Executive Committee Meeting
Friday, September 3, 2021
12:15 P.M.

The Executive Committee Meeting will be conducted pursuant to the provisions of the Governor’s Executive Order N-29-20 (March 17, 2020) which suspends certain requirements of the Ralph M. Brown Act. Executive Committee Members will be teleconferencing into the Executive Committee Meeting.

Members of the public who wish to observe the meeting may do so telephonically via the following teleconference call-in number and meeting ID:

For Viewing Access Join Zoom Meeting:
https://us02web.zoom.us/j/86945888046?pwd=clk2dXFKVEh0bk5Ba2dLUVhxQXg1QT09
Dial: 1-669-900-9128
Meeting ID: 869 4588 8046
Meeting Password: 357808

Agenda Page 1 of 2

1. Roll Call/Quorum
2. Board Announcements (Discussion)
3. Public Open Time (Discussion)
4. Report from Chief Executive Officer (Discussion)
5. Consent Calendar (Discussion/Action)
   C.1 Approval of 7.2.21 Meeting Minutes
6. MCE Cares Credit Update (Discussion/Action)
8. Customer Programs Update (Discussion)

9. MCE Collections Update (Discussion)

10. Committee Matters & Staff Matters (Discussion)

11. Adjourn

DISABLED ACCOMMODATION: If you are a person with a disability which requires an accommodation, or an alternative format, please contact the Clerk of the Board at (925) 378-6732 as soon as possible to ensure arrangements for accommodation.
The Executive Committee Meeting was conducted pursuant to the provisions of the Governor’s Executive Order N-29-20 (March 17, 2020) which suspends certain requirements of the Ralph M. Brown Act. Committee Members, staff and members of the public were able to participate in the Committee Meeting via teleconference.

**Present:**

Denise Athas, City of Novato  
Edi Birsan, City of Concord  
Tom Butt, City of Richmond  
Barbara Coler, Town of Fairfax  
Ford Greene, Town of San Anselmo  
Kevin Haroff, City of Larkspur, Committee Chair  
Devin Murphy, City of Pinole  
Shanelle Scales-Preston, City of Pittsburg  
Gabriel Quinto, City of El Cerrito  
Brad Wagenknecht, County of Napa  
Sally Wilkinson, City of Belvedere

**Absent:**

Cindy Darling, City of Walnut Creek

**Staff & Others:**

Jesica Brooks, Assistant Board Clerk  
Michael Callahan, Senior Policy Council  
Darlene Jackson, Board Clerk  
Vicken Kasarjian, Chief Operating Officer  
Enyonam Senyo-Mensah, Administrative Services Associate  
Sol Phua, Administrative Services Assistant  
Garth Salisbury, Director of Finance  
Lindsay Saxby, Director of Power Resources  
Dawn Weisz, Chief Executive Officer

1. **Roll Call**

Chair Haroff called the regular Executive Committee meeting to order at 12:15 p.m. with quorum established by roll call.

2. **Board Announcements (Discussion)**

There were comments made by Directors Birsan

3. **Public Open Time (Discussion)**
Chair Haroff opened the public comment period and there were no comments.

4. **Report from Chief Executive Officer (Discussion)**

CEO, Dawn Weisz, reported on the following:
- Western Clean Energy (WCE) Update
- MCECares Credit-COVID relief program has seen 35% of eligible customers sign up and those customers are now receiving monthly credits. General information on ways to lower your energy bill.
- The CPUC approved MCE’s request for an additional $4 million in funding for its commercial energy efficiency program.
- The FlexMarket Program which pays for load reduction during peak hours to support grid reliability and avoid peak energy prices, launched on June 1. As of 6/18, 228 customers were participating and more will be enrolling throughout the month of June. Our first two demand reduction events were called on June 16th and 17th in response to the heat wave. Impacts will be calculated following the end of each month.
- MCE has coordinated an innovative public-private partnership to successfully submit an abstract to the California Energy Commission, requesting $3 million in grant funds to support the development of Richmond Green Hydrogen One as an extension of MCE's Solar One project on the Chevron refinery.
- Stemming from the Board’s approval of MCE's Racial Equity Resolution, MCE has applied to be a member of the Government Alliance for Race and Equity (GARE).
- Update on SB 612 - CalCCA’s PCIA Reform Bill.

5. **Consent Calendar (Discussion/Action)**

   C.1 Approval of 5.7.21 Meeting Minutes
   C.2 Approval of dues to CalCCA

Chair Haroff opened the public comment period and there were no comments.

**Action:** It was M/S/C (Greene/Athas) to approve Consent Calendar items C.1 – C.2. Motion carried by unanimous roll call vote. (Absent: Directors Birsan and Darling).

6. **Proposed Resolution 2021-05: A Resolution of the Board of Directors of Marin Clean Energy authorizing the execution and delivery of a Clean Energy Purchase Contract and certain other documents in connection with the**
issuance of the California Community Choice Financing Authority Clean Energy Project Revenue Bonds, Series 2021A; and certain other actions required to ensure the reduction in the costs of renewable energy therewith (Discussion/Action)

Garth Salisbury, Director of Finance, presented this item and, with input from David Brennan and Doug Bird, addressed questions from Committee members.

Chair Haroff opened the public comment period and there were comments from member of the public Dan Segedin.

Action: It was M/S/C (Coler/Athas) that the Executive Committee recommend to the full Board approval of Resolution 2021-05 authorizing staff to finalize negotiations, execute all necessary contracts, documents and certificates required to close the proposed prepayment transaction, and direct payment to vendors that provided services required to complete the issuance of the bonds. Motion carried by unanimous roll call vote. (Absent: Directors Darling and Scales-Preston).

7. Proposed Fiscal Year 2020/21 Deposit to MCE’s Operating Reserve Fund (Discussion/Action)

Garth Salisbury, Director of Finance, presented this item and addressed questions from Committee members.

Chair Haroff opened the public comment period and there were no comments.

Action: It was M/S/C (Wagenknecht/Coler) that the Executive Committee consider approval and recommend to the Board a deferral of $4,500,000 into the Operating Reserve Fund for fiscal year 2020/21. Motion carried by unanimous roll call vote. (Absent: Directors Darling and Scales-Preston).

8. Review Draft 7.15.21 Board Agenda (Discussion)

CEO Weisz, presented this item and addressed questions from Committee members.

Chair Haroff opened the public comment period and there were comments from Director Birsan but no public comment.

Action: No action required.

9. Committee & Staff Matters (Discussion)
10. **Adjournment**

Chair Haroff adjourned the meeting at 1:30 p.m. to the next scheduled Executive Committee Meeting on August 6, 2021.

