

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 9**

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**TO:** Board of Directors

**FROM:** Edward Burnham, Finance and Operations Director / Treasurer  
Mitch Sears, Executive Officer

**SUBJECT:** Monthly Treasurer’s Report (Informational Item) – August 31, 2024

**DATE:** October 10, 2024

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**RECOMMENDATION:**

Accept the Treasurer’s report on VCE’s cash, investments, debt, and unaudited financial statements (with comparative year to date information) and Actual vs. Budget year to date for month ending August 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 August 31, 2024.

**Financial Statements for the period August 1, 2024 – August 31, 2024**

In the Statement of Net Position, VCE, as of August 31, 2024, has a total of \$46,822,280 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 August 31, 2024, VCE’s net position was \$54,130,963.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$11,962,671 of revenue (net of allowance for doubtful accounts), of which \$11,613,196 was billed in August, and \$7,040,765 represents estimated unbilled revenue. The cost of electricity for the August revenue totaled \$12,576,087. For August, VCE’s gross margin was approximately -10% and the net loss totaled (\$1,529,748). The year-to-date change in net position was \$17,707,787.

In the Statement of Cash Flows, VCE cash flows from operations were \$11,962,671 due to August cash receipts of revenues being less than the monthly cash operating expenses.

Bank Account Balances (as of 7/31/2024):

Operating Account:	\$	24,283,905
Insured Cash Sweep Account:	\$	23,840,144
Debt Service Account:	\$	1,100,000
<u>CAISO Operational Account:</u>	<u>\$</u>	<u>3,123,984</u>
Total Cash on Deposit	\$	52,348,033

Note: VCE receives 4.45% interest earnings for the average balance on the ICS account and CAISO operational account equal to the Local Agency Investment Fund (LAIF) state investments rate. August 2024 earnings were \$78,162.

VCE's Outstanding Loan Balances (as of 7/31/2024):

Valley Clean Energy Alliance has available at the financial institution a line of credit totaling \$11,000,000 with a \$7,000,000 withdrawal limit, which expires on April 15, 2026. The related debt outstanding at the close of business on August 31, 2024 was \$0. VCE has issued, but undrawn, letters of credit for a total of \$3,897,000 for regulatory and power purchase requirements.

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

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

- Electric Revenue – (\$1,747,822) and -2% – 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 – \$1,063,351 and 13% – Favorable mainly due to lower load due to mild and wet winter, lower energy prices, and lower spring temperatures reducing agriculture and residential usage compared to forecast.
- CC Power Fees - \$53,010 and 88% - Favorable due to timing delay on annual dues that will be paid in future months.
- Reimbursable Revenues \$503, (AgFIT) – Unfavorable Variance - Reimbursable AgFIT revenues and associated program costs are expected later this year resulting in budget timing differences.
- General Programs Costs \$613,000 – Favorable Variance – Budgeted program costs are amortized for the year resulting in timing differences.
- AgFIT Programs Costs \$321,743 (AgFIT) – Favorable Variance – Program costs are expected later this year resulting in budget timing differences.

**Attachments:**

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



# **VALLEY CLEAN ENERGY**

**VALLEY CLEAN ENERGY ALLIANCE**

**FINANCIAL STATEMENTS**

**(UNAUDITED)**

**FOR THE PERIOD OF AUGUST 1 TO AUGUST 31, 2024**

**PREPARED ON OCTOBER 2, 2024**

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

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 46,822,280
Accounts receivable, net of allowance	15,507,076
Accrued revenue	7,040,765
Prepaid expenses	2,068,679
Inventory - Renewable Energy Credits	-
Other current assets and deposits	4,728,934
<b>Total current assets</b>	<u>76,167,734</u>

Restricted assets:

Debt service reserve fund	1,100,000
<b>Total restricted assets</b>	<u>1,100,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 77,267,734</u></u>

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 349,147
Accrued payroll	87,583
Interest payable	-
Due to member agencies	(1,723)
Accrued cost of electricity	18,801,028
Other accrued liabilities	2,058,388
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	42,349
<b>TOTAL LIABILITIES</b>	<u><u>\$ 23,136,771</u></u>

**NET POSITION**

Net position:

