

Gridley City Council – Regular Meeting Agenda

Monday, July 15, 2024; 6:00 pm

Gridley City Hall, 685 Kentucky Street, Gridley, CA 95948

“Our purpose is to continuously enhance our community’s vitality and overall quality of life. We are committed to providing high quality, cost-effective municipal services and forming productive partnerships with our residents and regional organizations. We collectively develop, share, and are guided by a clear vision, values, and meaningful objectives.”

The Public is encouraged to attend and participate in person. Comments from the public on agenda items will be accepted until 4 pm on July 15th, 2024, via email to csantana@gridley.ca.us or via the payment/document drop box at Gridley City Hall and will be conveyed to the Council for consideration.

You may view using the following link, ID, and passcode:

<https://us06web.zoom.us/j/81391762553?pwd=kOnxWflcFeXgstwVDS4QpR9WrKaP2B.1>

Webinar ID: 813 9176 2553

Passcode: 060247

Or Telephone:

+1 669 444 9171 US

+1 346 248 7799 US (Houston)

CALL TO ORDER - Mayor Farr

ROLL CALL

PLEDGE OF ALLEGIANCE – Councilmember Roberts

PROCLAMATION – None

INTRODUCTION OF NEW OR PROMOTED EMPLOYEES – None

COMMUNITY PARTICIPATION FORUM - *Members of the public may address the City Council on matters not listed on the agenda. The City Council may not discuss nor take action on any community participation item brought forward by a member of the community. Comments are requested to be limited to three (3) minutes.*

CONSENT AGENDA

1. City Council Minutes Dated June 3rd, June 17th (Special Meeting), June 17th (Regular Meeting)
2. TDA Audit

3. April-May 2024 Expenditure Report
4. FY 23-24 Treasurers Report
5. Resolution 2024-R-022: Appointment of Northern California Cities Self Insurance Fund (NCCSIF) Representative and Alternate Representative
6. Resolution No. 2024-R-023: A Resolution of the City Council of the City of Gridley Authorizing and Designating City Representatives to Vote the City's Interests in Governance Agreements Associated with City's Participation in Programs, Projects, and Services as a Member of the Northern California Power Agency

ITEMS FOR CONSIDERATION

7. LAFCo Letter of Agreement Re: Development - Discussion
8. Resolution 2024-R-024: A Resolution of the City Council of the City of Gridley Approving Agreement No. 2CA06877 with the California Department of Forestry and Fire Protection and Authorizing the Mayor to Sign the Agreement for Services from July 1, 2024, to June 30, 2025
9. Request for Acceptance and Approval of FY 2021-2022 Single Audit & GANN Limit Report and FY 2022-2023 Audit Report
10. Renewable Power Purchase Agreement between Northern California Power Agency (NCPA) and Grace Orchard Energy Center, LLC (PPA), and (ii) the Third Phase Agreement for Renewable Power Purchase Agreement with Grace Orchard Energy Center, LLC (Third Phase Agreement)

CITY STAFF AND COUNCIL COMMITTEE REPORTS - *Brief updates from City staff and brief reports on conferences, seminars, and meetings attended by the Mayor and City Council members, if any.*

CITY ADMINISTRATOR REPORTS - *Brief updates and reports on conferences, seminars, and meetings attended by the City Administrator, if any.*

POTENTIAL FUTURE CITY COUNCIL ITEMS - *(Appearing on the Agenda within 30 days):*

Procurement Policy	8/5/2024
Travel Policy	8/5/2024
Energy Efficiency Contract Review	8/5/2024
Sports Complex	8/5/2024

CLOSED SESSION

11. Closed Session Discussion Public Employment: Police Chief - Cal. Gov. Code Section 54597

12. Closed Session Discussion Public Employment: Principal Planner - Cal. Gov. Code Section 54597

ADJOURNMENT – adjourning to a regular meeting on August 5th, 2024.

NOTE 1: POSTING OF AGENDA- This agenda was posted on the public bulletin board at City Hall at or before 6:00 p.m., July 12th, 2024. This agenda along with all attachments is available for public viewing online at www.gridley.ca.us and at the Administration Counter in City Hall, 685 Kentucky Street, Gridley, CA.

NOTE 2: REGARDING UNSCHEDULED MATTERS – In accordance with state law, it shall be the policy of this Council that no action shall be taken on any item presented during the public forum or on unscheduled matters unless the Council, by majority vote, determines that an emergency situation exists, or, unless the Council by a two-thirds vote finds that the need to take action arose subsequent to the posting of this agenda.

Gridley City Council – Regular Meeting Minutes

Monday, June 3, 2024; 6:00 pm

Gridley City Hall, 685 Kentucky Street, Gridley, CA 95948

“Our purpose is to continuously enhance our community’s vitality and overall quality of life. We are committed to providing high quality, cost-effective municipal services and forming productive partnerships with our residents and regional organizations. We collectively develop, share, and are guided by a clear vision, values, and meaningful objectives.”

CALL TO ORDER

Mayor Farr called the meeting to order at 6:00 pm.

ROLL CALL

Present: Farr, Johnson, Calderon, Roberts, Sanchez

Absent: None

Arriving after roll call: None

Staff Present: Elisa Arteaga, City Administrator
Todd Farr, Interim Police Chief
Tony Galyean, City Attorney
Ross Pippitt, Utilities Director

PLEDGE OF ALLEGIANCE

Councilmember Calderon led the Pledge of Allegiance.

PROCLAMATION – None

INTRODUCTION OF NEW OR PROMOTED EMPLOYEES - None

COMMUNITY PARTICIPATION FORUM

Mayor Farr opened the forum, and seeing as there was no one present to speak, was closed.

CONSENT AGENDA

1. City Council Minutes Dated May 20th, 2024
2. SB 1 Project List

Motion to approve consent agenda as is.

MOTION: Roberts

SECOND: Johnson

ROLL CALL VOTE: 5-0

Ayes: Roberts, Johnson, Calderon, Farr, Sanchez

ITEMS FOR CONSIDERATION

- 3. Study Session: FY 2024/2024 Draft Budget

City Administrator Arteaga opened the study session for the draft FY 24/25 Budget. Administrator Arteaga gave a quick overview of the proposed budget, highlighting specific areas and explained the many ways Council and the public can view the budget with the ClearGov software.

Finance Director Martin Pineda addressed the Council via zoom and requested Council send him any recommendations or questions so that they may be addressed at the following budget study session.

After brief council and staff discussion, the draft budget was accepted and will be reviewed at the next regular Council meeting.

CITY STAFF AND COUNCIL COMMITTEE REPORTS

Councilmember Calderon reported on his attendance at Butte County Association of Governments.

Mayor Farr reported on his attendance at the Memorial Day Celebration at the Gridley-Biggs Cemetery.

CITY ADMINISTRATOR REPORTS

City Administrator Arteaga informed Council of her recent meeting with NCPA.

POTENTIAL FUTURE CITY COUNCIL ITEMS - (Appearing on the Agenda within 30 days):

Budget Study Session (2)	6/17/2024
Travel Policy	6/17/2024
Energy Efficiency Contract Review	6/17/2024
Unfunded Accrued Liability/Section 115 Trust	6/17/2024
Consolidation Election	6/17/2024

CLOSED SESSION

- 4. Closed Session Conference with Labor Negotiators Pursuant to Government Code 54957.6 Concerning Management MOU Contract and Benefits

Council went into closed session and came out at 8:12 pm with no reportable action.

ADJOURNMENT

With no further items left to discuss, Mayor Farr adjourned to the next regular meeting on June 17, 2024.

DRAFT

Gridley City Council – Special Meeting Minutes

Monday, June 17, 2024; 5:00 pm
Gridley City Hall, 685 Kentucky Street, Gridley, CA 95948

“Our purpose is to continuously enhance our community’s vitality and overall quality of life. We are committed to providing high quality, cost-effective municipal services and forming productive partnerships with our residents and regional organizations. We collectively develop, share, and are guided by a clear vision, values, and meaningful objectives.”

CALL TO ORDER

Mayor Farr called the meeting to order at 5:00 pm.

ROLL CALL

Councilmembers

Present: Farr, Roberts, Calderon, Johnson
Attending via zoom: Sanchez
Absent: None
Arriving after roll call: None

Staff Present: Elisa Arteaga, City Administrator
Todd Farr, Interim Police Chief
Tony Galyean, City Attorney
Martin Pineda, Finance Director
Ross Pippitt, Utility Director

ITEMS FOR COUNCIL CONSIDERATION

1. Study Session #2 for Proposed FY 24/25 Budget

Finance Director Martin Pineda presented the proposed FY 24/25 Budget through ClearGov. Pineda highlighted all revisions made since the budget was last presented at the June 3rd budget study session.

This item was informational only, FY 24/25 Budget is scheduled to be adopted at the regular scheduled meeting of June 17, 2024.

COMMUNITY PARTICIPATION FORUM - None

CLOSED SESSION – None

ADJOURNMENT

With no further discussion, Mayor Farr adjourned to the regular scheduled meeting of June 17, 2024.

Gridley City Council – Regular Meeting Minutes

Monday, June 17, 2024; 6:00 pm

Gridley City Hall, 685 Kentucky Street, Gridley, CA 95948

“Our purpose is to continuously enhance our community’s vitality and overall quality of life. We are committed to providing high quality, cost-effective municipal services and forming productive partnerships with our residents and regional organizations. We collectively develop, share, and are guided by a clear vision, values, and meaningful objectives.”

CALL TO ORDER

Mayor Farr called the meeting to order at 6:00 pm.

ROLL CALL

Councilmembers

Present: Farr, Roberts, Calderon, Johnson
Attending via zoom: Sanchez
Absent: None
Arriving after roll call: None

Staff Present: Elisa Arteaga, City Administrator
Todd Farr, Interim Police Chief
Tony Galyean, City Attorney
Martin Pineda, Finance Director
Ross Pippitt, Utility Director

PLEDGE OF ALLEGIANCE

Councilmember Roberts led the Pledge of Allegiance.

PROCLAMATION – None

INTRODUCTION OF NEW OR PROMOTED EMPLOYEES - None

COMMUNITY PARTICIPATION FORUM

Diane Wilkerson addressed Council to express concerns regarding the possible reallocation of funds from the Sports Complex to the Highway 99 Waterline project.

CONSENT AGENDA

1. Resolution 2024-R-018: A Resolution of the City Council of the City of Gridley, Requesting the Board of Supervisors of the County of Butte to Consolidate a General Municipal Election to be Held on Tuesday, November 5th, 2024, with the Statewide General Election to be Held on the Date Pursuant to §10403 of the Elections Code

Motion: to approve consent agenda as is.

MOTION: Roberts

SECOND: Calderon

ROLL CALL VOTE: 5-0

Ayes: Roberts, Johnson, Calderon, Farr, Sanchez

ITEMS FOR CONSIDERATION

2. Workplace Violence Prevention Policy

City Administrator Arteaga presented the policy and informed Council of the SB 553 requirement to have a WVPP adopted and in place.

Motion: to approve the Workplace Violence Prevention Policy

MOTION: Johnson

SECOND: Roberts

ROLL CALL VOTE: 5-0

Ayes: Roberts, Johnson, Calderon, Farr, Sanchez

- 3. Resolution No. 2024-R-019: TPM 1-24 Orchard Hospital APN 010-250-048– Application for a Tentative Parcel Map to Subdivide an Approximately 4.9-Acre Parcel into two Parcels Resulting in a 1.0 Parcel and a 3.9-Acre Parcel located on the North Side of Spruce St. The Property has a General Plan Land Use Designation as Public and a Zoning Designation as Public Quasi Public**

Administrator Arteaga requested City Council's approval of the tentative parcel map and explained that the purpose is to subdivide the referenced lot so that Orchard Hospital may receive grant funding for their proposed adolescent hospital. A requirement of receiving the grant funds is that the hospital be built on its own parcel.

4. FY 2024/2025 Draft Budget

Finance Director Martin Pineda requested Council adopt the FY 24/25 City Budget.

Motion: to approve the FY 24/25 budget to include the \$10,000 donation to the Chamber of Commerce.

MOTION: Calderon

SECOND: Roberts

ROLL CALL VOTE: 5-0

Ayes: Roberts, Johnson, Calderon, Farr, Sanchez

CITY STAFF AND COUNCIL COMMITTEE REPORTS

Councilmember Calderon informed Council of the Well Being Fair being held in Daddow Park, June 29 from 3-6 pm.

Vice Mayor Johnson reported on his attendance at Sutter Butte Mosquito and Vector Control, the Sutter Butte Flood Control Agency and LAFCO meeting.

CITY ADMINISTRATOR REPORTS

Administrator Arteaga reported on the multiple meetings she recently attended including: NCPA, NCCSIF, Butte County Local Hazard Mitigation Planning Meeting and a meeting with representatives from Comala regarding the proposed Sister City Agreement.

POTENTIAL FUTURE CITY COUNCIL ITEMS - (Appearing on the Agenda within 30 days):

Procurement Policy	7/15/2024
Travel Policy	7/15/2024
Energy Efficiency Contract Review	7/15/2024
Sports Complex	7/15/2024

CLOSED SESSION - None

ADJOURNMENT

With no further items left to discuss, Mayor Farr adjourned to the next regular meeting on July 15th, 2024.

City Council Agenda Item #2

Staff Report

Date: July 15, 2024

To: Mayor and City Council

From: Martin Pineda, Finance Director

<input checked="" type="checkbox"/>	Regular
<input type="checkbox"/>	Special
<input type="checkbox"/>	Closed
<input type="checkbox"/>	Emergency

Subject: FY 2021-2022 Senior Taxi and Transportation Fund Audits on behalf of BCAG

Recommendation

Staff respectfully requests that the Mayor and City Council review and accept the financial audits for the City of Gridley Senior Taxi Fund and for the City of Gridley Transportation Development Act Funds as prepared for Butte County Association of Governments (BCAG) for FY 2021-2022.

Background

Enclosed are the separate financial audits prepared for the Butte County Association of Governments (BCAG) for City of Gridley activity related to TDA funds (Fund 430 and 700) for FY 2021-2022.

BCAG is responsible for tracking the use of these funds countywide and the Transportation Development Act (TDA) regulations require that an annual financial audit be completed on these funds. BCAG contracted with a third-party audit firm Richardson & Co. LLP, to complete the audits, including two separate audits for City of Gridley operations. Audits have been completed annually for the Senior Taxi – dial-a-ride and separately for the funds used for street maintenance Programs. The notable historical finding was to the need to create an internal process to recorded prior audit adjustments as part of annual year end closing processes. By adding this process of recording the audit adjustments made during the TDA audit and reconciling accordingly will allow the general ledger to be consistent with how the funds are recorded during financial audits. This recommendation has been implemented as a closing process.

The city did experience a significant decrease in ridership activity during the COVID-19 pandemic, however after review of recent ridership logs there has been a steady increase. As of today, the ridership and operations are back to normal.

Compliance with City Council Strategic Plan or Budget Goals

The City Council and City staff are committed to provide the best possible financial practices and the highest possible transparency regarding all financial transactions.

Attachments

Senior Taxi and Transportation (TDA) Audit Reports for FY 2021-2022

CITY OF GRIDLEY
TRANSPORATION DEVELOPMENT ACT FUND

Audited Financial Statements
and Compliance Report

June 30, 2022

CITY OF GRIDLEY
TRANSPORTATION DEVELOPMENT ACT FUND

Audited Financial Statements
and Compliance Report

June 30, 2022

Audited Financial Statements

Independent Auditor's Report	1
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balance	4
Notes to Financial Statements	5

Compliance Report

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and the Transportation Development Act	8
Schedule of Findings and Responses.....	10



550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Gridley, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Transportation Development Act Fund (the Fund) of the City of Gridley (the City), as of and for year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Development Act Fund of the City of Gridley as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Gridley and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the Transportation Development Act Fund of the City of Gridley and do not purport to, and do not, present fairly the financial position of the City of Gridley as of June 30, 2022, the changes in financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note G, the June 30, 2022 financial statements have been restated to correct certain misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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.

To the City Council
City of Gridley, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Gridley's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Management has omitted management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2024 on our consideration of the City's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

_____, 2024

CITY OF GRIDLEY
TRANSPORATION DEVELOPMENT ACT FUND

BALANCE SHEET

June 30, 2022

ASSETS	
Due from other governments	\$ 162,442
Due from other funds	<u>329,029</u>
TOTAL ASSETS	<u>\$ 491,480</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 847
Due to other City funds	<u>895,060</u>
TOTAL LIABILITIES	<u>895,907</u>
FUND BALANCE	
Unassigned	<u>(404,427)</u>
TOTAL FUND BALANCE	<u>(404,427)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 491,480</u>

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

CITY OF GRIDLEY
TRANSPORTATION DEVELOPMENT ACT FUND

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2022

REVENUES

Local Transportation Funds:

Streets and roads

\$ 162,442

Interest

8

TOTAL REVENUES 162,450

EXPENDITURES

Streets and roads

719,968

TOTAL EXPENDITURES 719,968

NET CHANGE IN FUND BALANCE (557,518)

Fund balance at beginning of year

125,562

Restatement

27,529

Fund balance, beginning of year as restated

153,091

FUND BALANCE AT END OF YEAR \$ (404,427)

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

CITY OF GRIDLEY
TRANSPORTATION DEVELOPMENT ACT FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A – ORGANIZATION

The City of Gridley (the City) receives funds under the provisions of the Transportation Development Act (TDA) from the Butte County Local Transportation Fund (LTF) under Article 8, Sections 99400(a). The funds represent amounts available after the determination by the Butte County Association of Governments (BCAG), the transportation planning agency administering TDA funds, of amounts needed to meet the unmet transportation needs of the City not otherwise being met. The City's Article 8, LTF funds are to be used for local street and road projects, and projects provided for use by pedestrian and bicycles. The City contracts for bus services through BCAG's transit fund, Butte Regional Transit (BRT), and BRT claims Article 4 LTF and State Transit Assistance funds directly to support the transportation system.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements of the Transportation Development Act Fund of the City (the Fund) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity: The financial statements are intended to present the financial position and results of operations of only those transactions recorded in the Fund. The Transportation Development Act Fund is included in the financial statements of the City.

Fund Accounting: The accounts of the City are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

The City utilizes the special revenue fund type of the governmental fund group to account for the activities of the Fund, which is accounted for in the City's SB325 Fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. A special revenue fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally 60 days. LTF and STAF revenues are recognized when all eligibility requirements have been met and the amounts are received within 60 days. Revenues that do not meet this availability period are recorded as deferred inflows of resources. Expenditures are recorded when the related fund liability is incurred.

When both restricted and non-restricted type resources are available for use, it is the City's policy to use restricted resources first, then non-restricted resources as they are needed.

Short-term Interfund Receivables: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to other funds" and "due from other funds" on the balance sheet. The "due from other funds" at June 30, 2022 represents streets and roads revenue recorded in the Senior Taxi Fund. The "due to other funds" at June 30, 2022 represents cash subsidy from other City funds to eliminate a negative cash balance.

