

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

TO: Board of Directors

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

SUBJECT: Financial Update – March 31, 2022 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending March 31, 2022

DATE: May 12, 2022

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of March 1, 2022 to March 31, 2022 (with comparative year to date information) and Actual vs. Budget year to date ending March 31, 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 March 31, 2022.

Financial Statements for the period March 1, 2022 – March 31, 2022

In the Statement of Net Position, VCEA, as of March 31, 2021, has a total of \$5,431,356 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 March 31, 2021, \$61,261 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 \$1,087,139. On March 31, 2022, VCE's net position is \$5,943,846.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCEA recorded \$3,560,481 of revenue (net of allowance for doubtful accounts), of which \$3,702,319 was billed in March, and \$1,338,089 represent estimated unbilled revenue. The cost of the electricity for the March revenue totaled \$4,099,897. For March, VCEA's gross margin was approximate -15% and net loss totaled (\$964,688). The year-to-date change in net position was (\$4,067,775).

In the Statement of Cash Flows, VCEA cash flows from operations were (\$913,783) due to March cash receipts of revenues being less than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending March 31, 2022

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

- Electric Revenue - \$1,101,485 and 10% – unfavorable variance is due to load being less favorable than planned, and the weather has been warmer than forecast during the winter months.
- Purchased Power – (\$1,186,219) 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.

Attachments:

- 1) Financial Statements (Unaudited) March 1, 2022 to March 31, 2022 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending March 31, 2022



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF MARCH 1 TO MARCH 31, 2022

PREPARED ON MAY 5, 2022

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
MARCH 31, 2022
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$	5,431,356
Accounts receivable, net of allowance		6,279,240
Accrued revenue		1,338,089
Prepaid expenses		10,918
Other current assets and deposits		1,998,276
Total current assets		<u>15,057,879</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>16,158,920</u>

LIABILITIES

Current liabilities:

Accounts payable	\$	406,697
Accrued payroll		66,551
Interest payable		2,482
Due to member agencies		61,261
Accrued cost of electricity		3,505,096
Other accrued liabilities		(4,082)
Security deposits - energy supplies		1,980,000
User taxes and energy surcharges		109,930
Limited Term Loan		1,087,139
Loan - County of Yolo		3,000,000
Total current liabilities		<u>10,215,074</u>
Total noncurrent liabilities		<u>-</u>
TOTAL LIABILITIES	\$	<u>10,215,074</u>

NET POSITION

Restricted		
Local Programs Reserve		224,500
Restricted		1,101,041
Unrestricted		4,618,305
TOTAL NET POSITION	\$	<u>5,943,846</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF MARCH 1, 2022 TO MARCH 31, 2022
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD	
	ENDING	YEAR TO DATE
	March 31, 2022	
OPERATING REVENUE		
Electricity sales, net	\$ 3,560,481	\$ 9,914,315
TOTAL OPERATING REVENUES	<u>3,560,481</u>	<u>9,914,315</u>
OPERATING EXPENSES		
Cost of electricity	4,099,897	12,834,381
Contract services	226,357	594,851
Staff compensation	102,302	293,783
General, administration, and other	94,169	252,383
TOTAL OPERATING EXPENSES	<u>4,522,725</u>	<u>13,975,398</u>
TOTAL OPERATING INCOME (LOSS)	(962,244)	(4,061,083)
NONOPERATING REVENUES (EXPENSES)		
Other Revenue		
Interest income	888	3,203
Interest and related expenses	(3,332)	(9,895)
TOTAL NONOPERATING REVENUES		
(EXPENSES)	<u>(2,444)</u>	<u>(6,692)</u>
CHANGE IN NET POSITION	(964,688)	(4,067,775)
Net position at beginning of period	6,908,534	9,749,097
Net position at end of period	<u>\$ 5,943,846</u>	<u>\$ 5,681,322</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF MARCH 1 TO MARCH 31, 2022
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING MARCH 31, 2022	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 3,483,313	\$ 11,364,491
Payments to purchase electricity	(3,958,765)	(14,577,259)
Payments for contract services, general, and administration	(338,125)	(441,978)
Payments for staff compensation	(100,206)	(291,141)
Net cash provided (used) by operating activities	(913,783)	(3,945,887)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	2,967,057	2,934,113
Interest and related expenses	(3,110)	(10,199)
Net cash provided (used) by non-capital financing activities	2,963,947	2,923,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	888	3,203
Net cash provided (used) by investing activities	888	3,203
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,051,052	(1,018,770)
Cash and cash equivalents at beginning of period	4,481,345	4,481,345
Cash and cash equivalents at end of period	\$ 6,532,397	\$ 6,088,653
Cash and cash equivalents included in:		
Cash and cash equivalents	5,431,356	5,431,356
Restricted assets	1,101,041	1,101,041
Cash and cash equivalents at end of period	\$ 6,532,397	\$ 6,532,397