Local Programs Reserve	\$ 840,000
Restricted	1,100,000
Unrestricted	52,190,963
<b>TOTAL NET POSITION</b>	<u><u>\$ 54,130,963</u></u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**August 31, 2024**  
**(WITH COMPARATIVE YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	FOR THE PERIOD ENDING August 31, 2024	YEAR TO DATE
<b>OPERATING REVENUE</b>		
Electricity sales, net	\$ 11,962,671	\$ 72,453,649
Other revenue	-	-
<b>TOTAL OPERATING REVENUES</b>	11,962,671	72,453,649
<b>OPERATING EXPENSES</b>		
Cost of electricity	12,576,087	50,688,649
Contract services	802,608	2,207,839
Staff compensation	118,076	1,096,993
General, administration, and other	73,809	1,268,900
<b>TOTAL OPERATING EXPENSES</b>	13,570,581	55,262,382
<b>TOTAL OPERATING INCOME (LOSS)</b>	(1,607,910)	17,191,267
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	78,162	516,521
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	78,162	516,521
<b>CHANGE IN NET POSITION</b>	(1,529,748)	17,707,787
Net position at beginning of period	19,237,535	36,423,176
Net position at end of period	\$ 17,707,787	\$ 54,130,963

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

	FOR THE PERIOD ENDING August 31, 2024	YEAR TO DATE
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from electricity sales	\$ 11,962,671	\$ 72,453,649
Payments received from other revenue sources	-	-
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	533,470	
Payments for contract services, general, and administration	(876,417)	(3,476,740)
Payments for member agency services	-	-
Payments for staff compensation	(118,076)	(1,096,993)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
<b>Net cash provided (used) by operating activities</b>	11,501,647	67,879,916
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
<b>Net cash provided (used) by non-capital financing activities</b>	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	78,162	516,521
<b>Net cash provided (used) by investing activities</b>	78,162	516,521
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	11,579,809	68,396,436
<b>Cash and cash equivalents at end of period</b>	36,342,470	28,579,933
	47,922,280	96,976,370
Cash and cash equivalents included in:		
Cash and cash equivalents	46,822,280	95,876,370
Restricted assets	1,100,000	1,100,000
<b>Cash and cash equivalents at end of period</b>	\$ 47,922,280	\$ 96,976,370

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

	<u>FOR THE PERIOD ENDING August 31, 2024</u>	<u>YEAR TO DATE</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (1,607,910)	\$ 5,613,073
Adjustments to reconcile operating income to net cash provided (used) by		
Depreciation expense		
Revenue reduced for uncollectible accounts		
(Increase) decrease in net accounts receivable	(2,190,732)	(593,095.56)
(Increase) decrease in accrued revenue	497,220	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	10,883	(54,547.41)
Increase (decrease) in accrued payroll	16,726,201	(25,888.91)
Increase (decrease) in due to member agencies	-	5,855.40
Increase (decrease) in accrued cost of electricity	(2,135,934)	(1,645,382.32)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	201,259	-
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	21,062	16,094.60
Increase (decrease) in advances from public purpose programs	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 11,501,648</b>	<b>\$ 3,639,825</b>

