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FINANCIAL STATEMENTS

Years Ended March 31, 2019 & 2018
with Report of Independent Auditors



MCECLEANENERGY.ORG

MARIN CLEAN ENERGY
YEARS ENDED MARCH 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Marin Clean Energy
San Rafael, California

We have audited the accompanying financial statements of Marin Clean Energy, as of and for the years ended March 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Marin Clean Energy's basic 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 auditors' 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 Marin Clean Energy'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 Marin Clean Energy'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marin Clean Energy as of March 31, 2019, and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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 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.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
August 1, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED MARCH 31, 2019 AND 2018

The Management's Discussion and Analysis provides an overview of Marin Clean Energy's (MCE) financial activities as of and for the years ended March 31, 2019 and 2018. The information presented here should be considered in conjunction with the audited financial statements.

BACKGROUND

The formation of MCE was made possible by the passage, in 2002, of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses and creating competition in power generation.

MCE was created as a California Joint Powers Authority (JPA) on December 19, 2008. MCE was established to provide electric power and related benefits within MCE's service area, including developing a wide range of renewable energy sources and energy efficiency programs. Governed by an appointed board of directors, MCE has the rights and powers to set rates and charges for electricity and services it furnishes, incur indebtedness, and issue bonds or other obligations. MCE is responsible for the acquisition of electric power for its service area.

Financial Reporting

MCE presents its financial statements as enterprise fund under the economic resources measurement focus and accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

Contents of this Report

This report is divided into the following sections:

- Management discussion and analysis.
- The Basic Financial Statements:
  - The *Statements of Net Position* include all of MCE's assets, liabilities, and net position and provides information about the nature and amount of resources and obligations at a specific point in time.
  - The *Statements of Revenues, Expenses, and Changes in Net Position* report all of MCE's revenue and expenses for the years shown.
  - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as capital asset acquisitions and investments.
  - Notes to the Basic Financial Statements, which provide additional details and information related to the basic financial statements.

FINANCIAL HIGHLIGHTS

The following table is a summary of MCE's assets, liabilities, and net position as of March 31:

	2019	2018	2017
Current assets	$ 127,633,995	$ 64,627,008	$ 64,768,633
Noncurrent assets			
Capital assets, net	1,127,966	667,482	571,666
Other noncurrent assets	2,840,511	2,804,092	3,032,573
Total noncurrent assets	3,968,477	3,471,574	3,604,239
Total assets	131,602,472	68,098,582	68,372,872
Current liabilities	39,994,907	17,367,279	23,713,155
Noncurrent liabilities	30,950	-	-
Total liabilities	40,025,857	17,367,279	23,713,155
Net position:			
Investment in capital assets	1,127,966	667,482	571,666
Restricted	2,500,000	2,500,000	2,759,721
Unrestricted	87,948,649	47,563,821	41,328,330
Total net position	$ 91,576,615	$ 50,731,303	$ 44,659,717

Current assets

2019 compared to 2018 Current assets were approximately $127,600,000 at the end of 2019 and are mostly comprised of $60,789,000 in cash, $27,525,000 in accounts receivable, $11,961,000 in accrued revenue, and $10,000,000 in investments, each of which mark an increase from 2018 to 2019. The most notable increase was in cash, the result of operating surpluses. Accounts receivable and accrued revenue experienced moderate increases mostly attributable to territory expansion. Accrued revenue differs from accounts receivable in that it is the result of electricity use by MCE customers before invoicing to those customers has occurred.

Capital assets

2019 compared to 2018 Capital assets are reported net of depreciation. From 2018 to 2019 the increase is mostly due to leasehold improvements at MCE's offices. Capital assets held by MCE are comprised of leasehold improvements, furniture and equipment. MCE does not own assets used for electric generation or distribution.

Current liabilities

2019 compared to 2018 Current liabilities consist mostly of the cost of electricity delivered to customers that is not yet due to be paid by MCE. Current liabilities increased from $17,367,000 in 2018 to $39,995,000 in 2019, mostly due to cost of energy related to territory expansions. Other components include trade accounts payable, taxes and surcharges due to governments, advance from grantors, and various other accrued liabilities.