CITY OF GRIDLEY
TRANSPORTATION DEVELOPMENT ACT FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or and inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources represent TDA revenue received after the City’s 60-day availability period.

Fund Balance: Restrictions of fund balance represent amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation. The restrictions of fund balance are according to the provisions of the Transportation Development Act and the purpose of each restriction is indicated by the account title on the face of the balance sheets.

NOTE C – CASH AND INVESTMENTS

The Fund’s cash is held in the City Treasury. The City maintains cash and investments in the State of California’s Local Agency Investment Fund (LAIF) and other money market funds and allocates interest to the various funds based upon the average daily cash balances. Investments held in the City’s cash accounts are available on demand to the Fund and are stated at cost, which approximates fair value. The City’s investment policy, interest rate risk and credit risk may be found in the notes to the City’s basic financial statements.

NOTE D – DUE FROM OTHER GOVERNMENTS

Due from other government consisted of the following at June 30:

	2022
Transportation Development Act:	
Local Transportation Fund	
Fiscal year 2021/2022	\$ 162,442
Total due from other governments	\$ 162,442

NOTE E – FARE REVENUE RATIO

Transit operators are required to maintain a fare revenue to operating expenses ratio in order to be eligible for TDA funding. Since the City contracts with the BRT for its transit services, no fare revenues are recorded in the City’s 2022 TDA Fund financial statements. A fare revenue ratio is calculated for BRT in the BCAG audited financial statements.

NOTE F – CONCENTRATIONS

The Fund receives a substantial amount of its support from a statewide retail sales tax from the LTF, which was created by the Transportation Development Act. A significant reduction in the level of this support, if this were to occur, may have a significant affect on the Fund’s activities.

CITY OF GRIDLEY
TRANSPORTATION DEVELOPMENT ACT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE G - RESTATEMENT

Certain errors resulting in the understatement and overstatement of June 30, 2021 revenues and expenses, respectively, were corrected this year. The effect of the correction of these changes on fund balance as of July 1, 2021 were as follows:

	<u>TDA Fund</u>
Fund balance, beginning of year, as previously reported	\$ 125,562
Adjustments to accrue payroll at year-end	(13,464)
Adjustments to accrue professional expenditures	(21,274)
Adjustments to the City's cost allocation plan	(492)
Adjustment to construction in progress expenditure allocation	61,986
To record year-end interest income allocation	<u>773</u>
Fund balance, beginning of the year, as restated	<u>\$ 153,091</u>



550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
AND THE TRANSPORTATION DEVELOPMENT ACT

To the City Council
City of Gridley, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act Fund of the City of Gridley as of and for the year ended June 30, 2022, and the related notes to the financial statements and have issued our report thereon dated _____, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated to and received by the City were expended in conformance with the applicable statutes, rules and regulations of the TDA and Sections 6666 and 6667 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards* or the TDA.

To the City Council
City of Gridley, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the TDA in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

_____, 2024

CITY OF GRIDLEY
TRANSPORTATION DEVELOPMENT ACT FUND

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2022

INTERNAL CONTROL OVER FINANCIAL REPORTING

CURRENT YEAR FINDINGS:

FINDING 2022-001 – Material Weakness

Criteria: Internal controls over financial reporting should be in place to ensure management has the ability to initiate, record, process and report financial data consistently with the assertions of management in the financial statements.

Condition: The City did not record audit adjustments made during the June 30, 2021 and prior audits causing the fund balance to not rollforward and recorded streets and roads revenue in the City's Senior Taxi Fund. In addition, delays in the closing process resulted in adjustments to fiscal year 2020/21 balances previously reported in the TDA audit.

Effect: Audit adjustments were required to report the financial statements in accordance with generally accepted accounting principles.

Cause: The City did not update the TDA Fund for all activity that occurred during the year and did not consider the purpose of the TDA allocations during the closing process.

Recommendation: We recommend the City record audit adjustments made during the TDA audit and reconcile the purpose of TDA revenue claimed to the the City's TDA claim so the general ledger is consistent with how the fund is reported in the audited financial statements. We also recommend that the City ensure that closing entries are made in the accounting system on a timely basis.

Management's Response: The City will record all future audit adjustments during the TDA audit so that the general ledger is consistent with how the fund is reported in the audited financial statements. The City has hired a consultant to assist with timely closing of the City's books.

PRIOR YEAR FINDINGS

INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING 2021-001 – Material Weakness

Current Status: Finding 2022-001 is a continuation of Finding 2021-001.

**CITY OF GRIDLEY
SENIOR TAXI FUND**

Audited Financial Statements
and Compliance Report

June 30, 2022

CITY OF GRIDLEY
Senior Taxi Fund

Audited Financial Statements
and Compliance Report

June 30, 2022

Audited Financial Statements

Independent Auditor's Report	1
Balance Sheets.....	3
Statements of Revenues, Expenses and Changes in Fund Net Position	4
Statements of Cash Flows	5
Notes to Financial Statements	6

Compliance Report

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and the Transportation Development Act	11
Schedule of Findings and Responses.....	13



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Gridley, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Senior Taxi Fund (the Fund) of the City of Gridley (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Senior Taxi Fund of the City of Gridley as of June 30, 2022 and respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Gridley and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the Senior Taxi Fund of the City of Gridley and do not purport to, and do not, present fairly the financial position of the City of Gridley as of June 30, 2022, the changes in financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note I, the June 30, 2022 financial statements have been restated to correct certain misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

To the City Council
City of Gridley, California

Reasonable assurance is a high level of assurance but is not absolute assurance and there is not a guarantee that an audit conducted in accordance with generally accepted audit standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks or material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtaining an understanding of internal control relevant to the audit 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 Gridley's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies use and the reasonableness of accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2024 on our consideration of the City's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

_____, 2024

CITY OF GRIDLEY
SENIOR TAXI FUND

BALANCE SHEET

June 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Cash and investments		\$ 339,455
Due from other governments		3,874
Interest receivable		34
	TOTAL CURRENT ASSETS	343,363

Capital assets, depreciable, net		13,271
	TOTAL ASSETS	356,634

DEFERRED OUTFLOWS OF RESOURCES

Pension plan		57,446
--------------	--	--------

	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 414,080
--	----------------------------------------------------	------------

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

CURRENT LIABILITIES

Accounts payable and accrued liabilities		\$ 5,065
Compensated absences - current		4,808
Due to other City funds		329,029
	TOTAL CURRENT LIABILITIES	338,902

NONCURRENT LIABILITIES

Net pension liability		139,277
	TOTAL NON-CURRENT LIABILITIES	153,666

	TOTAL LIABILITIES	492,568
--	-------------------	---------

DEFERRED INFLOWS OF RESOURCES

Pension plan		227,231
--------------	--	---------

	TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	719,799
--	-----------------------------------------------------	---------

NET POSITION

Investment in capital assets		13,271
Deficit		(318,990)
	TOTAL NET POSITION	(305,719)

	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 414,080
--	----------------------------------------------------------------------	------------

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

CITY OF GRIDLEY
SENIOR TAXI FUND

STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN FUND NET POSITION

For the Year Ended June 30, 2022

OPERATING REVENUES		
Passenger fares		\$ 3,515
	TOTAL OPERATING REVENUES	<u>3,515</u>
OPERATING EXPENSES		
Salaries and benefits		218,724
Administrative		13
Fuel		5,069
Maintenance		841
Insurance		3
Communications		492
Professional		1,490
Depreciation		6,635
	TOTAL OPERATING EXPENSES	<u>248,785</u>
	NET LOSS FROM OPERATIONS	(245,270)
NONOPERATING REVENUES (EXPENSES)		
State Transit Assistance		86,000
Taxi subsidy		4,230
Interest		11,524
Local Transportation Fund		3,874
	TOTAL NONOPERATING REVENUES	<u>105,628</u>
	CHANGE IN NET POSITION	<u>(139,642)</u>
Net position, beginning of year, as previously reported		(153,877)
Restatement		<u>(12,200)</u>
Net position, beginning of year, as restated		<u>(166,077)</u>
	NET POSITION, END OF YEAR	<u><u>\$ (305,719)</u></u>

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

CITY OF GRIDLEY
SENIOR TAXI FUND

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers		\$ 3,515
Cash paid to suppliers for goods and services		(35,662)
Cash paid to employees for services		(108,120)
NET CASH USED FOR OPERATING ACTIVITIES		(140,267)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		11,968
NET CASH PROVIDED BY INVESTING ACTIVITIES		11,968
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Taxi subsidy received		4,230
Contributions from other governments		86,978
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		91,208
NET CHANGE IN CASH AND CASH EQUIVALENTS		(37,091)
Cash and cash equivalents, beginning of year		376,546
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 339,455
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES		
Net loss from operations		\$ (245,270)
Adjustments to reconcile net loss from operations to net cash used for operating activities		
Depreciation		6,635
Change in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts payable and accrued liabilities		(12,236)
Deferred outflows/inflows of resources		204,360
Compensated absences		(11,434)
Net pension liability		(82,322)
NET CASH USED FOR OPERATING ACTIVITIES		\$ (140,267)

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

CITY OF GRIDLEY
SENIOR TAXI FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – ORGANIZATION

The City of Gridley (the City) receives funds under the provision of the Transportation Development Act (TDA) from the Butte County Local Transportation Fund (LTF) under Article 4, Section 99260(a) and 99402 and State Transit Assistance (STA) under California Code of Regulations Section 6720(a). The STA funds are to be used for public transportation services only. The LTF funds are to be used to support the transportation systems as defined in the TDA. State of Good Repair Fund are available for the purchase of new vehicles and the maintenance and rehabilitation of transit facilities and vehicles. The City operates the Gridley Golden Feather Flyer which provides fixed route and dial-a-ride transportation service for seniors and the disabled. The Senior Taxi Fund is used to account for these TDA funds received by the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements of the Senior Taxi Fund (the Fund) of the City have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity: The financial statements are intended to present the financial position and results of operations of only those transactions recorded in the Fund. The Fund is included in the financial statements of the City.

Fund Accounting: The accounts of the City are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The City utilizes the enterprise fund type of the proprietary fund group to account for the activities of the Fund.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is used by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. TDA revenues are recognized when all eligibility requirements have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Fund are fees received from passengers for transportation services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Cash Equivalents: For purposes of reporting cash flows, cash and cash equivalents is defined as those amounts included in the balance sheet caption "Cash and cash equivalents" and consist of amounts held in the City's cash and investments pool, which is available upon demand.

CITY OF GRIDLEY
SENIOR TAXI FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term Interfund Receivables/Payables: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due to other City funds” and “due from other City funds” on the balance sheet. The amount reported as due to other funds at June 30, 2022 represents streets and roads revenue recorded in the Transit Fund. The amount is due to the City’s Transportation Development Act Fund.

Capital Assets: Capital assets are stated at cost. Provision is made for depreciation of the vehicle by the straight-line method over the estimated useful life of the asset, which is 5 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets. It is the policy of the City to capitalize asset acquisitions with an individual cost greater than \$10,000.

Compensated Absences: Compensated absences comprise unused vacation leave and compensatory time off, which are accrued as earned. In addition, those employees who have reached the age of retirement may cash out sick leave upon retirement. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or and inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the City’s pension plan as described in Note F.

Restricted Net Position: Restrictions of net position are amounts that are legally restricted for specific uses under the Transportation Development Act or other outside agencies. The Senior Taxi Fund had no restricted net position as of June 30, 2022.

Use of Estimates: The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C – CASH AND INVESTMENTS

The Fund’s cash is held in the City Treasury. The City maintains cash and investments in the State of California’s Local Agency Investment Fund (LAIF) and other money market funds and allocates interest to the various funds based upon the average daily cash balances. Investments held in the City Treasury are available on demand to the Fund and are stated at cost, which approximates fair value. The City’s investment policy, interest rate risk and credit risk may be found in the notes to the City’s basic financial statements.

CITY OF GRIDLEY
SENIOR TAXI FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance at July 1, 2021	Additions	Retirements	Balance at June 30, 2022
Capital assets, being depreciated:				
Vehicle	\$ 46,447			\$ 46,447
Accumulated depreciation	(26,541)	\$ (6,635)		(33,176)
Capital assets, net	<u>\$ 19,906</u>	<u>\$ (6,635)</u>	<u>\$ -</u>	<u>\$ 13,271</u>

NOTE E – LONG TERM LIABILITIES

Changes in long-term liabilities consisted of the following for the years ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Compensated absences	\$ 30,631		\$ (11,434)	\$ 19,197	\$ 4,808
Net pension liability	221,599		(82,322)	139,277	
	<u>\$ 252,230</u>	<u>\$</u>	<u>\$ (93,756)</u>	<u>\$ 158,474</u>	<u>\$ 4,808</u>

NOTE F – PENSION LIABILITY

The City participates in a cost-sharing defined benefit pension plan with CalPERS consisting of the following risk pools and a number of rate plans: Safety Risk Pool (Police and Fire) and the Miscellaneous Risk Pool for all other City employees. Information is available about the City's pension plan in the City's financial statements. The Senior Taxi Fund employees are included in the Miscellaneous Risk Pool. However, the actuarial valuation for the City's participation in the Miscellaneous Risk Pool received from CalPERS does not separately disclose information that is required to be reported under GASB 68 and 71 for the Senior Taxi Fund. The pension liability reported in the Senior Taxi Fund represents a proportional share of the pension liability of the City's participation in the Miscellaneous Risk Pool as a whole based on a proportional share of cash basis employer contributions paid on behalf of the Senior Taxi Fund employees compared to all non-Safety City employees. The deferred outflows of resources, net pension liability, deferred inflows of resources and pension expense related to the Senior Taxi Fund were \$57,446, \$139,277, \$227,231, and \$143,468 respectively, as of and for the year ended June 30, 2022. Pension expense was reported as part of salaries and benefits expenses.

CITY OF GRIDLEY
SENIOR TAXI FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE G – FARE REVENUE RATIO

The City is required to maintain a fare revenue to operating expense ratio of 10.00% in accordance with Section 99268.5 of the Transportation Development Act. The fare revenue to operating expenses ratio for the City is calculated as follows for the year ended June 30, 2022:

Fare revenues	\$ 3,515
Local support: taxi subsidy	4,230
Local funds: interest	11,524
	<u>19,269</u>
Operating expenses	248,785
Less allowable exclusions:	
Depreciation and amortization	<u>(6,636)</u>
Net operating expenses	<u>\$ 242,149</u>
Actual fare revenue ratio	<u>7.96%</u>
Required fare revenue ratio	<u>10.00%</u>

The City met the minimum required fare revenue ratio during the years ending June 30, 2020, however for the years ending June 30, 2021 and 2022, the City was not in compliance with the required minimum fare ratio due to the COVID-19 pandemic. TDA Regulation stipulates that the first year a transit operator does not meet its required minimum fare revenue ratio is a grace year and TDA allocations could be reduced in future years if it does not comply with the required minimum ration during the future years. However, due to the pandemic, the California Assembly passed AB 90 on June of 2020 which provides an exemption to the TDA minimum farebox requirement through fiscal year 2020/21. In July of 2021, AB 149 was passed that extended the farebox requirement exemption through fiscal year 2022/23.

NOTE H – CONCENTRATIONS

The Fund receives a substantial amount of its support from a statewide retail sales tax from the LTF and diesel sales tax from the STA created by the Transportation Development Act. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Fund’s activities.

CITY OF GRIDLEY
SENIOR TAXI FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE I – RESTATEMENT

Certain errors resulting in the understatement and overstatement of June 30, 2021 revenues and expenses, respectively, were corrected this year. The effect of the corrections of these changes on net position as of July 1, 2021 were as follows:

	<u>Taxi Fund</u>
Net position, as originally reported	\$ (153,877)
Adjustments to correct benefits expense	(4,763)
Adjustments to accrue payroll at year-end	(10,516)
Adjustments to the City's cost allocation plan	(2,203)
Adjustments to payroll allocation between City funds	3,826
Adjustments to accrue ticket sales	821
Adjustments to accrue grant revenue	157
Adjustment to record year-end interest income allocation	<u>478</u>
Net position, as restated	<u>\$ (166,077)</u>



550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
AND THE TRANSPORTATION DEVELOPMENT ACT

To the City Council
City of Gridley, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Senior Taxi Fund (the Fund) of the City of Gridley (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fund's financial statements, and have issued our report thereon dated _____, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Fund's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as finding 2022-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by the Fund were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of performing our tests disclosed an instance of noncompliance that is required to be reported under *Governmental Auditing Standards* or the TDA that is described in the accompanying schedule of findings and responses as finding 2022-002.

To the City Council
City of Gridley, California

The City’s Response to Findings

The City’s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the TDA in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose

_____, 2024

CITY OF GRIDLEY
SENIOR TAXI FUND

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2022

CURRENT YEAR FINDINGS:

INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING 2022-001 – Material Weakness

Criteria: Internal controls over financial reporting should be in place to ensure management has the ability to initiate, record, process and report financial data consistently with the assertions of management in the financial statements.

Condition: The City did not record audit adjustments made during the June 30, 2020 and prior audits causing the net position to not rollforward correctly. In addition, delays in the closing process resulted in adjustments to fiscal 2020/21 balances previously reported in the TDA audit.

Effect: Audit adjustments were required to report the City's financial statements in accordance with Generally Accepted Accounting Principles.

Cause: The City did not record audit adjustments.

Recommendation: We recommend the City record all audit adjustments made during the TDA audit so the general ledger is consistent with how the fund is reported in the audited financial statements. We also recommend that the City ensure that closing entries are made in the accounting system on a timely basis.

Management's Response: The City will record all future audit adjustments during the TDA audit so that the general ledger is consistent with how the fund is reported in the audited financial statements. The City has hired a consultant to assist with timely closing of the City's books.

COMPLIANCE

FINDING 2022-002

Criteria: Public Utility Code (PUC) Section 99314.6 requires transit operators to include a calculation of compliance with operating criteria (change in expenses incurred compared to the change in the Consumer Price Index) in its claim if State Transit Assistance (STA) is claimed for operating purposes.

Condition: The City claimed STA Funds for operating purposes, but did not include a computation of compliance with operating criteria in its claim.

Effect: The City was not in compliance with PUC Section 99314.6.

Cause: The operating criteria calculation was not prepared and submitted with the City's claim.

Recommendation: The City should include a calculation of the City's compliance with PUC Section 99314.6 in its claim if STA is claimed for operations.

Management's Response: Management will strive to submit claims with all required information.

PRIOR YEAR FINDINGS:

INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING 2021-001, 2020-001 and 2019-001 – Material Weakness

Current Status: Finding 2022-001 is a continuation of Findings 2021-001, 2020-001 and 2019-001.

FINDING 2021-002 and 2020-002

Current Status: Finding 2022-002 is a continuation of Findings 2021-002 and 2020-002.