**VALLEY CLEAN ENERGY**  
**2024 YTD ACTUAL VS. BUDGET**  
**FOR THE YEAR TO DATE ENDING 08/31/2024**

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
<b>Total Revenues</b>	\$ 72,969,699	\$ 75,164,000	\$ (2,194,301)	-3%
Electric Revenue	\$ 72,453,178	\$ 74,201,000	\$ (1,747,822)	-2%
Interest Revenues	\$ 516,521	\$ 350,000	\$ 166,521	48%
Reimbursable Revenues	\$ -	\$ 613,000	\$ (613,000)	-100%
<b>Purchased Power</b>	\$ 50,688,649	\$ 51,752,000	\$ (1,063,351)	-2%
Purchased Power Base	\$ 50,688,649	\$ 49,287,000	\$ 1,401,649	3%
Purchased Power Contingency 5%	\$ -	\$ 2,465,000	\$ (2,465,000)	-100%
<b>Labor &amp; Benefits</b>	\$ 1,084,462	\$ 1,088,000	\$ (3,538)	0%
Salaries & Wages/Benefits	\$ 892,382	\$ 896,000	\$ (3,618)	0%
Contract Labor	\$ 108,758	\$ 136,000	\$ (27,242)	-20%
Human Resources & Payroll	\$ 83,323	\$ 56,000	\$ 27,323	49%
<b>Office Supplies &amp; Other Expenses</b>	\$ 193,598	\$ 217,100	\$ (23,502)	-11%
Technology Costs	\$ 55,397	\$ 25,600	\$ 29,797	116%
Office Supplies	\$ 7,864	\$ 8,000	\$ (136)	-2%
Travel	\$ 20,501	\$ 23,500	\$ (2,999)	-13%
CalCCA Dues	\$ 100,856	\$ 96,000	\$ 4,856	5%
CC Power	\$ 6,990	\$ 60,000	\$ (53,010)	-88%
Memberships	\$ 1,990	\$ 4,000	\$ (2,010)	-50%
<b>Contractual Services</b>	\$ 1,403,040	\$ 1,509,200	\$ (106,160)	-7%
Other Contract Services (e.g. IRP)	\$ -	\$ 23,000	\$ (23,000)	-100%
Don Dame	\$ 2,624	\$ 14,400	\$ (11,776)	-82%
Wholesale Energy Services (TEA)	\$ 561,552	\$ 546,000	\$ 15,552	3%
2030 100% Renewable & Storage	\$ -	\$ 20,000	\$ (20,000)	-100%
Customer Support Call Center	\$ 516,092	\$ 536,000	\$ (19,908)	-4%
Operating Services	\$ 57,912	\$ 40,000	\$ 17,912	45%
Commercial Legal Support	\$ 6,488	\$ 16,000	\$ (9,513)	-59%
Legal General Counsel	\$ 32,724	\$ 56,000	\$ (23,276)	-42%
Regulatory Counsel	\$ 90,393	\$ 136,000	\$ (45,607)	-34%
Joint CCA Regulatory counsel	\$ 45,471	\$ 12,800	\$ 32,671	255%
Legislative - (Lobbyist)	\$ 49,500	\$ 46,000	\$ 3,500	8%
Accounting Services	\$ (5,855)	\$ 2,000	\$ (7,855)	-393%
Financial Consultant	\$ -	\$ 16,000	\$ (16,000)	-100%
Audit Fees	\$ 46,140	\$ 45,000	\$ 1,140	3%
<b>Marketing</b>	\$ 147,879	\$ 200,000	\$ (52,121)	-26%
Marketing Collateral	\$ 147,879	\$ 192,000	\$ (44,121)	-23%
Community Engagement Activities & Sponsorships	\$ -	\$ 8,000	\$ (8,000)	-100%
<b>Programs</b>	\$ 614,548	\$ 1,452,000	\$ (837,452)	-58%
Program Costs (Rebates, Incentives, etc.)	\$ 96,291	\$ 600,000	\$ (503,709)	-84%
AG Fit	\$ 518,257	\$ 840,000	\$ (321,743)	-38%
PIPP Program	\$ -	\$ 12,000	\$ (12,000)	-100%
<b>Rents &amp; Leases</b>	\$ 39,780	\$ 32,800	\$ 6,980	21%
Hunt Boyer Mansion	\$ 39,780	\$ 16,800	\$ 22,980	137%
Lease Improvement	\$ -	\$ 16,000	\$ (16,000)	-100%
<b>Other A&amp;G</b>	\$ 349,830	\$ 375,200	\$ (25,370)	-7%
Development - New Members	\$ -	\$ 16,800	\$ (16,800)	-100%
Strategic Plan Implementation	\$ 786	\$ 51,200	\$ (50,414)	-98%
PG&E Data Fees	\$ 176,740	\$ 192,000	\$ (15,260)	-8%
Insurance	\$ 34,271	\$ 32,000	\$ 2,271	7%
Banking Fees	\$ 138,032	\$ 83,200	\$ 54,832	66%
Miscellaneous Operating Expenses	\$ 754	\$ 8,000	\$ (7,246)	-91%
Contingency	\$ -	\$ 160,000	\$ (160,000)	-100%
	0	0		
<b>TOTAL OPERATING EXPENSES</b>	\$ 61,490,468	\$ 56,794,300	\$ 4,696,168	8%
Interest on RCB Term loan	\$ -	\$ -	\$ -	100%
Interest Expense - Bridge Loan \ Line of Credit	\$ -	\$ -	\$ -	100%
<b>NET INCOME</b>	\$ 11,479,231	\$ 18,369,700	\$ (6,890,469)	