

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

TO: Board of Directors

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

SUBJECT: Financial Update – June 30, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending June 30, 2023

DATE: October 12, 2023

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of June 1, 2023 to June 30, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending June 30, 2023.

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 June 30, 2023.

Financial Statements for the period June 1, 2023 – June 30, 2023

In the Statement of Net Position, VCE, as of June 30, 2023, has a total of \$5,545,433 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,800,000 restricted assets related to supplier deposits, and \$3,436,559 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of June 30, 2023 a total of \$8,035. 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 \$267,858 and a long-term portion of 181,284. On June 30, 2022, VCE's net position was \$16,737,515.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 10,754,193 of revenue (net of allowance for doubtful accounts), of which \$8,777,362 was billed in June, and \$7,339,006 represent estimated unbilled revenue. The cost of electricity for the June revenue totaled \$5,171,794. For June, VCE's gross margin was approximately 52% and the net income totaled \$5,151,217. The year-to-date change in net position was 1,326,981.

In the Statement of Cash Flows, VCE cash flows from operations were \$818,609 due to June cash receipts of revenues being more than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending June 30, 2023

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

- Electric Revenue – (\$6,124,115) and -13% – Unfavorable variance due to revenue model (January-2023) and retail load variance lower than forecasted due to mild winter and spring.
- Purchased Power – \$1,895,194 and -6% – Favorable variance due to gas prices driving short-term power market increases during winter off-set by lower load than forecasted.
- Wholesale Energy Services – (\$310,987) and 58% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.
- Credit Support Services (SMUD) – \$105,505 and 41% favorable variance related to lower retail load than forecasted due to mild winter and summer.
- Operational Support Services (SMUD) – (\$92,257) and 290% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.
- Legal General Counsel – \$72,838 and 89% favorable variance related to lower operational support requirements than budgeted.
- Strategic Plan Implementation – \$72,270 or 100% favorable variance due to timing difference.
- Contingency – (\$120,00) and (100%) – favorable variance to budget is due to not having a need yet to utilize the contingency funds set aside in the budget.

Attachments:

- 1) Financial Statements (Unaudited) June 1, 2023 to June 30, 2023 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending June 30, 2023



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF JUNE 1 TO JUNE 30, 2023

PREPARED ON SEPTEMBER 28, 2023

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
June 30, 2023
(UNAUDITED)

ASSETS

Current assets:

Cash in Yolo County Treasury		
Cash and cash equivalents	\$	5,545,433
Accounts receivable, net of allowance		11,619,815
Accrued revenue		3,020,149
Prepaid expenses		17,363
Other current assets and deposits		2,227,703
Total current assets		22,430,463

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		3,436,559
Total restricted assets		4,536,559
TOTAL ASSETS	\$	26,967,022

LIABILITIES

Current liabilities:

Accounts payable	\$	441,698
Accrued payroll		96,649
Interest payable		1,336
Due to member agencies		8,035
Accrued cost of electricity		6,322,760
Other accrued liabilities		1,071,558
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		38,329
Limited Term Loan		267,858
Total current liabilities		10,048,223

Noncurrent liabilities

Term Loan- RCB		181,284
Total noncurrent liabilities		181,284
TOTAL LIABILITIES	\$	10,229,507

NET POSITION

Net position:

Local Programs Reserve		224,500
Restricted		4,536,559
Unrestricted		11,976,456
TOTAL NET POSITION	\$	16,737,515

