Financial Statements

Years Ended June 30, 2015
and June 30, 2014

With Report of Independent Auditors

Sonoma Clean Power

Local. Renewable. Ours.

SONOMA CLEAN POWER AUTHORITY
YEARS ENDED JUNE 30, 2015 AND 2014

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Independent Auditor's Report

To the Board of Directors
Sonoma Clean Power Authority
Santa Rosa, California

Report on the Financial Statements

We have audited the accompanying financial statements of Sonoma Clean Power Authority (SCPA), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise SCPA'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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SCPA as of June 30, 2015 and 2014, and the 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.

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Offices in Santa Rosa, Petaluma and Napa
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Other Matters

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

Pisenti + Brinker LLP

Santa Rosa, California
October 20, 2015

The Management's Discussion and Analysis provides an overview of Sonoma Clean Power Authority's (SCPA) financial activities as of and for the years ended June 30, 2015 and 2014. The information presented here should be considered in conjunction with the audited financial statements.

BACKGROUND

The formation of SCPA 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.

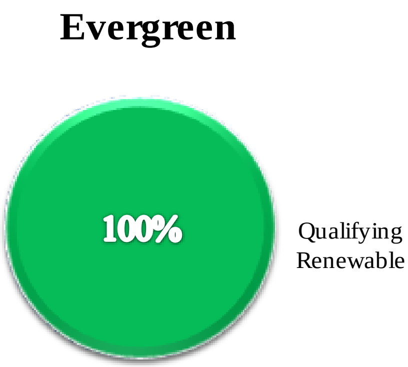
SPCA was created as a California Joint Powers Authority on December 4, 2012. SCPA was established to provide electric power and related benefits within Sonoma County, including developing a wide range of renewable energy sources and energy efficiency programs. Governed by an appointed board of directors (Board), SCPA has the rights and powers to fix rates for the services it furnishes, incur indebtedness, and issue bonds or other obligations. SCPA is responsible for the acquisition of electric power for its service area.

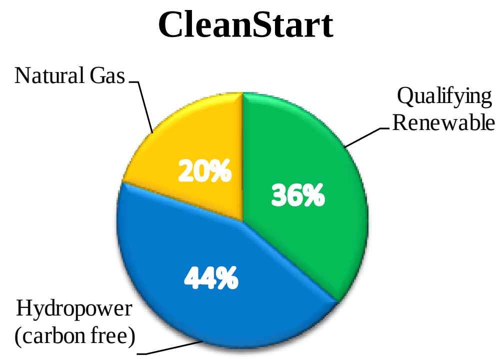
SCPA's financial activity commenced as of April 23, 2013, when it succeeded the Sonoma County Water Agency (SCWA) in performing specified activities related to a community choice aggregation program. Pursuant to an agreement between SCPA and SCWA, SCPA accepted an obligation to reimburse SCWA for specified costs to initiate the entity and its programs which were incurred prior to the agreement.

In May 2014, SCPA began to provide service to its first 22,000 customer accounts. Significant growth has occurred since that time, and in June 2015, the final month of the most recent fiscal year, SCPA serviced 201,000 customer accounts. The cities and towns of Cloverdale, Cotati, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Windsor, and all of Sonoma County's unincorporated areas have decided to participate as of June 30, 2015.

Providing its customers with affordable electricity with significant renewable attributes is a main focus of SCPA's operations. SCPA has entered into agreements with electricity suppliers to ensure that a portion of the electricity provided to customers is from renewable sources. In an effort to increase demand for renewable electricity, SCPA offers its customers two electricity services to choose from, CleanStart and Evergreen. Evergreen customers have chosen to purchase electricity from 100% local renewable sources. Customers who do not choose to participate in Evergreen fall into the CleanStart service and receive electricity with 36% renewable energy, 44% hydropower, and 20% general power which is primarily natural gas. SCPA intends to raise awareness and participation of its Evergreen service to provide a greater demand for renewable electricity.

