

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 7**

TO: Board of Directors

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

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

DATE: January 11, 2024

RECOMMENDATION:

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

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

In the Statement of Net Position, VCE, as of November 30, 2023, has a total of \$24,744,373 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 \$1,0179,761 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of November 30, 2023 a total of \$9,987. 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 \$226,276. On November 30, 2022, VCE's net position was \$33,312,080.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 3,815,088 of revenue (net of allowance for doubtful accounts), of which \$6,349,052 was billed in November, and \$2,734,614 represent estimated unbilled revenue. The cost of electricity for the November revenue totaled \$2,318,449. For November, VCE's gross margin was approximately 39% and the net income totaled \$1,164,259. The year-to-date change in net position was 17,901,546.

In the Statement of Cash Flows, VCE cash flows from operations were \$2,981,756 due to November cash receipts of revenues being more than the monthly cash operating expenses.

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

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

- Electric Revenue – (\$10,322,318) and -11% – Unfavorable variance due to retail load variance lower than forecasted due to mild winter and spring.
- Purchased Power – \$1,671,092 and -1% – unfavorable variance due to gas prices driving short-term power market increases during winter offset by lower load than forecasted.
- CC Power – (\$57,264) and 247% unfavorable variance related to PPA contract participation.
- Wholesale Energy Services – (\$349,772) and -39% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.
- Credit Support Services (SMUD) – \$101,982 and 40% favorable variance related to lower retail load than forecasted due to mild winter and summer.
- Operational Support Services (SMUD) – (\$96,959) and -165% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.
- Legal General Counsel – \$123,038 and 82% favorable variance related to lower operational support requirements than budgeted.
- Strategic Plan Implementation – \$106,721 or 81% favorable variance due to timing difference.
- Contingency – (\$220,00) 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) November 1, 2023 to November 30, 2023 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending November 30, 2023



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF NOVEMBER 1 TO NOVEMBER 30, 2023

PREPARED ON JANUARY 4, 2024

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

ASSETS

Current assets:

Cash and cash equivalents	\$	24,744,373
Accounts receivable, net of allowance		10,390,525
Accrued revenue		2,734,616
Prepaid expenses		100,698
Inventory - Renewable Energy Credits		600,000
Other current assets and deposits		2,227,703
Total current assets		<u>40,797,915</u>

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		1,079,761
Total restricted assets		<u>2,179,761</u>
TOTAL ASSETS	\$	<u><u>42,977,676</u></u>

LIABILITIES

Current liabilities:

Accounts payable	\$	360,152
Accrued payroll		96,142
Interest payable		904
Due to member agencies		9,987
Accrued cost of electricity		5,242,272
Other accrued liabilities		1,913,941
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		15,922
Limited Term Loan		226,276
TOTAL LIABILITIES	\$	<u>9,665,596</u>

NET POSITION

Net position:

Local Programs Reserve	\$	224,500
Restricted		2,179,761
Unrestricted		30,907,819
TOTAL NET POSITION	\$	<u><u>33,312,080</u></u>

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

	FOR THE PERIOD ENDING NOVEMBER 30, 2023	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 3,815,088	\$ 87,088,683
Other revenue	-	701,719
TOTAL OPERATING REVENUES	3,815,088	87,790,402
OPERATING EXPENSES		
Cost of electricity	2,318,449	64,287,694
Contract services	239,019	2,924,470
Staff compensation	129,529	1,300,492
General, administration, and other	9,962	1,640,833
TOTAL OPERATING EXPENSES	2,696,959	70,153,489
TOTAL OPERATING INCOME (LOSS)	1,118,129	17,636,913
NONOPERATING REVENUES (EXPENSES)		
Interest income	46,760	279,633
Interest and related expenses	(630)	(15,001)
TOTAL NONOPERATING REVENUES (EXPENSES)	46,130	264,632
CHANGE IN NET POSITION	1,164,259	17,901,546
Net position at beginning of period	32,147,821	15,410,534
Net position at end of period	\$ 33,312,080	\$ 33,312,080

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

	<u>FOR THE PERIOD ENDING NOVEMBER 30, 2023</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 3,377,285	\$ 84,127,224
Payments received from other revenue sources	-	701,719
Payments to purchase electricity	(4,545,314)	(59,935,589)
Payments for contract services, general, and administration	(381,764)	(3,998,564)
Payments for staff compensation	(109,523)	(1,320,635)
Other cash payments	-	(268,507)
Net cash provided (used) by operating activities	(1,659,316)	19,574,155
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(44,832)	(304,692)
Interest and related expenses	(833)	(16,338)
Net cash provided (used) by non-capital financing activities	(45,665)	(321,030)
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	46,760	279,632
Net cash provided (used) by investing activities	46,760	279,632
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	(1,658,221)	19,264,250
Cash and cash equivalents at beginning of period	28,582,355	154,735,743
Cash and cash equivalents at end of period	26,924,134	173,999,994
Cash and cash equivalents included in:		
Cash and cash equivalents	24,744,373	24,744,373
Restricted assets	2,179,761	2,179,761
Cash and cash equivalents at end of period	\$ 26,924,134	\$ 26,924,134

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

	<u>FOR THE PERIOD ENDING NOVEMBER 30, 2023</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 1,118,129	\$ 13,318,055
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		
(Increase) decrease in net accounts receivable	1,788,305	694,562
(Increase) decrease in accrued revenue	(2,170,119)	695,781
(Increase) decrease in prepaid expenses	15,343	(100,698)
(Increase) decrease in inventory - renewable energy credits	-	(600,000)
(Increase) decrease in other assets and deposits	-	(268,507)
Increase (decrease) in accounts payable	(21,626)	(39,383)
Increase (decrease) in accrued payroll	20,006	(20,143)
Increase (decrease) in due to member agencies	-	(196,457)
Increase (decrease) in accrued cost of electricity	(2,226,865)	633,247
Increase (decrease) in other accrued liabilities	(126,500)	903,277
Increase (decrease) in user taxes and energy surcharges	(55,989)	(32,944)
Net cash provided (used) by operating activities	<u>\$ (1,659,316.00)</u>	<u>\$ 14,986,790.07</u>

