

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager
George Vaughn, Finance and Operations Director

SUBJECT: Financial Update – July 31, 2020 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending July 31, 2020

DATE: September 10, 2020

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of July 1, 2020 to July 31, 2020 (with comparative year to date information) and Actual vs. Budget year to date ending July 31, 2020.

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 July 31, 2020.

Financial Statements for the period July 1, 2020 – July 31, 2020

In the Statement of Net Position, VCEA as of July 31, 2020 has a total of \$14,391,523 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account and \$1,354,019 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and SMUD and owes as of July 31, 2020 \$100,710 and \$129,206 respectively for a grand total of \$229,916. VCEA began paying SMUD for the monthly operating expenditures (starting with January 2018 expenditures) and repayment of the deferred amount of \$1,522,433 over a 24-month period. VCEA began paying the Member agencies for the quarterly

reimbursable expenditures starting in July 2019 and repayment of the deferred amount of \$556,188 over a 12-month period.

The term loan with River City Bank includes a current portion of \$395,322 and a long-term portion of \$1,317,740 as of July 31, 2020, for a total of \$1,713,062. At July 31, 2020, VCE's net position is \$16,453,261.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded \$7,012,275 of revenue (net of allowance for doubtful accounts) of which \$7,466,043 was billed in July and (\$420,340) represent estimated unbilled revenue. The cost of the electricity for the July revenue totaled \$6,297,852. For July, VCEA's gross margin is approximately 10% and operating income totaled \$296,234. The year-to-date change in net position was \$297,719.

In the Statement of Cash Flows, VCEA cash flows from operations was \$1,202,659 due to July cash receipts of revenues being higher than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending July 31, 2020

There are no financial statement line items with variances >\$50,000 and 5%:

Attachments:

- 1) Financial Statements (Unaudited) July 1, 2020 to July 31, 2020 (with comparative year to date information.)
- 2) Actual vs. Budget for year to date ending July 31, 2020



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF JULY 1 TO JULY 31, 2020

PREPARED ON AUGUST 30, 2020

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
JULY 31, 2020

ASSETS

Current assets:

Cash in Yolo County Treasury		
Cash and cash equivalents	\$	14,391,523
Accounts receivable, net of allowance		7,077,691
Energy settlements receivable		
Other receivables		
Accrued revenue		2,551,463
Prepaid expenses		21,897
Inventory - Renewable Energy Credits		
Other current assets and deposits		2,540
Total current assets		<u>24,045,114</u>

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		1,354,019
Total restricted assets		<u>2,454,019</u>

Noncurrent assets:

Capital assets, net of depreciation		
Other noncurrent assets and deposits		100,000
Total noncurrent assets		<u>100,000</u>

TOTAL ASSETS	\$	<u><u>26,599,133</u></u>
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LIABILITIES

Current liabilities:

Accounts payable	\$	715,899
Accrued payroll		18,632
Interest payable		4,507
Due to member agencies		100,710
Accrued cost of electricity		6,521,877
Other accrued liabilities		471,324
Security deposits - energy supplies		515,640
User taxes and energy surcharges		84,221
Current Portion of LT Debt		395,322
Advances from public purpose programs		
Total current liabilities		<u>8,828,132</u>

Noncurrent liabilities

Term Loan- RCB		1,317,740
Loans from member agencies		
Total noncurrent liabilities		<u>1,317,740</u>

TOTAL LIABILITIES	\$	<u><u>10,145,872</u></u>
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NET POSITION

Restricted		
Local Programs Reserve		136,898
Restricted		2,454,019
Unrestricted		13,862,344
TOTAL NET POSITION	\$	<u><u>16,453,261</u></u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF JULY 1, 2020 TO JULY 31, 2020
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD	
	ENDING	JULY
	31, 2020	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 7,012,275	\$ 7,012,275
TOTAL OPERATING REVENUES	7,012,275	7,012,275
OPERATING EXPENSES		
Cost of electricity	6,297,852	6,297,852
Contract services	285,594	285,594
Staff compensation	97,532	97,532
General, administration, and other	35,063	35,063
TOTAL OPERATING EXPENSES	6,716,041	6,716,041
TOTAL OPERATING INCOME (LOSS)	296,234	296,234
NONOPERATING REVENUES (EXPENSES)		
Interest income	7,074	7,074
Interest and related expenses	(5,589)	(5,589)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,485	1,485
CHANGE IN NET POSITION	297,719	297,719
Net position at beginning of period	16,155,542	16,155,542
Net position at end of period	\$ 16,453,261	\$ 16,453,261

STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JULY 1 TO JULY 31, 2020
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING	
	JULY 31, 2020	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 6,302,721	\$ 6,302,721
Payments to purchase electricity	(4,657,808)	(4,657,808)
Payments for contract services, general, and administration	(351,550)	(351,550)
Payments for staff compensation	(90,704)	(90,704)
Net cash provided (used) by operating activities	1,202,659	1,202,659
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(32,944)	(32,944)
Interest and related expenses	(5,517)	(5,517)
Net cash provided (used) by non-capital financing activities	(38,461)	(38,461)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	7,074	7,074
Net cash provided (used) by investing activities	7,074	7,074
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	1,171,272	1,171,272
Cash and cash equivalents at end of period	\$ 16,845,542	\$ 16,845,542
Cash and cash equivalents included in:		
Cash and cash equivalents	14,391,523	14,391,523
Restricted assets	2,454,019	2,454,019
Cash and cash equivalents at end of period	\$ 16,845,542	\$ 16,845,542

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JULY 1 TO JULY 31, 2020
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE	
	PERIOD ENDING	
	JULY 31, 2020	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 296,234	\$ 296,234
(Increase) decrease in net accounts receivable	(1,155,236)	(1,155,236)
(Increase) decrease in accrued revenue	421,732	421,732
(Increase) decrease in prepaid expenses	(21,272)	(21,272)
Increase (decrease) in accounts payable	73,499	73,499
Increase (decrease) in accrued payroll	6,828	6,828
Increase (decrease) in due to member agencies	22,000	22,000
Increase (decrease) in accrued cost of electricity	1,640,044	1,640,044
Increase (decrease) in other accrued liabilities	(105,120)	(105,120)
Increase (decrease) in user taxes and energy surcharges	23,950	23,950
Net cash provided (used) by operating activities	\$ 1,202,659	\$ 1,202,659

VALLEY CLEAN ENERGY
ACTUAL VS. BUDGET FYE 6-30-2021
FOR THE YEAR TO DATE ENDING 07-31-20

Description	7/30/2021	7/30/2021	YTD Variance	% over/-under
	YTD FY2021 Actuals	YTD FY2021 Budget		
Electric Revenue	\$ 7,012,275	\$ 6,877,599	\$ 134,676	2%
Interest Revenues	7,074	6,836	238	3%
Purchased Power	6,297,852	6,300,428	(2,576)	0%
Labor & Benefits	97,532	107,129	(9,597)	-9%
Salaries & Wages/Benefits	67,635	59,954	7,681	13%
Contract Labor	23,333	39,976	(16,643)	-42%
Human Resources & Payroll	6,564	7,199	(635)	-9%
Office Supplies & Other Expenses	10,389	12,236	(1,847)	-15%
Technology Costs	745	1,791	(1,046)	-58%
Office Supplies	50	192	(142)	-74%
Travel	-	508	(508)	-100%
CalCCA Dues	9,594	9,594	(0)	0%
Memberships	-	150	(150)	-100%
Contractual Services	287,819	286,754	1,065	0%
LEAN Energy	2,225	2,000	225	11%
Don Dame	219	833	(614)	-74%
SMUD - Credit Support	65,333	68,479	(3,146)	-5%
SMUD - Wholesale Energy Services	47,972	48,046	(74)	0%
SMUD - Call Center	60,295	59,684	611	1%
SMUD - Operating Services	36,935	35,000	1,935	6%
Legal Bankruptcy	-	2,050	(2,050)	-100%
Legal General Counsel	5,821	12,300	(6,479)	-53%
Regulatory Counsel	25,433	15,826	9,607	61%
Joint CCA Regulatory counsel	1,331	2,563	(1,232)	-48%
Legislative	5,000	5,125	(125)	-2%
Accounting Services	1,600	2,050	(450)	-22%
Audit Fees	13,135	13,838	(702)	-5%
PG&E Acquisition Consulting	780	-	780	100%
Marketing Collateral	21,740	18,961	2,779	15%
Rents & Leases	1,448	1,448	-	0%
Hunt Boyer Mansion	1,448	1,448	-	0%
Other A&G	20,943	27,627	(6,684)	-24%
PG&E Data Fees	19,990	24,384	(4,394)	-18%
Community Engagement Activities & Sponsorships	536	513	24	5%
Insurance	417	629	(212)	-34%
New Member Expenses	-	2,000	(2,000)	-100%
Banking Fees	-	103	(103)	-100%
Program Costs	-	-	-	100%
Miscellaneous Operating Expenses	58	524	(466)	-89%
Contingency	-	21,786	(21,786)	-100%
TOTAL OPERATING EXPENSES	\$ 6,716,041	\$ 6,757,932	\$ (41,891)	-1%
Interest Expense - Munis	-	-	-	#DIV/0!
Interest on RCB loan	5,266	5,195	71	1%
Interest Expense - SMUD	323	323	-	0%
NET INCOME	\$ 297,719	\$ 120,985	\$ 176,734	146%