Supplemental Information Regarding Community Choice Energy Presentation to Council on June 9, 2015

The following questions were received electronically from Councilmember Whitt um during the June 9 presentation for subsequent follow up. Staff inquired to the existing programs for questions specific to existing operations and have incorporated their responses below.

Is the JPA board paid staff or elected?

That would be subject to the JPA terms negotiated among the agencies participating. For Marin Clean Energy (MCE), the JPA specifies that the Board be comprised of appointees from the Parties' governing bodies (elected officials). For Sonoma Clean Power, the JPA specifies the Board be comprised of appointees by (not necessarily from) the Parties' governing bodies (can be staff or elected officials).

Do JPA costs including personnel get paid by rate payers?

Yes.

What was the bridge loan mentioned by the speaker?

In addition to the formation costs described in the report, additional funding is needed to cover active CCE operations, most notably energy contracts costs, until first revenues are received. For example, in the case of SCP, their Implementation Plan estimated bridge funding needs of $6M, which was financed and repaid as revenues were received.

What is the debt held by MCE, SCP?

SCP holds $1.7 million in preferred debt at 3.0% interest. No other debt is carried at this time, although they anticipate drawing approximately $5 million later in 2015 to support additional power contract collateral. Power contracts require significant collateral typically equal to the full market exposure. In practice this is about two months of payments for a one to two year energy purchase. Renewable PPAs are more variable. If we did all of this with cash it would require about $40-50 million, so we use other techniques to significantly reduce that amount. Buyers can meet these collateral requirements by having an investment grade credit rating, posting cash or letters of credit, or pledging revenues from customers with a secured account. We use a secured account AND also have deals with cash postings. So the approximately $5 million refers to the cash postings.

MCE currently has no debt.

What is the tax treatment of debt, like munis?

CCEs are public entities and as such do not pay tax or pay any profits. They do file annual tax statements, but do not pay income tax.

What amount of reserves are involved on a per household basis?

SCP will contribute $9 million at the end of June to its operating reserve fund and anticipates contributing $17 million at the end of the next fiscal year. MCE contributed $2 million at the end of March to its operating reserve fund. (Their fiscal year ends March 31.) They typically send 3% of budget to reserves each year.

Do cities with large industrial areas joined with more residential cities get a financial advantage or disadvantage of any kind because of the different mix of roof area?

This is dependent on program design and can be better vetted as part of the Technical Study. Local roof area is potential consideration for CCE feasibility (as it relates to opportunities for local generation). Adding more communities also increases the overall CCE program size which can be beneficial for energy service contracting.

Please provide the statement of assets and liabilities for MCE and SCP.

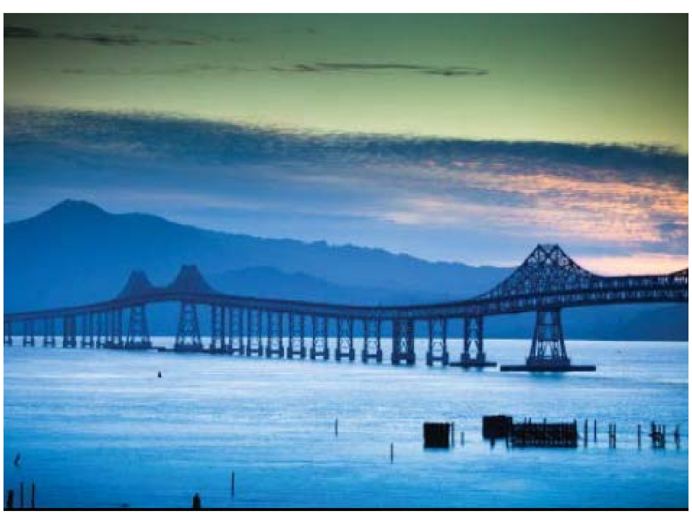
The statements are attached.

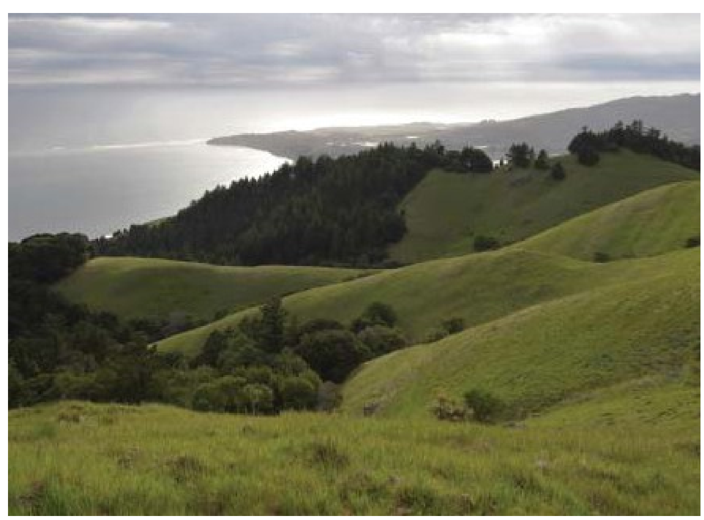
MCE Clean Energy
My community. My choice.

