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September 15, 2022

FILED Superior Court of California
County of Butte
SEP 28 2022
By Sharif Elmallah, Clerk Deputy

Hon. Corie J. Caraway, Judge of the Superior Court
c/o Court Services
Superior Court of California, County of Butte
One Court Street, Oroville, CA 95965

Dear Judge Caraway,

Pursuant to Penal Code §933/933.05, please find the City of Gridley's response to the Final Report of the 2019-2020 Butte County Grand Jury which was filed on June 20, 2022 and released to the public on June 24, 2022.

The following responses were approved by the Gridley City Council.

FINDINGS

F1. The City of Gridley has not posted its audited financial reports dated 6-30-20 and 6-30-21.

CITY RESPONSE: Respondent agrees with finding.

F2. A portion of the funds in excess of the Electric Enterprise Operating Expenses are transferred annually into the City of Gridley General Fund.

CITY RESPONSE: Respondent agrees with finding.

F3. The City of Gridley audits show an accumulation of cash over the Fiscal Years 2016-2019.

CITY RESPONSE: Respondent agrees with finding.

F4. City officials have not identified the goal number of accumulated cash/investments.

CITY RESPONSE: Respondent disagrees partially with finding.

The city has a goal of 20% for the budget reserve by 2024-2025. This is a matter of public record and can be found in the City Budget Summary for the past several years.

As far as other state and federal programmatic income sources, in some cases, we have established funding goals to accomplish specific policy objectives and in others, it would not be possible due to the nature of the prescriptions placed on the use of the funds.

F5. The City of Gridley has not provided the method or basis for the computation of the GEU rates.

CITY RESPONSE: Respondent agrees with finding.

F6: The GEU rates per kWh are comparable to other northern California cities.

CITY RESPONSE: Respondent agrees with finding.

RECOMMENDATIONS

R1. City of Gridley to produce audited and approved financial reports for FYs ending 6/30/20 and 6/30/21 by 9/30/22.

CITY RESPONSE: Recommendation has been implemented.

The City has received and the Gridley City Council approved the final audited financial reports dated 6/30/20 at its September 6, 2022 regular meeting.

R2. City of Gridley to produce audited and approved financial reports no later than 6 months after the close of each fiscal year starting with the audit dated 6/30/22.

CITY RESPONSE: Recommendation has not been implemented but will be implemented in the future.

The City has initial field work dates for auditor scheduled for late September 2022 and anticipates being able to conclude audited financials by the date outlined above.

R3. City of Gridley to provide a detailed plan for the allocation of unrestricted cash/investment accumulations in the cash and investment fund accounts. The plan shall itemize to which category(ies) the accumulation is allocated by 12/31/22.

CITY RESPONSE: Recommendation has not been implemented but the city will be implemented in the future not later than 12/31/22.

The City Finance Department is working to develop an approved detailed plan for the allocation of unrestricted cash/investment fund accounts.

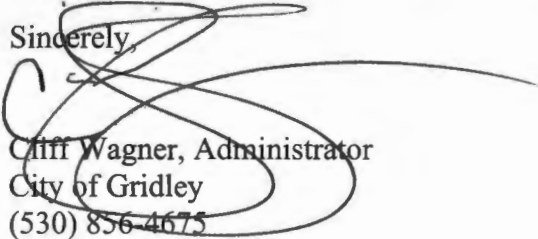
R4. City of Gridley City Council and Gridley City Administrators to make public the basis and methodology for calculating electric rates in a clear, understandable manner by 12/31/22.

CITY RESPONSE: Recommendation has not been implemented but will be implemented in the future.

The City has contracted with Utility Financial Solutions to perform a comprehensive cost study for water, sewer and electrical services. This will then result in the development of data driven rate design recommendations that may be implemented by the City Council. This process should be concluded by 12/31/22.

If there are any questions regarding the responses provided, please feel free to contact me at the number listed below.

Sincerely,



Cliff Wagner, Administrator
City of Gridley
(530) 856-4675