______________________________
Kevin Haroff, Chair

Attest:

______________________________
Dawn Weisz, Secretary
September 3, 2021

TO: MCE Executive Committee

FROM: Heather Shepard, Director of Public Affairs
       Zae Perrin, Manager of Customer Operations

RE: MCE Cares Credit Update (Agenda Item #06)

ATTACHMENTS: MCE Cares Credit Update

Dear Executive Committee Members:

SUMMARY:
At the March 18, 2021 Board Meeting, MCE’s Board of Directors approved $10M for the MCE Cares Credit Program (or “Program”) to provide targeted cost relief for MCE customers struggling to pay their electricity bills due to the COVID economy. Funding was approved to support the Program for a 9-month term, targeting select residential and small business customers. As part of the March discussion, the Board recommended an update in September on the progress of the Program.

This update provides a summary of Program results to date and potential fiscal impacts in the event MCE’s Executive Committee recommends an extension of the Program.

Background:
- MCE’s Board approved the MCE Cares Credit Program of $10M for 9 months beginning in April 2021, supporting up to 65,000 residential and 42,000 small business customers.
- This program was implemented under the name “MCE Cares Credit”
- Eligible residential customers receive a flat $10/month bill credit regardless of usage
- Eligible small business customers receive 20% discount on electricity usage
- Board approved auto enrollment of a sub-segment of eligible residential
customers. Auto-enrolled customers began receiving the $10/month credit in April.

- The remainder of eligible customers actively enrolled after receiving multiple notices and communications from MCE beginning in April.

**Results to Date:**

**Cares Credit Program Participation:**
After 4.5 months of this Program, MCE has:

- Auto-enrolled 25,045 residential customers, saving these customers $877,000.
- Received 8,665 active sign-ups from residential customers, saving these customers $200,000.
- Received 881 active sign-ups from small business customers, saving these customers $56,000. These customers also submitted 200 surveys indicating interest in energy efficiency, energy savings and resiliency programs and services.

Total Participation: 34,591 customers (32% of eligible customers) with a combined savings of $1.1M through August 2021.

**Customer Outreach Summary:**
In support of this Program, MCE has conducted the following outreach thus far:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Results/Estimated Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct outreach to eligible customers</td>
<td>273,000 direct emails and mailers (multiple messaging cycles)</td>
</tr>
<tr>
<td>Social Media</td>
<td>183,000 impressions</td>
</tr>
<tr>
<td>Lower Your Bill + MCE Cares webpages traffic</td>
<td>23,000 unique visitors</td>
</tr>
<tr>
<td>Spanish radio and TV interviews</td>
<td>100,000 audience reach</td>
</tr>
<tr>
<td>Chamber outreach and MCE Cares Credit inclusion in chambers e-newsletters</td>
<td>~43,000 local businesses</td>
</tr>
<tr>
<td>Info@ and call center inquiries</td>
<td>Over 1,500</td>
</tr>
</tbody>
</table>

**Next Steps:**
Based on input from the Executive Committee, MCE could allow the Program to
expire on December 31, 2021 or extend the Program for an additional 3 months (January 1, 2022 – March 31, 2022) to provide ongoing support to customers through the end of MCE’s fiscal year. Staff estimates that extending the Program for an additional 3 months would allow approximately 5,000 additional customers to participate, targeting hard-to-reach customers who require multiple outreach attempts.

**Fiscal Impacts:**
Based on customer enrollments to date, MCE staff anticipates that approximately $2.5M of the approved Program funding will be spent by December 31, 2021, with an estimated 4,000 additional customers enrolling by December, for a total of 40,000 customers supported.

If the Board recommends extending the program from January 1 through March 31, 2022, MCE Staff anticipates that an additional $1.2M would be spent to support an estimated 5,000 additional customers enrolled by March 31, 2022, for a total of 45,000 customers supported. Extending the Program would bring the total estimated MCE Cares Credit Program spend to $3.7M.

**Recommendation:**
Direct staff to extend the MCE Cares Credit Program through March 31, 2022.
Agenda

1. Review of MCE Targeted Cost Relief Program April-August
2. Discussion/Action
Re-Cap: MCE Cares Credit Program

• Board approval in March 2021.
• Revisit participation trends at 6 months, adjust if needed.
• Program Launch April 2021: Bill Credit labeled “MCE Cares Credit.”
• Residential Customers:
  • Auto enroll most vulnerable (arrearage status)
  • Active enroll the remaining eligible customers-estimated 50% participation
• Small Businesses:
  • Active enroll of all eligible accounts- estimated 50% participation
• Promoted as part of broader MCE Cares campaign.
• Approved funding for Targeted Cost Relief Program for 9 months at $10M.
## Targeted Cost Relief Program

### Approved Start Date: April 1, 2021

<table>
<thead>
<tr>
<th>Customer Type</th>
<th>Proposed Credit</th>
<th>Participation</th>
<th>Per Month</th>
<th>Six Months</th>
<th>9 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARE/ FERA customers</td>
<td>$10/month bill credit</td>
<td>a) Targeted-Auto-enroll 10% most vulnerable CARE/FERA Customers (15k eligible and enrolled) and b) Active enroll estimating 50% participation (50k enrolled; 100k eligible)</td>
<td>$150,000</td>
<td>$900,000</td>
<td>$1,350,000</td>
</tr>
<tr>
<td>Small Businesses</td>
<td>20% discount on electricity usage (~$22/month)</td>
<td>Active enroll estimating 50% participation (21k enrolled; 42k eligible) – complete survey to participate.</td>
<td>$454,020</td>
<td>$2,724,120</td>
<td>$4,086,180</td>
</tr>
</tbody>
</table>

| Estimated Total Cost | $1.1M | $6.6M | $10M |
Results to Date

After 4.5 months of this program, MCE has:

- Auto-enrolled 25,045 residential customers, saving these customers $877,000.
- Received 8,665 active sign-ups from residential customers, saving these customers $200,000.
- Received 881 active sign-ups from small business customers along with 200 surveys indicating interest in energy efficiency, energy savings and resiliency programs and services, saving these customers $56,000.

Total Participation 34,591 Customers (32% of eligible customers) with a combined customer bill savings of $1.1M through August 2021.
# MCE Cares Credit Outreach Summary

<table>
<thead>
<tr>
<th>Activity</th>
<th>Results/Estimated Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Customer Engagement</td>
<td>273,000 direct emails and mailers (multiple messaging cycles)</td>
</tr>
<tr>
<td>Social Media</td>
<td>183,000 impressions</td>
</tr>
<tr>
<td>Lower Your Bill + MCE Cares webpages traffic</td>
<td>23,000 unique visitors</td>
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<td>~43,000 local businesses</td>
</tr>
<tr>
<td>Info@ and call center inquiries</td>
<td>Over 1,500</td>
</tr>
</tbody>
</table>
Lessons Learned

• Auto enroll provides the most immediate benefit. We auto enrolled 23% of total eligible customers.

• MCE outreach was comprehensive.
  • Eligible customers received multiple direct emails and mailers
  • Indirect outreach through business chambers, social media and advertising.

• MCE Cares is a strong sub-brand and can be reactivated for future targeted cost relief and/or vulnerable customer support.