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF JUNE 1, 2023 TO JUNE 30, 2023
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING JUNE 30, 2023	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 10,754,193	\$ 38,475,028
Other revenue	3,375	631,219
TOTAL OPERATING REVENUES	<u>10,757,568</u>	<u>\$ 39,106,247</u>
OPERATING EXPENSES		
Cost of electricity	5,171,794	\$ 34,110,194
Contract services	199,725	1,837,426
Staff compensation	113,718	737,096
General, administration, and other	141,422	1,187,259
TOTAL OPERATING EXPENSES	<u>5,626,658</u>	<u>\$ 37,871,975</u>
TOTAL OPERATING INCOME (LOSS)	5,130,909	\$ 1,234,272
NONOPERATING REVENUES (EXPENSES)		
Interest income	21,644	102,681
Interest and related expenses	(1,336)	(9,971)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>20,308</u>	<u>92,710</u>
CHANGE IN NET POSITION	5,151,217	1,326,981
Net position at beginning of period	11,586,298	15,410,534
Net position at end of period	<u>\$ 16,737,515</u>	<u>\$ 16,737,515</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JUNE 1 TO JUNE 30, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING JUNE 30, 2023</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 6,075,308	\$ 37,484,605
Payments received from other revenue sources	3,375	631,219
Payments to purchase electricity	(5,174,461)	(32,396,459)
Payments for contract services, general, and administration	(410,130)	(3,137,395)
Payments for staff compensation	(103,186)	(756,732)
Net cash provided (used) by operating activities	<u>818,609</u>	<u>(1,774,762)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(44,149)	(81,826)
Interest and related expenses	(1,516)	(10,883)
Net cash provided (used) by non-capital financing activities	<u>(45,665)</u>	<u>(92,709)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	21,644	102,681
Net cash provided (used) by investing activities	<u>21,644</u>	<u>102,681</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	794,588	2,422,109
Cash and cash equivalents at beginning of period	9,287,404	49,947,420
Cash and cash equivalents at end of period	<u>\$ 10,081,992</u>	<u>\$ 52,369,529</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	5,545,433	5,545,433
Restricted assets	4,536,559	4,536,559
Cash and cash equivalents at end of period	<u>\$ 10,081,992</u>	<u>\$ 10,081,992</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JUNE 1 TO JUNE 30, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING JUNE 30, 2023</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 813,899	\$ 1,234,271
(Increase) decrease in net accounts receivable	(2,438,083.00)	(1,390,134)
(Increase) decrease in accrued revenue	2,056,064	410,248
(Increase) decrease in prepaid expenses	15,342	(17,363)
Increase (decrease) in accounts payable	(62,630)	42,169
Increase (decrease) in accrued payroll	(5,889)	(19,636)
Increase (decrease) in due to member agencies	650	(198,409)
Increase (decrease) in accrued cost of electricity	(2,667)	1,713,735
Increase (decrease) in other accrued liabilities	(7,772)	60,894
Increase (decrease) in user taxes and energy surcharges	21,992	(10,537)
Net cash provided (used) by operating activities	<u>\$ 818,609</u>	<u>\$ 2,412,137</u>

VALLEY CLEAN ENERGY
2023 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 06/30/23