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF MARCH 1 TO MARCH 31, 2022
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING MARCH 31, 2022</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (962,244)	\$ (4,061,083)
(Increase) decrease in net accounts receivable	(453,156.00)	1,028,604.59
(Increase) decrease in accrued revenue	360,120	430,104.26
(Increase) decrease in prepaid expenses	10,325	874,312.00
Increase (decrease) in accounts payable	(6,079)	(38,045.00)
Increase (decrease) in accrued payroll	2,096	2,642.00
Increase (decrease) in due to member agencies	(98,611)	(56,684.00)
Increase (decrease) in accrued cost of electricity	141,132	(1,827,073.00)
Increase (decrease) in other accrued liabilities	76,766	(289,832.00)
Increase (decrease) in user taxes and energy surcharges	15,868	(8,832.90)
Net cash provided (used) by operating activities	<u>\$ (913,783)</u>	<u>\$ (3,945,887)</u>

VALLEY CLEAN ENERGY
2022 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 03/31/22

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 9,914,315	\$ 11,015,800	\$ (1,101,485)	-10%
Interest Revenues	\$ 3,528	\$ 4,500	\$ (972)	-22%
Purchased Power	\$ 12,834,381	\$ 14,020,600	\$ (1,186,219)	-8%
Purchased Power Base	\$ 12,834,381	\$ 12,595,400	\$ 238,981	2%
Purchased Power Contingency 2%	\$ -	\$ 1,425,200	\$ (1,425,200)	-100%
Labor & Benefits	\$ 294,780	\$ 329,700	\$ (34,920)	-11%
Salaries & Wages/Benefits	\$ 242,835	\$ 272,400	\$ (29,565)	-11%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 14,700	\$ (14,700)	-100%
Human Resources & Payroll	\$ 51,945	\$ 42,600	\$ 9,345	22%
Office Supplies & Other Expenses	\$ 69,186	\$ 49,200	\$ 19,986	41%
Technology Costs	\$ 9,930	\$ 8,700	\$ 1,230	14%
Office Supplies	\$ 4,021	\$ 600	\$ 3,421	570%
Travel	\$ -	\$ 1,500	\$ (1,500)	-100%
CalCCA Dues	\$ 27,345	\$ 31,800	\$ (4,455)	-14%
CC Power	\$ 26,891	\$ 6,000	\$ 20,891	348%
Memberships	\$ 1,000	\$ 600	\$ 400	67%
Contractual Services	\$ 554,237	\$ 625,500	\$ (71,263)	-11%
Other Contract Services	\$ -	\$ 6,300	\$ (6,300)	-100%
Don Dame	\$ 1,052	\$ 2,400	\$ (1,348)	-56%
SMUD - Credit Support	\$ 117,711	\$ 127,000	\$ (9,289)	-7%
SMUD - Wholesale Energy Services	\$ 146,961	\$ 146,400	\$ 561	0%
SMUD - Call Center	\$ 196,764	\$ 197,600	\$ (836)	0%
SMUD - Operating Services	\$ 5,634	\$ 15,000	\$ (9,366)	-62%
Commercial Legal Support	\$ -	\$ -	\$ -	100%
Legal General Counsel	\$ 28,490	\$ 38,700	\$ (10,210)	-26%
Regulatory Counsel	\$ 12,510	\$ 49,800	\$ (37,290)	-75%
Joint CCA Regulatory counsel	\$ 13,562	\$ 8,100	\$ 5,462	67%
Legislative - (Lobbyist)	\$ 15,000	\$ 15,000	\$ -	0%
Accounting Services	\$ 3,252	\$ 6,600	\$ (3,348)	-51%
Financial Consultant	\$ -	\$ 6,300	\$ (6,300)	-100%
Audit Fees	\$ 13,300	\$ 6,300	\$ 7,000	111%
Marketing	\$ 47,012	\$ 61,500	\$ (14,488)	-24%
Marketing Collateral	\$ 47,012	\$ 60,000	\$ (12,988)	-22%
Community Engagement Activities & Sponsorships	\$ -	\$ 1,500	\$ (1,500)	-100%
Programs	\$ 76,870	\$ 43,500	\$ 33,370	77%
Program Costs	\$ 76,870	\$ 43,500	\$ 33,370	77%
Rents & Leases	\$ 6,400	\$ 5,400	\$ 1,000	19%
Hunt Boyer Mansion	\$ 6,400	\$ 5,400	\$ 1,000	19%
Other A&G	\$ 92,805	\$ 91,400	\$ 1,405	2%
Development - New Members	\$ -	\$ 6,300	\$ (6,300)	-100%
Strategic Plan Implementation	\$ (90)	\$ 6,300	\$ (6,390)	-101%
PG&E Data Fees	\$ 87,165	\$ 69,000	\$ 18,165	26%
Insurance	\$ 3,530	\$ 2,100	\$ 1,430	68%
Banking Fees	\$ 2,200	\$ 7,700	\$ (5,500)	-71%
Miscellaneous Operating Expenses	\$ 51	\$ 600	\$ 600	100%
Contingency	\$ -	\$ 20,000	\$ 20,000	100%
TOTAL OPERATING EXPENSES	\$ 13,975,723	\$ 15,247,400	\$ (1,230,528)	-8%
Interest on RCB loan	\$ 9,895	\$ 9,600	\$ 295	3%
Interest Expense - Bridge Loan	\$ -	\$ -	\$ -	100%
NET INCOME	\$ (4,067,775)	\$ (4,236,700)	\$ 127,776	-3%