2018 compared to 2017 The most notable change related to a reduction in accrued cost of electricity which decreased from $18,500,000 to $9,700,000. Accrued cost of electricity decreased due to a shortening of payment terms with certain energy suppliers.

The following table is a summary of MCE's results of operations:

	2019	2018	2017
Operating revenues	$ 362,292,027	$ 205,752,830	$ 181,166,489
Interest income	943,712	325,492	105,271
Total income	363,235,739	206,078,322	181,271,760
Operating expenses	322,343,205	199,966,736	166,110,598
Interest and related expenses	47,222	40,000	32,515
Total expenses	322,390,427	200,006,736	166,143,113
Change in net position	$ 40,845,312	$ 6,071,586	$ 15,128,647

Operating revenues

2019 compared to 2018 Operating revenues increased $156,539,000 from 2018 to 2019. This increase was primarily driven by electricity sales from the inclusion of new communities beginning in April 2018. This expansion covered unincorporated Contra Costa county, as well as several cities and towns of Concord, Martinez, Oakley, Pinole, Pittsburg, San Ramon, Danville and Moraga. This expansion resulted in an approximate 80% increase in the number of customers across various rate types. Wholesale resource sales also increased from 2018 as MCE sold excess energy products that were not needed to provide for its retail customer base.

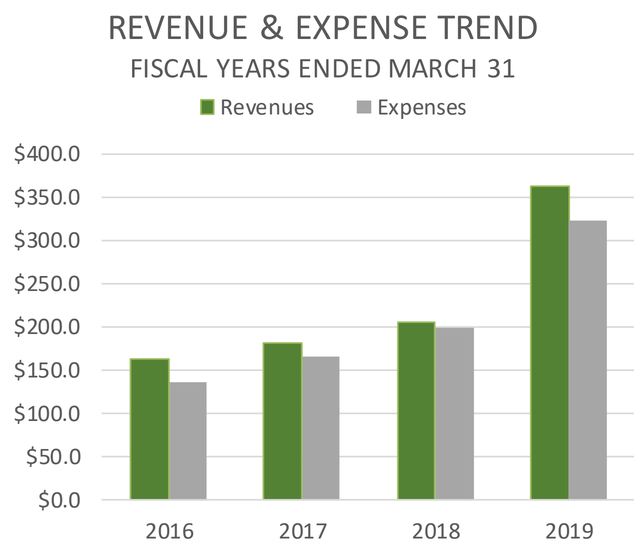
2018 compared to 2017 Operating revenues increased as a result of the full year impact of the inclusion of new communities in September 2016.