The following chart illustrates the energy mix of SCPA's CleanStart and Evergreen services:





Financial Reporting

SCPA maintains its accounting records in accordance with Generally Accepted Accounting Principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

Contents of this report

This report reflects SCPA activities that are funded through the sale of energy to its customers and is divided into the following sections:

- Management discussion and analysis, which provides an overview of operations.
- The financial statements, which offer information on SCPA's financial status.
    - The *Statements of Net Position* includes all of SCPA's assets, liabilities, and net position using the accrual method of accounting. The Statements of Net Position provide information about the nature and amount of resources and obligations at a specific point in time.
    - The *Statements of Revenues, Expenses, and Changes in Net Position* report all of SCPA's revenue and expenses for the years shown.
    - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and payments, such as debt financing.
- Notes to the financial statements, which provide additional details and information to the main reporting documents.

FINANCIAL HIGHLIGHTS

The following table is a summary of SCPA's assets, liabilities, and net position at June 30:

	2015	2014
Current assets	$ 33,825,432	$ 11,975,089
Noncurrent assets		
Capital assets	171,042	63,415
Other noncurrent assets	339,766	805,000
Total noncurrent assets	510,808	868,415
Total assets	34,336,240	12,843,504
Current liabilities	15,842,820	7,024,637
Noncurrent liabilities	4,836,405	5,920,157
Total liabilities	20,679,225	12,944,794
Net position		
Net investment in capital assets	171,042	63,415
Unrestricted (deficit)	13,485,973	(164,705)
Total net position	$ 13,657,015	$ (101,290)

Current Assets

2015 compared to 2014 Current assets reached $33,825,000 by the end of 2015 and are mostly comprised of the following: $12,726,000 in cash, $12,179,000 in accounts receivable, and $8,241,000 in accrued revenue. All three categories mark an increase from 2014. The increase in cash is largely the result of an operating surplus as well as collateral received by SCPA energy suppliers. Accounts receivable and accrued revenue also experienced significant increases directly attributable to territory expansions within Sonoma County during the year. Accrued revenue differs from accounts receivable in that it is the result of electricity use by SCPA customers before invoicing to those customers has occurred.

Capital Assets

2015 compared to 2014 Capital assets increased from $63,000 in 2014 to $171,000 in 2015 as a result of purchases of furniture, equipment, and tenant improvements. Spending in this category increased from the prior year primarily due to SCPA relocating its office during the year. The need for additional furniture and equipment is related to an increase in employees. The amount reported is net of depreciation. SCPA does not own assets used for electric generation or distribution.

Other Noncurrent Assets

2015 compared to 2014 Other noncurrent assets decreased from $805,000 in 2014 to $340,000 in 2015. As SCPA reached various financial milestones, certain cash deposits to provide collateral for energy purchases were returned to the agency. The remaining balance are various deposits for energy collateral, regulatory, and other operating purposes.

Current Liabilities

2015 compared to 2014 Current liabilities increased from $7,025,000 in 2014 to $15,843,000 in 2015, mostly due to the increase in accrued cost of electricity, as SCPA now serves a larger customer base. Accrued cost of electricity is the cost of energy delivered to customers that will be paid by SCPA in subsequent months as provided with agreements with suppliers. Other components include trade accounts payable, taxes and surcharges due to governments, term debt due within one year, and various other accrued liabilities. Due to the overall growth in SCPA from 2014 to 2015, most of these liabilities increased significantly as well.

Noncurrent Liabilities

2015 compared to 2014 Noncurrent liabilities decreased by $1,084,000 in 2015. This was due to several factors. The main factor decreasing noncurrent liabilities was the early retirement of $4,937,000 in bank notes. These borrowings were originally needed to provide funding for operations before significant customer collection occurred. As 2015 progressed, SCPA was able to set aside sufficient funds to pay down large portions of debt. SCPA continues to have long term debt to SCWA of $1,386,000. Partly offsetting the large decrease in noncurrent liabilities caused by debt payments was the receipt of $3,450,000 in security deposits from an energy supplier. Similar to collateral, this will be held by SCPA in the event the energy supplier's generation facility is not operational within a contractually defined timeframe. If the facility is operational in time, then SCPA will return the collateral.

