Staff Report – Item 7A

то:	Board of Directors
FROM:	Mitch Sears, Interim General Manager Edward Burnham, Finance and Operations Director
SUBJECT:	Financial Update – October 31, 2021 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending October 31, 2021
DATE:	January 27, 2022

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of October 1, 2021 to October 31, 2021 (with comparative year to date information) and Actual vs. Budget year to date ending October 31, 2021.

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 October 31, 2021.

Financial Statements for the period October 1, 2021 – October 31, 2021

In the Statement of Net Position, VCEA, as of October 31, 2021, has a total of \$4,459,682 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,986,833 restricted assets related to supplier deposits, and \$2,207,786 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of October 31, 2021, \$149,619. 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 \$1,218,913. On October 31, 2021, VCE's net position is \$10,884,443.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCEA recorded \$3,736,485 of revenue (net of allowance for doubtful accounts), of which \$4,616,159 was billed in October and \$1,968,070 represent estimated unbilled revenue. The cost of the electricity for the October revenue totaled \$3,802,919. For October, VCEA's gross margin was approximately (1.78%), and operating loss totaled (\$418,287). The year-to-date change in net position was (\$1,596,947).

In the Statement of Cash Flows, VCEA cash flows from operations were (\$404,886) due to October cash receipts of revenues being lower than the monthly cash operating expenses.

<u>Actual vs. Budget Variances for the year to date ending October 31, 2021</u> Below are the financial statement line items with variances >\$50,000 and 5%

- Electric Revenue \$4,398,407 and 24% variance is due to load being more favorable year-to-date than planned; the continued COVID and recessionary impacts and the weather has been warmer than forecast.
- Purchased Power \$2,128,691 and 10% variance is due to load being more favorable year-to-date than planned; the COVID and recessionary impacts and the weather has been warmer than forecast.

Attachments:

- 1) Financial Statements (Unaudited) October 1, 2021 to October 31, 2021 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending October 31, 2021



FINANCIAL STATEMENTS (UNAUDITED) FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2021 PREPARED ON NOVEMBER 29, 2021

VALLEY CLEAN ENERGY ALLIANCE STATEMENT OF NET POSITION OCTOBER 31, 2021 (UNAUDITED)

ASSETS

Current assets:		
Cash and cash equivalents	\$	4,459,682
Accounts receivable, net of allowance		8,285,674
Accrued revenue		1,968,070
Prepaid expenses		29,841
Other current assets and deposits		1,986,883
Total current assets		16,730,150
Restricted assets:		
Debt service reserve fund		1,100,000
Power purchase reserve fund		2,207,786
Total restricted assets		3,307,786
Noncurrent assets:		
Other noncurrent assets and deposits		
Total noncurrent assets	<u> </u>	-
TOTAL ASSETS	\$	20,037,936
LIABILITIES		
Current liabilities:		
Accounts payable	\$	534,498
Accrued payroll		49,967
Interest payable		2,988
Due to member agencies		149,619
Accrued cost of electricity		4,527,897
Other accrued liabilities		528,898
Security deposits - energy supplies		1,980,000
User taxes and energy surcharges		160,713
Limited Term Loan		1,218,913
Total current liabilities		9,153,493
Noncurrent liabilities		
Term Loan- RCB		
Total noncurrent liabilities		-
TOTAL LIABILITIES	\$	9,153,493
NET POSITION		
Restricted		
Local Programs Reserve		224,500
Restricted		3,307,786
Unrestricted		7,352,157
TOTAL NET POSITION	\$	10,884,443

FOR THE PERIOD OF OCTOBER 1, 2021 TO OCTOBER 31, 2021 (WITH COMPARATIVE YEAR TO DATE INFORMATION) (UNAUDITED)

]	THE PERIOD ENDING DBER 31, 2021	YEAR TO DATE		
OPERATING REVENUE					
Electricity sales, net	\$	3,736,485	\$	22,566,375	
TOTAL OPERATING REVENUES		3,736,485		22,566,375	
OPERATING EXPENSES					
Cost of electricity		3,802,919		22,634,520	
Contract services		184,933		909,706	
Staff compensation		141,967		409,901	
General, administration, and other		22,577		199,836	
TOTAL OPERATING EXPENSES		4,152,396		24,153,963	
TOTAL OPERATING INCOME (LOSS)		(415,911)		(1,587,588)	
NONOPERATING REVENUES (EXPENSES)					
Other Revenue					
Interest income		1,371		6,113	
Interest and related expenses		(3,747)		(15,472)	
TOTAL NONOPERATING REVENUES	1	<u> </u>		<u>·</u>	
(EXPENSES)		(2,376)		(9,359)	
CHANGE IN NET POSITION		(418,287)		(1,596,947)	
Net position at beginning of period		11,302,730		12,481,390	
Net position at end of period	\$	10,884,443	\$	10,884,443	