Financial Statements

Years Ended March 31, 2014 and 2013
with Report of Independent Auditors

www.marincleanenergy.org





MARIN CLEAN ENERGY
YEARS ENDED MARCH 31, 2014 AND 2013

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VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Board of Directors
Marin Clean Energy
San Rafael, California

We have audited the accompanying financial statements of Marin Clean Energy ("MCE"), as of and for the years ended March 31, 2014 and 2013, which collectively comprise MCE's basic financial statements, including the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

5000 Hopyard Road, Suite 335 Pleasanton, CA 94588 Tel: 925.734.6600 Fax: 925.734.6611 www.vtdcpa.com

FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Marin Clean Energy, as of March 31, 2014 and 2013, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Vavrinek, Trine, Day & Co., LLP.

Pleasanton, California
July 16, 2014

MARIN CLEAN ENERGY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides an overview of Marin Clean Energy's (MCE) financial activities for the fiscal years ended March 31, 2014 and 2013. The information presented here should be considered in conjunction with the audited financial statements.

FINANCIAL HIGHLIGHTS

MCE began providing electrical power to customers in May 2010 and continues to experience increases in its number of customers. In 2013-14, MCE expanded its coverage area to include the City of Richmond. This marked the first time residents and businesses outside of Marin County were offered services from MCE. This expansion represents a large portion of MCE's current operations, as evidenced by its significant increase in electricity sales from the prior year. Despite the growing volume of sales, MCE continues to put a priority on the efficient use of financial resources to meet the goal of providing competitive pricing to its entire customer base. During the year we were able align our costs closely with revenues. This enabled us to keep margins at reasonably low levels as demonstrated by a change in net position from the prior year of $1,645,000, or less than 2% of revenues. This increase caused net position to climb from approximately $7,913,000 to $9,558,000, allowing for reserves to weather future unpredicted financial events.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to MCE's basic financial statements. MCE's basic financial statements comprise two components: (1) government-wide financial statements and (2) notes to the financial statements.

MCE is a single-purpose entity that reports as an enterprise fund under governmental accounting standards. The financial statements are designed to provide readers with a broad overview of MCE's finances, similar to a private-sector business.

The Statement of Net Position presents information on all of MCE's assets and liabilities, with the difference between assets and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of MCE is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position presents information showing how MCE's net position changed during the fiscal period. All changes in net position are recognized at the date the underlying event that gives rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents information about MCE's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. This statement shows the sources and uses of cash, as well as the change in the cash balances during the fiscal years.

The following table is a summary of MCE's assets, liabilities, and net position.

	2014	2013	2012
Current and other assets	$ 22,433,441	$ 18,007,926	$ 7,549,498
Capital assets	58,807	68,679	32,566
Total assets	22,492,248	18,076,605	7,582,064
Current liabilities	10,909,904	7,079,985	2,283,437
Noncurrent liabilities	2,024,308	3,083,746	1,380,702
Total liabilities	12,934,212	10,163,731	3,664,139
Net position:			
Net investment in capital assets	58,807	68,679	32,566
Restricted	1,145,700	598,200	263,200
Unrestricted	8,353,529	7,245,995	3,622,159
Total net position	$ 9,558,036	$ 7,912,874	$ 3,917,925

During 2013-2014, MCE expanded its territory beyond Marin County and into the City of Richmond. The number of active customer accounts grew from approximately 90,000 to nearly 125,000 during the year. This increased customer base resulted in a growing level of accounts receivable and accrued revenue from the prior year. Related to this rise in demand for electricity from our customers, we have experienced a need to procure additional energy, resulting in the increase in trade liabilities. The decrease in capital assets from 2013 seen above is the result of depreciation expense exceeding equipment acquisitions during the year. Also decreasing is our long term debt from two business lines of credit. MCE did not have a need to increase its financing during 2013-14, and continues to pay down these obligations as scheduled.