The following table is a summary of SCPA's results of operations.

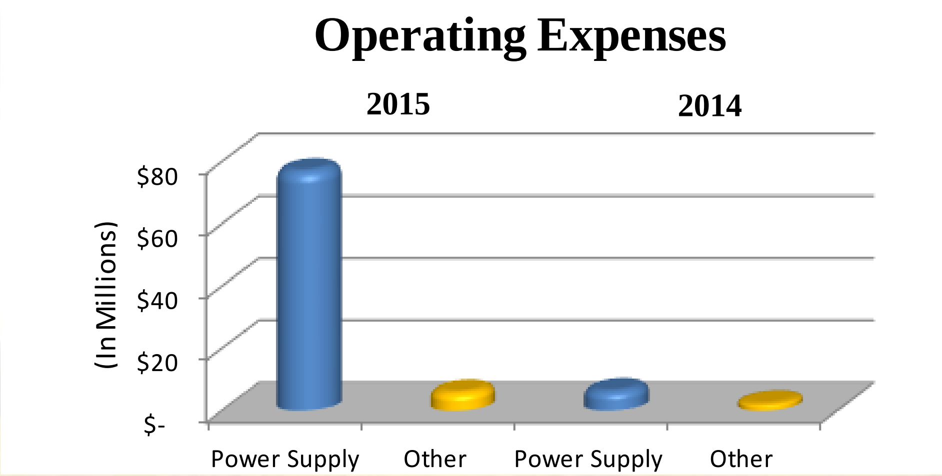
	2015	2014
Operating revenues	$ 96,552,720	$ 9,792,608
Operating expenses	82,588,593	8,565,792
Interest expense	205,822	111,441
Total expenses	82,794,415	8,677,233
Changes in net position	$ 13,758,305	$ 1,115,375

Operating Revenues

2015 compared to 2014 SCPA began providing electricity to its customers in May, 2014 and finished that fiscal year with approximately 22,000 residential and business customer accounts and revenues of $9,793,000. In 2015, the first full year of operations, customer accounts grew to 201,000 by year end with annual revenues of $96,553,000. The growth occurred at various points during the year, as customers joined in multiple phases.

Operating Expenses

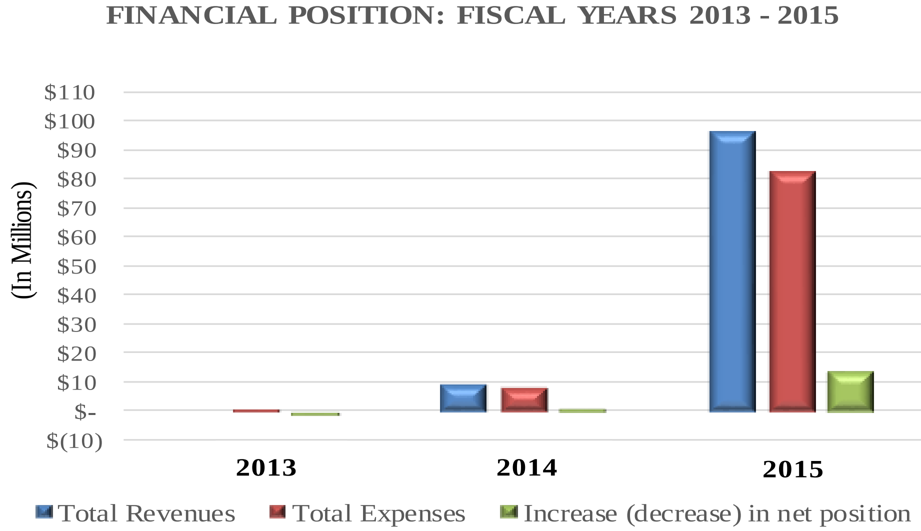
2015 compared to 2014 Expenses increased from fiscal year 2014 to 2015 as SCPA's customer base experienced significant growth. For both years, the largest expense was the cost of electricity provided to customers. Expenses for staff compensation, consulting, and other general and administrative expenses also increased in 2015, but not at the same level as the cost of energy. As shown in the table below, operations are heavily weighted with the cost of goods sold, as SCPA strives to provide affordable electricity while maintaining an efficient organizational scale.