VALLEY CLEAN ENERGY ALLIANCE STATEMENTS OF CASH FLOWS FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2021 (WITH YEAR TO DATE INFORMATION) (UNAUDITED)

	PERIC	OR THE DD ENDING BER 31, 2021	YE.	AR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES	.		<i>•</i>	
Receipts from electricity sales	\$	4,865,570	\$	23,142,527
Receipts for security deposits with energy suppliers Payments to purchase electricity		(4,897,025)		- (24,685,434)
Payments for contract services, general, and adminstration		(4,897,023) (222,543)		(1,500,246)
Payments for staff compensation		(150,888)		(403,639)
Other cash payments		(150,000)		(+05,057)
Net cash provided (used) by operating activities		(404,886)		(3,446,792)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Principal payments of Debt		(32,943)		(131,774)
Interest and related expenses		(3,724)		(15,743)
Net cash provided (used) by non-capital financing activities		(36,667)		(147,517)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income		1,371		6,113
Net cash provided (used) by investing activities		1,371		6,113
NET CHANGE IN CASH AND CASH EQUIVALENTS		(440,182)		(3,588,196)
Cash and cash equivalents at beginning of period		8,207,650		11,355,664
Cash and cash equivalents at end of period	\$	7,767,468	\$	7,767,468
Cash and cash equivalents included in:				
Cash and cash equivalents		4,459,682		4,459,682
Restricted assets		3,307,786		3,307,786
Cash and cash equivalents at end of period	\$	7,767,468	\$	7,767,468

VALLEY CLEAN ENERGY ALLIANCE STATEMENTS OF CASH FLOWS FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2021 (WITH YEAR TO DATE INFORMATION) (UNAUDITED)

-	FOR THE PERIOD ENDING OCTOBER 31, 2021			YEAR TO DATE	
RECONCILIATION OF OPERATING INCOME TO NET CASH					
PROVIDED (USED) BY OPERATING ACTIVITIES Operating Income (Loss)	\$	(415,911)	\$	(1,587,588)	
(Increase) decrease in net accounts receivable	Ψ	1,328,278.00	Ψ	(481,463.00)	
(Increase) decrease in accrued revenue		(220,224)		967,221.00	
(Increase) decrease in prepaid expenses		(9,212)		(14,698.00)	
(Increase) decrease in inventory - renewable energy credits		-		-	
(Increase) decrease in other assets and deposits		-		-	
Increase (decrease) in accounts payable		(83,801)		50,537.00	
Increase (decrease) in accrued payroll		(8,921)		6,262.00	
Increase (decrease) in due to member agencies		94,564		26,213.00	
Increase (decrease) in accrued cost of electricity		(1,094,106)		(2,050,914.00)	
Increase (decrease) in other accrued liabilities		(16,584)		(452,756.00)	
Increase (decrease)security deposits with energy suppliers		-		-	
Increase (decrease) in user taxes and energy surcharges		21,031		90,394.00	
Net cash provided (used) by operating activities	\$	(404,886)	\$	(3,446,792)	