MCE's results of operations are summarized as follows:

	2014	2013	2012
Operating revenues	$ 85,561,759	$ 52,579,310	$ 22,918,843
Contributions received	-	20,000	-
Interest income	8,965	900	-
Total income	85,570,724	52,600,210	22,918,843
Operating expenses	83,731,036	48,429,076	19,210,349
Interest expense	194,526	176,185	109,407
Total expenses	83,925,562	48,605,261	19,319,756
Increase (decrease) in net position	$ 1,645,162	$ 3,994,949	$ 3,599,087

MCE's expansion into the City of Richmond resulted in a dramatic increase in electricity sales, which was accompanied by corresponding increases in costs directly related to acquiring energy and servicing customer accounts. Despite the growing customer base, general and administrative expenses held fairly steady and led to an increase in net position.

DEBT AND CAPITAL ASSET ADMINISTRATION

MCE continued to make payments on its existing debt. No new debt was incurred by MCE in 2013-14. Note 6 to the financial statements provides details on debt activity. There was no significant capital asset activity.

ECONOMIC OUTLOOK

Since commencing service to customers in 2010 MCE has entered into multiple power purchase agreements with various providers to serve MCE's projected load. This process creates price certainty as MCE continues to serve customers. In addition to increasing its customer base from approximately 90,000 to 130,000 in 2013-14, MCE will be looking to enter its next phase of expansion and increase its customer base. Management intends to continue its conservative use of financial resources and expects ongoing operating profits.

REQUESTS FOR INFORMATION

This financial report is designed to provide MCE's customers and creditors with a general overview of the Organization's finances and to demonstrate MCE's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 781 Lincoln Avenue, Suite 320, San Rafael, CA 94901.

BASIC FINANCIAL STATEMENTS

MARIN CLEAN ENERGY

STATEMENTS OF NET POSITION

AS OF MARCH 31, 2014 AND 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 8,248,488	$ 9,817,159
Accounts receivable, net	9,096,571	4,572,796
Accrued revenue	3,778,199	2,857,212
Prepaid expenses	31,485	29,561
Total current assets	21,154,743	17,276,728
Noncurrent assets		
Capital assets	58,807	68,679
Restricted cash	1,145,700	598,200
Deposits	132,998	132,998
Total noncurrent assets	1,337,505	799,877
Total assets	22,492,248	18,076,605
LIABILITIES		
Current liabilities		
Accounts payable	1,301,607	905,401
Accrued cost of electricity	5,723,371	4,300,363
Other accrued liabilities	515,618	152,595
User taxes and energy surcharges due to other governments	566,962	4,966
Advances from grantor	1,733,221	643,566
Notes payable to bank	1,069,125	1,073,094
Total current liabilities	10,909,904	7,079,985
Noncurrent liabilities		
Notes payable to bank	2,024,308	3,083,746
Total liabilities	12,934,212	10,163,731
NET POSITION		
Net position		
Net investment in capital assets	58,807	68,679
Restricted for debt service	598,200	598,200
Unrestricted	8,901,029	7,245,995
Total net position	$ 9,558,036	$ 7,912,874

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
Operating revenues		
Electricity sales	$ 84,643,812	$ 52,392,025
Energy Efficiency Program revenue	917,947	187,285
	85,561,759	52,579,310
Operating expenses		
Cost of electricity	76,088,268	43,224,840
Contract services	5,533,964	3,853,447
Staff compensation	1,660,945	1,081,918
General and administration	447,859	268,871
Total operating expenses	83,731,036	48,429,076
Operating income	1,830,723	4,150,234
Nonoperating revenues (expenses)		
Contributions received	-	20,000
Interest income	8,965	900
Interest expense	(194,526)	(176,185)
Total nonoperating revenues (expenses)	(185,561)	(155,285)
Changes in net position	1,645,162	3,994,949
Net position at beginning of period	7,912,874	3,917,925
Net position at end of period	$ 9,558,036	$ 7,912,874

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 79,542,548	$ 48,293,982
Grant received from Energy Efficiency Program	2,007,602	830,851
Cash payments to purchase electricity	(73,734,457)	(40,114,369)
Cash payments for contract services	(5,518,343)	(3,533,789)
Cash payments for staff compensation	(1,642,623)	(1,004,190)
Cash payments for general and administration	(428,344)	(240,263)
Net cash provided by operating activities	226,383	4,232,222
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from bank financing, net of reserve	-	2,665,000
Deposit for financing reserve	(547,500)	-
Principal payments of bank term loans	(1,063,407)	(663,851)
Interest expense	(186,097)	(176,185)
Net cash provided (used) by non-capital financing activities	(1,797,004)	1,824,964
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(7,015)	(31,787)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	8,965	900
Net change in cash and cash equivalents	(1,568,671)	6,026,299
Cash and cash equivalents at beginning of year	9,817,159	3,790,860
Cash and cash equivalents at end of year	$ 8,248,488	$ 9,817,159