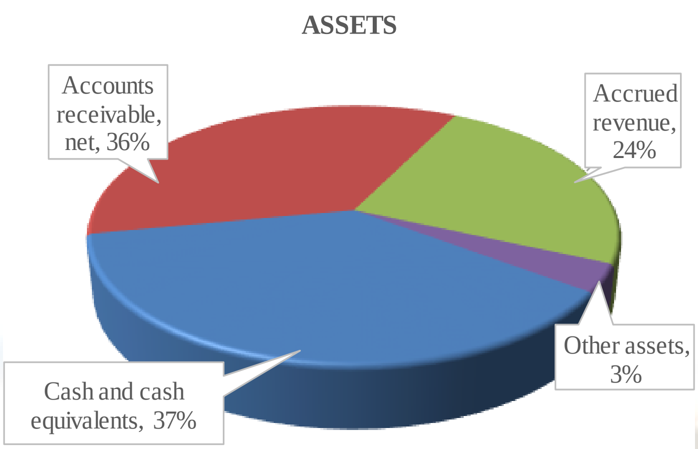


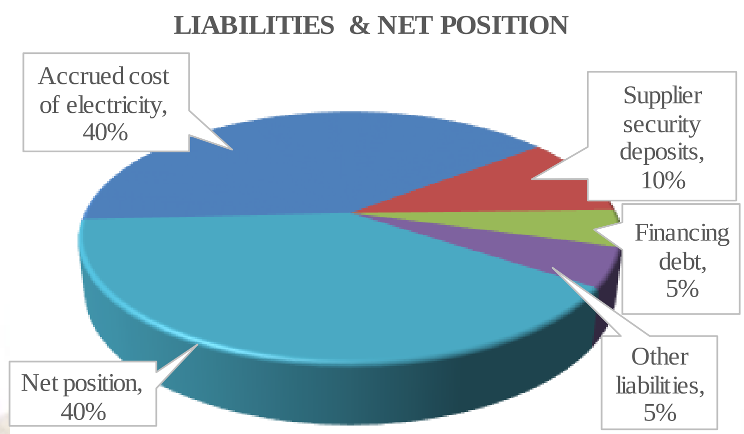
Interest Charges

2015 compared to 2014 Interest charges increased by $94,000 in 2015 for a total of $206,000, and were related to the Sonoma County Water Agency Loan and two other loans with a local bank.

FINANCIAL SUMMARY







Cash and cash equivalents	$	12,726,406
Accounts receivable, net		12,178,959
Accrued revenue		8,240,561
Other assets		1,190,314
Total Assets	**$**	**34,336,240**

Accrued cost of electricity	$	13,850,945
Deferred liquidated damages		3,450,000
Debt from financing		1,640,537
Other liabilities		1,737,743
Net position		13,657,015
Total Liabilities & net position	**$**	**34,336,240**

ECONOMIC OUTLOOK

Sonoma Clean Power ended the fiscal year by completing the rollout of service available to every customer in Sonoma County. Initially, SCPA launched with five cities and the County, but added the three remaining cities of Cloverdale, Rohnert Park and Petaluma over the past year. The City of Healdsburg has its own municipal utility, and is not a part of SCPA.

SCPA is now contracting with at least seven providers to obtain electric energy and capacity, and that diversity is helping ensure competitive pricing. The planned increase in reserves in the coming years will enable the agency to better position SCPA as a buyer in the energy market. This increase will not only have the effect of strengthening the overall financial health of SCPA, but will also allow SCPA to post cash collateral for energy purchases. Over time that practice is expected to continue to expand in order to achieve more standard purchasing and payment terms and lower commodity pricing.

