

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

TO: Board of Directors

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

SUBJECT: Financial Update – January 1, 2022 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending January 31, 2022

DATE: March 10, 2022

RECOMMENDATION:

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

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

In the Statement of Net Position, VCEA, as of January 31, 2021, has a total of \$2,526,535 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 \$2,462,118 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of January 31, 2021, \$138,909. 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 \$1,153,026. On January 31, 2022, VCE's net position is \$8,413,614.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCEA recorded \$3,602,643 of revenue (net of allowance for doubtful accounts), of which \$3,417,595 was billed in January and \$1,698,209 represent estimated unbilled revenue. The cost of the electricity for the January revenue totaled \$4,538,541. For January, VCEA's gross margin was approximate -26% and net loss totaled (\$1,335,483). The year-to-date change in net position was (\$1,335,483).

In the Statement of Cash Flows, VCEA cash flows from operations were (\$1,462,514) due to January cash receipts of revenues being less than the monthly cash operating expenses.

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

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

- Electric Revenue - \$247,043 and 7% – favorable variance is due to load being more favorable than planned and the weather has been warmer than forecast.
- Purchased Power – (\$942,359) and -17% – favorable variance is due to load being more favorable than planned and the weather has been warmer than forecast.

Attachments:

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



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2022

PREPARED ON MARCH 2, 2022

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

ASSETS

Current assets:	
Cash and cash equivalents	\$ 2,526,535
Accounts receivable, net of allowance	6,854,199
Accrued revenue	1,698,209
Prepaid expenses	579,311
Other current assets and deposits	1,998,276
Total current assets	<u>13,656,530</u>
Restricted assets:	
Debt service reserve fund	1,100,000
Power purchase reserve fund	2,462,118
Total restricted assets	<u>3,562,118</u>
Noncurrent assets:	
Other noncurrent assets and deposits	
Total noncurrent assets	-
TOTAL ASSETS	<u>\$ 17,218,648</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 501,149
Accrued payroll	56,235
Interest payable	2,684
Due to member agencies	138,909
Accrued cost of electricity	4,858,263
Other accrued liabilities	(19,338)
Security deposits - energy supplies	1,980,000
User taxes and energy surcharges	134,106
Limited Term Loan	1,153,026
Total current liabilities	<u>8,805,034</u>
Noncurrent liabilities	
Term Loan- RCB	
Total noncurrent liabilities	-
TOTAL LIABILITIES	<u>\$ 8,805,034</u>

NET POSITION

Restricted	
Local Programs Reserve	224,500
Restricted	3,562,118
Unrestricted	4,626,996
TOTAL NET POSITION	<u>\$ 8,413,614</u>

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

	FOR THE PERIOD ENDING JANUARY 31, 2022	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 3,602,643	\$ 3,602,643
TOTAL OPERATING REVENUES	<u>3,602,643</u>	<u>3,602,643</u>
OPERATING EXPENSES		
Cost of electricity	4,538,541	4,538,541
Contract services	227,979	227,979
Staff compensation	95,680	95,680
General, administration, and other	73,836	73,836
TOTAL OPERATING EXPENSES	<u>4,936,036</u>	<u>4,936,036</u>
TOTAL OPERATING INCOME (LOSS)	(1,333,393)	(1,333,393)
NONOPERATING REVENUES (EXPENSES)		
Other Revenue		
Interest income	1,678	1,678
Interest and related expenses	(3,768)	(3,768)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(2,090)</u>	<u>(2,090)</u>
CHANGE IN NET POSITION	(1,335,483)	(1,335,483)
Net position at beginning of period	9,749,097	9,749,097
Net position at end of period	<u>\$ 8,413,614</u>	<u>\$ 8,413,614</u>

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

	<u>FOR THE PERIOD ENDING JANUARY 31, 2022</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 3,963,587	\$ 3,963,587
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(5,012,447)	(5,012,447)
Payments for contract services, general, and administration	(308,108)	(308,108)
Payments for staff compensation	(103,354)	(103,354)
Other cash payments	-	-
Net cash provided (used) by operating activities	<u>(1,460,322)</u>	<u>(1,460,322)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	-	-
Interest and related expenses	(3,870)	(3,870)
Net cash provided (used) by non-capital financing activities	<u>(3,870)</u>	<u>(3,870)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,678	1,678
Net cash provided (used) by investing activities	<u>1,678</u>	<u>1,678</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,462,514)	(1,462,514)
Cash and cash equivalents at beginning of period	7,551,167	7,551,167
Cash and cash equivalents at end of period	<u>\$ 6,088,653</u>	<u>\$ 6,088,653</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	2,526,535	2,526,535
Restricted assets	3,562,118	3,562,118
Cash and cash equivalents at end of period	<u>\$ 6,088,653</u>	<u>\$ 6,088,653</u>