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 42,793,885	\$ 48,918,000	\$ (6,124,115)	-13%
Other Revenues - Programs	\$ 631,219	\$ 330,000	\$ 301,219	91%
Interest Revenues	\$ 102,681	\$ 21,000	\$ 81,681	389%
Purchased Power	\$ 34,110,194	\$ 32,215,000	\$ 1,895,194	6%
Purchased Power Base	\$ 34,110,194	\$ 30,680,000	\$ 3,430,194	11%
Purchased Power Contingency 2%	\$ -	\$ 1,535,000	\$ (1,535,000)	-100%
Labor & Benefits	\$ 738,812	\$ 721,200	\$ 17,612	2%
Salaries & Wages/Benefits	\$ 585,826	\$ 600,000	\$ (14,174)	-2%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 15,000	\$ (15,000)	-100%
Human Resources & Payroll	\$ 152,986	\$ 106,200	\$ 46,786	44%
Office Supplies & Other Expenses	\$ 147,171	\$ 108,000	\$ 39,171	36%
Technology Costs	\$ 17,614	\$ 23,400	\$ (5,786)	-25%
Office Supplies	\$ 6,840	\$ 1,200	\$ 5,640	470%
Travel	\$ 15,621	\$ 3,000	\$ 12,621	421%
CalCCA Dues	\$ 64,512	\$ 66,600	\$ (2,088)	-3%
CC Power	\$ 41,029	\$ 12,600	\$ 28,429	226%
Memberships	\$ 1,555	\$ 1,200	\$ 355	30%
Contractual Services	\$ 1,728,664	\$ 1,559,000	\$ 169,664	11%
Other Contract Services	\$ -	\$ 13,200	\$ (13,200)	-100%
Don Dame	\$ 1,897	\$ 5,400	\$ (3,503)	-65%
SMUD - Credit Support	\$ 148,895	\$ 254,400	\$ (105,505)	-41%
SMUD - Wholesale Energy Services	\$ 849,887	\$ 538,900	\$ 310,987	58%
SMUD - Call Center	\$ 421,839	\$ 415,300	\$ 6,539	2%
SMUD - Operating Services	\$ 124,057	\$ 31,800	\$ 92,257	290%
Commercial Legal Support	\$ 20,156	\$ 15,000	\$ 5,156	34%
Legal General Counsel	\$ 8,762	\$ 81,600	\$ (72,838)	-89%
Regulatory Counsel	\$ 68,096	\$ 105,000	\$ (36,905)	-35%
Joint CCA Regulatory counsel	\$ 7,525	\$ 16,800	\$ (9,275)	-55%
Legislative - (Lobbyist)	\$ 33,000	\$ 33,000	\$ -	0%
Accounting Services	\$ 8,590	\$ 14,400	\$ (5,810)	-40%
Financial Consultant	\$ -	\$ 21,000	\$ (21,000)	-100%
Audit Fees	\$ 35,960	\$ 13,200	\$ 22,760	172%
Marketing	\$ 168,533	\$ 132,000	\$ 36,533	28%
Marketing Collateral	\$ 145,343	\$ 126,000	\$ 19,343	15%
Community Engagement Activities & Sponsorships	\$ 23,190	\$ 6,000	\$ 17,190	287%
Program Costs	\$ 741,482	\$ 417,000	\$ 324,482	78%
Program Costs	\$ 2,459	\$ 87,000	\$ (84,541)	-97%
Programs - EV	\$ 112,623	\$ -	\$ 112,623	100%
Programs - AgFIT	\$ 617,428	\$ 330,000	\$ 287,428	87%
Programs - Heat Pump	\$ 8,972	\$ -	\$ 8,972	100%
Rents & Leases	\$ 6,588	\$ 13,200	\$ (6,612)	-50%
Hunt Boyer Mansion	\$ 6,588	\$ 13,200	\$ (6,612)	-50%
Other A&G	\$ 231,679	\$ 300,800	\$ (69,121)	-23%
Development - New Members	\$ -	\$ 12,600	\$ (12,600)	-100%
Strategic Plan Implementation	\$ (270)	\$ 72,000	\$ (72,270)	-100%
PG&E Data Fees	\$ 131,441	\$ 138,000	\$ (6,559)	-5%
Insurance	\$ 17,640	\$ 5,700	\$ 11,940	209%
Banking Fees	\$ 82,868	\$ 72,500	\$ 10,368	14%
Miscellaneous Operating Expenses	\$ 256	\$ 3,600	\$ (3,344)	-93%
Contingency	\$ -	\$ 120,000	\$ (120,000)	-100%
TOTAL OPERATING EXPENSES	\$ 37,873,378	\$ 35,589,800	\$ (2,283,578)	-6%
Interest on RCB loan	\$ 9,971	\$ 10,900	\$ (929)	-9%
Interest Expense - Bridge Loan	\$ -	\$ 25,000	\$ (25,000)	-100%
NET INCOME	\$ 5,644,435	\$ 13,643,300	\$ (7,998,865)	-59%

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

TO: Board of Directors

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

SUBJECT: Financial Update – July 31, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending July 31, 2023

DATE: October 12, 2023

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of July 1, 2023 to July 31, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending July 31, 2023.

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, 2023.

Financial Statements for the period July 1, 2023 – July 31, 2023

In the Statement of Net Position, VCE, as of July 31, 2023, has a total of \$6,268,493 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,800,000 restricted assets related to supplier deposits, and \$3,455,552 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of July 31, 2023 a total of \$6,734. 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 \$223,529 and a long-term portion of 181,284. On July 31, 2022, VCE's net position was \$22,140,585.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 10,636,848 of revenue (net of allowance for doubtful accounts), of which \$10,889,433 was billed in July, and \$7,333,912 represent estimated unbilled revenue. The cost of electricity for the July revenue totaled \$4,902,253. For July, VCE's gross margin was approximately 52% and the net income totaled \$5,403,070. The year-to-date change in net position was 6,730,051.

In the Statement of Cash Flows, VCE cash flows from operations were \$753,983 due to July cash receipts of revenues being more than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending July 31, 2023

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

- Electric Revenue – (\$8,157,267) and -13% – Unfavorable variance due to revenue model (January-2023) and retail load variance lower than forecasted due to mild winter and spring.
- Purchased Power – \$1,694,553 and -6% – Favorable variance due to gas prices driving short-term power market increases during winter off-set by lower load than forecasted.
- Wholesale Energy Services – (\$320,150) and 53% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.
- Credit Support Services (SMUD) – \$99,137 and 39% favorable variance related to lower retail load than forecasted due to mild winter and summer.
- Operational Support Services (SMUD) – (\$93,329) and 252% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.
- Legal General Counsel – \$85,718 and 90% favorable variance related to lower operational support requirements than budgeted.
- Strategic Plan Implementation – \$84,016 or 100% favorable variance due to timing difference.
- Contingency – (\$140,00) and (100%) – favorable variance to budget is due to not having a need yet to utilize the contingency funds set aside in the budget.