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS
(CONTINUED)

YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 1,830,723	$ 4,150,234
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	16,887	15,674
(Increase) decrease in net accounts receivable	(4,523,775)	(2,392,228)
(Increase) decrease in accrued revenue	(920,987)	(1,705,815)
(Increase) decrease in prepaid expenses	(1,924)	914
Increase (decrease) in accounts payable	396,206	704,243
Increase (decrease) in accrued cost of electricity	1,423,008	2,731,849
Increase (decrease) in other accrued liabilities	354,594	78,819
Increase (decrease) in user taxes due to other governments	561,996	4,966
Increase (decrease) in advances from grantor	1,089,655	643,566
Net cash provided by operating activities	$ 226,383	$ 4,232,222

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

In-kind capital assets of $20,000 were provided through contributions in 2013.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Marin Clean Energy (MCE) is a joint powers authority created on December 19, 2008 and its members consist of the following parties: the County of Marin, the cities of Belvedere, Larkspur, Mill Valley, Novato, San Rafael, Sausalito and Richmond and the towns of Corte Madera, Fairfax, Ross, San Anselmo, and Tiburon (collectively, "the parties"). It is governed by a thirteen member Board of Directors appointed by each of the parties.

MCE was formed to study, promote, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing these objectives. A core function of MCE is to provide electric service that includes the use of renewable sources under the Community Choice Aggregation Program under California Public Utilities Code Section 366.2.

MCE began its energy delivery operations in May 2010. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company.

During 2013-14, the organization changed its name to Marin Clean Energy from Marin Energy Authority.

ACCOUNTING POLICIES

MCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

The Organization's operations are accounted for as a governmental enterprise fund, and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned and expenses are recognized at the time liabilities are incurred.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

CASH AND CASH EQUIVALENTS

For purpose of the statement of cash flows, MCE has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments. Amounts restricted for debt service and collateral for energy efficiency loan program are not included. These restricted balances are presented separately in the statement of net position.

CAPITAL ASSETS AND DEPRECIATION

MCE's policy is to capitalize furniture and equipment valued over $500 that is expected to be in service for over one year. Contributed capital assets are valued at their estimated fair value as of the date contributed. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment and seven years for furniture.

OPERATING AND NON-OPERATING REVENUE

Revenue from the sale of electricity to customers is considered "operating" revenue. Contributions received from members of the public and investment income are classified as "non-operating revenue.

REVENUE RECOGNITION

MCE recognizes revenue on the accrual basis. This includes invoices issued to customers during the period and electricity estimated to have been delivered but yet to be billed. Management estimates that a portion of the billed amounts will not be collected. Accordingly, an allowance has been recorded.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ELECTRICAL POWER PURCHASED

Electrical power sold to customers was purchased primarily through one energy supplier, Shell Energy North America. MCE has been increasing its renewable energy purchases from other sources. The cost of power and related delivery costs have been recognized as "cost of electricity" in the statement of revenues, expenses and changes in net position. As part of the agreement with Shell Energy, MCE is required to maintain a cash balance of $1,350,000 to ensure funds are available to purchase electrical power. This cash balance is included in cash and cash equivalents as presented in the statement of net position.

STAFFING COSTS

MCE pays employees semi-monthly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. MCE is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements.

INCOME TAXES

MCE is a joint powers authority under the provision of the California Government Code. As such it is not subject to federal or state income or franchise taxes.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

MCE maintains its cash in both interest and non-interest-bearing accounts at River City Bank of Sacramento, California (RCB). MCE had no deposit or investment policy that addressed a specific type of risk that would impose additional restrictions beyond the California Government Code Section 16521. This code section requires that River City Bank collateralize amounts of public funds in excess of the FDIC limit of $250,000 by 110%. Accordingly, the amount of risk is not disclosed. Risk will need to be monitored on an ongoing basis.