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

	FOR THE PERIOD ENDING JANUARY 31, 2022	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (1,333,393)	\$ (1,333,393)
(Increase) decrease in net accounts receivable	275,616.59	275,616.59
(Increase) decrease in accrued revenue	69,984	69,984
(Increase) decrease in prepaid expenses	305,919	305,919
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	-	-
Increase (decrease) in accounts payable	(28,088)	(28,088)
Increase (decrease) in accrued payroll	(7,674)	(7,674)
Increase (decrease) in due to member agencies	20,964	20,964
Increase (decrease) in accrued cost of electricity	(473,906)	(473,906)
Increase (decrease) in other accrued liabilities	(305,088)	(305,088)
Increase (decrease) security deposits with energy suppliers	-	-
Increase (decrease) in user taxes and energy surcharges	15,343	15,343
Net cash provided (used) by operating activities	\$ (1,460,322)	\$ (1,460,322)

VALLEY CLEAN ENERGY
2022 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 01/31/22

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 3,602,643	\$ 3,355,600	\$ 247,043	7%
Interest Revenues	\$ 1,678	\$ 1,500	\$ 178	12%
Purchased Power	\$ 4,538,541	\$ 5,480,900	\$ (942,359)	-17%
Purchased Power Base	\$ 4,538,541	\$ 4,838,600	\$ (300,059)	-6%
Purchased Power Contingency 2%	\$ -	\$ 642,300	\$ (642,300)	-100%
Labor & Benefits	\$ 95,679	\$ 109,900	\$ (14,221)	-13%
Salaries & Wages/Benefits	\$ 77,674	\$ 90,800	\$ (13,126)	-14%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 4,900	\$ (4,900)	-100%
Human Resources & Payroll	\$ 18,005	\$ 14,200	\$ 3,805	27%
Office Supplies & Other Expenses	\$ 40,597	\$ 16,400	\$ 24,197	148%
Technology Costs	\$ 4,568	\$ 2,900	\$ 1,668	58%
Office Supplies	\$ 24	\$ 200	\$ (176)	-88%
Travel	\$ -	\$ 500	\$ (500)	-100%
CalCCA Dues	\$ 9,115	\$ 10,600	\$ (1,485)	-14%
CC Power	\$ 26,891	\$ 2,000	\$ 24,891	1245%
Memberships	\$ -	\$ 200	\$ (200)	-100%
Contractual Services	\$ 210,924	\$ 209,600	\$ 1,324	1%
Other Contract Services	\$ -	\$ 2,100	\$ (2,100)	-100%
Don Dame	\$ 380	\$ 800	\$ (420)	-53%
SMUD - Credit Support	\$ 50,937	\$ 43,500	\$ 7,437	17%
SMUD - Wholesale Energy Services	\$ 48,987	\$ 48,800	\$ 187	0%
SMUD - Call Center	\$ 65,656	\$ 65,800	\$ (144)	0%
SMUD - Operating Services	\$ 1,108	\$ 5,000	\$ (3,892)	-78%
Commercial Legal Support	\$ -	\$ -	\$ -	100%
Legal General Counsel	\$ 13,983	\$ 12,900	\$ 1,083	8%
Regulatory Counsel	\$ 21,596	\$ 16,600	\$ 4,996	30%
Joint CCA Regulatory counsel	\$ 192	\$ 2,700	\$ (2,508)	-93%
Legislative - (Lobbyist)	\$ 5,000	\$ 5,000	\$ -	0%
Accounting Services	\$ 1,084	\$ 2,200	\$ (1,116)	-51%
Financial Consultant	\$ -	\$ 2,100	\$ (2,100)	-100%
Audit Fees	\$ 2,000	\$ 2,100	\$ (100)	-5%
Marketing	\$ 17,053	\$ 20,500	\$ (3,447)	-17%
Marketing Collateral	\$ 17,053	\$ 20,000	\$ (2,947)	-15%
Community Engagement Activities & Sponsorships	\$ -	\$ 500	\$ (500)	-100%
Programs	\$ 1,058	\$ 14,500	\$ (13,442)	-93%
Program Costs	\$ 1,058	\$ 14,500	\$ (13,442)	-93%
Rents & Leases	\$ 3,200	\$ 1,800	\$ 1,400	78%
Hunt Boyer Mansion	\$ 3,200	\$ 1,800	\$ 1,400	78%
Other A&G	\$ 28,932	\$ 28,000	\$ 932	3%
Development - New Members	\$ -	\$ 2,100	\$ (2,100)	-100%
Strategic Plan Implementation	\$ 5,892	\$ 2,100	\$ 3,792	181%
PG&E Data Fees	\$ 21,730	\$ 23,000	\$ (1,270)	-6%
Insurance	\$ 1,310	\$ 700	\$ 610	87%
Banking Fees	\$ -	\$ 100	\$ (100)	-100%
Miscellaneous Operating Expenses	\$ 51	\$ 600	\$ 600	100%
Contingency	\$ -	\$ 20,000	\$ 20,000	100%
TOTAL OPERATING EXPENSES	\$ 4,936,036	\$ 5,902,200	\$ (925,015)	-16%
Interest on RCB loan	\$ 3,768	\$ 3,400	\$ 368	11%
Interest Expense - Bridge Loan	\$ -	\$ -	\$ -	100%
NET INCOME	\$ (1,335,483)	\$ (2,548,500)	\$ 1,171,868	-46%