Attachments:

- 3) Financial Statements (Unaudited) July 1, 2023 to July 31, 2023 (with comparative year to date information.)
- 4) Actual vs. Budget for the year to date ending July 31, 2023



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF JULY 1 TO JULY 31, 2023

PREPARED ON SEPTEMBER 28, 2023

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
July 31, 2023
(UNAUDITED)

ASSETS

Current assets:

Cash in Yolo County Treasury		
Cash and cash equivalents	\$	6,268,493
Accounts receivable, net of allowance		14,028,376
Accrued revenue		3,015,055
Prepaid expenses		123,619
Other current assets and deposits		2,227,703
Total current assets		<u>25,663,246</u>

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		3,445,552
Total restricted assets		<u>4,545,552</u>
TOTAL ASSETS	\$	<u><u>30,208,798</u></u>

LIABILITIES

Current liabilities:

Accounts payable	\$	336,813
Accrued payroll		85,860
Interest payable		1,244
Due to member agencies		6,734
Accrued cost of electricity		4,257,605
Other accrued liabilities		1,118,158
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		56,986
Limited Term Loan		223,529
Total current liabilities		<u>7,886,929</u>

Noncurrent liabilities

Term Loan- RCB		181,284
Total noncurrent liabilities		<u>181,284</u>
TOTAL LIABILITIES	\$	<u><u>8,068,213</u></u>

NET POSITION

Net position:

Local Programs Reserve		224,500
Restricted		4,545,552
Unrestricted		17,370,533
TOTAL NET POSITION	\$	<u><u>22,140,585</u></u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF JULY 1, 2023 TO JULY 31, 2023
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING JULY 31, 2023	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 10,636,848	\$ 49,111,876
Other revenue	-	631,219
TOTAL OPERATING REVENUES	10,636,848	\$ 49,743,095
OPERATING EXPENSES		
Cost of electricity	4,902,253	\$ 39,012,447
Contract services	190,874	2,028,301
Staff compensation	100,455	837,552
General, administration, and other	62,686	1,249,940
TOTAL OPERATING EXPENSES	5,256,268	\$ 43,128,240
TOTAL OPERATING INCOME (LOSS)	5,380,580	\$ 6,614,855
NONOPERATING REVENUES (EXPENSES)		
Interest income	23,734	126,414
Interest and related expenses	(1,244)	(11,215)
TOTAL NONOPERATING REVENUES (EXPENSES)	22,490	115,199
CHANGE IN NET POSITION	5,403,070	6,730,051
Net position at beginning of period	16,737,515	15,410,534
Net position at end of period	\$ 22,140,585	\$ 22,140,585

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JULY 1 TO JULY 31, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING JULY 31, 2023</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	8,252,038	46,592,049
Payments received from other revenue sources	-	631,219
Payments to purchase electricity	(6,967,408)	(39,363,867)
Payments for contract services, general, and administration	(419,403)	(3,556,799)
Payments for staff compensation	(111,244)	(867,976)
Other cash payments	-	(268,507)
Net cash provided (used) by operating activities	<u>753,983</u>	<u>3,434,626</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(44,329)	(81,826)
Interest and related expenses	(1,334)	(10,881)
Net cash provided (used) by non-capital financing activities	<u>(45,663)</u>	<u>(92,707)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	23,734	126,414
Net cash provided (used) by investing activities	<u>23,734</u>	<u>126,414</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	10,081,992	60,029,412
Cash and cash equivalents at end of period	<u>10,814,045</u>	<u>63,183,574</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	6,268,493	6,268,493
Restricted assets	4,545,552	4,545,552
Cash and cash equivalents at end of period	<u>10,814,045</u>	<u>10,814,045</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JULY 1 TO JULY 31, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING JULY 31, 2023</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	5,380,580	6,614,851
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		
(Increase) decrease in net accounts receivable	(2,408,561)	(2,943,289)
(Increase) decrease in accrued revenue	5,094	415,342
(Increase) decrease in prepaid expenses	(106,256)	(123,619)
(Increase) decrease in other assets and deposits	-	(268,507)
Increase (decrease) in accounts payable	(104,886)	(62,718)
Increase (decrease) in accrued payroll	(10,789)	(30,425)
Increase (decrease) in due to member agencies	(1,301)	(199,710)
Increase (decrease) in accrued cost of electricity	(2,065,155)	(351,420)
Increase (decrease) in other accrued liabilities	46,600	107,494
Increase (decrease) in user taxes and energy surcharges	18,657	8,120
Net cash provided (used) by operating activities	753,983	3,166,119