• SMB participation is lower than expected, however participating SMB customers highly engaged with 23% survey response rate.
# Looking Ahead: Options

<table>
<thead>
<tr>
<th></th>
<th>Program as Approved Actuals + Projected through Dec 31, 2021</th>
<th>Extend Program January-March 31, 2022 Projected participation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Customers Served</strong></td>
<td>40,000 (36k actual + 4k projected)</td>
<td>45,000 (40k through 2021 + 5k additional customers)</td>
</tr>
<tr>
<td><strong>Total Program Spend</strong></td>
<td>$2.5M Total</td>
<td>+$1.2M $3.7M Total</td>
</tr>
</tbody>
</table>

March 2021 MCE Board Approved Budget $10M to support up to 107,000 customers.
Recommendation

Direct staff to extend the MCE Cares Credit Program from January 1 through March 31, 2022, to support an estimated 5,000 additional customers enrolled, for a total of 45,000 customers supported.
Thank You

Heather Shepard
Director of Public Affairs
hshepard@mcecleanenergy.org

Zae Perrin
Manager of Customer Operations
zperrin@mcecleanenergy.org
FINANCIAL STATEMENTS

Years Ended March 31, 2021 & 2020
with Report of Independent Auditors

mceCleanEnergy.org
MARIN CLEAN ENERGY
YEARS ENDED MARCH 31, 2021 AND 2020

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Independent Auditors’ Report

Management’s Discussion and Analysis

Basic Financial Statements:

Statements of Net Position

Statements of Revenues, Expenses and Changes in Net Position

Statements of Cash Flows

Notes to the Basic Financial Statements
Independent Auditors’ Report

To the Board of Directors of
Marin Clean Energy

Report on the Financial Statements

We have audited the accompanying financial statements of Marin Clean Energy, as of and for the years ended March 31, 2021 and 2020, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2021 and 2020, 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 Discussion and Analysis 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.

Baker Tilly US, LLP

Madison, Wisconsin
August 17, 2021
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, 2021, and 2020. 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 an 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).

Please refer to Independent Auditors’ report.
Contents of this Report

This report is divided into the following sections:

- Management discussion and analysis.

- The Basic Financial Statements:
  
  o The *Statements of Net Position* include all of MCE’s assets, liabilities, deferred inflows of resources and net position and provides information about the nature and amount of resources and obligations at a specific point in time.

  o The *Statements of Revenues, Expenses, and Changes in Net Position* report all of MCE’s revenue and expenses for the years shown.

  o The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as capital and investing activities.

  o 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, deferred inflows of resources and net position and a discussion of significant changes for the years ending March 31:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>$252,069,094</td>
<td>$211,708,945</td>
<td>$127,633,995</td>
</tr>
<tr>
<td><strong>Noncurrent assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>958,569</td>
<td>1,142,836</td>
<td>1,127,966</td>
</tr>
<tr>
<td>Other noncurrent assets</td>
<td>15,360,190</td>
<td>10,881,417</td>
<td>2,840,511</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>16,318,759</td>
<td>12,024,253</td>
<td>3,968,477</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>268,387,853</td>
<td>223,733,198</td>
<td>131,602,472</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>64,037,546</td>
<td>51,359,862</td>
<td>39,994,907</td>
</tr>
<tr>
<td><strong>Noncurrent liabilities</strong></td>
<td>-</td>
<td>67,796</td>
<td>30,950</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>64,037,546</td>
<td>51,427,658</td>
<td>40,025,857</td>
</tr>
<tr>
<td><strong>Deferred inflows of resources</strong></td>
<td>15,000,000</td>
<td>10,500,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net position:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in capital assets</td>
<td>958,569</td>
<td>1,142,836</td>
<td>1,127,966</td>
</tr>
<tr>
<td>Restricted</td>
<td>147,000</td>
<td>-</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>188,244,738</td>
<td>160,662,704</td>
<td>87,948,649</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$189,350,307</td>
<td>$161,805,540</td>
<td>$91,576,615</td>
</tr>
</tbody>
</table>

**Current assets**

Current assets were approximately $252,100,000 at the end of 2021 and were primarily comprised of cash of $183,200,000, accounts receivable of $34,400,000, and accrued revenue of $16,100,000, each of which mark an increase from 2020 to 2021. Cash increased each year as a result of operating surpluses. Accounts receivable and accrued revenue experienced moderate increases due to attributable to territorial expansion in previous years as well as a small increase in the length of the collections cycle attributable to Covid-19. 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

Capital assets are presented net of depreciation. Capital assets held by MCE include leasehold improvements, furniture and equipment. MCE does not own assets used for electric generation or distribution.

Other noncurrent assets

Other noncurrent assets increased in 2021 primarily due to a transfer of $4,500,000 to an Operating Reserve Fund to defer revenue for later years when financial results may not be as strong or are stressed. By postponing revenue recognition to future years, MCE will be positioned to avoid sudden rate increases to address unanticipated spikes in energy costs and other unforeseen circumstances.

Current liabilities

The largest component of current liabilities is the cost of electricity delivered to customers that is not yet paid by MCE. Current liabilities increased each year due to the increased demand from customers added as well as price increases of certain energy products. Other components include trade accounts payable, taxes and surcharges due to governments, advances from grantors, and various other accrued liabilities.

The following table is a summary of MCE’s results of operations and a discussion of significant changes for years ending March 31:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$ 452,955,192</td>
<td>$ 416,119,323</td>
<td>$ 362,292,027</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,784,590</td>
<td>2,957,808</td>
<td>943,712</td>
</tr>
<tr>
<td>Total income</td>
<td>454,739,782</td>
<td>419,077,131</td>
<td>363,235,739</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>427,014,543</td>
<td>348,716,887</td>
<td>322,343,205</td>
</tr>
<tr>
<td>Nonoperating expenses</td>
<td>180,472</td>
<td>131,319</td>
<td>47,222</td>
</tr>
<tr>
<td>Total expenses</td>
<td>427,195,015</td>
<td>348,848,206</td>
<td>322,390,427</td>
</tr>
<tr>
<td>Change in net position</td>
<td>$ 27,544,767</td>
<td>$ 70,228,925</td>
<td>$ 40,845,312</td>
</tr>
</tbody>
</table>
Operating revenues

Operating revenues increased each year from 2019 to 2021. This was primarily driven by rate changes as well as electricity sales from the inclusion of new communities beginning in April 2018. This expansion covered unincorporated Contra Costa county, as well as the cities and towns of Concord, Martinez, Oakley, Pinole, Pittsburg, San Ramon, Danville and Moraga.

MCE also receives revenues from sources other than retail customer sales. These sources include wholesale energy sales to other suppliers, as well as grant income used to assist with various customer programs.

Interest income decreased from 2020 to 2021 as a result of a significant reduction in interest rates.