VALLEY CLEAN ENERGY ACTUAL VS. BUDGET FYE 6-30-2022 FOR THE YEAR TO DATE ENDING 10/31/21

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459.70 Banking Fees 26,921 420 26,500 6306% 463.10 Miscellaneous Operating Expenses 1,946 2,147 (201) 0% 463.99 Contingency - 45,666 (45,666) -100% TOTAL OPERATING EXPENSES 24,153,962 22,196,700 1,957,262 9% 481.10 Interest on RCB Ioan 15,472 15,743 (271) -2%	459.10	PG&E Data Fees	67,694	100,049	(32,355)	-32%
463.10 Miscellaneous Operating Expenses 1,946 2,147 (201) 0% 463.99 Contingency - 45,666 (45,666) -100% TOTAL OPERATING EXPENSES 24,153,962 22,196,700 1,957,262 9% 481.10 Interest on RCB loan 15,472 15,743 (271) -2%	459.20	Insurance	6,681	2,577	4,104	159%
463.99 Contingency - 45,666 (45,666) -100% TOTAL OPERATING EXPENSES 24,153,962 22,196,700 1,957,262 9% 481.10 Interest on RCB loan 15,472 15,743 (271) -2%	459.70	Banking Fees	26,921	420	26,500	6306%
TOTAL OPERATING EXPENSES 24,153,962 22,196,700 1,957,262 9% 481.10 Interest on RCB loan 15,472 15,743 (271) -2%	463.10	Miscellaneous Operating Expenses	1,946	2,147	(201)	0%
481.10 Interest on RCB loan 15,472 15,743 (271) -2%	463.99	Contingency	-	45,666	(45,666)	-100%
481.10 Interest on RCB loan 15,472 15,743 (271) -2%						
		TOTAL OPERATING EXPENSES	24,153,962	22,196,700	1,957,262	9%
NET INCOME (1,596,947) (4,025,675) 2,428,729 -60%	481.10	Interest on RCB loan	15,472	15,743	(271)	-2%
		NET INCOME	(1,596,947)	(4,025,675)	2,428,729	-60%

Staff Report – Item 7B

то:	Board of Directors
FROM:	Mitch Sears, Interim General Manager Edward Burnham, Finance and Operations Director
SUBJECT:	Financial Update – November 1, 2021 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending November 30, 2021
DATE:	January 27, 2022

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of November 1, 2021 to November 30, 2021 (with comparative year to date information) and Actual vs. Budget year to date ending November 30, 2021.

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, 2021.

Financial Statements for the period November 1, 2021 – November 30, 2021

In the Statement of Net Position, VCEA, as of November 30, 2021, has a total of \$4,476,243 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,989,603 restricted assets related to supplier deposits, and \$2,460,740 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of November 30, 2021, \$96,982. 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 \$1,185,969. On November 30, 2021, VCE's net position is \$10,907,459.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCEA recorded \$3,493,719 of revenue (net of allowance for doubtful accounts), of which \$3,168,670 was billed in November and \$2,025,445 represent estimated unbilled revenue. The cost of the electricity for the November revenue totaled \$3,039,444. For November, VCEA's gross margin was approximately 13.01%, and net income totaled \$23,016. The year-to-date change in net position was (\$1,573,931).

In the Statement of Cash Flows, VCEA cash flows from operations were \$304,913 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, 2021 Below are the financial statement line items with variances >\$50,000 and 5%

- Electric Revenue \$4,566,782 and 21% variance is due to load being more favorable year-to-date than planned; the continued COVID and recessionary impacts and the weather has been warmer than forecast.
- Purchased Power \$1,850,679 and 8% variance is due to load being more favorable year-to-date than planned; the COVID and recessionary impacts and the weather has been warmer than forecast.
- Program Costs (\$56,250) and (100%) favorable variance to budget is due to not having utilized budgeted annual program costs expected in later periods.
- Contingency (\$56,900) 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) November 1, 2021 to November 30, 2021 (with comparative year to date information.)
- 4) Actual vs. Budget for the year to date ending November 30, 2021



FINANCIAL STATEMENTS (UNAUDITED) FOR THE PERIOD OF NOVEMBER 1 TO NOVEMBER 30, 2021 PREPARED ON JANUARY 18, 2022

VALLEY CLEAN ENERGY ALLIANCE STATEMENT OF NET POSITION NOVEMBER 30, 2021 (UNAUDITED)

ASSETS

Current assets:		
Cash and cash equivalents	\$	4,476,243
Accounts receivable, net of allowance	Ŧ	7,434,060
Accrued revenue		2,025,445
Prepaid expenses		567,260
Other current assets and deposits		1,989,603
Total current assets		16,492,611
Restricted assets:		· · ·
Debt service reserve fund		1,100,000
Power purchase reserve fund		2,460,740
Total restricted assets		3,560,740
Noncurrent assets:		
Other noncurrent assets and deposits		
Total noncurrent assets		-
TOTAL ASSETS	\$	20,053,351
LIABILITIES		
Current liabilities:		
Accounts payable	\$	562,447
Accrued payroll		54,089
Interest payable		2,769
Due to member agencies		96,982
Accrued cost of electricity		4,754,278
Other accrued liabilities		407,324
Security deposits - energy supplies		1,980,000
User taxes and energy surcharges		102,034
Limited Term Loan		1,185,969
Total current liabilities		9,145,892
Noncurrent liabilities		
Term Loan- RCB		
Total noncurrent liabilities		-
TOTAL LIABILITIES	\$	9,145,892
NET POSITION		
Restricted		
Local Programs Reserve		224,500
Restricted		3,560,740
Unrestricted		7,122,219
TOTAL NET POSITION	\$	10,907,459