VALLEY CLEAN ENERGY
2023 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 07/31/23

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 53,430,733	\$ 61,588,000	\$ (8,157,267)	-13%
Other Revenues - Programs	\$ 631,219	\$ 385,000	\$ 246,219	64%
Interest Revenues	\$ 126,414	\$ 24,500	\$ 101,914	416%
Purchased Power	\$ 39,012,447	\$ 40,707,000	\$ (1,694,553)	-4%
Purchased Power Base	\$ 39,012,447	\$ 38,768,000	\$ 244,447	1%
Purchased Power Contingency 2%	\$ -	\$ 1,939,000	\$ (1,939,000)	-100%
Labor & Benefits	\$ 839,267	\$ 841,400	\$ (2,133)	0%
Salaries & Wages/Benefits	\$ 676,448	\$ 700,000	\$ (23,552)	-3%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 17,500	\$ (17,500)	-100%
Human Resources & Payroll	\$ 162,819	\$ 123,900	\$ 38,919	31%
Office Supplies & Other Expenses	\$ 164,720	\$ 125,200	\$ 39,520	32%
Technology Costs	\$ 24,146	\$ 26,500	\$ (2,354)	-9%
Office Supplies	\$ 7,105	\$ 1,400	\$ 5,705	408%
Travel	\$ 15,621	\$ 3,500	\$ 12,121	346%
CalCCA Dues	\$ 75,264	\$ 77,700	\$ (2,436)	-3%
CC Power	\$ 41,029	\$ 14,700	\$ 26,329	179%
Memberships	\$ 1,555	\$ 1,400	\$ 155	11%
Contractual Services	\$ 1,919,705	\$ 1,771,000	\$ 148,705	8%
Other Contract Services	\$ -	\$ 15,400	\$ (15,400)	-100%
Don Dame	\$ 2,185	\$ 6,300	\$ (4,116)	-65%
SMUD - Credit Support	\$ 155,263	\$ 254,400	\$ (99,137)	-39%
SMUD - Wholesale Energy Services	\$ 929,050	\$ 608,900	\$ 320,150	53%
SMUD - Call Center	\$ 495,075	\$ 485,700	\$ 9,375	2%
SMUD - Operating Services	\$ 130,829	\$ 37,200	\$ 93,629	252%
Commercial Legal Support	\$ 21,068	\$ 17,500	\$ 3,568	20%
Legal General Counsel	\$ 9,482	\$ 95,200	\$ (85,718)	-90%
Regulatory Counsel	\$ 84,394	\$ 122,500	\$ (38,107)	-31%
Joint CCA Regulatory counsel	\$ 7,611	\$ 19,600	\$ (11,989)	-61%
Legislative - (Lobbyist)	\$ 38,500	\$ 38,500	\$ -	0%
Accounting Services	\$ 7,289	\$ 16,800	\$ (9,511)	-57%
Financial Consultant	\$ -	\$ 24,500	\$ (24,500)	-100%
Audit Fees	\$ 38,960	\$ 28,500	\$ 10,460	37%
Marketing	\$ 156,078	\$ 154,000	\$ 2,078	1%
Marketing Collateral	\$ 144,884	\$ 147,000	\$ (2,116)	-1%
Community Engagement Activities & Sponsorships	\$ 11,194	\$ 7,000	\$ 4,194	60%
Program Costs	\$ 770,531	\$ 486,500	\$ 284,031	58%
Program Costs	\$ 375	\$ 101,500	\$ (101,125)	-100%
Programs - EV	\$ 115,980	\$ -	\$ 115,980	100%
Programs - AgFIT	\$ 642,878	\$ 385,000	\$ 257,878	67%
Programs - Heat Pump	\$ 11,297	\$ -	\$ 11,297	100%
Rents & Leases	\$ 8,238	\$ 15,400	\$ (7,162)	-47%
Hunt Boyer Mansion	\$ 8,238	\$ 15,400	\$ (7,162)	-47%
Other A&G	\$ 256,992	\$ 338,950	\$ (81,958)	-24%
Development - New Members	\$ -	\$ 14,700	\$ (14,700)	-100%
Strategic Plan Implementation	\$ (16)	\$ 84,000	\$ (84,016)	-100%
PG&E Data Fees	\$ 153,559	\$ 161,000	\$ (7,441)	-5%
Insurance	\$ 20,580	\$ 6,650	\$ 13,930	209%
Banking Fees	\$ 82,868	\$ 72,600	\$ 10,268	14%
Miscellaneous Operating Expenses	\$ 1,669	\$ 4,200	\$ (2,531)	-60%
Contingency	\$ -	\$ 140,000	\$ (140,000)	-100%
TOTAL OPERATING EXPENSES	\$ 43,129,646	\$ 44,583,650	\$ (1,454,004)	-3%
Interest on RCB loan	\$ 11,215	\$ 12,300	\$ (1,085)	-9%
Interest Expense - Bridge Loan	\$ -	\$ 35,000	\$ (35,000)	-100%
NET INCOME	\$ 10,416,286	\$ 16,981,550	\$ (6,565,264)	-39%