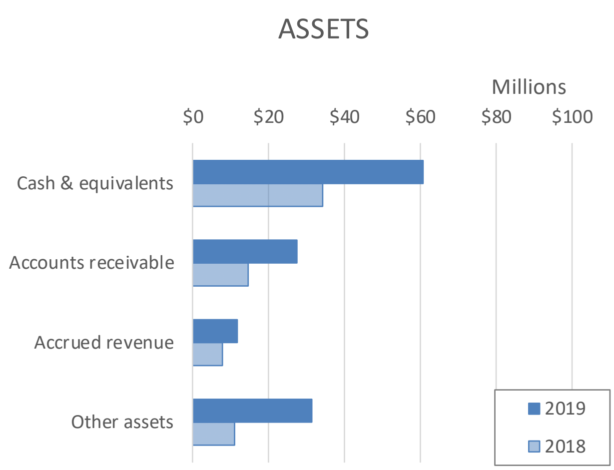
Operating expenses

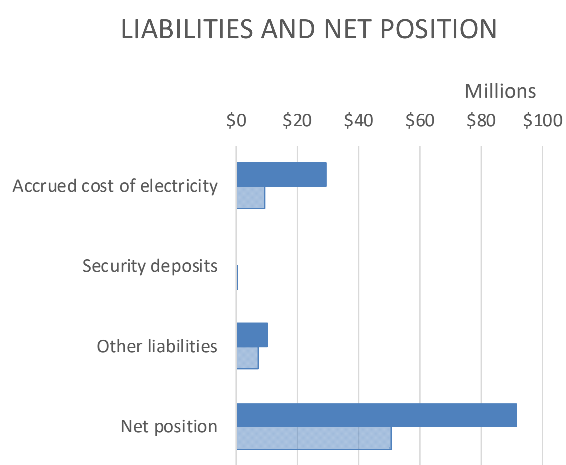
2019 compared to 2018 Operating expenses increased $122,376,000 from 2018 to 2019. The expansion in April 2018 resulted in increased energy purchases to provide for the new customer base. As in the past, energy costs greatly exceed all other operating expenses, accounting for approximately 93% of total operating expenses. In addition to procuring for more customers, energy costs were affected by increased pricing for certain products in the energy market. MCE procures energy from a variety of sources to minimize this risk and maintain a balanced renewable energy portfolio.

2018 compared to 2017 Operating expenses increased as a result of the full year impact of the inclusion of new communities in September 2016.

FINANCIAL SUMMARY







Assets	2019	2018
Cash & equivalents	$60.8	$34.4
Accounts receivable	27.5	14.8
Accrued revenue	12.0	7.8
Other assets	31.3	11.0
Total Assets	$131.6	$68.1

Liabilites & net position	2019	2018
Accrued cost of electricity	$29.7	$9.7
Security deposits	0.0	0.2
Other liabilities	10.3	7.5
Net position	91.6	50.7
Total liabilities & net position	$131.6	$68.1

ECONOMIC OUTLOOK

In the normal course of business, MCE enters into various agreements, including renewable energy agreements and other power purchase agreements to purchase power and electric capacity. MCE enters into power purchase agreements in order to comply with state law and elevated voluntary targets for renewable and greenhouse gas (GHG) free products as described in its Integrated Resource Plans. California law established a Renewable Portfolio Standard (RPS) that requires load-serving entities, such as MCE, to gradually increase the amount of renewable energy they deliver to their customers. In October 2015, the California Governor signed SB 350, the Clean Energy and Pollution Reduction Act of 2015 into law. SB 350 became effective January 1, 2016, and increases the amount of renewable energy that must be delivered by most load-serving entities, including MCE, to their customers from 33% of their total annual retail sales by the end of the 2017-2020 compliance period, to 50% of their total annual retail sales by the end of the 2028-2030 compliance period, and in each three-year compliance period thereafter, unless changed by legislative action. SB 350 provides compliance flexibility and waiver mechanisms, including increased flexibility to apply excess renewable energy procurement in one compliance period to future compliance periods. Beginning January 1, 2021, at least 65 percent of the procurement a retail seller, such as MCE, counts toward the Renewables Portfolio Standard requirement of each compliance period shall be from its contracts of ten years or more in duration. As of March 31, 2019, MCE was in compliance with the 2030 requirements of SB 350.

MCE enters into long term purchase agreements to bring new solar, wind and other renewable energy generating facilities on-line, to meet its regulatory and voluntary RPS and GHG free targets and to accomplish its mission of providing renewable energy and reducing greenhouse gas emissions while ensuring retail rate stability by managing exposure to wholesale spot market prices.

MCE manages risks associated with these commitments by aligning purchase commitments with expected demand for electricity and by securing a diversity of technologies, geographical locations, and suppliers. Expected obligations under power purchase agreements totaled approximately $2.27 billion as of March 31, 2018 and $2.23 billion as of March 31, 2019.

Management intends to continue its conservative use of financial resources and expects ongoing operating surpluses.

REQUEST FOR INFORMATION

This financial report is designed to provide MCE's board members, stakeholders, customers and creditors with a general overview of the MCE'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 the Director of Finance, 1125 Tamalpais Avenue, San Rafael, CA 94901.