VALLEY CLEAN ENERGY
2023 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 11/30/23

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 87,088,682	\$ 97,411,000	\$ (10,322,318)	-11%
Other Revenues - Programs	\$ 701,719	\$ 605,000	\$ 96,719	16%
Interest Revenues	\$ 279,632	\$ 38,500	\$ 241,132	626%
Purchased Power	\$ 64,211,908	\$ 65,883,000	\$ 1,671,092	3%
Purchased Power Base	\$ 64,211,908	\$ 62,745,000	\$ (1,466,908)	-2%
Purchased Power Contingency 2%	\$ -	\$ 3,138,000	\$ 3,138,000	100%
Labor & Benefits	\$ 1,302,208	\$ 1,322,200	\$ 19,992	2%
Salaries & Wages/Benefits	\$ 1,052,245	\$ 1,100,000	\$ 47,755	4%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 27,500	\$ 27,500	100%
Human Resources & Payroll	\$ 249,964	\$ 194,700	\$ (55,264)	-28%
Office Supplies & Other Expenses	\$ 269,116	\$ 194,000	\$ (75,116)	-39%
Technology Costs	\$ 43,699	\$ 38,900	\$ (4,799)	-12%
Office Supplies	\$ 9,501	\$ 2,200	\$ (7,301)	-332%
Travel	\$ 15,826	\$ 5,500	\$ (10,326)	-188%
CalCCA Dues	\$ 118,272	\$ 122,100	\$ 3,828	3%
CC Power	\$ 80,263	\$ 23,100	\$ (57,163)	-247%
Memberships	\$ 1,555	\$ 2,200	\$ 645	29%
Contractual Services	\$ 2,718,672	\$ 2,609,600	\$ (109,072)	-4%
Other Contract Services	\$ -	\$ 24,200	\$ 24,200	100%
Don Dame	\$ 3,553	\$ 9,900	\$ 6,347	64%
SMUD - Credit Support	\$ 152,418	\$ 254,400	\$ 101,982	40%
SMUD - Wholesale Energy Services	\$ 1,238,672	\$ 888,900	\$ (349,772)	-39%
SMUD - Call Center	\$ 807,467	\$ 768,200	\$ (39,267)	-5%
SMUD - Operating Services	\$ 155,759	\$ 58,800	\$ (96,959)	-165%
Commercial Legal Support	\$ 32,156	\$ 27,500	\$ (4,656)	-17%
Legal General Counsel	\$ 26,562	\$ 149,600	\$ 123,038	82%
Regulatory Counsel	\$ 149,112	\$ 192,500	\$ 43,388	23%
Joint CCA Regulatory counsel	\$ 42,970	\$ 30,800	\$ (12,170)	-40%
Legislative - (Lobbyist)	\$ 60,500	\$ 60,500	\$ -	0%
Accounting Services	\$ 10,542	\$ 26,400	\$ 15,858	60%
Financial Consultant	\$ -	\$ 38,500	\$ 38,500	100%
Audit Fees	\$ 38,960	\$ 79,400	\$ 40,440	51%
Marketing	\$ 273,909	\$ 242,000	\$ (31,909)	-13%
Marketing Collateral	\$ 242,378	\$ 231,000	\$ (11,378)	-5%
Community Engagement Activities & Sponsorships	\$ 31,532	\$ 11,000	\$ (20,532)	-187%
Program Costs	\$ 812,637	\$ 764,500	\$ (48,137)	-6%
Programs - EV	\$ 667,154	\$ 629,200	\$ (37,954)	-6%
Programs - AgFIT	\$ 49,452	\$ 48,400	\$ (1,052)	-2%
Programs - Heat Pump	\$ 365,681	\$ 518,150	\$ 152,469	29%
Program Costs	\$ 170,209	\$ 159,500	\$ (10,709)	-7%
Programs - AgFIT	\$ 642,428	\$ 605,000	\$ (37,428)	-6%
Rents & Leases	\$ 24,726	\$ 24,200	\$ (526)	-2%
Hunt Boyer Mansion	\$ 24,726	\$ 24,200	\$ (526)	-2%
Other A&G	\$ 340,955	\$ 493,950	\$ 152,995	31%
Development - New Members	\$ -	\$ 23,100	\$ 23,100	100%
Strategic Plan Implementation	\$ 25,279	\$ 132,000	\$ 106,721	81%
PG&E Data Fees	\$ 198,748	\$ 253,000	\$ 54,252	21%
Insurance	\$ 32,340	\$ 10,450	\$ (21,890)	-209%
Banking Fees	\$ 84,588	\$ 75,400	\$ (9,188)	-12%
Miscellaneous Operating Expenses	\$ 2,311	\$ 6,600	\$ 4,289	65%
Contingency	\$ -	\$ 220,000	\$ 220,000	100%
TOTAL OPERATING EXPENSES	\$ 69,956,442	\$ 71,760,050	\$ 1,803,608	3%
Interest on RCB loan	\$ 15,001	\$ 16,900	\$ (1,899)	-11%
Interest Expense - Bridge Loan	\$ -	\$ 40,000	\$ (40,000)	-100%
NET INCOME	\$ 17,396,871	\$ (71,738,450)	\$ 89,135,321	-124%