April 2024

Expenditure Report



Gridley, CA

Check Report

By Check Number

Date Range: 04/01/2024 - 04/30/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: General Checking-General Checking						
PGE01	P G & E CO	04/02/2024	Regular	0.00	451.51	976574
AME29	American Fidelity Assuran	04/04/2024	Regular	0.00	645.83	976575
AME29	American Fidelity Assuran	04/04/2024	Regular	0.00	-645.83	976575
AME30	AMERICAN FIDELITY ASSURAN	04/04/2024	Regular	0.00	1,416.72	976576
AME30	AMERICAN FIDELITY ASSURAN	04/04/2024	Regular	0.00	-1,416.72	976576
COL0001	COLANTUONO, HIGHSMITH & WHATLEY, PC	04/04/2024	Regular	0.00	21,975.20	976578
AME29	American Fidelity Assuran	04/04/2024	Regular	0.00	645.83	976584
AME30	AMERICAN FIDELITY ASSURAN	04/04/2024	Regular	0.00	1,416.72	976585
ASIO1	ADMINISTRATIVE SOLUTIONS	04/11/2024	Regular	0.00	150.00	976589
ALTO1	ALTEC INDUSTRIES INC	04/11/2024	Regular	0.00	399.12	976590
AMA02	AMAZON CAPITAL SERVICES INC	04/11/2024	Regular	0.00	2,145.81	976591
	Void	04/11/2024	Regular	0.00	0.00	976592
AND12	ANDES POOL SUPPLY	04/11/2024	Regular	0.00	127.43	976593
ANI01	ANIXTER	04/11/2024	Regular	0.00	865.36	976594
ARA01	ARAMARK UNIFORM SERVICES	04/11/2024	Regular	0.00	16.99	976595
ATT14	AT&T	04/11/2024	Regular	0.00	29.35	976596
ATT14	AT&T	04/11/2024	Regular	0.00	29.35	976597
ATT14	AT&T	04/11/2024	Regular	0.00	982.47	976598
ATT14	AT&T	04/11/2024	Regular	0.00	240.95	976599
BIG01	BIG VALLEY AG SERVICES	04/11/2024	Regular	0.00	11,857.57	976600
BUT01	BUTTE AUTO PARTS	04/11/2024	Regular	0.00	211.46	976601
BUT16	BUTTE COUNTY AQMD	04/11/2024	Regular	0.00	283.46	976602
ACE02	CANDELARIO ACE HARDWARE	04/11/2024	Regular	0.00	173.86	976603
CIT17	CITY OF OROVILLE	04/11/2024	Regular	0.00	5,000.54	976604
CLA02	CLARK & SONS	04/11/2024	Regular	0.00	176.55	976605
COM17	COMCAST	04/11/2024	Regular	0.00	327.68	976606
CED01	CONSOLIDATED ELECTRICAL DISTRIBUTORS, INC	04/11/2024	Regular	0.00	276.44	976607
COR11	CORE PSYCHOLOGICAL CORPORATION	04/11/2024	Regular	0.00	500.00	976608
CG01	COX GLASS CO	04/11/2024	Regular	0.00	247.12	976609
CRA01	CRANMER ENGINEERING	04/11/2024	Regular	0.00	370.00	976610
DAT01	DATCO	04/11/2024	Regular	0.00	357.00	976611
DEC02	DECKER ENGINEERING SERVICES, LLC	04/11/2024	Regular	0.00	6,525.00	976612
DEP20	DEPT OF INDUSTRIAL RELATI	04/11/2024	Regular	0.00	675.00	976613
EFF01	EFFICIENCY SERVICES GROUP, LLC	04/11/2024	Regular	0.00	3,727.30	976614
EID02	EIDE BAILLY LLP	04/11/2024	Regular	0.00	18,905.25	976615
FGL01	FGL ENVIRONMENTAL, INC.	04/11/2024	Regular	0.00	693.00	976616
GRA07	GRANITE CONSTRUCTION CO.	04/11/2024	Regular	0.00	2,762.76	976617
GRI01	GRIDLEY COUNTRY FORD	04/11/2024	Regular	0.00	160.75	976618
HOU03	HOUSING TOOLS LLC	04/11/2024	Regular	0.00	240.00	976619
CUR02	L.N. CURTIS AND SONS	04/11/2024	Regular	0.00	5,971.48	976620
LAK01	LAKEVIEW PETROLEUM CO	04/11/2024	Regular	0.00	9,191.11	976621
LIG03	LIGHTBEAM POWER COMPANY	04/11/2024	Regular	0.00	4,872.63	976622
MAC01	MAC'S HARDWARE & RENTAL	04/11/2024	Regular	0.00	843.30	976623
MES02	MESSENGER PUBLISHING GROU	04/11/2024	Regular	0.00	888.00	976624
MIS06	MISSION COMMUNICATIONS, LLC	04/11/2024	Regular	0.00	563.40	976625
MIW01	MIWALL CORPORATION	04/11/2024	Regular	0.00	99.26	976626
CAL76	NATHANIEL CALLAWAY	04/11/2024	Regular	0.00	241.50	976627
NOR06	NORMAC INC	04/11/2024	Regular	0.00	156.23	976628
NOR09	NORTHERN CALIFORNIA GLOVES	04/11/2024	Regular	0.00	147.79	976629
NOR11	Northern California Joint Pole Assoc.	04/11/2024	Regular	0.00	10.77	976630
NOR11	Northern California Joint Pole Assoc.	04/11/2024	Regular	0.00	-10.77	976630
ONE02	ONESOURCE SUPPLY SOLUTIONS	04/11/2024	Regular	0.00	6,616.31	976631
PGE01	P G & E CO	04/11/2024	Regular	0.00	369.87	976632
PAC24	PACE SUPPLY	04/11/2024	Regular	0.00	978.36	976633

Check Report

Date Range: 04/01/2024 - 04/30/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
PAP01	PAPE MACHINERY, INC.	04/11/2024	Regular	0.00	44.87	976634
RIC01	Rich, Fuidge, Bordsen & Gaylean, Inc.	04/11/2024	Regular	0.00	5,737.00	976635
SYL02	SILVIA ELENA CORDERO	04/11/2024	Regular	0.00	2,540.00	976636
STA01	STANDARD INSURANCE CO	04/11/2024	Regular	0.00	3,565.73	976637
SUN01	SUNRISE ENVIROMENTAL SCI	04/11/2024	Regular	0.00	349.07	976638
ADV05	SUPERIOR CALIFORNIA OFFICE EQUIPMENT, INC	04/11/2024	Regular	0.00	1,238.59	976639
SUT11	SUTHERLAND LANDSCAPE CENT	04/11/2024	Regular	0.00	363.17	976640
TKE01	THYSSENKRUPP ELEVATOR CORPORATION	04/11/2024	Regular	0.00	998.73	976641
TYL01	TYLER TECHNOLOGIES, INC	04/11/2024	Regular	0.00	3,800.30	976642
UNIV01	UNIVERSAL PROTECTION SECURITY SYSTEMS, LI	04/11/2024	Regular	0.00	960.26	976643
USB05	US BANK	04/11/2024	Regular	0.00	138.00	976644
USB05	US BANK	04/11/2024	Regular	0.00	325.09	976645
USB05	US BANK	04/11/2024	Regular	0.00	60.33	976646
VER02	VERIZON WIRELESS	04/11/2024	Regular	0.00	1,826.54	976647
	Void	04/11/2024	Regular	0.00	0.00	976648
AUT03	AUTO ZONE INC.	04/12/2024	Regular	0.00	280.02	976649
CRA02	CRAIN FISHERIES	04/12/2024	Regular	0.00	6,250.00	976650
HIT01	HI-TECH EMERGENCY VEHICLE	04/12/2024	Regular	0.00	2,924.14	976651
CAL80	J ANGEL CALDERON	04/12/2024	Regular	0.00	160.80	976652
MIN07	MINASIAN, MEITH, SOARES, SEXTON & COOPER	04/12/2024	Regular	0.00	98.33	976653
SAC03	SACRAMENTO TRUCK CENTER	04/12/2024	Regular	0.00	100.78	976654
IMP01	U.S. BANK CORPORATE PAYMENT SYSTEMS	04/12/2024	Regular	0.00	9,043.29	976655
	Void	04/12/2024	Regular	0.00	0.00	976656
	Void	04/12/2024	Regular	0.00	0.00	976657
	Void	04/12/2024	Regular	0.00	0.00	976658
ULS01	UL LLC	04/12/2024	Regular	0.00	2,290.00	976659
NAT31	72 HOUR LLC	04/25/2024	Regular	0.00	230,508.00	976661
ACC08	ACCESS INFORMATION MANAGEMENT	04/25/2024	Regular	0.00	179.20	976662
ASIO1	ADMINISTRATIVE SOLUTIONS	04/25/2024	Regular	0.00	1,332.50	976663
AME17	AMERICAN LEGAL	04/25/2024	Regular	0.00	190.40	976664
ANI01	ANIXTER	04/25/2024	Regular	0.00	1,387.96	976665
ATT08	AT&T	04/25/2024	Regular	0.00	31.57	976666
ATT08	AT&T	04/25/2024	Regular	0.00	64.10	976667
ATT0001	AT&T	04/25/2024	Regular	0.00	85.60	976668
ATT08	AT&T	04/25/2024	Regular	0.00	31.57	976669
ATT08	AT&T	04/25/2024	Regular	0.00	31.57	976670
ATT08	AT&T	04/25/2024	Regular	0.00	64.10	976671
AUT03	AUTO ZONE INC.	04/25/2024	Regular	0.00	28.95	976672
BEN11	BENNETT ENGINEERING SERVI	04/25/2024	Regular	0.00	53,548.06	976673
	Void	04/25/2024	Regular	0.00	0.00	976674
BUT01	BUTTE AUTO PARTS	04/25/2024	Regular	0.00	42.94	976675
ACE02	CANDELARIO ACE HARDWARE	04/25/2024	Regular	0.00	136.95	976676
CSAN01	CARMEN SANTANA	04/25/2024	Regular	0.00	100.00	976677
COM17	COMCAST	04/25/2024	Regular	0.00	401.10	976678
COR01	CORBIN WILLITS SYSTEM, IN	04/25/2024	Regular	0.00	2,433.89	976679
BIRO2	DANNY BIRKHOLTZ	04/25/2024	Regular	0.00	2,551.65	976680
DEC02	DECKER ENGINEERING SERVICES, LLC	04/25/2024	Regular	0.00	5,010.00	976681
EVE03	EVERBANK	04/25/2024	Regular	0.00	96.56	976682
EVE01	EVERGREEN JOB & SAFETY TRAINING, INC	04/25/2024	Regular	0.00	1,864.00	976683
ICM02	ICMA	04/25/2024	Regular	0.00	200.00	976684
ITR01	ITRON, INC.	04/25/2024	Regular	0.00	4,646.20	976685
JAC02	JACO ANALYTICAL LAB INC	04/25/2024	Regular	0.00	788.85	976686
HIL09	KATIE HILL	04/25/2024	Regular	0.00	24.50	976687
LAK01	LAKEVIEW PETROLEUM CO	04/25/2024	Regular	0.00	3,607.61	976688
MAC0002	MACQUARIE EQUIPMENT CAPITAL INC.	04/25/2024	Regular	0.00	281.00	976689
MES02	MESSENGER PUBLISHING GROU	04/25/2024	Regular	0.00	1,004.50	976690
MOT08	MOTOROLA SOLUTIONS INC: LEASE PAYMENTS	04/25/2024	Regular	0.00	76,326.84	976691
	Void	04/25/2024	Regular	0.00	0.00	976692
CAL76	NATHANIEL CALLAWAY	04/25/2024	Regular	0.00	305.36	976693
NCC01	NCCSIF FINANCIAL SERVICES	04/25/2024	Regular	0.00	50,465.00	976694
NOR02	NORTHERN CALIFORNIA POWER AGENCY	04/25/2024	Regular	0.00	228,151.00	976695

Check Report

Date Range: 04/01/2024 - 04/30/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
ONE02	ONESOURCE SUPPLY SOLUTIONS	04/25/2024	Regular	0.00	1,026.65	976696
ORE01	O'REILLY AUTOMOTIVE, INC.	04/25/2024	Regular	0.00	190.82	976697
PGE01	P G & E CO	04/25/2024	Regular	0.00	144.45	976698
RIC01	Rich, Fuidge, Bordsen & Gaylean, Inc.	04/25/2024	Regular	0.00	2,425.50	976699
RSG01	RSG INC.	04/25/2024	Regular	0.00	2,550.00	976700
UPS05	THE UPS STORE	04/25/2024	Regular	0.00	32.15	976701
USB05	US BANK	04/25/2024	Regular	0.00	60.31	976702
USB05	US BANK	04/25/2024	Regular	0.00	80.22	976703
USB05	US BANK	04/25/2024	Regular	0.00	47.77	976704
USB05	US BANK	04/25/2024	Regular	0.00	150.83	976705
AME31	AMERICAN RIVER COLLEGE	04/26/2024	Regular	0.00	94.00	976709
ARA01	ARAMARK UNIFORM SERVICES	04/26/2024	Regular	0.00	16.99	976710
BIC01	BI-COUNTY IRRIGATION	04/26/2024	Regular	0.00	7.98	976711
BUT01	BUTTE AUTO PARTS	04/26/2024	Regular	0.00	77.47	976712
ACE02	CANDELARIO ACE HARDWARE	04/26/2024	Regular	0.00	255.61	976713
DIA03	DIAMOND BILT	04/26/2024	Regular	0.00	152.78	976714
SMI07	EVA SMITH	04/26/2024	Regular	0.00	324.98	976715
FGL01	FGL ENVIRONMENTAL, INC.	04/26/2024	Regular	0.00	720.00	976716
GOL09	GOLDEN STATE TREE/LEIF FI	04/26/2024	Regular	0.00	950.00	976717
HAB01	HABITAT FOR HUMANITY YUBA/SUTTER	04/26/2024	Regular	0.00	11,014.00	976718
MAC01	MAC'S HARDWARE & RENTAL	04/26/2024	Regular	0.00	660.44	976719
MES02	MESSENGER PUBLISHING GROU	04/26/2024	Regular	0.00	212.80	976720
OFF02	OFFICE DEPOT	04/26/2024	Regular	0.00	570.38	976721
PIT02	PITNEY BOWES INC	04/26/2024	Regular	0.00	68.92	976722
SUT11	SUTHERLAND LANDSCAPE CENT	04/26/2024	Regular	0.00	330.16	976723
CAL70	CALIFORNIA CHOICE BENEFIT	04/20/2024	Bank Draft	0.00	21,512.03	DFT0002603
CAL70	CALIFORNIA CHOICE BENEFIT	04/20/2024	Bank Draft	0.00	21,511.96	DFT0002622
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/05/2024	Bank Draft	0.00	48.00	DFT0002640
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/05/2024	Bank Draft	0.00	777.57	DFT0002642
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/05/2024	Bank Draft	0.00	1,315.21	DFT0002643
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/05/2024	Bank Draft	0.00	2,537.87	DFT0002644
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/05/2024	Bank Draft	0.00	4,520.99	DFT0002645
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/05/2024	Bank Draft	0.00	4,663.91	DFT0002646
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/05/2024	Bank Draft	0.00	4,621.78	DFT0002647
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/05/2024	Bank Draft	0.00	2,237.50	DFT0002648
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/05/2024	Bank Draft	0.00	6,376.83	DFT0002649
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/05/2024	Bank Draft	0.00	2,824.33	DFT0002650
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/05/2024	Bank Draft	0.00	2,781.19	DFT0002651
INT07	INTERNAL REVENUE SERVICE	04/05/2024	Bank Draft	0.00	5,070.92	DFT0002652
INT07	INTERNAL REVENUE SERVICE	04/05/2024	Bank Draft	0.00	14,350.72	DFT0002653
INT07	INTERNAL REVENUE SERVICE	04/05/2024	Bank Draft	0.00	729.20	DFT0002654
EMP01	EMPLOYMENT DEVELOPMENT	04/05/2024	Bank Draft	0.00	5,941.74	DFT0002655
INT07	INTERNAL REVENUE SERVICE	04/05/2024	Bank Draft	0.00	25.94	DFT0002656
INT07	INTERNAL REVENUE SERVICE	04/05/2024	Bank Draft	0.00	19.82	DFT0002657
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/19/2024	Bank Draft	0.00	47.00	DFT0002658
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/19/2024	Bank Draft	0.00	762.04	DFT0002660
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/19/2024	Bank Draft	0.00	1,288.93	DFT0002661
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/19/2024	Bank Draft	0.00	2,537.87	DFT0002662
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/19/2024	Bank Draft	0.00	4,520.99	DFT0002663
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/19/2024	Bank Draft	0.00	4,679.72	DFT0002664
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/19/2024	Bank Draft	0.00	4,637.46	DFT0002665
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/19/2024	Bank Draft	0.00	2,245.19	DFT0002666
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/19/2024	Bank Draft	0.00	6,398.77	DFT0002667
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/19/2024	Bank Draft	0.00	2,815.53	DFT0002668
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/19/2024	Bank Draft	0.00	2,772.52	DFT0002669
INT07	INTERNAL REVENUE SERVICE	04/19/2024	Bank Draft	0.00	5,023.94	DFT0002670
INT07	INTERNAL REVENUE SERVICE	04/19/2024	Bank Draft	0.00	13,913.87	DFT0002671
INT07	INTERNAL REVENUE SERVICE	04/19/2024	Bank Draft	0.00	871.66	DFT0002672
EMP01	EMPLOYMENT DEVELOPMENT	04/19/2024	Bank Draft	0.00	5,595.06	DFT0002673
INT07	INTERNAL REVENUE SERVICE	04/19/2024	Bank Draft	0.00	188.46	DFT0002674
INT07	INTERNAL REVENUE SERVICE	04/19/2024	Bank Draft	0.00	359.52	DFT0002675

Check Report

Date Range: 04/01/2024 - 04/30/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
EMP01	EMPLOYMENT DEVELOPMENT	04/19/2024	Bank Draft	0.00	125.80	DFT0002676
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/25/2024	Bank Draft	0.00	1.00	DFT0002677
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/25/2024	Bank Draft	0.00	333.38	DFT0002679
CAL59	CALIFORNIA PUBLIC EMPLOYE	04/25/2024	Bank Draft	0.00	328.29	DFT0002680
INT07	INTERNAL REVENUE SERVICE	04/25/2024	Bank Draft	0.00	75.50	DFT0002681
INT07	INTERNAL REVENUE SERVICE	04/25/2024	Bank Draft	0.00	195.51	DFT0002682
EMP01	EMPLOYMENT DEVELOPMENT	04/25/2024	Bank Draft	0.00	77.63	DFT0002683
INT07	INTERNAL REVENUE SERVICE	04/25/2024	Bank Draft	0.00	155.16	DFT0002684
INT07	INTERNAL REVENUE SERVICE	04/25/2024	Bank Draft	0.00	881.73	DFT0002685
EMP01	EMPLOYMENT DEVELOPMENT	04/25/2024	Bank Draft	0.00	384.64	DFT0002686