Operating expenses

Operating expenses increased each year, primarily due to the rising cost for certain products in the energy market. The price increases were the major drivers of the rise from 2020 to 2021. The primary cause of the increase from 2019 to 2020 was the additional energy volume required to provide for large customer expansions.

MCE procures energy from a variety of sources to minimize this risk and maintain a balanced renewable power portfolio.
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 ("LSEs"), such as MCE, to gradually increase the amount of renewable energy they deliver to their customers. Senate Bill ("SB") 100, signed by California’s Governor in September 2018, directs LSEs to supply 60% of their retail sales with RPS-eligible resources by 2030. MCE began supplying its retail sales with 60% RPS-eligible resources in 2017, 13 years ahead of the SB 100 schedule. In addition, pursuant to California SB 350 (signed into law in October 2015), at least 65 percent of the procurement a retail seller, such as MCE, counts toward its renewables portfolio standard requirement for each compliance period shall be from contracts of ten years or more in duration ("long-term contracts"), starting with compliance period 4 (which began January 1, 2021). As of March 31, 2021, MCE has executed RPS contracts of ten years or more in duration that are projected to meet MCE’s SB 350 long-term contracting requirement through 2027, and MCE is planning to continue its long-term RPS procurement as opportunities arise.

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 $2.32 billion as of March 31, 2020 and $2.50 billion as of March 31, 2021.

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, 2021 AND 2020

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$183,177,074</td>
<td>$144,607,424</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance</td>
<td>34,374,473</td>
<td>29,801,063</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>16,132,750</td>
<td>15,758,273</td>
</tr>
<tr>
<td>Other receivables</td>
<td>2,556,349</td>
<td>2,879,452</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>1,051,125</td>
<td>1,455,435</td>
</tr>
<tr>
<td>Deposits</td>
<td>4,353,382</td>
<td>8,091,551</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>10,423,941</td>
<td>9,115,747</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>252,069,094</td>
<td>211,708,945</td>
</tr>
<tr>
<td><strong>Noncurrent assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted cash and cash equivalents</td>
<td>15,000,000</td>
<td>10,500,000</td>
</tr>
<tr>
<td>Capital assets, net of depreciation</td>
<td>958,569</td>
<td>1,142,836</td>
</tr>
<tr>
<td>Deposits and other assets</td>
<td>360,190</td>
<td>381,417</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>16,318,759</td>
<td>12,024,253</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>268,387,853</td>
<td>223,733,198</td>
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</tbody>
</table>

### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued cost of electricity</td>
<td>43,409,420</td>
<td>32,995,146</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>2,910,914</td>
<td>2,266,392</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>1,229,500</td>
<td>1,096,341</td>
</tr>
<tr>
<td>User taxes and energy surcharges due to other governments</td>
<td>1,578,271</td>
<td>1,336,236</td>
</tr>
<tr>
<td>Security deposits - energy suppliers</td>
<td>4,632,500</td>
<td>4,550,000</td>
</tr>
<tr>
<td>Advances from grantors</td>
<td>10,276,941</td>
<td>9,115,747</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>64,037,546</td>
<td>51,359,862</td>
</tr>
<tr>
<td><strong>Noncurrent liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract retention</td>
<td>-</td>
<td>67,796</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>64,037,546</td>
<td>51,427,658</td>
</tr>
</tbody>
</table>

### DEFERRED INFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Reserve Fund</td>
<td>15,000,000</td>
<td>10,500,000</td>
</tr>
</tbody>
</table>

### NET POSITION

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in capital assets</td>
<td>958,569</td>
<td>1,142,836</td>
</tr>
<tr>
<td>Restricted</td>
<td>147,000</td>
<td>-</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>188,244,738</td>
<td>160,662,704</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$189,350,307</td>
<td>$161,805,540</td>
</tr>
</tbody>
</table>

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, 2021 AND 2020**

## OPERATING REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity sales, net</td>
<td>$438,638,872</td>
<td>$413,996,865</td>
</tr>
<tr>
<td>Rate stabilization</td>
<td>(4,500,000)</td>
<td>(10,500,000)</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>5,040,193</td>
<td>3,414,529</td>
</tr>
<tr>
<td>Wholesale resource sales</td>
<td>13,693,041</td>
<td>5,428,151</td>
</tr>
<tr>
<td>Revenue from damages</td>
<td>66,450</td>
<td>3,750,000</td>
</tr>
<tr>
<td>Other revenue</td>
<td>16,636</td>
<td>29,778</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>452,955,192</td>
<td>416,119,323</td>
</tr>
</tbody>
</table>

## OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of electricity</td>
<td>393,477,405</td>
<td>322,052,462</td>
</tr>
<tr>
<td>Contract services</td>
<td>17,301,213</td>
<td>13,396,517</td>
</tr>
<tr>
<td>Staff compensation</td>
<td>12,249,940</td>
<td>9,365,433</td>
</tr>
<tr>
<td>General and administration</td>
<td>3,715,602</td>
<td>3,642,487</td>
</tr>
<tr>
<td>Depreciation</td>
<td>270,383</td>
<td>259,988</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>427,014,543</td>
<td>348,716,887</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>25,940,649</td>
<td>67,402,436</td>
</tr>
</tbody>
</table>

## NONOPERATING REVENUES (EXPENSES)

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>1,784,590</td>
<td>2,957,808</td>
</tr>
<tr>
<td>Loan fee expense</td>
<td>(180,472)</td>
<td>(131,319)</td>
</tr>
<tr>
<td><strong>Nonoperating revenues (expenses), net</strong></td>
<td>1,604,118</td>
<td>2,826,489</td>
</tr>
</tbody>
</table>

## CHANGE IN NET POSITION

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position at beginning of year</td>
<td>161,805,540</td>
<td>91,576,615</td>
</tr>
<tr>
<td><strong>Net position at end of year</strong></td>
<td>$189,350,307</td>
<td>$161,805,540</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# MARIN CLEAN ENERGY

## STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2021 AND 2020

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$ 452,135,582</td>
<td>$ 420,801,354</td>
</tr>
<tr>
<td>Receipts from market settlements</td>
<td>12,066,813</td>
<td>5,015,042</td>
</tr>
<tr>
<td>Receipts from grantors</td>
<td>10,645,491</td>
<td>6,353,753</td>
</tr>
<tr>
<td>Receipts from damages</td>
<td>66,450</td>
<td>3,750,000</td>
</tr>
<tr>
<td>Other operating receipts</td>
<td>1,852,599</td>
<td>3,134,180</td>
</tr>
<tr>
<td>Payments to suppliers for electricity</td>
<td>(390,928,169)</td>
<td>(319,314,339)</td>
</tr>
<tr>
<td>Payments for other goods and services</td>
<td>(25,317,043)</td>
<td>(16,577,025)</td>
</tr>
<tr>
<td>Payments for staff compensation</td>
<td>(12,086,731)</td>
<td>(9,351,367)</td>
</tr>
<tr>
<td>Payments of tax and surcharges to other governments</td>
<td>(5,612,924)</td>
<td>(5,441,790)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>42,822,068</strong></td>
<td><strong>88,369,808</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan fee expense</td>
<td>(137,454)</td>
<td>(143,819)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to acquire capital assets</td>
<td>(83,529)</td>
<td>(349,927)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate of deposit redemption</td>
<td>-</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Interest received</td>
<td>1,776,759</td>
<td>3,058,038</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td><strong>1,776,759</strong></td>
<td><strong>13,058,038</strong></td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>44,377,844</td>
<td>100,934,100</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>164,223,171</td>
<td>63,289,071</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td><strong>$ 208,601,015</strong></td>
<td><strong>$ 164,223,171</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reconciliation to the Statement of Net Position</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (unrestricted)</td>
<td>$ 183,177,074</td>
<td>$ 144,607,424</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>10,423,941</td>
<td>9,115,747</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (unrestricted)</td>
<td>15,000,000</td>
<td>10,500,000</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td><strong>$ 208,601,015</strong></td>
<td><strong>$ 164,223,171</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements
### RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$25,940,649</td>
<td>$67,402,436</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash provided by operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>270,383</td>
<td>259,988</td>
</tr>
<tr>
<td>Revenue adjusted for allowance for uncollectible accounts</td>
<td>(789,762)</td>
<td>3,939,401</td>
</tr>
<tr>
<td>(Increase) decrease in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(3,783,648)</td>
<td>(6,215,313)</td>
</tr>
<tr>
<td>Energy market settlements receivable</td>
<td>-</td>
<td>5,828,255</td>
</tr>
<tr>
<td>Other receivables</td>
<td>323,103</td>
<td>442,836</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>(374,477)</td>
<td>(3,797,289)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>404,309</td>
<td>9,765</td>
</tr>
<tr>
<td>Deposits</td>
<td>3,767,227</td>
<td>(1,489,640)</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued cost of electricity</td>
<td>10,414,274</td>
<td>546,831</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>598,918</td>
<td>3,301,844</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>65,363</td>
<td>238,719</td>
</tr>
<tr>
<td>Security deposits from energy suppliers</td>
<td>82,500</td>
<td>4,550,000</td>
</tr>
<tr>
<td>User taxes due to other governments</td>
<td>242,035</td>
<td>98,357</td>
</tr>
<tr>
<td>Operating Reserve Fund</td>
<td>4,500,000</td>
<td>10,500,000</td>
</tr>
<tr>
<td>Advances from grantor</td>
<td>1,161,194</td>
<td>2,753,618</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$42,822,068</td>
<td>$88,369,808</td>
</tr>
</tbody>
</table>
1. REPORTING ENTITY

Marin Clean Energy (MCE) is a California joint powers authority created on December 19, 2008. As of March 31, 2021, parties to its Joint Powers Agreement consist of the following local governments:

<table>
<thead>
<tr>
<th>Counties</th>
<th>Cities and Towns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contra Costa</td>
<td>Belvedere</td>
</tr>
<tr>
<td>Marin</td>
<td>Martinez</td>
</tr>
<tr>
<td>Napa</td>
<td>Benicia</td>
</tr>
<tr>
<td>Solano</td>
<td>Concord</td>
</tr>
<tr>
<td></td>
<td>Contra Costa</td>
</tr>
<tr>
<td></td>
<td>Danville</td>
</tr>
<tr>
<td></td>
<td>El Cerrito</td>
</tr>
<tr>
<td></td>
<td>Fairfax</td>
</tr>
<tr>
<td></td>
<td>Lafayette</td>
</tr>
<tr>
<td></td>
<td>Larkspur</td>
</tr>
<tr>
<td></td>
<td>Belvedere Martinez</td>
</tr>
<tr>
<td></td>
<td>Benicia Mill Valley</td>
</tr>
<tr>
<td></td>
<td>Concord Moraga</td>
</tr>
<tr>
<td></td>
<td>Danville Oakley</td>
</tr>
<tr>
<td></td>
<td>El Cerrito Pinole</td>
</tr>
<tr>
<td></td>
<td>Fairfax Pittsburg</td>
</tr>
<tr>
<td></td>
<td>Lafayette Pleasant Hill</td>
</tr>
<tr>
<td></td>
<td>Larkspur Richmond</td>
</tr>
<tr>
<td></td>
<td>Ross</td>
</tr>
<tr>
<td></td>
<td>San Anselmo</td>
</tr>
<tr>
<td></td>
<td>San Pablo</td>
</tr>
<tr>
<td></td>
<td>San Rafael</td>
</tr>
<tr>
<td></td>
<td>San Ramon</td>
</tr>
<tr>
<td></td>
<td>Sausalito</td>
</tr>
<tr>
<td></td>
<td>Tiburon</td>
</tr>
<tr>
<td></td>
<td>Vallejo</td>
</tr>
<tr>
<td></td>
<td>Walnut Creek</td>
</tr>
</tbody>
</table>

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 that support the development, coordination, and implementation of energy efficiency programs in and around MCE’s service area. The energy efficiency programs are provided from rate-payers and 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. The Statement of Net Position presents restricted cash balances separately. Restricted cash reported on the Statements of Net Position includes funding advanced from grantors.

DEPOSITS

Various energy contracts entered into by MCE require MCE to provide a supplier with a security deposit. These deposits are generally held for the term of the contract. Deposits are classified as current or noncurrent depending on the length of the time the deposits are expected to be held. While these energy contract related deposits make up the majority of this item, other components include deposits for regulatory and other operating purposes.

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, seven years for furniture, and ten years for leasehold improvements.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SECURITY DEPOSITS FROM ENERGY SUPPLIERS

Various energy contracts entered into by MCE require the supplier to provide MCE with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or noncurrent depending on the length of the time the deposits will be held.

ADVANCES FROM GRANTORS

MCE received grant funding from various grantors. The amount in this category represents funds received by MCE, but not yet expended to carry out specific goals.

OPERATING RESERVE FUND

In March 2020, MCE created an Operating Reserve Fund to allow MCE to defer revenue in years when financial results are strong to be used in future years when financial results are not as strong or stressed. In accordance with GASB 62, the amount deposited into the fund is shown as a reduction of operating revenues and reported on the statements of net position as a deferred inflow of resources.

MCE transferred $4,500,000 and $10,500,000 to the Operating Reserve Fund for the years ended March 31, 2021 and 2020, respectively. The total balance at March 31, 2021 is $15,000,000.

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, 2021, and 2020

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”.


2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 liquidated damages from suppliers that fail to meet delivery commitments. Operating revenues are affected by contributions to or distributions from the Operating Reserve Fund.

Interest income is considered “non-operating revenue.”

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.

OPERATING AND NON-OPERATING EXPENSES

Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. Expenses not meeting this definition are reported as non-operating expenses.