3. ACCOUNTS RECEIVABLE

Changes in accounts receivable were as follows:

	2014	2013	2012
Accounts receivable from customers	$ 10,126,845	$ 5,413,646	$ 2,367,348
Allowance for uncollectible accounts	(1,030,274)	(840,850)	(186,780)
Net accounts receivable	$ 9,096,571	$ 4,572,796	$ 2,180,568

4. CAPITAL ASSETS

Changes in capital assets were as follows:

	Furniture & Equipment	Leasehold Improvements	Accumulated Depreciation	Net
Balances at March 31, 2012	$ 45,841	$ 1,654	$ (14,929)	$ 32,566
Additions	47,560	4,227	(15,674)	36,113
Balances at March 31, 2013	93,401	5,881	(30,603)	68,679
Additions	7,015	-	(16,887)	(9,872)
Balances at March 31, 2014	$ 100,416	$ 5,881	$ (47,490)	$ 58,807

5. ADVANCES FROM GRANTOR

MCE receives grant funding through the Public Utilities Commission of the State of California for its Energy Efficiency Program. Funds are received on a quarterly schedule and are not recognized as revenue until they are expended for its designated purpose. Total grant funding received for the fiscal year 2014 was $2,007,603, of which $917,947 was spent and earned.

6. DEBT

NOTES PAYABLE TO RIVER CITY BANK

Date of note	January 2011	July 2012
Original note amount	$ 2,300,000	$ 3,000,000
Approximate monthly payment	44,000	56,000
Reserve requirements	263,200	335,000
Maturity date	January 2016	October 2017
Interest rate	5.25%	4.50%
Balance at March 31, 2014	916,764	2,176,669

The January 2011 note is subject to a fixed income rate of 5.25%. The July 2012 note is subject to the Federal Home Loan Bank Five Year Fixed Rate plus 1.25%. MCE has agreed to maintain revenues in excess of maintenance and operating costs of 125% of the sum of annual debt service payments.

Changes in notes payable were as follows:

	Beginning	Additions	Payments	Ending
Year ended March 31, 2013				
River City Bank	$ 1,820,691	$ -	$ (439,979)	$ 1,380,712
River City Bank	-	3,000,000	(223,872)	2,776,128
Totals	$ 1,820,691	$ 3,000,000	$ (663,851)	4,156,840
Amounts due within one year				(1,073,094)
Non-current portion				$ 3,083,746
Year ended March 31, 2014				
River City Bank	$ 1,380,712	-	$ (463,948)	$ 916,764
River City Bank	2,776,128	-	(599,459)	2,176,669
Totals	$ 4,156,840	$ -	$ (1,063,407)	3,093,433
Amounts due within one year				(1,069,125)
Non-current portion				$ 2,024,308

6. DEBT (continued)

Future debt service requirements are as follows:

For the years ending March 31:	Principal	Interest	Total
2015	$ 1,069,125	$ 124,755	$ 1,193,880
2016	1,032,871	70,967	1,103,838
2017	628,330	32,240	660,570
2018	363,107	5,365	368,472
Total	$ 3,093,433	$ 233,327	$ 3,326,760

7. DEFINED CONTRIBUTION RETIREMENT PLAN

The Marin Clean Energy Plan (Plan) is a defined contribution retirement plan established by MCE to provide benefits at retirement to its employees. The Plan is administered by Nationwide Retirement Solutions. At March 31, 2014, there were 17 plan members. MCE is required to contribute 10% of annual covered payroll and contributed $128,000 and $80,500 during the years ended March 31, 2014 and 2013, respectively. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

8. RISK MANAGEMENT

MCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, MCE purchased liability and property insurance from a commercial carrier. Coverage for property general liability, errors and omissions and non-owned automobile was $2,000,000 with a $1,000 deductible.

9. COMMITMENTS AND CONTINGENCIES

MCE had outstanding power purchase commitments of $276.2 million contingent upon construction of solar photovoltaic generation facilities that continue for up to twenty five years from the commercial operation date of each project.

MCE had outstanding non-cancelable power purchase commitments of $413.4 million for energy and related services that have not yet been provided under power purchase agreements that continue to December 31, 2033.

As of March 31, 2013, MCE had outstanding non-cancelable commitments of $9.9 million to professional service providers for services yet to be performed.

10. OPERATING LEASE

Marin Clean Energy rents office space. MCE is obligated under a seven year non-cancelable lease for its office premises until December 31, 2019. Rental expense was $186,000 and $130,000 for the years ended March 31, 2014 and 2013, respectively. The rental agreement includes an option to renew the lease for five additional years.

