

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Peninsula Clean Energy Authority

Management is responsible for the accompanying financial statements of Peninsula Clean Energy Authority (the Authority), a California Joint Powers Authority, which comprise the statement of net position as of December 31, 2017, and the related statement of revenues, expenses, and changes in net position, and the statement cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

Maher Accountancy

San Rafael, CA
January 19, 2018



PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

As of December 31, 2017

ASSETS

Current assets	
Cash and cash equivalents	\$ 53,541,005
Accounts receivable, net of allowance	17,092,453
Other receivables	46,569
Accrued revenue	11,061,682
Prepaid expenses	265,488
Deposits	1,924,926
Total current assets	<u>83,932,123</u>
Noncurrent assets	
Capital assets, net of depreciation	322,254
Deposits	135,355
Total noncurrent assets	<u>457,609</u>
Total assets	<u>84,389,732</u>

LIABILITIES

Current liabilities	
Accounts payable	669,675
Accrued cost of electricity	27,068,267
Accrued payroll and related liabilities	103,073
Other accrued liabilities	25,000
Supplier security deposits	50,000
User taxes and energy surcharges due to other governments	740,872
Total current liabilities	<u>28,656,887</u>
Noncurrent liabilities	
Supplier security deposits	75,000
Total liabilities	<u>28,731,887</u>

NET POSITION

Net investment in capital assets	322,254
Unrestricted	55,335,591
Total net position	<u>\$ 55,657,845</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN NET POSITION

July 1, 2017 through December 31, 2017

OPERATING REVENUES

Electricity sales, net	\$ 127,028,378
Green electricity premium	568,365
Total operating revenues	<u>127,596,743</u>

OPERATING EXPENSES

Cost of electricity	88,130,793
Staff compensation and benefits	991,423
Data manager	2,016,690
Service fees - PG&E	765,925
Consultants and other professional fees	270,704
Legal	604,911
Communications and noticing	360,035
General and administration	309,932
Depreciation	23,388
Total operating expenses	<u>93,473,801</u>
Operating income (loss)	<u>34,122,942</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	6,947
Interest and related expense	(182,573)
Total nonoperating revenues (expenses)	<u>(175,626)</u>

CHANGE IN NET POSITION

Net position at beginning of period	<u>21,710,529</u>
Net position at end of period	<u>\$ 55,657,845</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS July 1, 2017 through December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from electricity sales	\$ 132,410,562
Tax and surcharge receipts from customers	2,171,073
Payments to purchase electricity	(85,434,751)
Payments for staff compensation and benefits	(998,347)
Payments for consultants and other professional fees	(3,114,401)
Payments for legal fees	(579,911)
Payments for communications and noticing	(387,230)
Payments for general and administration	(384,361)
Tax and surcharge payments to other governments	(2,091,980)
Net cash provided (used) by operating activities	<u>41,590,654</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Principal payments on loan	(7,480,800)
Deposits and collateral paid	(2,633,718)
Deposits and collateral returned	2,115,750
Interest and related expense payments	(216,703)
Net cash provided (used) by non-capital financing activities	<u>(8,215,471)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(223,381)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	<u>7,505</u>
Net change in cash and cash equivalents	33,159,307
Cash and cash equivalents at beginning of year	20,381,698
Cash and cash equivalents at end of period	<u><u>\$ 53,541,005</u></u>

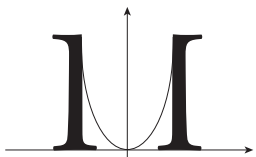
PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (continued)

July 1, 2017 through December 31, 2017

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

Operating income (loss)	\$ 34,122,942
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	23,388
Revenue reduced for uncollectible accounts	448,157
(Increase) decrease in net accounts receivable	3,584,228
(Increase) decrease in other receivables	(13,310)
(Increase) decrease in accrued revenue	808,437
(Increase) decrease in prepaid expenses	(40,964)
Increase (decrease) in accounts payable	(87,134)
Increase (decrease) in accrued payroll and related	(12,932)
Increase (decrease) in accrued cost of electricity	2,680,752
Increase (decrease) in accrued liabilities	25,000
Increase (decrease) in user taxes and energy surcharges due to other governments	52,090
Net cash provided (used) by operating activities	<u>\$ 41,590,654</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Peninsula Clean Energy Authority