BASIC FINANCIAL STATEMENTS

MARIN CLEAN ENERGY

STATEMENTS OF NET POSITION

MARCH 31, 2019 AND 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 60,789,071	$ 34,384,786
Accounts receivable, net of allowance	27,525,151	14,832,001
Market settlements receivable	5,828,255	537,886
Other receivables	3,422,518	2,694,054
Accrued revenue	11,960,984	7,843,219
Prepaid expenses	1,465,199	1,560,486
Investments	10,000,000	-
Deposits and other current assets	6,642,817	2,774,576
Total current assets	127,633,995	64,627,008
Noncurrent assets		
Restricted cash	2,500,000	2,500,000
Capital assets, net of depreciation	1,127,966	667,482
Deposits and other noncurrent assets	340,511	304,092
Total noncurrent assets	3,968,477	3,471,574
Total assets	131,602,472	68,098,582
LIABILITIES		
Current liabilities		
Accounts payable	1,807,129	966,325
Accrued cost of electricity	29,693,302	9,671,410
Other accrued liabilities	894,468	499,074
Security deposits - energy suppliers	-	240,000
User taxes and energy surcharges due to other governments	1,237,879	959,150
Advances from grantors	6,362,129	5,031,320
Total current liabilities	39,994,907	17,367,279
Noncurrent liabilities		
Contract retention	30,950	-
Total liabilities	40,025,857	17,367,279
NET POSITION		
Net position		
Investment in capital assets	1,127,966	667,482
Restricted for line of credit collateral	2,500,000	2,500,000
Unrestricted	87,948,649	47,563,821
Total net position	$ 91,576,615	$ 50,731,303

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED MARCH 31, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Electricity sales, net	$ 353,959,271	$ 201,504,304
Wholesale resource sales	5,399,080	2,502,500
Grant revenue	2,285,626	1,596,484
Other revenue	648,050	149,542
Total operating revenues	362,292,027	205,752,830
OPERATING EXPENSES		
Cost of electricity	299,406,063	183,685,864
Contract services	12,126,677	8,109,126
Staff compensation	7,904,309	5,922,510
General and administration	2,716,666	2,135,567
Depreciation	189,490	113,669
Total operating expenses	322,343,205	199,966,736
Operating income	39,948,822	5,786,094
NONOPERATING REVENUES (EXPENSES)		
Interest income	943,712	325,492
Loan fee expense	(47,222)	(40,000)
Total nonoperating revenues (expenses)	896,490	285,492
CHANGE IN NET POSITION	40,845,312	6,071,586
Net position at beginning of year	50,731,303	44,659,717
Net position at end of year	$ 91,576,615	$ 50,731,303

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 346,828,777	$ 206,698,303
Receipts from market settlements	12,977,257	28,235,692
Receipts from grantors	3,881,097	3,590,609
Other operating receipts	604,144	541,222
Payments to suppliers for electricity	(301,509,357)	(222,088,934)
Payments to suppliers for other goods and services	(13,966,296)	(10,163,163)
Payments to employees for services	(7,706,516)	(5,880,190)
Other operating payments	(4,969,458)	(4,175,609)
Net cash provided (used) by operating activities	36,139,648	(3,242,070)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Loan fee expense	(34,722)	(40,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from sale of nondepreciable assets	-	688,031
Payments to acquire nondepreciable assets	-	(22,066)
Payments to acquire capital assets	(544,123)	(241,460)
Net cash provided (used) by capital and related financing activities	(544,123)	424,505
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for certificates of deposit	(10,000,000)	-
Interest received	843,482	326,635
Net cash provided (used) by investing activities	(9,156,518)	326,635
Net change in cash and cash equivalents	26,404,285	(2,530,930)
Cash and cash equivalents at beginning of year	36,884,786	39,415,716
Cash and cash equivalents at end of year	$ 63,289,071	$ 36,884,786
Reconciliation to the Statement of Net Position		
Cash and cash equivalents (unrestricted)	$ 60,789,071	$ 34,384,786
Restricted cash	2,500,000	2,500,000
Cash and cash equivalents	$ 63,289,071	$ 36,884,786