Future minimum lease payments under the lease are as follows:

Year ended March 31,		
2015	$	196,679
2016		202,773
2017		208,854
2018		215,118
2019		221,574
2020		169,893
	$	1,214,891

MAHER ACCOUNTANCY 1101 FIFTH AVENUE • SUITE 200 • SAN RAFAEL, CA 94901

Financial Plumbline

ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

We have compiled the accompanying statement of net position of Sonoma Clean Power Authority (a California Joint Powers Authority) as of April 30, 2015, and the statement of revenues, expenses, and changes in net position, and the statement cash flows for the period then ended. We have not audited or reviewed the accompanying statements and, accordingly, do not express an opinion or provide any assurance about whether the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of a statement of net position and statement of revenues, expenses, and changes in fund net position without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company'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.

Certain accounting functions provided by Maher Accountancy are considered management functions by the American Institute of Certified Public Accountants. Accordingly, we are not independent with respect to Sonoma Clean Power Authority.

MaherAccountancy

May 28, 2015

TEL 415.459.1249
FAX 415.459.5406
WEB www.mahercpa.com

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION
As of April 30, 2015

ASSETS	
Current assets	
Cash and cash equivalents	$ 14,980,642
Accounts receivable, net of allowance	8,804,216
Accrued revenue	5,205,546
Prepaid expenses	568,180
Total current assets	29,558,584
Noncurrent assets	
Capital assets, net of depreciation	140,880
Deposits	340,266
Total noncurrent assets	481,146
Total assets	30,039,730
LIABILITIES	
Current liabilities	
Accounts payable	684,706
Accrued cost of electricity	13,332,273
Other accrued liabilities	271,303
User taxes and energy surcharges due to other governments	280,483
Note payable to bank	435,659
Loan payable to Sonoma County Water Agency	252,863
Total current liabilities	15,257,287
Noncurrent liabilities	
Note payable to bank	1,318,838
Loan payable to Sonoma County Water Agency	1,429,293
Deferred construction damages	3,450,000
Total noncurrent liabilities	6,198,131
Total liabilities	21,455,418
NET POSITION	
Net investment in capital assets	140,880
Unrestricted	8,443,432
Total net position	$ 8,584,312

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION July 1, 2014 through April 30, 2015

OPERATING REVENUES		
Electricity sales	$	73,288,961
Evergreen electricity premium		144,634
Total operating revenues		73,433,595
OPERATING EXPENSES		
Cost of electricity		60,124,658
Staff compensation		1,048,516
Data manager		1,329,281
Service fees - PG&E		334,323
Consultants		459,259
Legal		199,706
Communications		891,284
General and administration		171,657
Total operating expenses		64,558,684
Operating income		8,874,911
NONOPERATING REVENUES (EXPENSES)		
Interest expense		(189,309)
CHANGE IN NET POSITION		8,685,602
Net position at beginning of period		(101,290)
Net position at end of period	$	8,584,312

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
July 1, 2014 through April 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 69,078,664
Cash receipts from construction delay damages	3,450,000
Cash payments to purchase electricity	(53,081,193)
Cash payments for staff compensation	(1,024,823)
Cash payments for contract services	(2,163,197)
Cash payments for communications	(928,291)
Cash payments for general and administration	(163,308)
Net cash provided (used) by operating activities	15,167,852
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Loan proceeds from bank notes and loans	80,000
Principal payments on bank notes and loans	(3,218,580)
Deposits and collateral paid	(575,566)
Deposits and collateral returned	1,040,300
Interest expense paid	(222,911)
Net cash provided (used) by non-capital financing activities	(2,896,757)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(20,138)
Net increase in cash and cash equivalents	12,250,957
Cash and cash equivalents at beginning of year	2,729,685
Cash and cash equivalents at end of period	$ 14,980,642

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS (continued)
July 1, 2014 through April 30, 2015

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	$	8,874,911
Adjustments to reconcile operating income to net		
cash provided (used) by operating activities		
Depreciation expense		12,614
Increase (decrease) in electricity procurement payments		
made directly from bank notes and loans		280,172
(Increase) decrease in net accounts receivable		(3,413,003)
(Increase) decrease in accrued revenue		(1,360,309)
(Increase) decrease in prepaid expenses		(559,226)
Increase (decrease) in accounts payable		421,490
Increase (decrease) in accrued cost of electricity		7,272,916
Increase (decrease) in accrued liabilities		188,287
Increase (decrease) in construction delay damages		3,450,000
Net cash provided (used) by operating activities	$	15,167,852

NONCASH FINANCING ACTIVITIES

During the year, electricity procurement payments of $280,172 were made directly from a bank line of credit.