As the operations of providing clean power supply has become more routine, SCPA has begun to research other actions which can further reduce greenhouse gas emissions and ensure competitive rates. The most significant areas identified include electric vehicle incentive programs, customer load management and the possible expansion of service to other territories. Early program activity has begun in education with an electric vehicle construction training program, in demand response with a beta test of the Energize platform, and with SCPA's feed-in tariff called ProFIT.

REQUEST FOR INFORMATION

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

Please address any questions about this report or requests for additional financial information to 50 Santa Rosa Avenue, 5th Floor, Santa Rosa, CA 95404.

Respectfully submitted,

Geof Syphers, Chief Executive Officer

BASIC FINANCIAL STATEMENTS

SONOMA CLEAN POWER AUTHORITY

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 12,726,406	$ 2,729,685
Accounts receivable, net of allowance	12,178,959	5,391,213
Accrued revenue	8,240,561	3,845,237
Prepaid expenses	679,506	8,954
Total current assets	33,825,432	11,975,089
Noncurrent assets		
Capital assets, net of depreciation	171,042	63,415
Deposits	339,766	805,000
Total noncurrent assets	510,808	868,415
Total assets	34,336,240	12,843,504
LIABILITIES		
Current liabilities		
Accounts payable	615,941	193,275
Accrued cost of electricity	13,850,945	6,059,357
Other accrued liabilities	711,690	229,464
Due to related party	-	58,670
User taxes and energy surcharges due to other governments	410,112	108,967
Notes payable to bank	-	297,629
Loan payable to Sonoma County Water Agency	254,132	77,275
Total current liabilities	15,842,820	7,024,637
Noncurrent liabilities		
Notes payable to bank	-	4,279,620
Loan payable to Sonoma County Water Agency	1,386,405	1,640,537
Supplier security deposits	3,450,000	-
Total noncurrent liabilities	4,836,405	5,920,157
Total liabilities	20,679,225	12,944,794
NET POSITION		
Net investment in capital assets	171,042	63,415
Unrestricted (deficit)	13,485,973	(164,705)
Total net position	$ 13,657,015	$ (101,290)

The accompanying notes are an integral part of these financial statements.

SONOMA CLEAN POWER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
OPERATING REVENUES		
Electricity sales, net	$ 96,366,719	$ 9,785,872
Evergreen electricity premium	186,001	6,736
Total operating revenues	96,552,720	9,792,608
OPERATING EXPENSES		
Cost of electricity	76,960,983	6,326,607
Staff compensation	1,257,990	444,197
Data manager	1,827,744	78,718
Service fees - PG&E	471,692	15,666
Consultants	543,845	857,373
Legal	250,718	305,936
Communications	1,011,082	380,111
General and administration	264,539	157,184
Total operating expenses	82,588,593	8,565,792
Operating income	13,964,127	1,226,816
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(205,822)	(111,441)
CHANGES IN NET POSITION	13,758,305	1,115,375
Net position at beginning of year	(101,290)	(1,216,665)
Net position at end of year	$ 13,657,015	$ (101,290)

SONOMA CLEAN POWER AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$ 86,133,821	$ 788,798
Cash receipts from supplier security deposits	3,450,000	-
Cash payments to purchase electricity	(69,461,846)	-
Cash payments for staff compensation	(1,216,613)	(212,184)
Cash payments for contract services	(2,785,284)	(1,095,198)
Cash payments for communications	(1,070,161)	33,719
Cash payments for general and administration	(221,181)	(150,862)
Net cash provided (used) by operating activities	14,828,736	(635,727)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Loan proceeds from bank lines of credit	80,000	4,309,999
Principal payments on bank notes and loans	(5,014,696)	-
Deposits and collateral paid	(575,566)	(805,000)
Deposits and collateral returned	1,040,800	-
Interest expense payments	(244,399)	(68,819)
Net cash provided (used) by non-capital financing activities	(4,713,861)	3,436,180
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(118,154)	(70,768)
Net change in cash and cash equivalents	9,996,721	2,729,685
Cash and cash equivalents at beginning of year	2,729,685	-
Cash and cash equivalents at end of year	$ 12,726,406	2,729,685

The accompanying notes are an integral part of these financial statements.