Bank Code General Checking Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	267	130	0.00	847,141.17
Manual Checks	0	0	0.00	0.00
Voided Checks	0	10	0.00	-2,073.32
Bank Drafts	46	46	0.00	163,084.68
EFT's	0	0	0.00	0.00
	313	186	0.00	1,008,152.53

Check Report

Date Range: 04/01/2024 - 04/30/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: Payroll-Payroll						
AME29	American Fidelity Assuran	04/01/2024	Regular	0.00	100.00	15017
AME29	American Fidelity Assuran	04/01/2024	Regular	0.00	-100.00	15017
AME30	AMERICAN FIDELITY ASSURAN	04/01/2024	Regular	0.00	1,961.48	15018
AME30	AMERICAN FIDELITY ASSURAN	04/01/2024	Regular	0.00	-1,961.48	15018
BUT43	CHILD SUPPORT SRVCS.	04/01/2024	Regular	0.00	332.30	15019
GRI12	GRIDLEY POLICE	04/01/2024	Regular	0.00	1,375.00	15020
IBE01	I.B.E.W. - LOCAL #1245	04/01/2024	Regular	0.00	2,409.46	15021
MIS07	MissionSquare - 303902	04/01/2024	Regular	0.00	7,355.27	15022

Bank Code Payroll Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	18	6	0.00	13,533.51
Manual Checks	0	0	0.00	0.00
Voided Checks	0	2	0.00	-2,061.48
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	18	8	0.00	11,472.03

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	285	136	0.00	860,674.68
Manual Checks	0	0	0.00	0.00
Voided Checks	0	12	0.00	-4,134.80
Bank Drafts	46	46	0.00	163,084.68
EFT's	0	0	0.00	0.00
	331	194	0.00	1,019,624.56

Fund Summary

Fund	Name	Period	Amount
999	Cash Clearing	4/2024	1,019,624.56
			<u>1,019,624.56</u>



Gridley, CA

Payroll Bank Transaction Report

By Payment Number

Date: 4/1/2024 - 4/30/2024

Payroll Set: 01 - City of Gridley

Payment Number	Payment Date	Payment Type	Direct Deposit		Total Payment
			Check Amount	Amount	
5492	04/05/2024	Regular	0	4335.26	4335.26
5493	04/05/2024	Regular	0	2379.82	2379.82
5494	04/05/2024	Regular	0	2409.21	2409.21
5495	04/05/2024	Regular	0	1586.89	1586.89
5496	04/05/2024	Regular	0	4725.86	4725.86
5497	04/05/2024	Regular	0	4753.09	4753.09
5498	04/05/2024	Regular	0	4279.96	4279.96
5499	04/05/2024	Regular	0	2428.24	2428.24
5500	04/05/2024	Regular	0	3792.84	3792.84
5501	04/05/2024	Regular	0	2031.19	2031.19
5502	04/05/2024	Regular	0	1437.79	1437.79
5503	04/05/2024	Regular	0	1824.1	1824.1
5504	04/05/2024	Regular	0	2060.87	2060.87
5505	04/05/2024	Regular	0	3980.15	3980.15
5506	04/05/2024	Regular	0	2025.9	2025.9
5507	04/05/2024	Regular	0	2505.59	2505.59
5508	04/05/2024	Regular	0	2771.92	2771.92
5509	04/05/2024	Regular	0	1936.8	1936.8
5510	04/05/2024	Regular	0	1909.13	1909.13
5511	04/05/2024	Regular	0	2232.46	2232.46
5512	04/05/2024	Regular	0	3376.84	3376.84
5513	04/05/2024	Regular	0	2571.86	2571.86
5514	04/05/2024	Regular	0	126.68	126.68
5515	04/05/2024	Regular	0	115.36	115.36
5516	04/05/2024	Regular	0	3027.82	3027.82
5517	04/05/2024	Regular	0	2323.56	2323.56
5518	04/05/2024	Regular	0	3795.3	3795.3
5519	04/05/2024	Regular	0	1259.16	1259.16
5520	04/05/2024	Regular	0	1721.13	1721.13
5521	04/05/2024	Regular	0	12.42	12.42
5522	04/05/2024	Regular	0	2523.25	2523.25
5523	04/05/2024	Regular	0	1640.59	1640.59
5524	04/05/2024	Regular	0	1704.29	1704.29
5525	04/05/2024	Regular	0	2312.65	2312.65
5526	04/05/2024	Regular	0	2630.07	2630.07
5527	04/05/2024	Regular	0	3070.89	3070.89
5528	04/05/2024	Regular	0	126.68	126.68
5529	04/05/2024	Regular	0	3621.33	3621.33
5530	04/05/2024	Regular	0	1920.15	1920.15
5531	04/05/2024	Regular	0	2144.64	2144.64
5532	04/05/2024	Regular	0	1730.63	1730.63
5533	04/05/2024	Regular	0	1667.19	1667.19
5534	04/05/2024	Regular	0	311.98	311.98
5535	04/05/2024	Regular	0	504.52	504.52
5536	04/05/2024	Regular	0	585.43	585.43
5537	04/05/2024	Regular	0	184.42	184.42
5538	04/05/2024	Regular	0	2006.36	2006.36
5539	04/05/2024	Regular	0	2771.32	2771.32
5540	04/05/2024	Regular	0	4896.32	4896.32
5541	04/05/2024	Regular	0	1817.76	1817.76
5542	04/05/2024	Regular	0	1949.36	1949.36
5543	04/05/2024	Regular	0	2577.96	2577.96
5544	04/05/2024	Regular	0	5222.69	5222.69
5545	04/05/2024	Regular	0	1624.37	1624.37
5546	04/05/2024	Regular	0	2026.59	2026.59
5547	04/05/2024	Regular	0	1965.07	1965.07
5548	04/19/2024	Regular	0	4335.26	4335.26
5549	04/19/2024	Regular	0	2379.83	2379.83
5550	04/19/2024	Regular	0	2336.24	2336.24
5551	04/19/2024	Regular	0	1586.89	1586.89
5552	04/19/2024	Regular	0	184.7	184.7

5553	04/19/2024	Regular	0	184.7	184.7
5554	04/19/2024	Regular	0	4655.16	4655.16
5555	04/19/2024	Regular	0	4104.17	4104.17
5556	04/19/2024	Regular	0	4279.96	4279.96
5557	04/19/2024	Regular	0	2491.05	2491.05
5558	04/19/2024	Regular	0	3792.84	3792.84
5559	04/19/2024	Regular	0	2031.18	2031.18
5560	04/19/2024	Regular	0	1229.06	1229.06
5561	04/19/2024	Regular	0	1824.1	1824.1
5562	04/19/2024	Regular	0	2060.87	2060.87
5563	04/19/2024	Regular	0	3980.15	3980.15
5564	04/19/2024	Regular	0	2025.9	2025.9
5565	04/19/2024	Regular	0	2505.58	2505.58
5566	04/19/2024	Regular	0	1194.74	1194.74
5567	04/19/2024	Regular	0	1852.5	1852.5
5568	04/19/2024	Regular	0	2040.01	2040.01
5569	04/19/2024	Regular	0	1807.5	1807.5
5570	04/19/2024	Regular	0	2356.99	2356.99
5571	04/19/2024	Regular	0	2570.67	2570.67
5572	04/19/2024	Regular	0	2712	2712
5573	04/19/2024	Regular	0	192.28	192.28
5574	04/19/2024	Regular	0	3027.82	3027.82
5575	04/19/2024	Regular	0	2720.49	2720.49
5576	04/19/2024	Regular	0	3795.28	3795.28
5577	04/19/2024	Regular	0	1259.15	1259.15
5578	04/19/2024	Regular	0	1374.28	1374.28
5579	04/19/2024	Regular	0	12.42	12.42
5580	04/19/2024	Regular	0	2980.42	2980.42
5581	04/19/2024	Regular	0	1640.59	1640.59
5582	04/19/2024	Regular	0	1704.28	1704.28
5583	04/19/2024	Regular	0	1794.71	1794.71
5584	04/19/2024	Regular	0	2706.32	2706.32
5585	04/19/2024	Regular	0	76.01	76.01
5586	04/19/2024	Regular	0	2995.56	2995.56
5587	04/19/2024	Regular	0	2707.43	2707.43
5588	04/19/2024	Regular	0	1920.17	1920.17
5589	04/19/2024	Regular	0	1860.42	1860.42
5590	04/19/2024	Regular	0	1641.7	1641.7
5591	04/19/2024	Regular	0	1667.19	1667.19
5592	04/19/2024	Regular	0	309.98	309.98
5593	04/19/2024	Regular	0	504.52	504.52
5594	04/19/2024	Regular	0	585.43	585.43
5595	04/19/2024	Regular	0	2006.37	2006.37
5596	04/19/2024	Regular	0	1908.7	1908.7
5597	04/19/2024	Regular	0	3526.12	3526.12
5598	04/19/2024	Regular	0	1817.77	1817.77
5599	04/19/2024	Regular	0	1949.36	1949.36
5600	04/19/2024	Regular	0	4141.17	4141.17
5601	04/19/2024	Regular	0	5222.69	5222.69
5602	04/19/2024	Regular	0	1808.63	1808.63
5603	04/19/2024	Regular	0	3853.69	3853.69
5604	04/19/2024	Regular	0	1965.06	1965.06
15023	04/05/2024	Regular	1931.38	0	1931.38
15024	04/05/2024	Regular	2117.62	0	2117.62
15025	04/05/2024	Regular	295.65	0	295.65
15026	04/05/2024	Regular	565.95	0	565.95
15027	04/19/2024	Regular	184.7	0	184.7
15028	04/19/2024	Regular	0	0	0
15029	04/19/2024	Regular	1931.38	0	1931.38
15030	04/19/2024	Regular	2117.61	0	2117.61
15031	04/19/2024	Regular	2158.69	0	2158.69
15032	04/19/2024	Regular	1504.06	0	1504.06
15033	04/19/2024	Regular	2256.49	0	2256.49
15034	04/25/2024	Regular	1937.7	0	1937.7
15035	04/25/2024	Regular	4006.46	0	4006.46
Total:			21007.69	253471.77	274479.46



May 2024
Expenditure Report



Gridley, CA

Check Report

By Check Number

Date Range: 05/01/2024 - 05/31/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: General Checking-General Checking						
ARA01	ARAMARK UNIFORM SERVICES	05/07/2024	Regular	0.00	16.99	976724
BUT01	BUTTE AUTO PARTS	05/07/2024	Regular	0.00	141.74	976725
ACE02	CANDELARIO ACE HARDWARE	05/07/2024	Regular	0.00	97.59	976726
FGL01	FGL ENVIRONMENTAL, INC.	05/07/2024	Regular	0.00	280.00	976727
GRI02	GRIDLEY HONDA	05/07/2024	Regular	0.00	15.82	976728
BAL01	KNIFE RIVER CONSTRUCTION	05/07/2024	Regular	0.00	657.39	976729
MAC01	MAC'S HARDWARE & RENTAL	05/07/2024	Regular	0.00	150.10	976730
	Void	05/08/2024	Regular	0.00	0.00	976731
	Void	05/08/2024	Regular	0.00	0.00	976732
	Void	05/08/2024	Regular	0.00	0.00	976733
	Void	05/08/2024	Regular	0.00	0.00	976734
	Void	05/08/2024	Regular	0.00	0.00	976735
	Void	05/08/2024	Regular	0.00	0.00	976736
	Void	05/08/2024	Regular	0.00	0.00	976737
	Void	05/08/2024	Regular	0.00	0.00	976738
	Void	05/08/2024	Regular	0.00	0.00	976739
	Void	05/08/2024	Regular	0.00	0.00	976740
	Void	05/08/2024	Regular	0.00	0.00	976741
	Void	05/08/2024	Regular	0.00	0.00	976742
	Void	05/08/2024	Regular	0.00	0.00	976743
	Void	05/08/2024	Regular	0.00	0.00	976744
	Void	05/08/2024	Regular	0.00	0.00	976745
	Void	05/08/2024	Regular	0.00	0.00	976746
	Void	05/08/2024	Regular	0.00	0.00	976747
	Void	05/08/2024	Regular	0.00	0.00	976748
	Void	05/08/2024	Regular	0.00	0.00	976749
	Void	05/08/2024	Regular	0.00	0.00	976750
	Void	05/08/2024	Regular	0.00	0.00	976751
	Void	05/08/2024	Regular	0.00	0.00	976752
	Void	05/08/2024	Regular	0.00	0.00	976753
	Void	05/08/2024	Regular	0.00	0.00	976754
	Void	05/08/2024	Regular	0.00	0.00	976755
	Void	05/08/2024	Regular	0.00	0.00	976756
	Void	05/08/2024	Regular	0.00	0.00	976757
	Void	05/08/2024	Regular	0.00	0.00	976758
	Void	05/08/2024	Regular	0.00	0.00	976759
	Void	05/08/2024	Regular	0.00	0.00	976760
	Void	05/08/2024	Regular	0.00	0.00	976761
	Void	05/08/2024	Regular	0.00	0.00	976762
	Void	05/08/2024	Regular	0.00	0.00	976763
	Void	05/08/2024	Regular	0.00	0.00	976764
	Void	05/08/2024	Regular	0.00	0.00	976765
	Void	05/08/2024	Regular	0.00	0.00	976766
	Void	05/08/2024	Regular	0.00	0.00	976767
	Void	05/08/2024	Regular	0.00	0.00	976768
	Void	05/08/2024	Regular	0.00	0.00	976769
	Void	05/08/2024	Regular	0.00	0.00	976770
	Void	05/08/2024	Regular	0.00	0.00	976771
	Void	05/08/2024	Regular	0.00	0.00	976772
	Void	05/08/2024	Regular	0.00	0.00	976773
	Void	05/08/2024	Regular	0.00	0.00	976774
	Void	05/08/2024	Regular	0.00	0.00	976775
	Void	05/08/2024	Regular	0.00	0.00	976776
	Void	05/08/2024	Regular	0.00	0.00	976777

Check Report

Date Range: 05/01/2024 - 05/31/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
	Void	05/08/2024	Regular	0.00	0.00	976778
	Void	05/08/2024	Regular	0.00	0.00	976779
	Void	05/08/2024	Regular	0.00	0.00	976780
	Void	05/08/2024	Regular	0.00	0.00	976781
	Void	05/08/2024	Regular	0.00	0.00	976782
	Void	05/08/2024	Regular	0.00	0.00	976783
	Void	05/08/2024	Regular	0.00	0.00	976784
	Void	05/08/2024	Regular	0.00	0.00	976785
	Void	05/08/2024	Regular	0.00	0.00	976786
	Void	05/08/2024	Regular	0.00	0.00	976787
	Void	05/08/2024	Regular	0.00	0.00	976788
	Void	05/08/2024	Regular	0.00	0.00	976789
	Void	05/08/2024	Regular	0.00	0.00	976790
	Void	05/08/2024	Regular	0.00	0.00	976791
ALL15	ALLIANT INSURANCE SERVICE	05/08/2024	Regular	0.00	1,119.00	976792
AMA02	AMAZON CAPITAL SERVICES INC	05/08/2024	Regular	0.00	2,244.91	976793
AME17	AMERICAN LEGAL	05/08/2024	Regular	0.00	162.76	976794
AND12	ANDES POOL SUPPLY	05/08/2024	Regular	0.00	79.17	976795
KOP0001	BRANDY KOPP	05/08/2024	Regular	0.00	30.00	976796
BUT01	BUTTE AUTO PARTS	05/08/2024	Regular	0.00	123.33	976797
CAL77	CALIFORNIA ANIMAL WELFARE ASSOCIATION	05/08/2024	Regular	0.00	100.00	976798
ACE02	CANDELARIO ACE HARDWARE	05/08/2024	Regular	0.00	258.33	976799
CIT17	CITY OF OROVILLE	05/08/2024	Regular	0.00	3,518.54	976800
COL0001	COLANTUONO, HIGHSMITH & WHATLEY, PC	05/08/2024	Regular	0.00	1,278.00	976801
COM17	COMCAST	05/08/2024	Regular	0.00	158.57	976802
COM20	COMPLETE ASPHALT SERVICE	05/08/2024	Regular	0.00	729.30	976803
COR11	CORE PSYCHOLOGICAL CORPORATION	05/08/2024	Regular	0.00	500.00	976804
CWS01	CORPORATE WAREHOUSE SUPPLY	05/08/2024	Regular	0.00	1,586.65	976805
DAT01	DATCO	05/08/2024	Regular	0.00	40.00	976806
DEA02	DE AIR COMPANY, INC.	05/08/2024	Regular	0.00	210.00	976807
DEC02	DECKER ENGINEERING SERVICES, LLC	05/08/2024	Regular	0.00	6,525.00	976808
DEP02	DEPARTMENT OF FORESTRY AND FIRE PROTECT	05/08/2024	Regular	0.00	247,980.86	976809
DUR01	DURHAM PENTZ TRUCK CENTER	05/08/2024	Regular	0.00	585.00	976810
EFF01	EFFICIENCY SERVICES GROUP, LLC	05/08/2024	Regular	0.00	3,580.00	976811
EID02	EIDE BAILLY LLP	05/08/2024	Regular	0.00	10,770.10	976812
ESP01	ESPLANADE OFFICE	05/08/2024	Regular	0.00	2,450.76	976813
FED01	FEDERAL EXPRESS CORP	05/08/2024	Regular	0.00	55.17	976814
FOO02	FOOTHILL FIRE PROTECTION,	05/08/2024	Regular	0.00	114.00	976815
GEN06	GENERAL PACIFIC, INC.	05/08/2024	Regular	0.00	499.52	976816
GRI01	GRIDLEY COUNTRY FORD	05/08/2024	Regular	0.00	8,919.05	976817
GRI25	GRIDLEY UNIFIED	05/08/2024	Regular	0.00	912.00	976818
NEL01	J C NELSON SUPPLY CO	05/08/2024	Regular	0.00	322.03	976819
COO10	JARED COOLEY	05/08/2024	Regular	0.00	30.00	976820
COO10	JARED COOLEY	05/08/2024	Regular	0.00	553.06	976821
BAL01	KNIFE RIVER CONSTRUCTION	05/08/2024	Regular	0.00	745.79	976822
CUR02	L.N. CURTIS AND SONS	05/08/2024	Regular	0.00	231.83	976823
LAK01	LAKEVIEW PETROLEUM CO	05/08/2024	Regular	0.00	10,121.84	976824
SCH01	LES SCHWAB TIRE CENTER	05/08/2024	Regular	0.00	474.71	976825
LIG03	LIGHTBEAM POWER COMPANY	05/08/2024	Regular	0.00	6,414.63	976826
MAC01	MAC'S HARDWARE & RENTAL	05/08/2024	Regular	0.00	384.15	976827
MAX01	MAX WALTERS	05/08/2024	Regular	0.00	1,300.00	976828
NOR09	NORTHERN CALIFORNIA GLOVES	05/08/2024	Regular	0.00	443.70	976829
NOR11	Northern California Joint Pole Assoc.	05/08/2024	Regular	0.00	-11.43	976830
NOR11	Northern California Joint Pole Assoc.	05/08/2024	Regular	0.00	11.43	976830
OFF02	OFFICE DEPOT	05/08/2024	Regular	0.00	52.92	976831
ONE02	ONESOURCE SUPPLY SOLUTIONS	05/08/2024	Regular	0.00	428.93	976832
PGE01	P G & E CO	05/08/2024	Regular	0.00	3,248.36	976833
PAP01	PAPE MACHINERY, INC.	05/08/2024	Regular	0.00	27.28	976834
PT01	PIONEER TOWING	05/08/2024	Regular	0.00	125.00	976835
PIT01	PITNEY BOWES	05/08/2024	Regular	0.00	475.93	976836
RIC01	Rich, Fuidge, Bordsen & Gaylean, Inc.	05/08/2024	Regular	0.00	5,777.50	976837