VALLEY CLEAN ENERGY ALLIANCE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION FOR THE PERIOD OF NOVEMBER 1, 2021 TO NOVEMBER 30, 2021 (WITH COMPARATIVE YEAR TO DATE INFORMATION) (UNAUDITED)

	FOR THE PERIOD						
	END						
	NOV	EMBER 30,					
		2021	YEA	AR TO DATE			
OPERATING REVENUE							
Electricity sales, net	\$	3,493,719	\$	26,060,094			
TOTAL OPERATING REVENUES		3,493,719		26,060,094			
OPERATING EXPENSES							
Cost of electricity		3,039,444		25,673,964			
Contract services		278,843		1,188,549			
Staff compensation		33,098		442,999			
General, administration, and other		117,083		316,919			
TOTAL OPERATING EXPENSES		3,468,468		27,622,431			
TOTAL OPERATING INCOME (LOSS)		25,251	(1,562,33				
NONOPERATING REVENUES (EXPENSES)							
Other Revenue							
Interest income		1,293		7,406			
Interest and related expenses		(3,528)		(19,000)			
TOTAL NONOPERATING REVENUES							
(EXPENSES)		(2,235)		(11,594)			
CHANGE IN NET POSITION		23,016		(1,573,931)			
Net position at beginning of period		10,884,443		12,481,390			
Net position at end of period	\$	10,907,459	\$	10,907,459			

VALLEY CLEAN ENERGY ALLIANCE STATEMENTS OF CASH FLOWS FOR THE PERIOD OF NOVEMBER 1 TO NOVEMBER 30, 2021 (WITH YEAR TO DATE INFORMATION) (UNAUDITED)

	FOR THE PERIOD ENDING NOVEMBER 30, 2021		YEAR TO DATE	
CASH FLOWS FROM OPERATING ACTIVITIES	<i>.</i>		<i>.</i>	25 251 00 4
Receipts from electricity sales	\$	4,229,279	\$	27,371,806
Receipts for security deposits with energy suppliers		-		-
Payments to purchase electricity		(2,813,063)		(27,498,497)
Payments for contract services, general, and adminstration		(1,079,607)		(2,579,853)
Payments for staff compensation		(28,976)		(432,615)
Other cash payments		(2,720)		(2,720)
Net cash provided (used) by operating activities		304,913		(3,141,879)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIV	VITIES			
Principal payments of Debt		(32,944)		(164,718)
Interest and related expenses		(3,747)		(19,490)
Net cash provided (used) by non-capital financing				
activities		(36,691)		(184,208)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income		1,293		7,406
Net cash provided (used) by investing activities		1,293		7,406
NET CHANGE IN CASH AND CASH EQUIVALENTS		269,515		(3,318,681)
Cash and cash equivalents at beginning of period		7,767,468		11,355,664
Cash and cash equivalents at end of period	\$	8,036,983	\$	8,036,983
Cash and cash equivalents included in:				
Cash and cash equivalents		4,476,243		4,476,243
Restricted assets		3,560,740		3,560,740
Cash and cash equivalents at end of period	\$	8,036,983	\$	8,036,983

VALLEY CLEAN ENERGY ALLIANCE STATEMENTS OF CASH FLOWS FOR THE PERIOD OF NOVEMBER 1 TO NOVEMBER 30, 2021 (WITH YEAR TO DATE INFORMATION) (UNAUDITED)

	FOR THE			
	PERIOD ENDING			
	NOVE	MBER 30, 2021	YE.	AR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$	25,251	\$	(1,562,337)
(Increase) decrease in net accounts receivable		851,614.00		370,151.00
(Increase) decrease in accrued revenue		(57,375)		909,846.00
(Increase) decrease in prepaid expenses		(537,419)		(552,117.00)
(Increase) decrease in inventory - renewable energy credits		-		-
(Increase) decrease in other assets and deposits		(2,720)		(2,720.00)
Increase (decrease) in accounts payable		27,949		78,486.00
Increase (decrease) in accrued payroll		4,122		10,384.00
Increase (decrease) in due to member agencies		(52,637)		(26,424.00)
Increase (decrease) in accrued cost of electricity		226,381		(1,824,533.00)
Increase (decrease) in other accrued liabilities		(121,574)		(574,330.00)
Increase (decrease)security deposits with energy suppliers		-		-
Increase (decrease) in user taxes and energy surcharges		(58,679)		31,715.00
Net cash provided (used) by operating activities	\$	304,913	\$	(3,141,879)