SONOMA CLEAN POWER AUTHORITY

STATEMENTS OF CASH FLOWS
(CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

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

	2015	2014
Operating income	$ 13,964,127	$ 1,226,816
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Operating expenses financed by Sonoma County Water Agency loan	-	501,147
Depreciation expense	16,975	7,353
Electricity procurement payments made directly from bank notes and loans	280,172	267,250
(Increase) decrease in net accounts receivable	(6,787,746)	(5,391,213)
(Increase) decrease in accrued revenue	(4,395,324)	(3,845,237)
(Increase) decrease in prepaid expenses	(670,552)	(8,954)
Increase (decrease) in accounts payable	416,218	193,275
Increase (decrease) in accrued cost of electricity	7,791,588	6,059,357
Increase (decrease) in accrued liabilities	462,133	186,842
Increase (decrease) in due to related party	-	58,670
Increase (decrease) in user taxes and energy surcharges due to other governments	301,145	108,967
Increase (decrease) in supplier security deposits	3,450,000	-
Net cash provided (used) by operating activities	$ 14,828,736	$ (635,727)

NONCASH FINANCING ACTIVITIES

During the year ended 2015, electricity procurement payments of $280,172 were made directly from a bank line of credit.

During the year ended 2014, electricity procurement payments of $267,250 were made directly from a bank line of credit.

During the year ended 2014, operating expenses of $501,147 were made directly from the SCWA loan. See note 5.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Sonoma Clean Power Authority (SCPA) is a joint powers authority created on December 4, 2012 and its members consist of the County of Sonoma, the cities and towns of Cloverdale, Cotati, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, and Windsor as full participants, with full voting rights and powers. At June 30, 2015, SCPA is governed by a nine member Board of Directors appointed by each of the parties.

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

SCPA began its energy delivery operations in May 2014. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company.

ACCOUNTING POLICIES

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

BASIS OF ACCOUNTING

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

For purpose of the statement of cash flows, SCPA has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. SCPA had no short-term investments as of June 30, 2015 and 2014.

CAPITAL ASSETS AND DEPRECIATION

SCPA's policy is to capitalize furniture and equipment valued over $1,000 that is expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment and seven years for furniture and leasehold improvements.

OPERATING REVENUE

Revenue from the sale of electricity to customers is considered "operating" revenue.

REVENUE RECOGNITION

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

ELECTRICAL POWER PURCHASED

Electrical power sold to customers was purchased primarily through two energy suppliers, Constellation, an Exelon Company, and Calpine Corporation. SCPA also purchases renewable energy from other sources. The cost of power and related delivery costs have been recognized as "cost of electricity" in the statement of revenues, expenses and changes in net position. As part of the agreement with Constellation, SCPA is required to maintain a cash balance of $3,400,000 to ensure funds are available to purchase electrical power. This cash balance is included in cash and cash equivalents as presented in the statement of net position.

SCPA purchases Renewable Energy Certificates (REC) to comply with external mandates and self-imposed benchmarks. The RECs purchased by SCPA are commonly called "bundled", as they are purchased together with the associated renewable energy actually generated. SCPA procures RECs with the intent to retire them, and neither engages in the activity of selling RECs or building a surplus of RECs. An expense is recognized at the point that the cost of the REC is due and payable to the supplier.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STAFFING COSTS

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

INCOME TAXES

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

ESTIMATES

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

RECLASSIFICATIONS

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

SUPPLIER SECURITY DEPOSIT

Certain energy contracts entered into by SCPA require the supplier to provide SCPA with security deposits. Similar to collateral, this will be held by SCPA in the event the energy supplier's generation facility is not operational within a contractually defined timeframe. If the facility is operational in time, then SCPA will return the deposit.