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. 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.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ELECTRICAL POWER PURCHASED (CONTINUED)

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 energy 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.

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.
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 provide collateral of 110% for public funds in excess of the Federal Deposit Insurance Corporation limit of $250,000. 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 and the Local Agency Investment Fund (LAIF) program operated by the California State Treasury, United States Treasury obligations, Federal Agency Securities, commercial paper, money market funds and FDIC insured placement service deposits.

4. **ACCOUNTS RECEIVABLE**

Accounts receivable were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable from customers</td>
<td>$42,092,099</td>
<td>$38,308,451</td>
</tr>
<tr>
<td>Allowance for uncollectible accounts</td>
<td>(7,717,626)</td>
<td>(8,507,388)</td>
</tr>
<tr>
<td>Net accounts receivable</td>
<td>$34,374,473</td>
<td>$29,801,063</td>
</tr>
</tbody>
</table>

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 receivable’s age, 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. CAPITAL ASSETS

Capital asset activity for the years ended March 31, 2021 and 2020 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Furniture &amp; Equipment</th>
<th>Leasehold Improvements</th>
<th>Construction in Progress</th>
<th>Accumulated Depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances at March 31, 2019</td>
<td>$ 778,812</td>
<td>$ 761,874</td>
<td>$ 75,683</td>
<td>$ (488,403)</td>
<td>$ 1,127,966</td>
</tr>
<tr>
<td>Additions</td>
<td>79,198</td>
<td>195,660</td>
<td>-</td>
<td>(259,988)</td>
<td>14,870</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>75,683</td>
<td>(75,683)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balances at March 31, 2020</td>
<td>858,010</td>
<td>1,033,217</td>
<td>-</td>
<td>(748,391)</td>
<td>1,142,836</td>
</tr>
<tr>
<td>Additions</td>
<td>54,948</td>
<td>31,168</td>
<td>-</td>
<td>(270,383)</td>
<td>(184,267)</td>
</tr>
<tr>
<td>Balances at March 31, 2021</td>
<td>$ 912,958</td>
<td>$ 1,064,385</td>
<td>$</td>
<td>$ (1,018,774)</td>
<td>$ 958,569</td>
</tr>
</tbody>
</table>

Construction in progress reported as of March 31, 2019, includes costs to build a solar carport at MCE’s San Rafael office that was completed during the fiscal year ended March 31, 2020.

6. DEBT

LINE OF CREDIT AND LETTERS OF CREDIT

In November 2019, MCE entered into a revolving credit agreement with JPMorgan Chase Bank. The available credit line under this agreement is $40,000,000 and enhances MCE’s overall liquidity for potential working capital needs, collateral requirements, and enhances MCE’s investment credit grade rating. This agreement terminates in November 2022.

MCE had no standby Letters of Credit or amounts outstanding under its line of credit agreement as of March 31, 2021, and 2020. Any unused balance is subject to a 0.45% fee per annum.

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

MCE administers various grants, including ratepayer-funded energy efficiency programs regulated by the California Public Utilities Commission (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. Grant revenues are recognized when a corresponding eligible expense is incurred.

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

Amounts earned for 2021 and 2020 under these programs were approximately $5,040,000 and $3,415,000.

8. 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, 2021, there were 70 plan members. MCE is required to contribute 10% of annual covered payroll to the Plan and contributed $886,000 and $654,000 during the years ended March 31, 2021 and 2020, 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.

9. 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. Settled claims have not exceeded coverage in the last two years. There were no significant reductions in coverage compared to the prior year. From time to time, MCE may be party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and MCE’s legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on MCE’s financial position or results of operations.

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. 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 counterparties.
10. PURCHASE COMMITMENTS

POWER AND ELECTRIC CAPACITY

In the ordinary course of business, MCE enters into various power purchase agreements 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 to comply with state law and voluntary targets for renewable and greenhouse gas 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, 2021:

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$350,000,000</td>
</tr>
<tr>
<td>2023</td>
<td>310,000,000</td>
</tr>
<tr>
<td>2024</td>
<td>220,000,000</td>
</tr>
<tr>
<td>2025</td>
<td>150,000,000</td>
</tr>
<tr>
<td>2026</td>
<td>130,000,000</td>
</tr>
<tr>
<td>2027-43</td>
<td>1,340,000,000</td>
</tr>
<tr>
<td></td>
<td><strong>$ 2,500,000,000</strong></td>
</tr>
</tbody>
</table>

As of March 31, 2021, MCE had major noncancelable contractual commitments to professional service providers through December 31, 2022, for services yet to be performed. Fees associated with these contracts are based on volumetric activity and are expected to be approximately $11 million.
11. OPERATING LEASE

Rental expense for MCE’s office space was $807,000 and $779,000 for the years ended March 31, 2021 and 2020, respectively. On March 9, 2015, MCE entered into a ten-year non-cancelable lease for its San Rafael, California 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, California office location.

Future minimum lease payments under these leases are as follows:

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>836,000</td>
</tr>
<tr>
<td>2023</td>
<td>866,000</td>
</tr>
<tr>
<td>2024</td>
<td>799,000</td>
</tr>
<tr>
<td>2025</td>
<td>539,000</td>
</tr>
<tr>
<td></td>
<td>$ 3,040,000</td>
</tr>
</tbody>
</table>

12. FUTURE GASB PRONOUNCEMENTS

The requirements of the following GASB Statements are effective for future fiscal years ending after March 31, 2021:

GASB has approved GASB Statement No. 87, Leases, GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, GASB 96, Subscription-Based Information Technology Arrangements; and GASB No. 97, Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. When they become effective, application of these standards may restate portions of these financial statements.
13. SUBSEQUENT EVENTS

In June 2021 MCE became a member in a Joint Powers Authority; the California Community Choice Financing Authority (CCCFA). There are currently four members of CCCFA. CCCFA was formed in order to issue tax-exempt bonds and use the proceeds to prepay certain Power Purchase Agreements (PPAs or) on behalf of its members. MCE is working on a prepayment transaction that would reduce the cost of energy from existing PPAs that MCE has already executed. To effectuate the prepayment and to satisfy tax law requirements, MCE must assign the PPAs through Limited Assignment Agreements to a highly rated financial institution that will be in the role of the prepaid supplier. Once the PPAs are assigned, tax-exempt (or taxable subsidy) bonds would be issued to finance the prepayment. These bonds would be issued by CCCFA and would be securing the contractual rights and transaction cashflows pursuant to a Trust Indenture. MCE would not be responsible to repay the bonds and the bonds would not be a debt of MCE. The bonds would carry the credit ratings of the financial institution based upon the contractual arrangements ultimately securing the bonds. Under the proposed prepayment transaction MCE would continue to purchase the energy from the projects through a Clean Energy Purchase Contract executed with CCCFA. The prepaid energy from the projects would be purchased by MCE at a discount when compared to the original PPA prices where MCE was directly purchasing the energy from the supplier.