Check Report

Date Range: 05/01/2024 - 05/31/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
STA01	STANDARD INSURANCE CO	05/08/2024	Regular	0.00	4,080.84	976838
ADV05	SUPERIOR CALIFORNIA OFFICE EQUIPMENT, INC	05/08/2024	Regular	0.00	688.44	976839
SUT01	SUTTER BUTTES COMMUNICATIONS, INC	05/08/2024	Regular	0.00	3,212.37	976840
UPS05	THE UPS STORE	05/08/2024	Regular	0.00	279.12	976841
IMP01	U.S. BANK CORPORATE PAYMENT SYSTEMS	05/08/2024	Regular	0.00	8,713.63	976842
	Void	05/08/2024	Regular	0.00	0.00	976843
	Void	05/08/2024	Regular	0.00	0.00	976844
	Void	05/08/2024	Regular	0.00	0.00	976845
USB05	US BANK	05/08/2024	Regular	0.00	325.09	976846
USB05	US BANK	05/08/2024	Regular	0.00	60.33	976847
USB05	US BANK	05/08/2024	Regular	0.00	138.00	976848
VER02	VERIZON WIRELESS	05/08/2024	Regular	0.00	12.94	976849
VIS04	VISION SERVICE PLAN - (CA	05/08/2024	Regular	0.00	554.98	976850
WOE0001	W.O.E., INC.	05/08/2024	Regular	0.00	1,250.00	976851
ZK01	Z&K RICHARD ENTERPRISES	05/08/2024	Regular	0.00	800.00	976852
ATT14	AT&T	05/09/2024	Regular	0.00	28.97	976853
ATT14	AT&T	05/09/2024	Regular	0.00	238.59	976854
ATT14	AT&T	05/09/2024	Regular	0.00	989.35	976855
ATT14	AT&T	05/09/2024	Regular	0.00	28.97	976856
BAK08	BAKER SUPPLIES AND REPAIRS	05/09/2024	Regular	0.00	569.49	976857
BUT01	BUTTE AUTO PARTS	05/09/2024	Regular	0.00	165.04	976858
ACE02	CANDELARIO ACE HARDWARE	05/09/2024	Regular	0.00	174.20	976859
CPM01	COMMERCIAL PUMP & MECHANICAL, INC.	05/09/2024	Regular	0.00	47,135.13	976860
CRA01	CRANMER ENGINEERING	05/09/2024	Regular	0.00	370.00	976861
GIG01	GIGANTIFI	05/09/2024	Regular	0.00	50.00	976862
GRI01	GRIDLEY COUNTRY FORD	05/09/2024	Regular	0.00	165.12	976863
GRI02	GRIDLEY HONDA	05/09/2024	Regular	0.00	709.10	976864
MAC01	MAC'S HARDWARE & RENTAL	05/09/2024	Regular	0.00	503.97	976865
PAP01	PAPE MACHINERY, INC.	05/09/2024	Regular	0.00	15.58	976866
SYL02	SILVIA ELENA CORDERO	05/09/2024	Regular	0.00	2,620.00	976867
UPS05	THE UPS STORE	05/09/2024	Regular	0.00	32.16	976868
LAW07	LAW'S CUSTOM PAINTING	05/15/2024	Regular	0.00	15,000.00	976880
MIN07	MINASIAN, MEITH, SOARES, SEXTON & COOPER	05/15/2024	Regular	0.00	546.75	976881
ARI01	ARI INVESTIGATIONS INC	05/15/2024	Regular	0.00	-14,928.20	976882
ARI01	ARI INVESTIGATIONS INC	05/15/2024	Regular	0.00	14,928.20	976882
PWB01	PACIFIC WEST BUILDERS INC.	05/17/2024	Regular	0.00	49,372.00	976884
ACC08	ACCESS INFORMATION MANAGEMENT	05/22/2024	Regular	0.00	179.20	976885
ASIO1	ADMINISTRATIVE SOLUTIONS	05/22/2024	Regular	0.00	1,365.00	976886
ATT08	AT&T	05/22/2024	Regular	0.00	31.57	976887
ATT08	AT&T	05/22/2024	Regular	0.00	31.57	976888
ATT08	AT&T	05/22/2024	Regular	0.00	64.10	976889
ATT08	AT&T	05/22/2024	Regular	0.00	64.10	976890
ATT08	AT&T	05/22/2024	Regular	0.00	31.57	976891
AUT03	AUTO ZONE INC.	05/22/2024	Regular	0.00	17.43	976892
BEN11	BENNETT ENGINEERING SERVI	05/22/2024	Regular	0.00	54,674.78	976893
	Void	05/22/2024	Regular	0.00	0.00	976894
BIC01	BI-COUNTY IRRIGATION	05/22/2024	Regular	0.00	-20.32	976895
BIC01	BI-COUNTY IRRIGATION	05/22/2024	Regular	0.00	20.32	976895
BUT01	BUTTE AUTO PARTS	05/22/2024	Regular	0.00	292.86	976896
BUT01	BUTTE AUTO PARTS	05/22/2024	Regular	0.00	-292.86	976896
ACE02	CANDELARIO ACE HARDWARE	05/22/2024	Regular	0.00	-130.98	976897
ACE02	CANDELARIO ACE HARDWARE	05/22/2024	Regular	0.00	130.98	976897
WRO01	CHANDRA WROTEN	05/22/2024	Regular	0.00	150.00	976898
WRO01	CHANDRA WROTEN	05/22/2024	Regular	0.00	-150.00	976898
CLA02	CLARK & SONS	05/22/2024	Regular	0.00	-32.12	976899
CLA02	CLARK & SONS	05/22/2024	Regular	0.00	32.12	976899
CLE06	CLEARGOV, INC.	05/22/2024	Regular	0.00	-30,020.83	976900
CLE06	CLEARGOV, INC.	05/22/2024	Regular	0.00	30,020.83	976900
COM17	COMCAST	05/22/2024	Regular	0.00	570.21	976901
COM17	COMCAST	05/22/2024	Regular	0.00	-570.21	976901
CED01	CONSOLIDATED ELECTRICAL DISTRIBUTORS, INC	05/22/2024	Regular	0.00	-1,876.88	976902

Check Report

Date Range: 05/01/2024 - 05/31/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
CED01	CONSOLIDATED ELECTRICAL DISTRIBUTORS, INC	05/22/2024	Regular	0.00	1,876.88	976902
COR01	CORBIN WILLITS SYSTEM, IN	05/22/2024	Regular	0.00	-2,433.89	976903
COR01	CORBIN WILLITS SYSTEM, IN	05/22/2024	Regular	0.00	2,433.89	976903
BOW04	DAVID BOWLING	05/22/2024	Regular	0.00	300.00	976904
BOW04	DAVID BOWLING	05/22/2024	Regular	0.00	-300.00	976904
DEL16	DELMAY INDUSTRIAL AND SAFETY SUPPLIES	05/22/2024	Regular	0.00	-780.64	976905
DEL16	DELMAY INDUSTRIAL AND SAFETY SUPPLIES	05/22/2024	Regular	0.00	780.64	976905
DEP13	DEPARTMENT OF JUSTICE	05/22/2024	Regular	0.00	-392.00	976906
DEP13	DEPARTMENT OF JUSTICE	05/22/2024	Regular	0.00	392.00	976906
EVE03	EVERBANK	05/22/2024	Regular	0.00	-96.56	976907
EVE03	EVERBANK	05/22/2024	Regular	0.00	96.56	976907
FGL01	FGL ENVIRONMENTAL, INC.	05/22/2024	Regular	0.00	2,923.00	976908
FGL01	FGL ENVIRONMENTAL, INC.	05/22/2024	Regular	0.00	-2,923.00	976908
GEN06	GENERAL PACIFIC, INC.	05/22/2024	Regular	0.00	-12,046.75	976909
GEN06	GENERAL PACIFIC, INC.	05/22/2024	Regular	0.00	12,046.75	976909
NEL01	J C NELSON SUPPLY CO	05/22/2024	Regular	0.00	60.41	976910
NEL01	J C NELSON SUPPLY CO	05/22/2024	Regular	0.00	-60.41	976910
WEI03	JENNIFER WEISS	05/22/2024	Regular	0.00	-125.00	976911
WEI03	JENNIFER WEISS	05/22/2024	Regular	0.00	125.00	976911
CUR02	L.N. CURTIS AND SONS	05/22/2024	Regular	0.00	-42.89	976912
CUR02	L.N. CURTIS AND SONS	05/22/2024	Regular	0.00	42.89	976912
LTI01	LASER TECHNOLOGY, INC	05/22/2024	Regular	0.00	-3,201.73	976913
LTI01	LASER TECHNOLOGY, INC	05/22/2024	Regular	0.00	3,201.73	976913
LAW07	LAW'S CUSTOM PAINTING	05/22/2024	Regular	0.00	15,000.00	976914
LAW07	LAW'S CUSTOM PAINTING	05/22/2024	Regular	0.00	-15,000.00	976914
SCH01	LES SCHWAB TIRE CENTER	05/22/2024	Regular	0.00	1,988.26	976915
SCH01	LES SCHWAB TIRE CENTER	05/22/2024	Regular	0.00	-1,988.26	976915
MAC01	MAC'S HARDWARE & RENTAL	05/22/2024	Regular	0.00	-2,077.89	976916
MAC01	MAC'S HARDWARE & RENTAL	05/22/2024	Regular	0.00	2,077.89	976916
PIN03	MARTIN PINEDA	05/22/2024	Regular	0.00	157.63	976917
PIN03	MARTIN PINEDA	05/22/2024	Regular	0.00	-157.63	976917
MES02	MESSENGER PUBLISHING GROU	05/22/2024	Regular	0.00	-585.50	976918
MES02	MESSENGER PUBLISHING GROU	05/22/2024	Regular	0.00	585.50	976918
OFF02	OFFICE DEPOT	05/22/2024	Regular	0.00	116.19	976919
OFF02	OFFICE DEPOT	05/22/2024	Regular	0.00	-116.19	976919
ONE02	ONESOURCE SUPPLY SOLUTIONS	05/22/2024	Regular	0.00	-1,618.07	976920
ONE02	ONESOURCE SUPPLY SOLUTIONS	05/22/2024	Regular	0.00	1,618.07	976920
PGE01	P G & E CO	05/22/2024	Regular	0.00	-374.51	976921
PGE01	P G & E CO	05/22/2024	Regular	0.00	374.51	976921
TRIO5	PREMIER PRINT & MAIL	05/22/2024	Regular	0.00	-301.06	976922
TRIO5	PREMIER PRINT & MAIL	05/22/2024	Regular	0.00	301.06	976922
RIC01	Rich, Fuidge, Bordsen & Gaylean, Inc.	05/22/2024	Regular	0.00	-3,843.00	976923
RIC01	Rich, Fuidge, Bordsen & Gaylean, Inc.	05/22/2024	Regular	0.00	3,843.00	976923
RTB01	ROYAL TRUCK BODY	05/22/2024	Regular	0.00	-26,152.46	976924
RTB01	ROYAL TRUCK BODY	05/22/2024	Regular	0.00	26,152.46	976924
RSG01	RSG INC.	05/22/2024	Regular	0.00	4,087.50	976925
RSG01	RSG INC.	05/22/2024	Regular	0.00	-4,087.50	976925
SAC08	SACRAMENTO REGIONAL SAFETY TRAINING CEN	05/22/2024	Regular	0.00	16.00	976926
SAC08	SACRAMENTO REGIONAL SAFETY TRAINING CEN	05/22/2024	Regular	0.00	-16.00	976926
SUN02	SUN RIDGE SYSTEMS, INC.	05/22/2024	Regular	0.00	-15,711.25	976927
SUN02	SUN RIDGE SYSTEMS, INC.	05/22/2024	Regular	0.00	15,711.25	976927
HOS01	THE HOSE SHOP, LLC	05/22/2024	Regular	0.00	-145.24	976928
HOS01	THE HOSE SHOP, LLC	05/22/2024	Regular	0.00	145.24	976928
TYL01	TYLER TECHNOLOGIES, INC	05/22/2024	Regular	0.00	-550.00	976929
TYL01	TYLER TECHNOLOGIES, INC	05/22/2024	Regular	0.00	550.00	976929
USB05	US BANK	05/22/2024	Regular	0.00	-80.22	976930
USB05	US BANK	05/22/2024	Regular	0.00	80.22	976930
USB05	US BANK	05/22/2024	Regular	0.00	60.31	976931
USB05	US BANK	05/22/2024	Regular	0.00	-60.31	976931
VER02	VERIZON WIRELESS	05/22/2024	Regular	0.00	-1,826.81	976932
VER02	VERIZON WIRELESS	05/22/2024	Regular	0.00	1,826.81	976932

Check Report

Date Range: 05/01/2024 - 05/31/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
ATT0001	AT&T	05/24/2024	Regular	0.00	85.60	976933
BUT18	BUTTE COUNTY PUBLIC HEALTH	05/24/2024	Regular	0.00	327.00	976934
DEC02	DECKER ENGINEERING SERVICES, LLC	05/24/2024	Regular	0.00	3,000.00	976935
FGL01	FGL ENVIRONMENTAL, INC.	05/24/2024	Regular	0.00	155.00	976936
MAC0002	MACQUARIE EQUIPMENT CAPITAL INC.	05/24/2024	Regular	0.00	281.00	976937
MAC01	MAC'S HARDWARE & RENTAL	05/24/2024	Regular	0.00	270.18	976938
PIN03	MARTIN PINEDA	05/24/2024	Regular	0.00	106.93	976939
MES02	MESSENGER PUBLISHING GROU	05/24/2024	Regular	0.00	368.00	976940
PGE01	P G & E CO	05/24/2024	Regular	0.00	33,221.22	976941
RM001	RUTH MORENO	05/24/2024	Regular	0.00	200.00	976942
ROCK01	U-ROCK UTILITY EQUIPMENT INC.	05/24/2024	Regular	0.00	149,133.98	976943
LAW07	LAW'S CUSTOM PAINTING	05/31/2024	Regular	0.00	15,000.00	976944
LAW07	LAW'S CUSTOM PAINTING	05/31/2024	Regular	0.00	15,000.00	976945
CAL70	CALIFORNIA CHOICE BENEFIT	05/20/2024	Bank Draft	0.00	21,512.03	DFT0002641
CAL70	CALIFORNIA CHOICE BENEFIT	05/20/2024	Bank Draft	0.00	21,511.96	DFT0002659
CAL70	CALIFORNIA CHOICE BENEFIT	05/20/2024	Bank Draft	0.00	211.98	DFT0002678
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/03/2024	Bank Draft	0.00	46.00	DFT0002687
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/03/2024	Bank Draft	0.00	762.04	DFT0002689
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/03/2024	Bank Draft	0.00	1,288.93	DFT0002690
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/03/2024	Bank Draft	0.00	2,566.65	DFT0002691
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/03/2024	Bank Draft	0.00	4,572.26	DFT0002692
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/03/2024	Bank Draft	0.00	4,689.16	DFT0002693
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/03/2024	Bank Draft	0.00	4,646.81	DFT0002694
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/03/2024	Bank Draft	0.00	2,333.01	DFT0002695
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/03/2024	Bank Draft	0.00	6,649.06	DFT0002696
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/03/2024	Bank Draft	0.00	2,506.90	DFT0002697
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/03/2024	Bank Draft	0.00	2,468.61	DFT0002698
INT07	INTERNAL REVENUE SERVICE	05/03/2024	Bank Draft	0.00	4,988.70	DFT0002699
INT07	INTERNAL REVENUE SERVICE	05/03/2024	Bank Draft	0.00	14,083.94	DFT0002700
INT07	INTERNAL REVENUE SERVICE	05/03/2024	Bank Draft	0.00	840.96	DFT0002701
EMP01	EMPLOYMENT DEVELOPMENT	05/03/2024	Bank Draft	0.00	5,763.04	DFT0002702
INT07	INTERNAL REVENUE SERVICE	05/03/2024	Bank Draft	0.00	106.76	DFT0002703
INT07	INTERNAL REVENUE SERVICE	05/03/2024	Bank Draft	0.00	320.68	DFT0002704
EMP01	EMPLOYMENT DEVELOPMENT	05/03/2024	Bank Draft	0.00	109.00	DFT0002705
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/17/2024	Bank Draft	0.00	47.00	DFT0002706
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/17/2024	Bank Draft	0.00	762.03	DFT0002708
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/17/2024	Bank Draft	0.00	1,288.92	DFT0002709
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/17/2024	Bank Draft	0.00	2,566.65	DFT0002710
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/17/2024	Bank Draft	0.00	4,572.26	DFT0002711
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/17/2024	Bank Draft	0.00	4,788.80	DFT0002712
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/17/2024	Bank Draft	0.00	4,745.57	DFT0002713
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/17/2024	Bank Draft	0.00	2,331.39	DFT0002714
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/17/2024	Bank Draft	0.00	6,644.44	DFT0002715
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/17/2024	Bank Draft	0.00	2,501.40	DFT0002716
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/17/2024	Bank Draft	0.00	2,463.20	DFT0002717
INT07	INTERNAL REVENUE SERVICE	05/17/2024	Bank Draft	0.00	5,180.60	DFT0002718
INT07	INTERNAL REVENUE SERVICE	05/17/2024	Bank Draft	0.00	14,880.53	DFT0002719
INT07	INTERNAL REVENUE SERVICE	05/17/2024	Bank Draft	0.00	1,414.56	DFT0002720
EMP01	EMPLOYMENT DEVELOPMENT	05/17/2024	Bank Draft	0.00	6,062.63	DFT0002721
INT07	INTERNAL REVENUE SERVICE	05/17/2024	Bank Draft	0.00	133.24	DFT0002722
INT07	INTERNAL REVENUE SERVICE	05/17/2024	Bank Draft	0.00	582.70	DFT0002723
EMP01	EMPLOYMENT DEVELOPMENT	05/17/2024	Bank Draft	0.00	198.51	DFT0002724
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/31/2024	Bank Draft	0.00	47.00	DFT0002736
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/31/2024	Bank Draft	0.00	762.03	DFT0002737
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/31/2024	Bank Draft	0.00	1,288.92	DFT0002738
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/31/2024	Bank Draft	0.00	2,566.64	DFT0002739
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/31/2024	Bank Draft	0.00	4,572.27	DFT0002740
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/31/2024	Bank Draft	0.00	4,684.53	DFT0002741
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/31/2024	Bank Draft	0.00	4,642.22	DFT0002742
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/31/2024	Bank Draft	0.00	2,327.07	DFT0002743
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/31/2024	Bank Draft	0.00	6,632.13	DFT0002744