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF CASH FLOWS
(CONTINUED)

YEARS ENDED MARCH 31, 2019 AND 2018

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

	2019	2018
Operating income	$ 39,948,822	$ 5,786,094
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	189,490	113,669
Revenue adjusted for allowance for uncollectible accounts	2,477,987	(2,122,000)
(Increase) decrease in:		
Accounts receivable	(15,171,137)	3,030,297
Energy market settlements receivable	(5,290,369)	1,156,863
Other receivables	(628,234)	(2,448,434)
Accrued revenue	(4,117,765)	95,621
Prepaid expenses	95,286	(620,145)
Other assets and deposits	(3,956,190)	(1,973,604)
Damages	(240,000)	-
Increase (decrease) in:		
Accounts payable	773,984	345,970
Accrued cost of electricity	20,021,892	(8,805,949)
Other accrued liabilities	426,344	(46,974)
Security deposits from energy suppliers	-	240,000
User taxes due to other governments	278,729	(942)
Advances from grantor	1,330,809	2,007,464
Net cash provided (used) by operating activities	$ 36,139,648	$ (3,242,070)

The accompanying notes are an integral part of these financial statements

1. REPORTING ENTITY

Marin Clean Energy (MCE) is a California joint powers authority created on December 19, 2008. As of March 31, 2019, parties to its Joint Powers Agreement consist of the following local governments:

Counties	Cities		Towns
Contra Costa	Belvedere	Oakley	Corte Madera
Marin	Benicia	Pinole	Danville
Napa	Concord	Pittsburg	Fairfax
Solano	El Cerrito	Richmond	Moraga
	Lafayette	San Pablo	Ross
	Larkspur	San Rafael	San Anselmo
	Martinez	San Ramon	Tiburon
	Mill Valley	Sausalito	
	Novato	Walnut Creek	

MCE is separate from and derives no financial support from its members. MCE is governed by a Board of Directors whose membership is composed of elected officials representing one or more of the parties.

MCE's mission is to address climate change by reducing energy related greenhouse gas emissions through renewable energy supply and energy efficiency at stable and competitive rates for customers while providing local economic and workforce benefits. MCE provides electric service to retail customers as a Community Choice Aggregation Program under the California Public Utilities Code Section 366.2.

Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company. MCE administers energy efficiency programs which supports the development, coordination and implementation of energy efficiency programs in and around MCE's service area. The energy efficiency programs are supported by rate-payer funds regulated by the California Public Utilities Commission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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.

MCE'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. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories – investment in capital assets, restricted, and unrestricted.

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

CASH AND CASH EQUIVALENTS

For purpose of the Statements of Cash Flows, MCE defines cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. For the purpose of the Statement of Net Position, restricted cash balances are presented separately.

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. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment and seven years for furniture. Leasehold improvements are depreciated over 10 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET POSITION

Net position is presented in the following components:

Investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by outstanding borrowings that are attributable to the acquisition, construction, or improvement of those assets. MCE did not have any outstanding borrowings as of March 31, 2019 and 2018

Restricted: This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net position consists of net position that does not meet the definition of "investment in capital assets" or "restricted".

OPERATING AND NON-OPERATING REVENUE

Operating revenues include revenue derived from the provision of energy to retail and wholesale customers, grant revenue earned from the delivery of program activities, and penalties from suppliers that fail to meet delivery commitments.

Interest income is considered "non-operating revenue".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION

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

ELECTRICAL POWER PURCHASED

During the normal course of business MCE purchases electrical power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from bilateral contracts with energy suppliers as well as generation credits, and load and other charges arising from MCE's participation in the California Independent System Operator's centralized market. The cost of electricity and capacity is recognized as "Cost of Electricity" in the Statements of Revenues, Expenses and Changes in Net Position.