2. CASH AND CASH EQUIVALENTS

SCPA maintains its cash in non-interest-bearing accounts at First Community Bank (FCB). California Government Code Section 16521 requires that First Community Bank collateralize amounts of public funds in excess of the FDIC limit of $250,000 by 110%. SCPA has no deposit or investment policy that addressed a specific type of risk that would impose additional restrictions beyond this code. Accordingly, the amount of risk is not disclosed. Risk is monitored on an ongoing basis.

3. ACCOUNTS RECEIVABLE

Accounts receivable were as follows:

	2015	2014
Accounts receivable from customers	$ 12,693,603	$ 5,420,679
Allowance for uncollectible accounts	(514,644)	(29,466)
Net accounts receivable	$ 12,178,959	5,391,213

The majority of account collections occur within the first few months following customer invoicing. SCPA estimates that a portion of the billed accounts will not be collected. SCPA continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, SCPA continues to have some success collecting older accounts. Accordingly, accounts above *de minimis* balances are not written off. The result is that the allowance for uncollectible accounts at the end of a period includes both current and prior period allowances.

4. CAPITAL ASSETS

Changes in capital assets were as follows:

	Furniture & Equipment	Leasehold Improvements	Accumulated Depreciation	Net
Balances at June 30, 2013	-	-	-	-
Additions	$ 70,768	-	$ (7,353)	$ 63,415
Balances at June 30, 2014	70,768	-	(7,353)	63,415
Additions	98,212	$ 26,390	(16,975)	107,627
Balances at June 30, 2015	$168,980	$ 26,390	$ (24,328)	$ 171,042

5. DEBT

NOTES PAYABLE TO FIRST COMMUNITY BANK

In July 2013, SCPA entered into an agreement for a promissory note (Note A) with First Community Bank. The note can be drawn upon as needed by SCPA, limited to $450,000 and has a maturity of July 10, 2018. The amount of any indebtedness is secured by SCPA's a) deposit accounts and b) rights, title and interest in all current and future agreements and contracts with energy providers. The note is subject to a fixed interest rate of 4.00% per annum, payable monthly. As of June 30, 2015, there is a zero balance on this note.

In October 2013, SCPA entered into an additional agreement for a promissory note (Note B) with First Community Bank. The note can be drawn upon as needed by SCPA, limited to $4,613,000 and a maturity of April 10, 2019. The amount of the indebtedness is secured by SCPA's a) deposit accounts and b) rights, title and interest in all current and future agreements and contracts with energy providers. The note is subject to a fixed interest rate of 5.10% per annum. As of June 30, 2015, there is a zero balance on this note.

Changes in notes payable were as follows:

	Beginning	Additions	Payments	Ending
Year ended June 30, 2014				
Note A	-	$1,970,000	-	$1,970,000
Note B	-	2,607,249	-	2,607,249
Totals	-	$4,577,249	-	4,577,249
Amounts due within one year				(297,629)
Amounts due after one year				$4,279,620
Year ended June 30, 2015				
Note A	$1,970,000	$ 80,000	$ (2,050,000)	$ -
Note B	2,607,249	280,172	(2,887,421)	-
Totals	$4,577,249	$ 360,172	$ (4,937,421)	-
Amounts due within one year				-
Amounts due after one year				$ -

5. DEBT (continued)

LOAN WITH SONOMA COUNTY WATER AGENCY

In April 2013, SCPA entered into an agreement with the Sonoma County Water Agency (SCWA) to reimburse the SCWA for services, costs, and expenses incurred by the SCWA to investigate the feasibility of implementing a community choice aggregation program in Sonoma County during all periods through December 31, 2013. Beginning January 1, 2014, interest on the balance began to accrue at the rate of 3% per year, calculated on a simple interest basis. Beginning January 1, 2015, SCPA began making monthly payments of $25,000 to the SCWA. Payments are first applied to outstanding interest.