Check Report

Date Range: 05/01/2024 - 05/31/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/31/2024	Bank Draft	0.00	2,514.04	DFT0002745
CAL59	CALIFORNIA PUBLIC EMPLOYE	05/31/2024	Bank Draft	0.00	2,475.65	DFT0002746
INT07	INTERNAL REVENUE SERVICE	05/31/2024	Bank Draft	0.00	5,255.42	DFT0002747
INT07	INTERNAL REVENUE SERVICE	05/31/2024	Bank Draft	0.00	16,559.37	DFT0002748
INT07	INTERNAL REVENUE SERVICE	05/31/2024	Bank Draft	0.00	993.40	DFT0002749
EMP01	EMPLOYMENT DEVELOPMENT	05/31/2024	Bank Draft	0.00	6,928.04	DFT0002750
INT07	INTERNAL REVENUE SERVICE	05/31/2024	Bank Draft	0.00	251.16	DFT0002751
INT07	INTERNAL REVENUE SERVICE	05/31/2024	Bank Draft	0.00	617.18	DFT0002752
EMP01	EMPLOYMENT DEVELOPMENT	05/31/2024	Bank Draft	0.00	173.80	DFT0002753
INT07	INTERNAL REVENUE SERVICE	05/31/2024	Bank Draft	0.00	7.16	DFT0002754

Bank Code General Checking Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	283	145	0.00	884,614.30
Manual Checks	0	0	0.00	0.00
Voided Checks	0	105	0.00	-145,128.60
Bank Drafts	58	58	0.00	226,440.94
EFT's	0	0	0.00	0.00
	341	308	0.00	965,926.64

Check Report

Date Range: 05/01/2024 - 05/31/2024

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: Payroll-Payroll						
AME29	American Fidelity Assuran	05/01/2024	Regular	0.00	325.00	15040
AME30	AMERICAN FIDELITY ASSURAN	05/01/2024	Regular	0.00	1,636.48	15041
BUT43	CHILD SUPPORT SRVCS.	05/01/2024	Regular	0.00	332.30	15042
GRI12	GRIDLEY POLICE	05/01/2024	Regular	0.00	1,322.00	15043
IBEO1	I.B.E.W. - LOCAL #1245	05/01/2024	Regular	0.00	2,502.94	15044
MIS07	MissionSquare - 303902	05/01/2024	Regular	0.00	7,228.87	15045

Bank Code Payroll Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	19	6	0.00	13,347.59
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	19	6	0.00	13,347.59

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	302	151	0.00	897,961.89
Manual Checks	0	0	0.00	0.00
Voided Checks	0	105	0.00	-145,128.60
Bank Drafts	58	58	0.00	226,440.94
EFT's	0	0	0.00	0.00
	360	314	0.00	979,274.23

Fund Summary

Fund	Name	Period	Amount
999	Cash Clearing	5/2024	979,274.23
			<u>979,274.23</u>



Gridley, CA

Payroll Bank Transaction Report

By Payment Number

Date: 5/1/2024 - 5/31/2024

Payroll Set: 01 - City of Gridley

Payment Number	Payment Date	Payment Type	Direct Deposit		Total Payment
			Check Amount	Amount	
5605	05/03/2024	Regular	0	4335.25	4335.25
5606	05/03/2024	Regular	0	2379.81	2379.81
5607	05/03/2024	Regular	0	2523.89	2523.89
5608	05/03/2024	Regular	0	1586.89	1586.89
5609	05/03/2024	Regular	0	5251.26	5251.26
5610	05/03/2024	Regular	0	4785.31	4785.31
5611	05/03/2024	Regular	0	4279.96	4279.96
5612	05/03/2024	Regular	0	2601.9	2601.9
5613	05/03/2024	Regular	0	3792.84	3792.84
5614	05/03/2024	Regular	0	2031.18	2031.18
5615	05/03/2024	Regular	0	1520.65	1520.65
5616	05/03/2024	Regular	0	1824.1	1824.1
5617	05/03/2024	Regular	0	2060.87	2060.87
5618	05/03/2024	Regular	0	3980.15	3980.15
5619	05/03/2024	Regular	0	2025.9	2025.9
5620	05/03/2024	Regular	0	2505.59	2505.59
5621	05/03/2024	Regular	0	1174.69	1174.69
5622	05/03/2024	Regular	0	1992.4	1992.4
5623	05/03/2024	Regular	0	2055.95	2055.95
5624	05/03/2024	Regular	0	1807.5	1807.5
5625	05/03/2024	Regular	0	2303.62	2303.62
5626	05/03/2024	Regular	0	2570.65	2570.65
5627	05/03/2024	Regular	0	2271.66	2271.66
5628	05/03/2024	Regular	0	331.7	331.7
5629	05/03/2024	Regular	0	3597.08	3597.08
5630	05/03/2024	Regular	0	2104.08	2104.08
5631	05/03/2024	Regular	0	3795.28	3795.28
5632	05/03/2024	Regular	0	1259.14	1259.14
5633	05/03/2024	Regular	0	1287.58	1287.58
5634	05/03/2024	Regular	0	12.42	12.42
5635	05/03/2024	Regular	0	2037.2	2037.2
5636	05/03/2024	Regular	0	1640.6	1640.6
5637	05/03/2024	Regular	0	1704.29	1704.29
5638	05/03/2024	Regular	0	2702.34	2702.34
5639	05/03/2024	Regular	0	2995.56	2995.56
5640	05/03/2024	Regular	0	3157.53	3157.53
5641	05/03/2024	Regular	0	1920.15	1920.15
5642	05/03/2024	Regular	0	2753.26	2753.26
5643	05/03/2024	Regular	0	76.01	76.01
5644	05/03/2024	Regular	0	1628.07	1628.07
5645	05/03/2024	Regular	0	1667.19	1667.19
5646	05/03/2024	Regular	0	399.01	399.01
5647	05/03/2024	Regular	0	585.43	585.43
5648	05/03/2024	Regular	0	585.43	585.43
5649	05/03/2024	Regular	0	184.42	184.42
5650	05/03/2024	Regular	0	2006.36	2006.36
5651	05/03/2024	Regular	0	1775.71	1775.71
5652	05/03/2024	Regular	0	4787.54	4787.54
5653	05/03/2024	Regular	0	2735.69	2735.69
5654	05/03/2024	Regular	0	1949.36	1949.36
5655	05/03/2024	Regular	0	2577.96	2577.96
5656	05/03/2024	Regular	0	5222.7	5222.7
5657	05/03/2024	Regular	0	1624.37	1624.37
5658	05/03/2024	Regular	0	2334.13	2334.13
5659	05/03/2024	Regular	0	1965.07	1965.07
5660	05/17/2024	Regular	0	4335.26	4335.26
5661	05/17/2024	Regular	0	2379.8	2379.8
5662	05/17/2024	Regular	0	2581.35	2581.35
5663	05/17/2024	Regular	0	1586.87	1586.87
5664	05/17/2024	Regular	0	184.7	184.7
5665	05/17/2024	Regular	0	184.7	184.7

5666	05/17/2024	Regular	0	6877.54	6877.54
5667	05/17/2024	Regular	0	4301.64	4301.64
5668	05/17/2024	Regular	0	4279.96	4279.96
5669	05/17/2024	Regular	0	2491.05	2491.05
5670	05/17/2024	Regular	0	3792.84	3792.84
5671	05/17/2024	Regular	0	2031.19	2031.19
5672	05/17/2024	Regular	0	1505.66	1505.66
5673	05/17/2024	Regular	0	1824.1	1824.1
5674	05/17/2024	Regular	0	2060.87	2060.87
5675	05/17/2024	Regular	0	3980.15	3980.15
5676	05/17/2024	Regular	0	2275.49	2275.49
5677	05/17/2024	Regular	0	2505.58	2505.58
5678	05/17/2024	Regular	0	1408.56	1408.56
5679	05/17/2024	Regular	0	1992.4	1992.4
5680	05/17/2024	Regular	0	2040.01	2040.01
5681	05/17/2024	Regular	0	1807.5	1807.5
5682	05/17/2024	Regular	0	2575.68	2575.68
5683	05/17/2024	Regular	0	2570.65	2570.65
5684	05/17/2024	Regular	0	2118.02	2118.02
5685	05/17/2024	Regular	0	126.68	126.68
5686	05/17/2024	Regular	0	434.58	434.58
5687	05/17/2024	Regular	0	3597.08	3597.08
5688	05/17/2024	Regular	0	2375.78	2375.78
5689	05/17/2024	Regular	0	3795.28	3795.28
5690	05/17/2024	Regular	0	1259.13	1259.13
5691	05/17/2024	Regular	0	1703.79	1703.79
5692	05/17/2024	Regular	0	12.42	12.42
5693	05/17/2024	Regular	0	2005.21	2005.21
5694	05/17/2024	Regular	0	1640.59	1640.59
5695	05/17/2024	Regular	0	1743.02	1743.02
5696	05/17/2024	Regular	0	696.31	696.31
5697	05/17/2024	Regular	0	2718.26	2718.26
5698	05/17/2024	Regular	0	266.01	266.01
5699	05/17/2024	Regular	0	2995.56	2995.56
5700	05/17/2024	Regular	0	2707.43	2707.43
5701	05/17/2024	Regular	0	1920.15	1920.15
5702	05/17/2024	Regular	0	1862.67	1862.67
5703	05/17/2024	Regular	0	266.01	266.01
5704	05/17/2024	Regular	0	1641.7	1641.7
5705	05/17/2024	Regular	0	1667.19	1667.19
5706	05/17/2024	Regular	0	577.08	577.08
5707	05/17/2024	Regular	0	532.51	532.51
5708	05/17/2024	Regular	0	585.43	585.43
5709	05/17/2024	Regular	0	553.26	553.26
5710	05/17/2024	Regular	0	2006.36	2006.36
5711	05/17/2024	Regular	0	3102.31	3102.31
5712	05/17/2024	Regular	0	3526.11	3526.11
5713	05/17/2024	Regular	0	1919.75	1919.75
5714	05/17/2024	Regular	0	2150.66	2150.66
5715	05/17/2024	Regular	0	4008.44	4008.44
5716	05/17/2024	Regular	0	5222.69	5222.69
5717	05/17/2024	Regular	0	1624.38	1624.38
5718	05/17/2024	Regular	0	2334.12	2334.12
5719	05/17/2024	Regular	0	1965.07	1965.07
5720	05/31/2024	Regular	0	4492.19	4492.19
5721	05/31/2024	Regular	0	2389.78	2389.78
5722	05/31/2024	Regular	0	2517.79	2517.79
5723	05/31/2024	Regular	0	1636.24	1636.24
5724	05/31/2024	Regular	0	6416.37	6416.37
5725	05/31/2024	Regular	0	5879.87	5879.87
5726	05/31/2024	Regular	0	4742.34	4742.34
5727	05/31/2024	Regular	0	2846.69	2846.69
5728	05/31/2024	Regular	0	4126.17	4126.17
5729	05/31/2024	Regular	0	2071.88	2071.88
5730	05/31/2024	Regular	0	1437.79	1437.79
5731	05/31/2024	Regular	0	1874.98	1874.98
5732	05/31/2024	Regular	0	2102.67	2102.67
5733	05/31/2024	Regular	0	4228.81	4228.81
5734	05/31/2024	Regular	0	2442.31	2442.31
5735	05/31/2024	Regular	0	2641.23	2641.23

5736	05/31/2024	Regular		0	369.55	369.55
5737	05/31/2024	Regular		0	2036.86	2036.86
5738	05/31/2024	Regular		0	2121.4	2121.4
5739	05/31/2024	Regular		0	1899.67	1899.67
5740	05/31/2024	Regular		0	2591.6	2591.6
5741	05/31/2024	Regular		0	2736.44	2736.44
5742	05/31/2024	Regular		0	3556.85	3556.85
5743	05/31/2024	Regular		0	733.65	733.65
5744	05/31/2024	Regular		0	228.83	228.83
5745	05/31/2024	Regular		0	3639.31	3639.31
5746	05/31/2024	Regular		0	2686.17	2686.17
5747	05/31/2024	Regular		0	3877.87	3877.87
5748	05/31/2024	Regular		0	1148.84	1148.84
5749	05/31/2024	Regular		0	12.42	12.42
5750	05/31/2024	Regular		0	3621.42	3621.42
5751	05/31/2024	Regular		0	1834.08	1834.08
5752	05/31/2024	Regular		0	1930.41	1930.41
5753	05/31/2024	Regular		0	824.8	824.8
5754	05/31/2024	Regular		0	2910.42	2910.42
5755	05/31/2024	Regular		0	342.02	342.02
5756	05/31/2024	Regular		0	3092.33	3092.33
5757	05/31/2024	Regular		0	76.01	76.01
5758	05/31/2024	Regular		0	2876.17	2876.17
5759	05/31/2024	Regular		0	2116.54	2116.54
5760	05/31/2024	Regular		0	1905.2	1905.2
5761	05/31/2024	Regular		0	348.35	348.35
5762	05/31/2024	Regular		0	1738.44	1738.44
5763	05/31/2024	Regular		0	1793.81	1793.81
5764	05/31/2024	Regular		0	630.65	630.65
5765	05/31/2024	Regular		0	296.78	296.78
5766	05/31/2024	Regular		0	259.68	259.68
5767	05/31/2024	Regular		0	1246.06	1246.06
5768	05/31/2024	Regular		0	2058.26	2058.26
5769	05/31/2024	Regular		0	2258.12	2258.12
5770	05/31/2024	Regular		0	5409.05	5409.05
5771	05/31/2024	Regular		0	1958.5	1958.5
5772	05/31/2024	Regular		0	1987.34	1987.34
5773	05/31/2024	Regular		0	2623.31	2623.31
5774	05/31/2024	Regular		0	5314.77	5314.77
5775	05/31/2024	Regular		0	1628.36	1628.36
5776	05/31/2024	Regular		0	3970.17	3970.17
5777	05/31/2024	Regular		0	2020.5	2020.5
15036	05/03/2024	Regular	1931.38	0		1931.38
15037	05/03/2024	Regular	2117.61	0		2117.61
15038	05/03/2024	Regular	1073.51	0		1073.51
15039	05/03/2024	Regular	2124.49	0		2124.49
15051	05/17/2024	Regular	184.7	0		184.7
R-15051	05/17/2024	Reversal	-184.7	0		-184.7
15052	05/17/2024	Regular	0	0		0
15053	05/17/2024	Regular	565.95	0		565.95
R-15053	05/17/2024	Reversal	-565.95	0		-565.95
15054	05/17/2024	Regular	1931.38	0		1931.38
R-15054	05/17/2024	Reversal	-1931.38	0		-1931.38
15055	05/17/2024	Regular	2117.61	0		2117.61
R-15055	05/17/2024	Reversal	-2117.61	0		-2117.61
15056	05/17/2024	Regular	2626.82	0		2626.82
R-15056	05/17/2024	Reversal	-2626.82	0		-2626.82
15057	05/17/2024	Regular	1119.95	0		1119.95
R-15057	05/17/2024	Reversal	-1119.95	0		-1119.95
15058	05/17/2024	Regular	184.7	0		184.7
15059	05/17/2024	Regular	565.95	0		565.95
15060	05/17/2024	Regular	2626.82	0		2626.82
15061	05/17/2024	Regular	1119.95	0		1119.95
15062	05/17/2024	Regular	1931.38	0		1931.38
15063	05/17/2024	Regular	2117.61	0		2117.61
15064	05/31/2024	Regular	1931.38	0		1931.38
15065	05/31/2024	Regular	2133.93	0		2133.93
15066	05/31/2024	Regular	2177.06	0		2177.06
15067	05/31/2024	Regular	565.95	0		565.95
15068	05/31/2024	Regular	1689.69	0		1689.69

15069	05/31/2024	Regular	2124.49	0	2124.49
15070	05/31/2024	Regular	1187.31	0	1187.31
15071	05/31/2024	Regular	243.15	0	243.15
			Total:	27846.36	390857.39
					418703.75



Treasurer's Report

FY 2023-2024

- 1 Summary of Investments
- 2 City Cash & Investment Analysis Graphs
- 3 Pooled Cash Balances by Fund
- 4 Investment Balances, Fiscal Agenc, LAIF Interest, Funds

Section 1

Summary of Investments

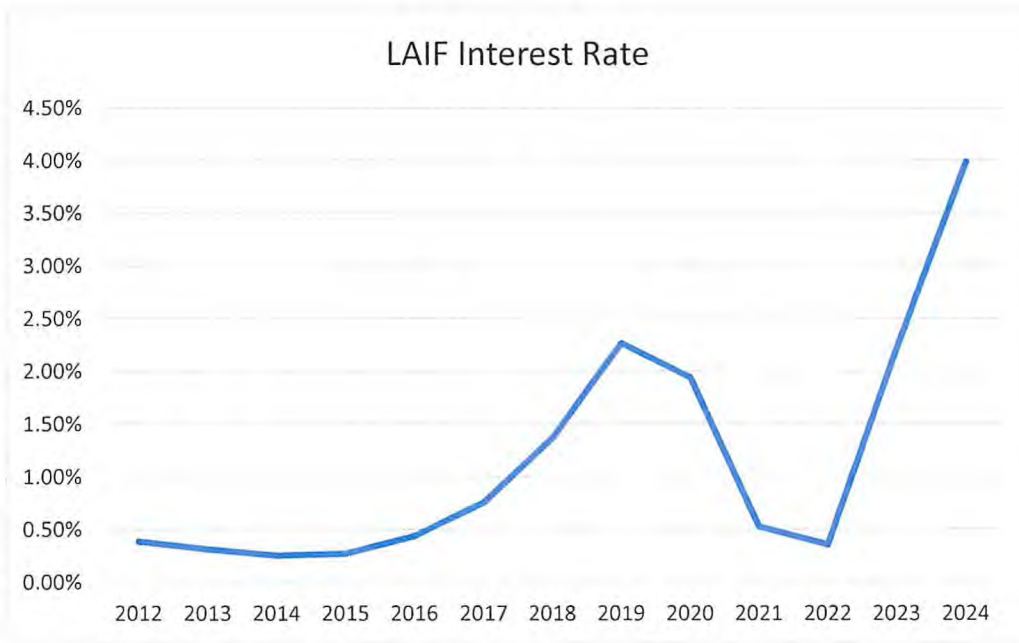
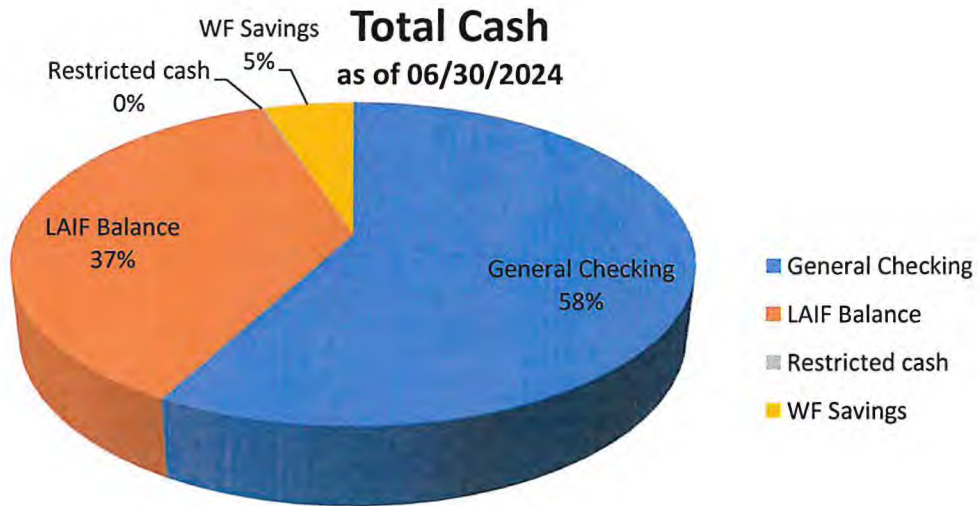
City of Gridley Summary