MCE has not finalized a transaction under this arrangement, but in July 2021 the MCE Board and CCCFA Board both authorized staff to complete negotiations on a prepayment transaction provided that a number of parameters were met including that 1) the bonds issued to finance the prepayment shall not be obligations of MCE and 2) the aggregate stated principal amount of the bonds shall not exceed $900,000,000.
Reporting and insights from 2021 audit:
Marin Clean Energy

March 31, 2021
To the Board of Directors

Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, CA 94901

We have completed our audit of the financial statements of Marin Clean Energy (MCE) for the year ended March 31, 2021, and have issued our report thereon dated August 17, 2021. This letter presents communications required by our professional standards.

We have included information on key risk areas MCE should be aware of in your strategic planning. We are available to discuss these risks with you at any time.

If you have questions at any point, please contact us:

- Bethany Ryers, Firm Director: Bethany.Ryers@bakertilly.com or +1 (608) 240 2382

Sincerely,

Baker Tilly US, LLP

Bethany Ryers, CPA
Director

Executive Summary
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THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH
GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY
ANYONE OTHER THAN THESE SPECIFIED PARTIES.
Responsibilities
Responsibilities

Our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of MCE’s internal control over financial reporting, together with our evaluation of its effectiveness.
- Performing procedures designed to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We also are required to communicate significant matters related to our audit to the Board of Directors, including:

- Qualitative aspects of MCE’s accounting policies, including policies, accounting estimates and financial statement disclosures;
- Significant difficulties encountered;
- Disagreements with management;
- Corrected and uncorrected misstatements; and
- Significant internal control matters.

Management’s responsibilities

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, for establishing and maintaining effective internal control over financial reporting, and for addressing in their financial statements the effects of events of and situations in the future, if applicable.

Our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of MCE’s internal control over financial reporting, together with our evaluation of its effectiveness.
- Performing procedures designed to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.
Audit approach and results
Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of MCE and the environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards, if any

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the MCE’s current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

<table>
<thead>
<tr>
<th>Significant risk areas</th>
<th>Testing approach</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management override of controls</td>
<td>Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise; test journal entries for evidence of possible management override and conduct inquiries of employees, management and the Board related to knowledge of fraud, allegations of fraud and fraud risks</td>
<td>Procedures identified provided sufficient evidence for our audit opinion</td>
</tr>
<tr>
<td>Improper revenue recognition due to fraud</td>
<td>Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables</td>
<td>Procedures identified provided sufficient evidence for our audit opinion</td>
</tr>
</tbody>
</table>
Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

<table>
<thead>
<tr>
<th>Other key areas of emphasis</th>
<th>Testing approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>Revenues and receivables</td>
</tr>
<tr>
<td></td>
<td>General disbursements</td>
</tr>
<tr>
<td>Payroll</td>
<td>Net position calculations</td>
</tr>
<tr>
<td></td>
<td>Financial reporting and required disclosures</td>
</tr>
</tbody>
</table>

Internal control matters

We considered MCE’s internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of MCE’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.
Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by MCE are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during fiscal year 2021. We noted no transactions entered into by MCE during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.

- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

<table>
<thead>
<tr>
<th>Estimate</th>
<th>Management’s process to determine</th>
<th>Baker Tilly’s conclusions regarding reasonableness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for doubtful accounts</td>
<td>Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts</td>
<td>Reasonable in relation to the financial statements as a whole</td>
</tr>
<tr>
<td>Unbilled revenue</td>
<td>Evaluation of the T+12 data that is submitted to CAISO</td>
<td>Reasonable in relation to the financial statements as a whole</td>
</tr>
</tbody>
</table>

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.
Significant difficulties encountered during the audit
We encountered no significant difficulties in dealing with management and completing our audit.

Other audit findings or issues
We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as MC’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Disagreements with management
Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

Uncorrected misstatements and corrected misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified.

Significant unusual transactions
There have been no significant transactions that are outside the normal course of business for MCE or that otherwise appear to be unusual due to their timing, size or nature.

Management’s consultations with other accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly
The Appendix includes copies of other material written communications, including a copy of the engagement letter.

Compliance with laws and regulations
We did not identify any non-compliance with laws and regulations during our audit.

Fraud
We did not identify any known or suspected fraud during our audit.

Going concern
Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of MCE’s ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor’s report. No such matters or conditions have come to our attention during our engagement.
Independence

We are not aware of any relationships between Baker Tilly and MCE that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the MCE’s related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.
Accounting changes relevant to Marin Clean Energy
## Future Accounting Standards Update

**Clean Energy**

### Accounting Changes Relevant to Marin Clean Energy

<table>
<thead>
<tr>
<th>Statement Number</th>
<th>Description</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>87</td>
<td>Accounting for Leases</td>
<td>3/31/2023</td>
</tr>
<tr>
<td>89</td>
<td>Omnibus 2020, Replacement of Interfund Bank Offered</td>
<td>3/31/2023</td>
</tr>
<tr>
<td>91</td>
<td>Conduit Debt</td>
<td>3/31/2023</td>
</tr>
<tr>
<td>92</td>
<td>Public/Private and Public/Private Partnerships</td>
<td>3/31/2023</td>
</tr>
<tr>
<td>93</td>
<td>Reacquisition of Interfund Bank Offered</td>
<td>3/31/2023</td>
</tr>
<tr>
<td>94</td>
<td>Supervision-Based Information Technology Arrangements and Auditor Assignments</td>
<td>3/31/2024</td>
</tr>
<tr>
<td>95</td>
<td>Omnibus 2019, Postponement of Effective Dates</td>
<td>3/31/2024</td>
</tr>
<tr>
<td>96</td>
<td>Subscription-Based Information Technology Arrangements</td>
<td>3/31/2024</td>
</tr>
<tr>
<td>97</td>
<td>Certain Component Unit Criteria, and Accounting and Financial Reporting for Intern Revenue Code Section 47 Deferred</td>
<td>3/31/2023</td>
</tr>
</tbody>
</table>

*The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance, with the exception of Statement No. 87 which was postponed by one and a half years. The effective date reflected above is the required revised implementation date.*
We recommend MCE review this standard and start planning now as to how this will affect your financial reporting. We recommend that you begin by completing an inventory of all contracts that might meet the definition of a lease. The contract listing should include key terms of the contracts such as:

- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any
- Dollar amount of lease

In addition, MCE should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

Learn more about GASB 87.

**Planning for the new conduit debt reporting**

Conduit debt includes arrangements where there are three separate parties involved including a third party that is obligated for payment, a debt holder or lender and an issuing party which is often a government. This standard provides additional criteria for identifying and classifying conduit debt with the intent of providing consistency in how the debt is recorded and reported in governmental financial statements. MCE should identify any existing debt arrangements involving third-party obligors and evaluate how those arrangements will be reported under the new standard in order to determine the potential impact of this standard on future financial reporting.
Trending challenges and opportunities for organizations
Trending challenges and opportunities for organizations

Management and governing bodies must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long-term goals. Economic uncertainty, coupled with key risk areas and fast-paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

Turning toward recovery and growth

Many organizations are focusing on the strategic restart and ramp up of their operations.

