



Consent Item 7

TO: East Bay Community Energy Board of Directors
FROM: Jason Bartlett, Finance Manager
SUBJECT: Fiscal Year 2019-20 Second Quarter Financial Statements
DATE: February 19, 2020

Recommendation

Receive the Accountant's Compilation Report of the second quarterly financial statements for the 2019-2020 fiscal year.

Background and Discussion

This memo is a summary discussion of the Accountant's Compilation Report, as delivered on February 7, 2020.

The full, attached report presents the second quarter financial statements for the 2019-20 fiscal year. These statements cover EBCE's financial activities from October 1, 2019 through December 31, 2019. The report contains three statements

- The Statement of Net Position
- The Statement of Revenues, Expenses, and Change in Net Position
- The Statement of Cash Flows

The Statement of Net Position is a balance sheet snapshot of EBCE's assets, liabilities, and net position as of December 31, 2019.

The Statement of Revenues, Expenses, and Change in Net Position is an income statement outlining the net position derived from operating and non-operating revenues and expenses for both the second quarter and the fiscal year-to-date ending December 31, 2019.

The Statement of Cash Flows is a complete fiscal year-to-date statement outlining the cash activities from operations, financing, and investments.

Fiscal Impact

This memo has no direct fiscal impact

Attachments

- A. Accountant's Compilation Report for the Second Quarter of the 2019-20 Fiscal Year



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
East Bay Community Energy Authority

Management is responsible for the accompanying financial statements of East Bay Community Energy Authority (a California Joint Powers Authority) which comprise the statement of net position as of December 31, 2019, and the related statements of revenues, expenses, and changes in net position for the period then ended, and the statement of cash flows for period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. East Bay Community Energy Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
February 7, 2020

EAST BAY COMMUNITY ENERGY AUTHORITY
STATEMENT OF NET POSITION
As of December 31, 2019

ASSETS

Current assets	
Cash and cash equivalents	\$ 120,237,114
Accounts receivable, net of allowance	39,601,538
Accrued revenue	23,254,106
Market settlements receivable	5,483,478
Other receivables	228,504
Prepaid expenses	3,710,205
Deposits	2,476,174
Restricted cash	4,000,000
Total current assets	<u>198,991,119</u>
Noncurrent assets	
Capital assets, net of depreciation	151,380
Deposits	141,208
Restricted cash	7,000,000
Total noncurrent assets	<u>7,292,588</u>
Total assets	<u><u>206,283,707</u></u>

LIABILITIES

Current liabilities	
Accounts payable	1,967,539
Accrued cost of electricity	63,256,668
Accrued payroll and benefits	395,381
User taxes and energy surcharges due to other governments	3,875,800
Security deposits - energy suppliers	300,000
Total current liabilities	<u>69,795,388</u>

NET POSITION

Investment in capital assets	151,380
Restricted for security collateral	11,000,000
Unrestricted	125,336,939
Total net position	<u><u>\$ 136,488,319</u></u>

EAST BAY COMMUNITY ENERGY AUTHORITY**STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION****July 1, 2019 through December 31, 2019**

	<u>Quarter</u>	<u>Year-to-Date</u>
OPERATING REVENUES		
Electricity sales, net	\$ 116,448,392	\$ 258,013,470
Other revenue	44,090	88,181
Total operating revenues	<u>116,492,482</u>	<u>258,101,651</u>
OPERATING EXPENSES		
Cost of electricity	89,502,408	193,322,446
Contract services	3,306,785	6,454,501
Staff compensation	1,400,665	2,604,601
General and administration	389,132	823,643
Depreciation	11,368	17,878
Total operating expenses	<u>94,610,358</u>	<u>203,223,069</u>
Operating income	<u>21,882,124</u>	<u>54,878,582</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	344,449	558,231
Interest and related expense	(113,363)	(321,953)
Total nonoperating revenues (expenses)	<u>231,086</u>	<u>236,278</u>
CHANGE IN NET POSITION	22,113,210	55,114,860
Net position at beginning of period	<u>114,375,109</u>	<u>81,373,459</u>
Net position at end of period	<u>\$ 136,488,319</u>	<u>\$ 136,488,319</u>

EAST BAY COMMUNITY ENERGY AUTHORITY
STATEMENT OF CASH FLOWS
July 1, 2019 through December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 278,122,153
Other operating receipts	153,104
Payments to suppliers for electricity	(174,102,879)
Payments for other goods and services	(7,744,095)
Payments for staff compensation	(2,669,463)
Tax and surcharge payments to other governments	(10,896,395)
Net cash provided (used) by operating activities	<u>82,862,425</u>

**CASH FLOWS FROM NON-CAPITAL
FINANCING ACTIVITIES**

Principal payments on notes and loans	(12,512,500)
Interest and related expense payments	(400,457)
Net cash provided (used) by non-capital financing activities	<u>(12,912,957)</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition of capital assets	<u>(144,099)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	<u>558,231</u>
Net change in cash and cash equivalents	70,363,600
Cash and cash equivalents at beginning of period	60,873,514
Cash and cash equivalents at end of period	<u>\$ 131,237,114</u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 120,237,114
Restricted cash (current and noncurrent)	11,000,000
Cash and cash equivalents	<u>\$ 131,237,114</u>

EAST BAY COMMUNITY ENERGY AUTHORITY
STATEMENT OF CASH FLOWS (continued)
July 1, 2019 through December 31, 2019

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income	\$ 54,878,582
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	17,878
Revenue adjusted for allowance for uncollectible accounts	1,296,550
(Increase) decrease in:	
Accounts receivable	2,653,288
Market settlements receivable	1,241,464
Other receivables	(228,504)
Accrued revenue	4,870,959
Prepaid expenses	1,106,424
Noncurrent deposits	4,551,977
Increase (decrease) in:	
Accounts payable	(158,964)
Accrued cost of electricity	12,488,418
Accrued payroll and benefits	76,118
Deferred revenue	(23,258)
User taxes due to other governments	391,493
Security deposits from energy suppliers	(300,000)
Net cash provided (used) by operating activities	<u>\$ 82,862,425</u>