	Beginning	Additions	Payments	Ending
Year ended June 30, 2014				
Sonoma County Water Agency	$1,216,665	$ 501,147	-	$1,717,812
Amounts due within one year				(77,275)
Amounts due after one year				$1,640,537
Year ended June 30, 2015				
Sonoma County Water Agency	$1,717,812	-	$ (77,275)	$1,640,537
Amounts due within one year				(254,132)
Amounts due after one year				$1,386,405

FUTURE DEBT SERVICE REQUIREMENTS

Future minimum debt service requirements are as follows:

	Principal	Interest	Total
For the years ending June 30:			
2016	$ 254,132	$ 49,173	$ 303,305
2017	261,983	37,392	299,375
2018	269,952	29,405	299,357
2019	278,163	21,174	299,337
2020	286,591	12,726	299,317
2021	289,716	3,969	293,685
Total	$ 1,640,537	$ 153,839	$ 1,794,376

6. DEFINED CONTRIBUTION RETIREMENT PLAN

The Sonoma Clean Power Authority Retirement Plan (Plan) is a defined contribution retirement plan established to provide benefits at retirement to its employees. The Plan is administered by Principal Financial Group. At June 30, 2015, there were 9 plan participants. SCPA is required to contribute up to a 6% match of covered payroll based on employee contributions. SCPA contributed $43,000 and $9,000 during the years ended June 30, 2015 and 2014, respectively. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

7. RISK MANAGEMENT

SCPA 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 ended June 30, 2015, SCPA purchased liability and property insurance from a commercial carrier. Coverage for property, general liability, errors and omissions and non-owned automobile was $2,000,000 with a $1,000 deductible.

8. COMMITMENTS AND CONTINGENCIES

SCPA had outstanding power purchase commitments of approximately $272.5 million contingent upon construction of solar photovoltaic generation facilities that continue for twenty to twenty-five years from the commercial operation date of each project. SCPA will not own the operating system upon construction or have an option to buy the system after the contract period. Certain power purchase agreements required the posting of security deposits by the supplier to SCPA that is to be held as collateral in the event the facility is not operational within stipulated timeframes.

SCPA had outstanding non-cancelable power purchase related commitments of approximately $505.3 million for energy that have not yet been provided under power purchase agreements that continue to December 31, 2026.

The following table is the approximated obligations on existing energy and renewable contracts.

Year ended June 30,	
2016	$ 117,300,000
2017	78,200,000
2018	42,600,000
2019	46,700,000
2020	47,200,000
2021-2043	445,700,000
	$ 777,700,000

8. COMMITMENTS AND CONTINGENCIES (continued)

As of June 30, 2015, SCPA had outstanding non-cancelable commitments to professional service providers for services yet to be performed of $6.1 million through April 30, 2019.

9. OPERATING LEASE

During 2015, SCPA moved its office and entered into an 84 month non-cancelable lease for its office premises until June 30, 2022. The rental agreement includes an option to renew the lease for five additional years. Rental expense was $105,380 and $29,777 for the years ended June 30, 2015 and 2014.

Future minimum lease payments under the lease are as follows:

Year ended June 30,	
2016	$ 98,261
2017	113,860
2018	156,367
2019	161,058
2020	165,890
2021-2022	346,860
Total	$ 1,042,296

10. RELATED PARTY TRANSACTIONS

SCPA engaged with SCWA in 2014 to provide funding for operations during SCPA's start-up period. Prior to SCPA's official formation on December 4, 2012, SCWA controlled the operations in anticipation that SCWA would be reimbursed for costs spent on the program. Upon formation of SCPA, SCWA continued to provide services to SCPA, and all costs through December 31, 2013 were aggregated into a loan. See Note 5 for loan details. After January 1, 2014, SCWA provided services that will not apply to the loan agreement. The cost of these expenses in 2014 was $58,670, and are shown in the Statements of Net Position as due to related party. For 2015, SCWA is no longer considered a related party.