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, MCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS). MCE obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. An expense is recognized at the point that the cost of the Certificate is due and payable to the supplier. MCE purchases capacity commitments from qualifying generators to comply with the California Energy Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to the California Independent System Operator to ensure the safe and reliable operation of the grid in real time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future. MCE is in compliance with external mandates and self-imposed benchmarks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. MCE provides compensated time off, and the related liability is recorded in these financial statements.

INCOME TAXES

MCE is a joint powers authority under the provision of the California Government Code and 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.

RECLASSIFICATIONS

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements.

3. CASH AND CASH EQUIVALENTS

MCE maintains its cash in both interest-bearing and non-interest-bearing demand and term deposit accounts at River City Bank of Sacramento, California. MCE's deposits with River City Bank are subject to California Government Code Section 16521 which requires that River City Bank collateralize public funds in excess of the Federal Deposit Insurance Corporation limit of $250,000 by 110%. MCE monitors its risk exposure to River City Bank on an ongoing basis. MCE's Investment Policy permits the investment of funds in depository accounts, certificates of deposit, the Local Agency Investment Fund (LAIF) program operated by the California State Treasury, United States Treasury obligations, Federal Agency Securities, Bankers' Acceptances, Placement Service Deposits, Money Market Funds and Commercial Paper.

4. ACCOUNTS RECEIVABLE

Accounts receivable were as follows:

	2019	2018
Accounts receivable from customers	$ 32,093,138	$ 16,922,001
Allowance for uncollectible accounts	(4,567,987)	(2,090,000)
Net accounts receivable	$ 27,525,151	$ 14,832,001

The majority of account collections occur within the first few months following customer invoicing. MCE estimates that a portion of the billed accounts will not be collected. MCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, MCE continues to have success collecting older accounts. The allowance for uncollectible accounts at the end of a period includes amounts billed during the current and prior fiscal years.

5. MARKET SETTLEMENTS RECEIVABLE

MCE receives generation scheduling and other services from a registered, California Independent System Operator (CAISO) scheduling coordinator. Market settlements due from the scheduling coordinator were $5,828,000 and $538,000 as of March 31, 2019 and 2018, respectively.

6. INVESTMENTS

During 2018-19 MCE purchased Certificates of Deposits (CDs) utilizing a Certificate of Deposit Account Registry Service (CDARS). The purpose of CDARS is for institutions, such as MCE, to invest in CDs in order to stay below the Federal Deposit Insurance Corporation (FDIC) insurance limits at any given bank.

Below is a summary of accounts reflecting placements through CDARS at River City Bank as of March 31, 2019.

Effective date	Maturity date	Interest rate	Amount
11/1/2018	5/2/2019	2.32289%	$ 4,000,000
11/1/2018	10/31/2019	2.46936%	6,000,000
Total investments			$ 10,000,000

7. DEPOSITS AND OTHER CURRENT ASSETS

Deposits and other current assets are comprised of security deposits paid by MCE for general and energy supply collateral, as well as collateral held by CAISO for MCE's market participation.

8. CAPITAL ASSETS

Capital asset activity for the years ended March 31, 2018 and 2019 was as follows:

	Furniture & Equipment	Leasehold Improvements	Construction in Progress	Accumulated Depreciation	Total
Balances at March 31, 2017	$ 334,826	$ 482,111	$ -	$ (245,271)	$ 571,666
Additions	98,139	54,942	56,404	(113,669)	95,816
Balances at March 31, 2018	432,965	537,053	56,404	(358,940)	667,482
Additions	399,993	230,702	19,279	(189,490)	460,484
Dispositions	(54,146)	(5,881)	-	60,027	-
Balances at March 31, 2019	$ 778,812	$ 761,874	$ 75,683	$ (488,403)	$ 1,127,966

Construction in progress includes costs to build a solar carport at MCE's San Rafael office. Depreciation expense will be recorded when construction is complete.