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

TO: Board of Directors

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

SUBJECT: Financial Update – August 31, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending August 31, 2023

DATE: October 12, 2023

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of August 1, 2023 to August 31, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending August 31, 2023.

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, 2023.

Financial Statements for the period August 1, 2023 – August 31, 2023

In the Statement of Net Position, VCE, as of August 31, 2023, has a total of \$12,269,507 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,800,000 restricted assets related to supplier deposits, and \$3,455,039 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of August 31, 2023 a total of \$9,337. 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 \$179,108 and a long-term portion of 181,284. On August 31, 2022, VCE's net position was \$27,323,978.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 11,881,091 of revenue (net of allowance for doubtful accounts), of which \$13,729,589 was billed in August, and \$6,562,671 represent estimated unbilled revenue. The cost of electricity for the August revenue totaled \$6,204,703. For August, VCE's gross margin was approximately 48% and the net income totaled \$5,257,764. The year-to-date change in net position was 11,913,444.

In the Statement of Cash Flows, VCE cash flows from operations were \$6,102,262 due to August cash receipts of revenues being more than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending August 31, 2023

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

- Electric Revenue – (\$8,506,176) and -12% – Unfavorable variance due to revenue model (January-2023) and retail load variance lower than forecasted due to mild winter and spring.
- Purchased Power – \$3,996,850 and -8% – Favorable variance due to gas prices driving short-term power market increases during winter off-set by lower load than forecasted.
- Wholesale Energy Services – (\$322,470) and 47% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.
- Credit Support Services (SMUD) – \$100,011 and 39% favorable variance related to lower retail load than forecasted due to mild winter and summer.
- Operational Support Services (SMUD) – (\$91,139) and 214% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.
- Legal General Counsel – \$95,870 and 88% favorable variance related to lower operational support requirements than budgeted.
- Strategic Plan Implementation – \$83,610 or 87% favorable variance due to timing difference.
- Contingency – (\$160,00) and (100%) – favorable variance to budget is due to not having a need yet to utilize the contingency funds set aside in the budget.

Attachments:

- 5) Financial Statements (Unaudited) August 1, 2023 to August 31, 2023 (with comparative year to date information.)
- 6) Actual vs. Budget for the year to date ending August 31, 2023



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF AUGUST 1 TO AUGUST 31, 2023

PREPARED ON SEPTEMBER 29, 2023

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
AUGUST 31, 2023
(UNAUDITED)

ASSETS

Current assets:

Cash in Yolo County Treasury			
Cash and cash equivalents	\$		12,269,507
Accounts receivable, net of allowance			15,050,032
Accrued revenue			2,243,815
Prepaid expenses			108,277
Other current assets and deposits			2,227,703
Total current assets			31,899,334

Restricted assets:

Debt service reserve fund			1,100,000
Power purchase reserve fund			3,455,039
Total restricted assets			4,555,039
TOTAL ASSETS	\$		36,454,373

LIABILITIES

Current liabilities:

Accounts payable	\$		350,399
Accrued payroll			55,123
Interest payable			1,108
Due to member agencies			9,337
Accrued cost of electricity			4,355,249
Other accrued liabilities			2,162,037
Security deposits - energy supplies			1,800,000
User taxes and energy surcharges			36,750
Limited Term Loan			179,108
Total current liabilities			8,949,111

Noncurrent liabilities

Term Loan- RCB			181,284
Total noncurrent liabilities			181,284
TOTAL LIABILITIES	\$		9,130,395

NET POSITION

Net position:

Local Programs Reserve	\$		224,500
Restricted			4,555,039
Unrestricted			22,544,439
TOTAL NET POSITION	\$		27,323,978

FOR THE PERIOD OF AUGUST 1, 2023 TO AUGUST 31, 2023
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING AUGUST 31, 2023	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 11,881,091	\$ 49,111,876
Other revenue	-	631,219
TOTAL OPERATING REVENUES	11,881,091.00	49,743,094.69
OPERATING EXPENSES		
Cost of electricity	\$ 6,204,703	\$ 39,088,233
Contract services	229,308	2,028,008
Staff compensation	105,580	837,552
General, administration, and other	110,901	1,248,818
TOTAL OPERATING EXPENSES	6,650,492.30	43,202,610.86
TOTAL OPERATING INCOME (LOSS)	\$ 5,230,599	\$ 6,540,484
NONOPERATING REVENUES (EXPENSES)		
Interest income	28,273	126,414
Interest and related expenses	(1,108)	(11,215)
TOTAL NONOPERATING REVENUES (EXPENSES)	27,165	115,199
CHANGE IN NET POSITION	5,257,764	11,913,444
Net position at beginning of period	22,066,214	15,410,534
Net position at end of period	\$ 27,323,978	\$ 27,323,978

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF AUGUST 1 TO AUGUST 31, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING AUGUST 31, 2023</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	11,610,439	58,202,488
Payments received from other revenue sources	-	631,219
Payments to purchase electricity	(6,107,059)	(45,546,712)
Payments for contract services, general, and administration	735,200	(2,820,184)
Payments for staff compensation	(136,317)	(1,004,293)
Other cash payments	(0)	(268,507)
Net cash provided (used) by operating activities	<u>6,102,262</u>	<u>9,462,517</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(44,421)	(170,576)
Interest and related expenses	(1,243)	(13,459)
Net cash provided (used) by non-capital financing activities	<u>(45,664)</u>	<u>(184,035)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	28,273	154,687
Net cash provided (used) by investing activities	<u>28,273</u>	<u>154,687</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	10,739,674	70,769,086
Cash and cash equivalents at end of period	<u>16,824,546</u>	<u>79,933,749</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	12,269,507	12,269,507
Restricted assets	4,555,039	4,555,039
Cash and cash equivalents at end of period	<u>16,824,546</u>	<u>16,824,546</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF AUGUST 1 TO AUGUST 31, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING AUGUST 31, 2023</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	5,230,599	11,771,078
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		
(Increase) decrease in net accounts receivable	(1,021,656)	(3,964,945)
(Increase) decrease in accrued revenue	771,240	1,186,582
(Increase) decrease in prepaid expenses	15,342	(108,277)
(Increase) decrease in other assets and deposits	(0)	(268,507)
Increase (decrease) in accounts payable	13,585	(49,133)
Increase (decrease) in accrued payroll	(30,737)	(61,162)
Increase (decrease) in due to member agencies	2,602	(197,107)
Increase (decrease) in accrued cost of electricity	97,644	(253,776)
Increase (decrease) in other accrued liabilities	1,043,879	1,151,373
Increase (decrease) in user taxes and energy surcharges	(20,236)	8,120
Net cash provided (used) by operating activities	6,102,262	9,214,246

VALLEY CLEAN ENERGY
2023 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 08/31/23