<u>Investment Distribution</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Cash and investments				
Cash at banking institutions	\$ 12,262,438	\$ 12,262,438	0%	On demand
Wells Fargo Savings	1,084,524	1,084,524	0%	On demand
Local Agency Investment Fund (LAIF)	7,819,298	7,819,298	0%	On demand
	<u>\$ 21,166,260</u>	<u>\$ 21,166,260</u>		
Restricted cash				
Cash with fiscal agent	22,732	\$ 22,732	0%	On demand
	<u>\$ 22,732</u>	<u>\$ 22,732</u>		

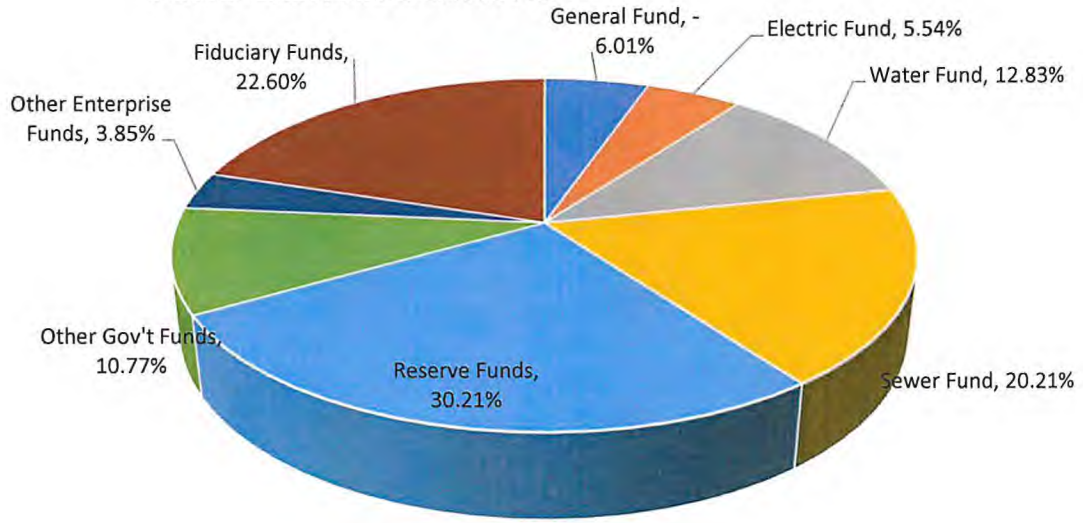
Section 2

City Cash & Investment Analysis Graphs

City of Gridley
Treasurer's Report as June 30, 2024



FUND CASH ALLOCATIONS



- General Fund
- Electric Fund
- Water Fund
- Sewer Fund
- Reserve Funds
- Other Gov't Funds
- Other Enterprise Funds
- Fiduciary Funds

Section 3

Pooled Cash Balance By Fund

Cash Balances



<u>Account #</u>	<u>Account Name</u>	<u>Balance</u>	<u>Fund #</u>	<u>Fund # and Name</u>	<u>Designation</u>
010-10099	Cash Balance	\$ (2,893,744.41)	010	010-General	GF
011-10099	Cash Balance	\$ 3,138,599.90	011	011-GF-Reserve	RES
012-10099	Cash Balance	\$ 460,000.00	012	012-FEMA-RESERVE	OGF
020-10099	Cash Balance	\$ 1,107,888.19	020	020-General -Impact	RES
021-10099	Cash Balance	\$ 11,782.97	021	021-Dev'l Agree Fee	RES
023-10099	Cash Balance	\$ 40,000.00	023	023-WellFund	RES
050-10099	Cash Balance	\$ 85,041.98	050	050-City Hall Rsrv	RES
060-10099	Cash Balance	\$ 1,679,179.38	060	060-Equipment Resrv	RES
070-10099	Cash Balance	\$ 174,238.78	070	070-SICK LEAVE RESR	RES
121-10099	Cash Balance	\$ (118,918.11)	121	121-Prop 12 & 40 RR	OGF
122-10099	Cash Balance	\$ 1.55	122	122-Prop 12&40Vierr	OGF
123-10099	Cash Balance	\$ 25,000.00	123	123-M.VIERRA PARK	OGF
200-10099	Cash Balance	\$ 209,995.99	200	200-RDA - Operating	OGF
204-10099	Cash Balance	\$ (2,528,764.92)	204	204-2008 Series A	OGF
206-10099	Cash Balance	\$ (1,293,242.00)	206	206-2008 Series B	OGF
208-10099	Cash Balance	\$ (32,825.32)	208	208-2022 Series A	OGF
210-10099	Cash Balance	\$ (17,045.33)	210	210-2022 Series B	OGF
215-10099	Cash Balance	\$ 4,615,505.86	215	215-Successor Agency	FID
220-10099	Cash Balance	\$ -	220	220-Public Fin.Auth	OGF
390-10099	Cash Balance	\$ 262,982.20	390	390-Gas Tax 2105	OGF
395-10099	Cash Balance	\$ (33,615.87)	395	395-Sect.2103	OGF
400-10099	Cash Balance	\$ (7,454.55)	400	400-Gas Tax 2106	OGF
410-10099	Cash Balance	\$ (27,650.93)	410	410-Gas Tax 2107	OGF
420-10099	Cash Balance	\$ (483.62)	420	420-Gas Tax 2107.5	OGF
425-10099	Cash Balance	\$ 819,101.99	425	425-SB1 - RMR	OGF
430-10099	Cash Balance	\$ (125,373.30)	430	430-SB 325	OGF
440-10099	Cash Balance	\$ (13,270.04)	440	440-Traffic Safety	OGF
450-10099	Cash Balance	\$ 83.31	450	450-Bicycle	OGF
455-10099	Cash Balance	\$ 10,907.60	455	455-Railroad mantce	OGF
460-10099	Cash Balance	\$ 195,754.41	460	460-Public Safe Aug	OGF
480-10099	Cash Balance	\$ 7,853.72	480	480-Boat Ramp	OGF
490-10099	Cash Balance	\$ (32.82)	490	490-Parks & Rec Imp	OGF
495-10099	Cash Balance	\$ 27,522.91	495	495-Rec Coordinator	OGF
496-10099	Cash Balance	\$ 6,305.00	496	496-Rec Coordinator Scholar:	OGF
500-10099	Cash Balance	\$ (38,190.23)	500	500-Planning & Dev.	OGF
511-10099	Cash Balance	\$ (8,778.43)	511	511-ED RLF (OLD)	OGF
512-10099	Cash Balance	\$ (4,353.89)	512	512-New Fund	OGF
513-10099	Cash Balance	\$ 259,222.55	513	513-CDBG PROGRAM IN	OGF
514-10099	Cash Balance	\$ 165,962.47	514	514-HOME P.I.	OGF
516-10099	Cash Balance	\$ 19,264.38	516	516-CalHome PI	OGF
520-10099	Cash Balance	\$ -	520	520-Vision Care	OGF
570-10099	Cash Balance	\$ 2,700.00	570	570-New Fund	OGF
580-10099	Cash Balance	\$ 64,551.35	580	580-Flood Maint #1	OGF
581-10099	Cash Balance	\$ (18,001.91)	581	581-Flood Maint #2	OGF
582-10099	Cash Balance	\$ (137,265.09)	582	582-Flood Maint #3	OGF
583-10099	Cash Balance	\$ 21,451.25	583	583-Maint Dist #6	OGF
590-10099	Cash Balance	\$ 878.76	590	590-Solid Waste	OEF
591-10099	Cash Balance	\$ -	591	591-Solid Waste-Rec	OEF
600-10099	Cash Balance	\$ (3,778,243.87)	600	600-Electric Utilit	EF
601-10099	Cash Balance	\$ (20,140.19)	601	601-Electric - NBE	EF

Cash Balances



<u>Account #</u>	<u>Account Name</u>	<u>Balance</u>	<u>Fund #</u>	<u>Fund # and Name</u>	<u>Designation</u>
610-10099	Cash Balance	\$ 556,048.55	610	610-Public Benefits	OEF
620-10099	Cash Balance	\$ (124,667.29)	620	620-Electric Capitl	EF
621-10099	Cash Balance	\$ 791,498.92	621	621-Elect Cont Rsve	EF
630-10099	Cash Balance	\$ 1,280,978.32	630	630-Water Utility	WF
640-10099	Cash Balance	\$ 578,831.54	640	640-Water Capital	WF
641-10099	Cash Balance	\$ 111,802.99	641	641-Well replacemnt	WF
650-10099	Cash Balance	\$ (144,044.69)	650	650-Sewer Utility	SF
656-10099	Cash Balance	\$ 79,579.49	656	656-Sewer - Dt Svce	SF
660-10099	Cash Balance	\$ 2,734,286.72	660	660-Sewer Capital	SF
661-10099	Cash Balance	\$ 619,431.10	661	661-SEWER WWT CIP	SF
670-10099	Cash Balance	\$ (60,725.43)	670	670-GPD Seizure	RES
672-10099	Cash Balance	\$ 605,084.84	672	672-COPS GRANTS	OGF
673-10099	Cash Balance	\$ 645.46	673	673-Explorer-PD	OGF
674-10099	Cash Balance	\$ 1,449.48	674	674-K9- DONATIONS	OGF
680-10099	Cash Balance	\$ 12,489.41	680	680-Trust - Main	FID
681-10099	Cash Balance	\$ 60.00	681	681-Gridley BID	FID
682-10099	Cash Balance	\$ -	682	682-Hospital JPA	FID
683-10099	Cash Balance	\$ 489.91	683	683-HOSP JPA ADMIN	OGF
700-10099	Cash Balance	\$ 115,036.11	700	700-SB325-Senr Taxi	OEF
800-10099	Cash Balance	\$ 508.56	800	800-96-STBG-1011	OGF
802-10099	Cash Balance	\$ (126,869.85)	802	802-SAFE ROUT SCHL	OGF
804-10099	Cash Balance	\$ (12,156.69)	804	804-CALTRAN MOBIL.	OGF
805-10099	Cash Balance	\$ (90,788.73)	805	805-Hazel Street TE	OGF
806-10099	Cash Balance	\$ (5,277.27)	806	806-12 CalHOME 8701	OGF
807-10099	Cash Balance	\$ (5,308.45)	807	807-13 CDBG-8970	OGF
808-10099	Cash Balance	\$ (107,813.91)	808	808-13 HOME 8995	OGF
809-10099	Cash Balance	\$ 171,860.23	809	809-18-HOME-12579	OGF
810-10099	Cash Balance	\$ 106.40	810	810-89-REHAB	OGF
813-10099	Cash Balance	\$ 3,743.88	813	813-08-HOME-4987	OGF
814-10099	Cash Balance	\$ 19,092.51	814	814-Gridley Springs	OGF
821-10099	Cash Balance	\$ (74,706.62)	821	821-Strategic Plan	OGF
831-10099	Cash Balance	\$ 214,825.34	831	831-RANCHO VILLA	OGF
888-10099	Cash Balance	\$ -	888	888-02-STBG-1701	OGF
890-10099	Cash Balance	\$ 116.59	890	890-New Fund	OGF
895-10099	Cash Balance	\$ -	895	895-04-STBG-1961	OGF
896-10099	Cash Balance	\$ -	896	896-05-PTAA-1446	OGF
912-10099	Cash Balance	\$ (31,375.15)	912	912-HRPP GRANT	OGF
913-10099	Cash Balance	\$ 8,044.63	913	913-OTS T.S Grant	OGF
920-10099	Cash Balance	\$ (5,841.24)	920	920-CALRECL-PLAY AR	OGF
921-10099	Cash Balance	\$ 6,884.00	921	921-SB 1383 Organic Waste F	OGF
922-10099	Cash Balance	\$ (4,655.00)	922	922-ATP GRANT 2015	OGF
923-10099	Cash Balance	\$ (11,443.00)	923	923-CDBG-DR	OGF
924-10099	Cash Balance	\$ 51,241.93	924	924-2021 Vierra Park Improv	OGF
925-10099	Cash Balance	\$ -	925	925-CMAQ Department of Tr	OGF
926-10099	Cash Balance	\$ 16,176.61	926	926-SWRCB Revolving Loan-f	OGF
927-10099	Cash Balance	\$ -	927	927-CRF Coronavirus Relief F	OGF
928-10099	Cash Balance	\$ 1,638,574.07	928	928-CARB Credit	OGF
929-10099	Cash Balance	\$ (2,348.95)	929	929-LRSPL - 5140	OGF
930-10099	Cash Balance	\$ 1,256,816.94	930	930-Coronavirus Recovery Fu	OGF
931-10099	Cash Balance	\$ 10,033.15	931	931-Officer Wellness and Me	OGF

Cash Balances



<u>Account #</u>	<u>Account Name</u>	<u>Balance</u>	<u>Fund #</u>	<u>Fund # and Name</u>	<u>Designation</u>
932-10099	Cash Balance	\$ (59,595.36)	932	932-Fund: 932 - Outdoor Equ	OGF
933-10099	Cash Balance	\$ (70,064.57)	933	933-Gridley Sports Complex	OGF
974-10099	Cash Balance	\$ (1.00)	974	974-GASB 68	POOL
975-10099	Cash Balance	\$ 1.15	975	975-GLTDAG	POOL
976-10099	Cash Balance	\$ -	976	976-RDA-GLTDAG	POOL
980-10099	Cash Balance	\$ (1.46)	980	980-Fixed Assets	POOL
982-10099	Cash Balance	\$ 0.46	982	982-FORECLOSURES	POOL
		<u>\$ 12,262,436.30</u>			

Section 4

Investment Balances, Fiscal Agent, LAIF Interest, Funds

Investments Allocation

Account	Name	Fund Name	Ending Balance
010-15020	Investments	General	1,202,328.63
010-15022	INVESTMENT- WELLS FARGO	General	231,393.27
010-15023	US Bank Safekeeping - CDs	General	188,589.14
011-15020	Investments	GF-Reserve	18,929.98
011-15022	Investments - Wells Fargo	GF-Reserve	1,021.14
011-15023	US Bank Safekeeping - CDs	GF-Reserve	3,663.48
012-15020	Investments	FEMA-RESERVE	8,580.42
012-15022	INVESTMENT- WELLS FARGO	FEMA-RESERVE	162.43
012-15023	US Bank Safekeeping - CDs	FEMA-RESERVE	1,646.06
020-15020	Investments	General -Impact	19,366.81
020-15022	INVESTMENT- WELLS FARGO	General -Impact	1,178.90
020-15023	US Bank Safekeeping - CDs	General -Impact	3,776.06
021-15020	Investments	Dev'l Agree Fee	191.21
021-15022	Investments - Wells Fargo	Dev'l Agree Fee	4.15
021-15023	US Bank Safekeeping - CDs	Dev'l Agree Fee	41.52
023-15020	Investments	WellFund	649.09
023-15022	Investments - Wells Fargo	WellFund	14.13
023-15023	US Bank Safekeeping - CDs	WellFund	140.93
050-15020	Investments	City Hall Rsrv	3,086.82
050-15022	Investments - Wells Fargo	City Hall Rsrv	34.25
050-15023	US Bank Safekeeping - CDs	City Hall Rsrv	595.94
060-15020	Investments	Equipment Resrv	75,995.92
060-15022	INVESTMENT- WELLS FARGO	Equipment Resrv	6,351.37
060-15023	US Bank Safekeeping - CDs	Equipment Resrv	14,355.32
070-15020	Investments	SICK LEAVE RESR	2,827.48
070-15022	Investments - Wells Fargo	SICK LEAVE RESR	61.52
070-15023	US Bank Safekeeping - CDs	SICK LEAVE RESR	613.89
122-15020	Investments	Prop 12&40Vierr	0.01
122-15022	Investments - Wells Fargo	Prop 12&40Vierr	-
122-15023	US Bank Safekeeping - CDs	Prop 12&40Vierr	-
123-15020	Investments	M.VIERRA PARK	3,541.12
123-15022	INVESTMENT- WELLS FARGO	M.VIERRA PARK	70.04
123-15023	US Bank Safekeeping - CDs	M.VIERRA PARK	508.38
200-15020	Investments	RDA - Operating	1,008.93
200-15022	INVESTMENT-WELLS FARGO	RDA - Operating	67.05
200-15023	US Bank Safekeeping - CDs	RDA - Operating	147.34
215-15020	Investments	Successor Agency	118,925.53
215-15022	INVESTMENT- WELLS FARGO	Successor Agency	16,575.11
215-15023	US Bank Safekeeping - CDs	Successor Agency	18,602.53
390-15020	Investments	Gas Tax 2105	52,550.14
390-15022	INVESTMENT- WELLS FARGO	Gas Tax 2105	7,650.23
390-15023	US Bank Safekeeping - CDs	Gas Tax 2105	8,265.64
395-15020	Investments	Sect.2103	31,449.15
395-15022	INVESTMENT- WELLS FARGO	Sect.2103	4,690.99
395-15023	US Bank Safekeeping - CDs	Sect.2103	4,976.69
400-15020	Investments	Gas Tax 2106	19,852.32
400-15022	INVESTMENT- WELLS FARGO	Gas Tax 2106	2,920.94
400-15023	US Bank Safekeeping - CDs	Gas Tax 2106	3,133.47