VALLEY CLEAN ENERGY ACTUAL VS. BUDGET FYE 6-30-2022 FOR THE YEAR TO DATE ENDING 11/30/21

	FOR THE YEAR TO DATE ENDING 11/30/21				
		11/30/2021	11/30/2021		
		YTD	YTD	YTD	%
GL#	Description	FY2022 Actuals	FY2022 Budget	Variance	over/-under
	Electric Revenue	26,060,094	21,493,312	4,566,782	21%
311.00	Interest Revenues	7,406	23,500	(16,094)	-68%
415.00	Purchased Power	25,673,964	23,823,285	1,850,679	8%
	Labor & Benefits	442,999	483,952	(40,953)	-8%
451.10	Salaries & Wages/Benefits	374,233	407,283	(33,050)	-8%
451.20	Contract Labor	-	20,389	(20,389)	-100%
453.41	Human Resources & Payroll	68,766	56,280	12,486	22%
	Office Supplies & Other Expenses	90,318	78,520	11,798	15%
452.10	Technology Costs	13,213	14,180	(967)	-7%
452.15	Office Supplies	1,481	960	521	54%
452.25	Travel	-	2,540	(2,540)	-100%
452.30	CalCCA Dues	46,960	51,756	(4,796)	-9%
	CC Power	28,440	8,333	20,107	241%
452.35	Memberships	224	750	(526)	-70%
	Contractual Services	1,115,011	1,151,357	(36,346)	-3%
453.10	Other Contract Services	-	10,000	(10,000)	-100%
453.15	Don Dame	5,010	4,167	843	20%
453.20	SMUD - Credit Support	287,557	275,430	12,128	4%
453.21	SMUD - Wholesale Energy Services	244,935	244,155	780	0%
453.22	SMUD - Call Center	330,745	327,943	2,802	1%
453.23	SMUD - Operating Services	56,736	25,000	31,736	127%
453.24	Commercial Legal Support	-	-	-	100%
453.25	Legal General Counsel	41,139	63,038	(21,899)	-35%
453.36	Regulatory Counsel	68,012	81,108	(13,096)	-16%
453.37	Joint CCA Regulatory counsel	204	13,133	(12,929)	-98%
453.38	Legislative - (Lobbiest)	30,000	25,000	5,000	20%
453.40	Accounting Services	3,374	10,506	(7,132)	-68%
453.41	Financial Consultant	-	10,417	(10,417)	-100%
453.42	Audit Fees	47,300	61,462	(14,162)	-23%
453.60	PG&E Acquisition Consulting	-	-	-	100%
	Marketing	64,850	97,534	(32,684)	-34%
459.05	Marketing Collateral	64,800	94,921	(30,120)	-32%
459.15	Community Engagement Activities & Sponsorship	50	2,614	(2,564)	-98%
	Programs	-	56,250	(56,250)	-100%
	Program Costs	-	56,250	(56,250)	-100%
	Rents & Leases	7,950	10,050	(2,100)	-21%
457.10	Hunt Boyer Mansion	7,950	10,050	(2,100)	-21%
	Other A&G	225,391	170,089	55,302	33%
459.08	Development - New Members		10,000	(10,000)	-100%
459.09	Strategic Plan Implementation	57,436	31,250	26,186	84%
459.10	PG&E Data Fees	133,144	125,093	8,051	6%
459.20	Insurance	7,891	3,221	4,670	145%
459.70	Banking Fees	26,921	525	26,395	5025%
463.10	Miscellaneous Operating Expenses	1,946	2,684	(738)	0%
463.99	Contingency	-	56,900	(56,900)	-100%
100.00	contingency		00,000	(00,000)	10070
	TOTAL OPERATING EXPENSES	27,622,430	25,930,621	1,691,809	7%
481.10	Interest on RCB loan	19,000	19,490	(490)	-3%
	NET INCOME	(1,573,931)	(4,433,300)	2,859,369	-64%