With great uncertainty about what recovery will look like—or how long it will take—it is essential for your organization to understand the scenarios you may face and plan your path back to growth.

We can help you chart a way forward that will enhance and maximize your value, minimize further disruption and keep your workforce safe.

Recommendation

Follow our road map to reopen, recover and reset.

Compliance with federal awards

Challenge

The COVID-19 crisis has had a significant effect on the nation, including recipients of federal awards resulting from various congressional acts. Federal funding adds an increased level of scrutiny and brings new challenges around compliance, reporting and administration.

Finance and spending departments are operating in unprecedented times as they manage and administer these funds while also remaining economically viable, maintaining operations and adapting to the “new normal.”

Recommendation

Learn more about compliance for federal funds obtained for pandemic response efforts.
Recession proofing measures

Challenge

Ever aware of the need to balance the needs of diverse constituents against constrained revenue streams and conflicting priorities, public leaders strive to effectively deploy scarce resources while maintaining the highest levels of accountability and transparency.

In times of crisis, additional challenges emerge to maintain essential services, ensure citizen safety, protect their workforce and jumpstart programs to mitigate negative local economic impacts—all while focusing on planning for long-term effects of revenue shortages and the subsequent recovery.

Developing strategic clarity, aligning resources with priorities, strengthening performance, optimizing processes and leveraging technology are imperative.

Recommendation

Learn about proactive measures to insulate your organization from financial hardship and to optimize your organization’s performance.

Recruiting and hiring

Challenge

Public sector entities in need of key workforce personnel, such as city or county managers and administrators, city or county attorneys, fire chiefs, police chiefs and other departmental directors, may find themselves in an unenviable position during a pandemic.

Organizations need the talent, but a pandemic can disrupt essential business processes and cause apprehension about access to desirable candidates.

Hiring leaders should proactively discuss what-if scenarios, evaluate short-term and long-term hiring priorities, and plan for situations where immediate recruitment is imperative.

Recommendation

Learn the key considerations and actions for recruiting and hiring in a crisis.
Risk assessment

Challenge

Organizations today manage ever-expanding priorities in a constantly evolving, disruptive risk environment. Undetected risks, insufficient internal controls and inefficient business processes may negatively impact not only the entity but also its workforce and the community at large.

Risk assessment and internal audit prove essential to identifying top risks and the appropriateness of response in order to:

- Manage risk and compliance
- Enhance governance and strategy
- Optimize operations
- Gain assurance around key functions and processes that contribute toward meeting organizational goals

Recommendation

Learn about the key considerations for the risk assessment process and internal audit planning.

Economic development

Challenge

In today’s complex economic landscape, communities face the daunting challenge of rebuilding their local economies. Restoring the momentum of economic expansion and investment to enhance quality of life for residents and produce long-term financial gain for the community is at the forefront of concerns.

Whether attracting growth to maximize opportunity built around community strengths or accounting for the many unknowns caused by major disruptions, a robust economic development strategy is essential to recovery.

Recommendation

Learn about the advantages of creating an economic development strategic plan and the framework to follow.
Harnessing data and analytics for strategic insight and decision-making

Challenge

In crisis and recovery, organizations are investing in advanced analytic solutions to help them not only make better decisions faster and more consistently, but also to improve operational efficiency and performance. Of all the business analytics available, advanced analytic solutions should be at the top of your priority list given the impact it can have on your business.

Recommendation

Learn more about data & analytics strategy and roadmaps, MDM and data process re-engineering, AI strategy, data visualization and other digital and analytic capabilities.

Information technology and cybersecurity

Challenge

While return-to-work scenarios are being developed, it is likely that remote workforces will remain a reality for many organizations in the short- to mid-term. Though many organizations have been able to adapt on a short-term basis, some will not be prepared for long-term operation on a remote and virtual basis. Organizations should increase monitoring of invasive cyber events, given the likely increase in hackers sending out fake emails, website links and ransomware attacks – and also consider:

- Adequacy of IT controls and security
- Performance of remote infrastructure supporting operations
- Improvements to remote applications for communication, collaboration and workflow
- Alternatives for data entry, work and information flow

Recommendation

Learn more about information technology and cybersecurity, including System & Organization Controls reporting.
Appendix A: Client service team
Client service team

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Appendix B: Management representation letter
August 17, 2021

Baker Tilly US, LLP
4807 Innovation Lane
P.O. Box 7398
Madison WI 53711

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of Marin Clean Energy (MCE) as of March 31, 2021 and 2020 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of MCE and the respective changes in financial position and cash flows in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.

2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds of MCE required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

3. We acknowledge our responsibility for 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.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, if any, are reasonable.
6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

8. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

9. Guarantees, whether written or oral, under which MCE is contingently liable, if any, have been properly recorded or disclosed.

   Information Provided

10. We have provided you with:
   a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
   b. Additional information that you have requested from us for the purpose of the audit.
   c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
   d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

11. We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

12. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
   a. Management,
   b. Employees who have significant roles in internal control, or
   c. Others where the fraud could have a material effect on the financial statements.

13. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

14. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

15. We have disclosed to you all known related parties and all the related party relationships and transactions of which we are aware.

   Other

16. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
17. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

18. MCE has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

19. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

20. There are no:

   a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.

   b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.

   c. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

21. MCE has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

22. MCE has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

23. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any.

24. The financial statements properly classify all funds and activities.

25. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

26. MCE has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

27. Provisions for uncollectible receivables, if any, have been properly identified and recorded.
28. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

29. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

30. The operations and rate setting process meet the condition for application of accounting for regulated operations as outlined in GASB No. 62. All regulatory items included in the financial statements have been approved and are being accounted for in accordance with specific action taken by the regulatory body and as such the expectation of future recovery or refund is reasonable.

31. We have appropriately disclosed Marin Clean Energy (MCE)’s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.

31. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Sincerely,

Marin Clean Energy (MCE)

Signed: ______________________

[Signature]

Signed: ______________________

[Signature]
Appendix C: Two-way communication regarding your audit
As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year’s audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.

b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
   - Identify types of potential misstatements.
   - Consider factors that affect the risks of material misstatement.
   - Design tests of controls, when applicable, and substantive procedures.

c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.

d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.

b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.

c. We need to know your views about your organization’s objectives and strategies, and the related business risks that may result in material misstatements.

d. We anticipate that MCE will receive an unmodified opinion on its financial statements.

e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?

f. Have you had any significant communications with regulators or grantor agencies?

g. Are there other matters that you believe are relevant to the audit of the financial statements?
Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

a. The entity’s internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?

b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of January-March, and sometimes early in April. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor’s sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.