Term Loan- RCB		-
Total noncurrent liabilities		<u>-</u>
TOTAL LIABILITIES	\$	<u><u>11,188,429</u></u>

NET POSITION

Restricted		
Local Programs Reserve		224,500
Restricted		3,306,986
Unrestricted		9,278,752
TOTAL NET POSITION	\$	<u><u>12,810,238</u></u>

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

	FOR THE PERIOD ENDING AUGUST 31, 2021	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 7,002,888	13,995,260
TOTAL OPERATING REVENUES	7,002,888	13,995,260
OPERATING EXPENSES		
Cost of electricity	6,676,655	13,503,013
Contract services	285,843	484,756
Staff compensation	92,027	181,847
General, administration, and other	66,419	91,997
TOTAL OPERATING EXPENSES	7,120,944	14,261,613
TOTAL OPERATING INCOME (LOSS)	(118,056)	(266,353)
NONOPERATING REVENUES (EXPENSES)		
Interest income	1,464	3,366
Interest and related expenses	(3,950)	(8,001)
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,486)	(4,635)
CHANGE IN NET POSITION	(120,542)	(270,988)
Net position at beginning of period	12,930,780	13,081,226
Net position at end of period	\$ 12,810,238	\$ 12,810,238

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

	FOR THE PERIOD ENDING August 31, 2021	YEAR TO DATE
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 6,955,459	\$ 9,908,959
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(6,834,156)	(13,413,912)
Payments for contract services, general, and administration	(237,402)	1,266,302
Payments for staff compensation	(88,452)	(175,224)
Other cash payments	-	-
Net cash provided (used) by operating activities	<hr/> (204,551)	<hr/> (2,413,875)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(32,943)	(65,887)
Interest and related expenses	(4,051)	(8,069)
Net cash provided (used) by non-capital financing activities	<hr/> (36,994)	<hr/> (73,956)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,464	3,366
Net cash provided (used) by investing activities	<hr/> 1,464	<hr/> 3,366
NET CHANGE IN CASH AND CASH EQUIVALENTS	(240,081)	(2,484,465)
Cash and cash equivalents at beginning of period	11,091,280	13,335,664
Cash and cash equivalents at end of period	<hr/> \$ 10,851,199	<hr/> \$ 10,851,199
Cash and cash equivalents included in:		
Cash and cash equivalents	7,544,213	7,544,213
Restricted assets	3,306,986	3,306,986
Cash and cash equivalents at end of period	<hr/> \$ 10,851,199	<hr/> \$ 10,851,199

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

	FOR THE	YEAR TO
	PERIOD ENDING	DATE
	<u>August 31, 2021</u>	<u>DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (118,056)	\$ (266,353)
(Increase) decrease in net accounts receivable	168,923.00	(3,878,579)
(Increase) decrease in accrued revenue	(242,949)	(259,221)
(Increase) decrease in prepaid expenses	(17,020)	(15,810)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	-	-
Increase (decrease) in accounts payable	122,571	246,579
Increase (decrease) in accrued payroll	3,575	6,623
Increase (decrease) in due to member agencies	9,309	(89,314)
Increase (decrease) in accrued cost of electricity	(157,501)	89,101
Increase (decrease) in other accrued liabilities	-	1,701,600
Increase (decrease) security deposits with energy suppliers	-	-
Increase (decrease) in user taxes and energy surcharges	26,597	51,499
Net cash provided (used) by operating activities	<u>\$ (204,551)</u>	<u>\$ (2,413,875)</u>

VALLEY CLEAN ENERGY
ACTUAL VS. BUDGET FYE 6-30-2022
FOR THE YEAR TO DATE ENDING 07/31/2021

GL#	Description	8/31/2021	8/31/2021	YTD	%
		YTD	YTD		
		FY2022 Actuals	FY2022 Budget	Variance	over/-under
301.00	Electric Revenue	13,995,260	11,699,365	2,295,895	20%
311.00	Interest Revenues	3,366	9,400	(6,034)	-64%
415.00	Purchased Power	13,503,013	12,164,803	1,338,210	11%
	Labor & Benefits	181,848	195,134	(13,286)	-7%
451.10	Salaries & Wages/Benefits	153,780	162,913	(9,133)	-6%
451.20	Contract Labor	-	9,709	(9,709)	-100%
453.41	Human Resources & Payroll	28,067	22,512	5,555	25%
	Office Supplies & Other Expenses	32,193	31,408	785	3%
452.10	Technology Costs	4,365	5,672	(1,307)	-23%
452.15	Office Supplies	254	384	(130)	-34%
452.25	Travel	-	1,016	(1,016)	-100%
452.30	CalCCA Dues	19,615	20,702	(1,088)	-5%
	CC Power	7,960	3,333	4,627	139%
452.35	Memberships	-	300	(300)	-100%
	Contractual Services	468,566	423,378	45,187	11%
453.10	Other Contract Services	-	4,000	(4,000)	-100%
453.15	Don Dame	1,545	1,667	(121)	-7%
453.20	SMUD - Credit Support	143,819	83,630	60,189	72%
453.21	SMUD - Wholesale Energy Services	97,974	97,662	312	0%
453.22	SMUD - Call Center	135,143	130,955	4,187	3%
453.23	SMUD - Operating Services	21,780	10,000	11,780	118%
453.24	Commercial Legal Support	-	-	-	100%
453.25	Legal General Counsel	16,694	25,215	(8,521)	-34%
453.36	Regulatory Counsel	25,231	32,443	(7,212)	-22%
453.37	Joint CCA Regulatory counsel	259	5,253	(4,995)	-95%
453.38	Legislative - (Lobbyist)	10,000	10,000	-	0%
453.40	Accounting Services	121	4,203	(4,081)	-97%
453.41	Financial Consultant	-	4,167	(4,167)	-100%
453.42	Audit Fees	16,000	14,183	1,817	13%
453.60	PG&E Acquisition Consulting	-	-	-	100%
	Marketing	23,726	38,971	(15,245)	-39%
459.05	Marketing Collateral	23,726	37,933	(14,207)	-37%
459.15	Community Engagement Activities & Sponsorship	-	1,038	(1,038)	-100%
	Programs	-	22,500	(22,500)	-100%
	Program Costs	-	22,500	(22,500)	-100%
	Rents & Leases	3,180	4,020	(840)	-21%
457.10	Hunt Boyer Mansion	3,180	4,020	(840)	-21%
	Other A&G	35,708	67,998	(25,290)	-37%
459.08	Development - New Members	-	4,000	(4,000)	-100%
459.09	Strategic Plan Implementation	11,190	12,500	(1,310)	
459.10	PG&E Data Fees	22,503	49,999	(27,496)	-55%
459.20	Insurance	2,014	1,288	726	
459.70	Banking Fees	7,000	210	6,790	
463.10	Miscellaneous Operating Expenses	1,680	1,074	607	0%
463.99	Contingency	-	21,690	(21,690)	-100%
	TOTAL OPERATING EXPENSES	14,249,914	12,970,976	1,285,938	10%
481.10	Interest on RCB loan	8,001	4,018	3,983	99%
	NET INCOME	(259,289)	(1,266,229)	999,940	-79%