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 65,311,824	\$ 73,818,000	\$ (8,506,176)	-12%
Other Revenues - Programs	\$ 631,219	\$ 440,000	\$ 191,219	43%
Interest Revenues	\$ 154,687	\$ 28,000	\$ 126,687	452%
Purchased Power	\$ 45,217,150	\$ 49,214,000	\$ 3,996,850	8%
Purchased Power Base	\$ 45,217,150	\$ 46,870,000	\$ 1,652,850	4%
Purchased Power Contingency 2%	\$ -	\$ 2,344,000	\$ 2,344,000	100%
Labor & Benefits	\$ 944,847	\$ 961,600	\$ 16,753	2%
Salaries & Wages/Benefits	\$ 759,993	\$ 800,000	\$ 40,007	5%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 20,000	\$ 20,000	100%
Human Resources & Payroll	\$ 184,854	\$ 141,600	\$ (43,254)	-31%
Office Supplies & Other Expenses	\$ 181,566	\$ 142,400	\$ (39,166)	-28%
Technology Costs	\$ 29,342	\$ 29,600	\$ 258	1%
Office Supplies	\$ 8,004	\$ 1,600	\$ (6,404)	-400%
Travel	\$ 15,621	\$ 4,000	\$ (11,621)	-291%
CalCCA Dues	\$ 86,016	\$ 88,800	\$ 2,784	3%
CC Power	\$ 41,029	\$ 16,800	\$ (24,229)	-144%
Memberships	\$ 1,555	\$ 1,600	\$ 45	3%
Contractual Services	\$ 2,107,899	\$ 1,967,800	\$ (140,099)	-7%
Other Contract Services	\$ -	\$ 17,600	\$ 17,600	100%
Don Dame	\$ 2,622	\$ 7,200	\$ 4,578	64%
SMUD - Credit Support	\$ 154,389	\$ 254,400	\$ 100,011	39%
SMUD - Wholesale Energy Services	\$ 1,001,370	\$ 678,900	\$ (322,470)	-47%
SMUD - Call Center	\$ 570,743	\$ 556,200	\$ (14,543)	-3%
SMUD - Operating Services	\$ 133,739	\$ 42,600	\$ (91,139)	-214%
Commercial Legal Support	\$ 25,244	\$ 20,000	\$ (5,244)	-26%
Legal General Counsel	\$ 12,930	\$ 108,800	\$ 95,870	88%
Regulatory Counsel	\$ 101,159	\$ 140,000	\$ 38,841	28%
Joint CCA Regulatory counsel	\$ 12,852	\$ 22,400	\$ 9,548	43%
Legislative - (Lobbyist)	\$ 44,000	\$ 44,000	\$ -	0%
Accounting Services	\$ 9,891	\$ 19,200	\$ 9,309	48%
Financial Consultant	\$ -	\$ 28,000	\$ 28,000	100%
Audit Fees	\$ 38,960	\$ 28,500	\$ (10,460)	-37%
Marketing	\$ 216,724	\$ 176,000	\$ (40,724)	-23%
Marketing Collateral	\$ 185,996	\$ 168,000	\$ (17,996)	-11%
Community Engagement Activities & Sponsorships	\$ 30,728	\$ 8,000	\$ (22,728)	-284%
Programs	\$ 766,505	\$ 556,000	\$ (239,262)	-43%
Program Costs	\$ 28,757	\$ 116,000	\$ 87,243	75%
Programs - EV	\$ 115,105	\$ -	\$ (115,105)	100%
Programs - AgFIT	\$ 642,428	\$ 440,000	\$ (202,428)	-46%
Programs - Heat Pump	\$ 8,972	\$ -	\$ (8,972)	100%
Rents & Leases	\$ 19,776	\$ 17,600	\$ (2,176)	-12%
Hunt Boyer Mansion	\$ 19,776	\$ 17,600	\$ (2,176)	-12%
Other A&G	\$ 294,685	\$ 377,100	\$ 82,415	22%
Development - New Members	\$ -	\$ 16,800	\$ 16,800	100%
Strategic Plan Implementation	\$ 12,390	\$ 96,000	\$ 83,610	87%
PG&E Data Fees	\$ 175,907	\$ 184,000	\$ 8,093	4%
Insurance	\$ 23,520	\$ 7,600	\$ (15,920)	-209%
Banking Fees	\$ 82,868	\$ 72,700	\$ (10,168)	-14%
Miscellaneous Operating Expenses	\$ 2,229	\$ 4,800	\$ 2,571	54%
Contingency	\$ -	\$ 160,000	\$ 160,000	100%
TOTAL OPERATING EXPENSES	\$ 49,780,138	\$ 53,577,300	\$ 3,797,162	7%
Interest on RCB loan	\$ 12,323	\$ 13,600	\$ (1,277)	-9%
Interest Expense - Line of Credit	\$ -	\$ 40,000	\$ (40,000)	-100%
NET INCOME	\$ 16,305,269	\$ 20,655,100	\$ (4,349,831)	-21%