9. GRANTS

MCE administers ratepayer-funded energy efficiency programs regulated by the Public Utilities Commission of the State of California (CPUC). The CPUC also allocated funds to MCE to conduct a Low-Income Family and Tenants (LIFT) pilot program to better serve income-qualified multifamily communities with energy efficiency programs. These grant revenues are recognized when a corresponding eligible expense is incurred, not when funds are received. Amounts earned for 2019 and 2018 under these programs were approximately $1,922,000 and $1,526,000.

MCE also administers grants from the Bay Area Air Quality Management District, California Energy Commission and Marin Community Foundation.

10. DEBT

LINE OF CREDIT AND LETTERS OF CREDIT

MCE entered into a non-revolving credit agreement with River City Bank (RCB) in August 2015 that may be used for short term borrowing and to issue standby Letters of Credit used for performance security. In July 2017 the agreement was amended to increase the limit to $25 million, reduce borrowing rates and fees and allow cash advances for working capital needs. RCB requires collateral for the line of credit of $2.5 million which is reported as restricted cash and restricted net position. The current agreement in place at the end of 2018-19 expires on August 31, 2019.

MCE had no standby Letters of Credit or amounts outstanding under its line of credit agreement as of March 31, 2019.

Fees related to opening and renewal of the line of credit and posting the letters of credit are reported as interest and related expenses.

11. 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. As of March 31, 2019, there were 61 plan members. MCE is required to contribute 10% of annual covered payroll to the Plan and contributed $604,000 and $476,000 during the years ended March 31, 2019 and 2018, respectively. The Plan includes vesting provisions intended to encourage employee retention. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

12. 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 insurance policies from investment grade commercial carriers to mitigate risks that include those associated with earthquakes, theft, general liability, errors and omissions, and property damage.

MCE maintains risk management policies, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market.

12. RISK MANAGEMENT (continued)

Credit guidelines include a preference for transacting with investment grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, MCE enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counter parties.

13. PURCHASE COMMITMENTS

POWER AND ELECTRIC CAPACITY

In the ordinary course of business, MCE enters into various power purchase agreements in order to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind and hydro-electric facilities.

MCE enters into power purchase agreements in order to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products and to ensure stable and competitive electric rates for its customers.

The following table represents the expected, undiscounted, contractual obligations outstanding as of March 31, 2019:

Year ended March 31,	
2020	$ 246,000,000
2021	200,000,000
2022	187,000,000
2023	154,000,000
2024	116,000,000
2025-41	1,323,000,000
	$ 2,226,000,000

As of March 31, 2019, MCE had noncancelable contractual commitments to professional service providers through April 30, 2020 for services yet to be performed. Fees associated with these contracts are based on volumetric activity and are expected to be $6.6 million.

14. OPERATING LEASE

Rental expense for MCE's office space was $541,000 and $417,000 for the years ended March 31, 2019 and 2018, respectively. On March 9, 2015, MCE entered into a ten-year non-cancelable lease for its San Rafael office premise. The rental agreement includes an option to renew the lease for five additional years. On December 12, 2017, MCE entered into a 68-month non-cancelable lease for its Concord office premise.

Future minimum lease payments under these leases are as follows:

Year ended March 31,	
2020	$ 779,000
2021	807,000
2022	836,000
2023	866,000
2024	799,000
2025	539,000
	$ 4,626,000

15. FUTURE GASB PRONOUNCEMENTS

The requirements of the following GASB Statements are effective for future fiscal years ending after March 31, 2019:

GASB Statement No. 87, *Leases*, is effective for fiscal years beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about governments' leasing activities.

16. PG&E BANKRUPTCY

PG&E provides transmission and distribution services to MCE customers and serves as billing agent for MCE. PG&E is responsible to collect payments on behalf of MCE. In January 2019, PG&E filed for Chapter 11 bankruptcy protection. MCE expects the utility will continue to operate in a business-as-usual fashion and the MCE's revenues collected by PG&E will continue to flow through to MCE with no material interruption.