Management is responsible for the accompanying special purpose statement of Peninsula Clean Energy Authority (the Authority), a California Joint Powers Authority, which comprise the budgetary comparison schedule for the period ended December 31, 2017, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of PCE.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the special purpose budgetary comparison statement, they might influence the user's conclusions about the Authority's results of operations. Accordingly, this special purpose budgetary comparison statement is not designed for those who are not informed about such matters.

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

Maher Accountancy

San Rafael, CA
January 19, 2018



PENINSULA CLEAN ENERGY AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
July 1, 2017 through December 31, 2017

	2017/18 YTD Budget	2017/18 YTD Actual	2017/18 YTD Budget Variance (Under) Over	2017/18 YTD Actual/Budget %	2017/18 Annual Budget	2017/18 Budget Remaining
REVENUE AND OTHER SOURCES						
Revenue - Electricity, net	\$ 133,889,974	\$ 127,028,378	\$ (6,861,596)	95%	\$ 248,082,000	\$ 121,053,622
Revenue - Green Premium, net	375,015	568,365	193,350	152%	737,000	168,635
Interest income	-	6,947	6,947			
Total revenue and other sources	<u>134,264,989</u>	<u>127,603,690</u>	<u>(6,661,299)</u>	<u>95%</u>	<u>248,819,000</u>	<u>121,222,257</u>
EXPENDITURES AND OTHER USES						
CURRENT EXPENDITURES						
Cost of energy	91,851,671	88,130,793	(3,720,878)	96%	181,715,000	93,584,207
Data manager	1,979,861	2,016,690	36,829	102%	3,970,000	1,953,310
PG&E service fees	803,949	765,925	(38,024)	95%	1,636,000	870,075
Personnel	1,500,000	991,423	(508,577)	66%	3,320,000	2,328,577
Customer noticing	150,000	158,684	8,684	106%	425,000	266,316
Outreach and communications	312,000	201,351	(110,649)	65%	624,000	422,649
Professional services	508,500	270,704	(237,796)	53%	1,017,000	746,296
Legal and regulatory	510,000	604,911	94,911	119%	1,030,000	425,089
Energy programs	100,000	-	(100,000)	0%	250,000	250,000
General and administration	422,500	309,932	(112,568)	73%	795,000	485,068
Total current expenditures	<u>98,138,481</u>	<u>93,450,413</u>	<u>(4,688,068)</u>	<u>95%</u>	<u>194,782,000</u>	<u>101,331,587</u>
OTHER USES						
Rate stabilization reserve *	6,713,249	-	(6,713,249)	0%	12,440,950	12,440,950
Capital outlay	375,000	326,729	(48,271)	87%	484,000	157,271
Total other uses	<u>7,088,249</u>	<u>326,729</u>	<u>(6,761,520)</u>	<u>5%</u>	<u>12,924,950</u>	<u>12,598,221</u>
DEBT SERVICE	<u>7,997,000</u>	<u>7,663,373</u>	<u>(333,627)</u>	<u>96%</u>	<u>7,997,000</u>	<u>333,627</u>
Total Expenditures, Other Uses and Debt Service	<u>113,223,730</u>	<u>101,440,515</u>	<u>(11,783,215)</u>	<u>90%</u>	<u>215,703,950</u>	<u>114,263,435</u>
Net increase (decrease) in available fund balance	<u>\$ 21,041,259</u>	<u>\$ 26,163,175</u>	<u>\$ 5,121,916</u>	<u>124%</u>	<u>\$ 33,115,050</u>	<u>\$ 6,958,822</u>

* The rate stabilization reserve will be recognized at the end of the fiscal year

PENINSULA CLEAN ENERGY AUTHORITY
OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2017 through December 31, 2017

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 33,643,975
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(23,388)
Add back capital asset acquisitions	<u>326,729</u>
Change in net position	<u><u>\$ 33,947,316</u></u>