Investments Allocation

Account	Name	Fund Name	Ending Balance
410-15020	Investments	Gas Tax 2107	26,782.66
410-15022	INVESTMENT- WELLS FARGO	Gas Tax 2107	3,509.61
410-15023	US Bank Safekeeping - CDs	Gas Tax 2107	4,428.89
420-15020	Investments	Gas Tax 2107.5	2,193.15
420-15022	INVESTMENT- WELLS FARGO	Gas Tax 2107.5	164.16
420-15023	US Bank Safekeeping - CDs	Gas Tax 2107.5	387.72
425-15020	Investments	SB1 - RMR	7,199.32
425-15022	INVESTMENT- WELLS FARGO	SB1 - RMR	233.67
425-15023	US Bank Safekeeping - CDs	SB1 - RMR	1,442.86
430-15020	Investments	SB 325	112,949.58
430-15022	INVESTMENT- WELLS FARGO	SB 325	16,142.05
430-15023	US Bank Safekeeping - CDs	SB 325	17,806.28
440-15020	Investments	Traffic Safety	13,280.28
440-15022	INVESTMENT- WELLS FARGO	Traffic Safety	1,967.23
440-15023	US Bank Safekeeping - CDs	Traffic Safety	2,099.60
450-15020	Investments	Bicycle	1.19
450-15022	INVESTMENT- WELLS FARGO	Bicycle	0.03
450-15023	US Bank Safekeeping - CDs	Bicycle	0.27
455-15020	Investments	Railroad mantce	177.01
455-15022	Investments - Wells Fargo	Railroad mantce	3.85
455-15023	US Bank Safekeeping - CDs	Railroad mantce	38.42
460-15020	Investments	Public Safe Aug	12,885.13
460-15022	INVESTMENT- WELLS FARGO	Public Safe Aug	1,727.47
460-15023	US Bank Safekeeping - CDs	Public Safe Aug	2,150.12
480-15020	Investments	Boat Ramp	264.08
480-15022	INVESTMENT- WELLS FARGO	Boat Ramp	5.04
480-15023	US Bank Safekeeping - CDs	Boat Ramp	33.59
490-15023	US Bank Safekeeping - CDs	Parks & Rec Imp	0.03
495-15020	Investments	Rec Coordinator	693.43
495-15022	INVESTMENT- WELLS FARGO	Rec Coordinator	104.14
495-15023	US Bank Safekeeping - CDs	Rec Coordinator	109.85
500-15020	Investments	Planning & Dev.	3,006.57
500-15022	INVESTMENT- WELLS FARGO	Planning & Dev.	435.05
500-15023	US Bank Safekeeping - CDs	Planning & Dev.	472.82
513-15020	Investments	CDBG PROGRAM IN	69,366.73
513-15022	INVESTMENT- WELLS FARGO	CDBG PROGRAM IN	9,480.60
513-15023	US Bank Safekeeping - CDs	CDBG PROGRAM IN	11,534.96
514-15020	Investments	HOME P.I.	2,490.91
514-15022	INVESTMENT- WELLS FARGO	HOME P.I.	44.57
514-15023	US Bank Safekeeping - CDs	HOME P.I.	462.35
570-15020	Investments	Drainage Trust	43.81
570-15022	INVESTMENT- WELLS FARGO	Drainage Trust	0.96
570-15023	US Bank Safekeeping - CDs	Drainage Trust	9.51
580-15020	Investments	Flood Maint #1	5,090.70
580-15022	INVESTMENT- WELLS FARGO	Flood Maint #1	626.38
580-15023	US Bank Safekeeping - CDs	Flood Maint #1	866.49
581-15020	Investments	Flood Maint #2	33,467.62
581-15022	INVESTMENT- WELLS FARGO	Flood Maint #2	4,890.19

Investments Allocation

Account	Name	Fund Name	Ending Balance
581-15023	US Bank Safekeeping - CDs	Flood Maint #2	5,371.85
582-15020	Investments	Flood Maint #3	30,577.16
582-15022	INVESTMENT- WELLS FARGO	Flood Maint #3	4,530.32
582-15023	US Bank Safekeeping - CDs	Flood Maint #3	4,839.23
583-15020	Investments	Maint Dist #6	2,042.94
583-15022	INVESTMENT- WELLS FARGO	Maint Dist #6	247.40
583-15023	US Bank Safekeeping - CDs	Maint Dist #6	350.25
590-15020	Investments	Solid Waste	95.23
590-15022	INVESTMENT- WELLS FARGO	Solid Waste	2.08
590-15023	US Bank Safekeeping - CDs	Solid Waste	20.72
600-15020	Investments	Electric Utilit	3,288,441.72
600-15022	INVESTMENT- WELLS FARGO	Electric Utilit	476,726.18
600-15023	US Bank Safekeeping - CDs	Electric Utilit	518,674.78
610-15020	Investments	Public Benefits	82,327.56
610-15022	INVESTMENT- WELLS FARGO	Public Benefits	11,325.33
610-15023	US Bank Safekeeping - CDs	Public Benefits	13,367.07
620-15020	Investments	Electric Capitl	3,736.77
620-15022	INVESTMENT- WELLS FARGO	Electric Capitl	490.11
620-15023	US Bank Safekeeping - CDs	Electric Capitl	587.05
621-15020	Investments	Elect Cont Rsve	12,844.10
621-15022	INVESTMENT- WELLS FARGO	Elect Cont Rsve	279.48
621-15023	US Bank Safekeeping - CDs	Elect Cont Rsve	2,788.67
630-15020	Investments	Water Utility	558,171.40
630-15022	INVESTMENT- WELLS FARGO	Water Utility	79,111.25
630-15023	US Bank Safekeeping - CDs	Water Utility	89,387.91
640-15020	Investments	Water Capital	11,875.92
640-15022	INVESTMENT- WELLS FARGO	Water Capital	784.05
640-15023	US Bank Safekeeping - CDs	Water Capital	2,331.12
641-15020	Investments	Well replacemnt	1,722.19
641-15022	INVESTMENT- WELLS FARGO	Well replacemnt	39.54
641-15023	US Bank Safekeeping - CDs	Well replacemnt	371.17
650-15020	Investments	Sewer Utility	688,285.75
650-15022	INVESTMENT- WELLS FARGO	Sewer Utility	98,750.88
650-15023	US Bank Safekeeping - CDs	Sewer Utility	108,775.57
656-15020	Investments	Sewer - Dt Svce	1,291.39
656-15022	INVESTMENT- WELLS FARGO	Sewer - Dt Svce	28.10
656-15023	US Bank Safekeeping - CDs	Sewer - Dt Svce	280.38
660-15020	Investments	Sewer Capital	63,097.98
660-15022	INVESTMENT- WELLS FARGO	Sewer Capital	3,723.20
660-15023	US Bank Safekeeping - CDs	Sewer Capital	12,185.01
661-15020	Investments	SEWER WWT CIP	10,051.87
661-15022	INVESTMENT- WELLS FARGO	SEWER WWT CIP	218.73
661-15023	US Bank Safekeeping - CDs	SEWER WWT CIP	2,182.44
670-15020	Investments	GPD Seizure	49,745.94
670-15022	INVESTMENT- WELLS FARGO	GPD Seizure	7,512.34
670-15023	US Bank Safekeeping - CDs	GPD Seizure	7,887.78
672-15020	Investments	COPS GRANTS	56,913.89
672-15022	INVESTMENT- WELLS FARGO	COPS GRANTS	7,681.59

Investments Allocation

Account	Name	Fund Name	Ending Balance
672-15023	US Bank Safekeeping - CDs	COPS GRANTS	9,211.87
673-15020	Investments	Explorer-PD	11.00
673-15022	INVESTMENT- WELLS FARGO	Explorer-PD	0.24
673-15023	US Bank Safekeeping - CDs	Explorer-PD	2.27
674-15020	Investments	K9- DONATIONS	207.21
674-15022	INVESTMENT- WELLS FARGO	K9- DONATIONS	2.89
674-15023	US Bank Safekeeping - CDs	K9- DONATIONS	25.19
680-15020	Investments	Trust - Main	343.75
680-15022	INVESTMENT- WELLS FARGO	Trust - Main	25.57
680-15023	US Bank Safekeeping - CDs	Trust - Main	66.21
681-15020	Investments	Gridley BID	0.97
681-15022	INVESTMENT- WELLS FARGO	Gridley BID	0.02
681-15023	US Bank Safekeeping - CDs	Gridley BID	0.21
683-15020	Investments	HOSP JPA ADMIN	7.94
683-15022	INVESTMENT- WELLS FARGO	HOSP JPA ADMIN	0.17
683-15023	US Bank Safekeeping - CDs	HOSP JPA ADMIN	1.72
700-15020	Investments	SB325-Senr Taxi	27,822.90
700-15022	INVESTMENT- WELLS FARGO	SB325-Senr Taxi	3,646.97
700-15023	US Bank Safekeeping - CDs	SB325-Senr Taxi	4,429.90
800-15020	Investments	96-STBG-1011	8.25
800-15022	INVESTMENT- WELLS FARGO	96-STBG-1011	0.18
800-15023	US Bank Safekeeping - CDs	96-STBG-1011	1.80
806-15020	Investments	12 CalHOME 8701	44.30
806-15022	INVESTMENT- WELLS FARGO	12 CalHOME 8701	4.74
806-15023	US Bank Safekeeping - CDs	12 CalHOME 8701	7.02
808-15020	Investments	13 HOME 8995	35,318.05
808-15022	INVESTMENT- WELLS FARGO	13 HOME 8995	5,300.67
808-15023	US Bank Safekeeping - CDs	13 HOME 8995	5,595.82
810-15020	Investments	89-REHAB	12.79
810-15022	INVESTMENT- WELLS FARGO	89-REHAB	0.03
810-15023	US Bank Safekeeping - CDs	89-REHAB	0.23
813-15020	Investments	08-HOME-4987	60.76
813-15022	INVESTMENT- WELLS FARGO	08-HOME-4987	1.42
813-15023	US Bank Safekeeping - CDs	08-HOME-4987	13.20
814-15020	Investments	Gridley Springs	309.83
814-15022	INVESTMENT- WELLS FARGO	Gridley Springs	7.21
814-15023	US Bank Safekeeping - CDs	Gridley Springs	67.28
821-15020	Investments	Strategic Plan	20,865.24
821-15022	INVESTMENT- WELLS FARGO	Strategic Plan	3,076.41
821-15023	US Bank Safekeeping - CDs	Strategic Plan	3,300.17
831-15020	Investments	RANCHO VILLA	3,587.02
831-15022	INVESTMENT- WELLS FARGO	RANCHO VILLA	91.81
831-15023	US Bank Safekeeping - CDs	RANCHO VILLA	772.90
890-15020	Investments	94-CDBG Housing Rehab/Drainage Grant	1.89
890-15022	INVESTMENT- WELLS FARGO	94-CDBG Housing Rehab/Drainage Grant	0.04
890-15023	US Bank Safekeeping - CDs	94-CDBG Housing Rehab/Drainage Grant	0.41
896-15020	Investments	05-PTAA-1446	-
896-15022	INVESTMENT- WELLS FARGO	05-PTAA-1446	-

Investments Allocation

Account	Name	Fund Name	Ending Balance
896-15023	US Bank Safekeeping - CDs	05-PTAA-1446	-
912-15020	Investments	HRPP GRANT	801.10
912-15022	INVESTMENT- WELLS FARGO	HRPP GRANT	85.64
912-15023	US Bank Safekeeping - CDs	HRPP GRANT	127.02
913-15020	Investments	OTS T.S Grant	3,552.14
913-15022	INVESTMENT- WELLS FARGO	OTS T.S Grant	519.21
913-15023	US Bank Safekeeping - CDs	OTS T.S Grant	570.87
920-15020	Investments	CALRECL-PLAY AR	89.15
920-15022	INVESTMENT- WELLS FARGO	CALRECL-PLAY AR	9.53
920-15023	US Bank Safekeeping - CDs	CALRECL-PLAY AR	14.14
921-15020	INVESTMENT	SB1383 Organic Waste Recycling Grant	96.09
921-15022	INVESTMENT-WELLS FARGO	SB1383 Organic Waste Recycling Grant	6.39
921-15023	US Bank Safekeeping - CDs	SB1383 Organic Waste Recycling Grant	14.03
982-15020	Investments	FORECLOSURES	-
982-15022	INVESTMENT- WELLS FARGO	FORECLOSURES	-
982-15023	US Bank Safekeeping - CDs	FORECLOSURES	-

8,903,821.57

Investments Allocation

Name	Fund Name	Ending Balance
Cash held with fiscal agents	General	-
Cash held with fiscal agents	2008 Series A	0.01
Cash held with fiscal agents	2008 Series B	15,492.48
Cash held with fiscal agents	2022 Series A	2,090.06
Cash held with fiscal agents	2022 Series B	5,149.82
Cash held with fiscal agents	COPS GRANTS	-

22,732.37

https://www.treasurer.ca.gov/pmia-laif/historical/avg_mn_vlds.asp

LAIF INTEREST

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1977	5.77	5.66	5.66	5.65	5.76	5.85	5.93	6.05	6.09	6.09	6.61	6.73
1978	6.92	7.05	7.14	7.27	7.386	7.569	7.652	7.821	7.871	8.11	8.286	8.769
1979	8.777	8.904	8.82	9.082	9.046	9.224	9.202	9.528	9.259	9.814	10.223	10.218
1980	10.98	11.251	11.49	11.48	12.017	11.798	10.206	9.87	9.945	10.056	10.426	10.961
1981	10.987	11.686	11.13	11.475	12.179	11.442	12.346	12.844	12.059	12.397	11.887	11.484
1982	11.683	12.044	11.835	11.773	12.27	11.994	12.235	11.909	11.151	11.111	10.704	10.401
1983	10.251	9.887	9.688	9.868	9.527	9.6	9.879	10.076	10.202	10.182	10.164	10.227
1984	10.312	10.28	10.382	10.594	10.843	11.119	11.355	11.557	11.597	11.681	11.474	11.024
1985	10.579	10.289	10.118	10.025	10.18	9.743	9.656	9.417	9.572	9.482	9.488	9.371
1986	9.252	9.09	8.958	8.621	8.369	8.225	8.141	7.844	7.512	7.586	7.432	7.439
1987	7.365	7.157	7.205	7.044	7.294	7.289	7.464	7.562	7.712	7.825	8.121	8.071
1988	8.078	8.05	7.945	7.94	7.815	7.929	8.089	8.245	8.341	8.397	8.467	8.563
1989	8.698	8.77	8.87	8.992	9.227	9.204	9.056	8.833	8.801	8.771	8.685	8.645
1990	8.571	8.538	8.506	8.497	8.531	8.538	8.517	8.382	8.333	8.321	8.269	8.279
1991	8.164	8.002	7.775	7.666	7.374	7.169	7.098	7.072	6.859	6.719	6.591	6.318
1992	6.122	5.863	5.68	5.692	5.379	5.323	5.235	4.958	4.76	4.73	4.659	4.647
1993	4.678	4.649	4.624	4.605	4.427	4.554	4.438	4.472	4.43	4.38	4.365	4.384
1994	4.359	4.176	4.248	4.333	4.434	4.623	4.823	4.989	5.106	5.243	5.38	5.528
1995	5.612	5.779	5.934	5.96	6.008	5.997	5.972	5.91	5.832	5.784	5.805	5.748
1996	5.698	5.643	5.557	5.538	5.502	5.548	5.587	5.566	5.601	5.601	5.599	5.574
1997	5.583	5.575	5.58	5.612	5.634	5.667	5.679	5.69	5.707	5.705	5.715	5.744
1998	5.742	5.72	5.68	5.672	5.673	5.671	5.652	5.652	5.639	5.557	5.492	5.374
1999	5.265	5.21	5.136	5.119	5.086	5.095	5.178	5.225	5.274	5.391	5.484	5.639
2000	5.76	5.824	5.851	6.014	6.19	6.349	6.443	6.505	6.502	6.517	6.538	6.535
2001	6.372	6.169	5.976	5.76	5.328	4.958	4.635	4.502	4.288	3.785	3.526	3.261
2002	3.068	2.967	2.861	2.845	2.74	2.687	2.714	2.594	2.604	2.487	2.301	2.201
2003	2.103	1.945	1.904	1.858	1.769	1.697	1.653	1.632	1.635	1.596	1.572	1.545
2004	1.528	1.44	1.474	1.445	1.426	1.469	1.604	1.672	1.771	1.89	2.003	2.134
2005	2.264	2.368	2.542	2.724	2.856	2.967	3.083	3.179	3.324	3.458	3.636	3.808
2006	3.955	4.043	4.142	4.305	4.563	4.7	4.849	4.946	5.023	5.098	5.125	5.129
2007	5.156	5.181	5.214	5.222	5.248	5.25	5.255	5.253	5.231	5.137	4.962	4.801
2008	4.62	4.161	3.777	3.4	3.072	2.894	2.787	2.779	2.774	2.709	2.568	2.353
2009	2.046	1.869	1.822	1.607	1.53	1.377	1.035	0.925	0.75	0.646	0.611	0.569
2010	0.558	0.577	0.547	0.588	0.56	0.528	0.531	0.513	0.5	0.48	0.454	0.462
2011	0.538	0.512	0.5	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382
2012	0.385	0.389	0.383	0.367	0.363	0.358	0.363	0.377	0.348	0.34	0.324	0.326
2013	0.3	0.286	0.285	0.264	0.245	0.244	0.267	0.271	0.257	0.266	0.263	0.264
2014	0.244	0.236	0.236	0.233	0.228	0.228	0.244	0.26	0.246	0.261	0.261	0.267
2015	0.262	0.266	0.278	0.283	0.29	0.299	0.32	0.33	0.337	0.357	0.374	0.4
2016	0.446	0.467	0.506	0.525	0.552	0.576	0.588	0.614	0.634	0.654	0.678	0.719
2017	0.751	0.777	0.821	0.884	0.925	0.978	1.051	1.084	1.111	1.143	1.172	1.239
2018	1.35	1.412	1.524	1.661	1.755	1.854	1.944	1.998	2.063	2.144	2.208	2.291
2019	2.355	2.392	2.436	2.445	2.449	2.428	2.379	2.341	2.28	2.19	2.103	2.043
2020	1.967	1.912	1.787	1.648	1.363	1.217	0.92	0.784	0.685	0.62	0.576	0.54
2021	0.458	0.407	0.357	0.339	0.315	0.262	0.221	0.221	0.206	0.203	0.203	0.212
2022	0.234	0.278	0.365	0.523	0.684	0.861	1.09	1.276	1.513	1.772	2.007	2.173
2023	2.425	2.624	2.831	2.87	2.993	3.167	3.305*	3.434	3.534	3.67	3.843	3.929
2024	4.012	4.122	4.232	4.272	4.332	4.48						



<u>Fund #</u>	<u>Fund Name</u>	<u>Fund # and Name</u>	
010	General	010-General	GF
011	GF-Reserve	011-GF-Reserve	RES
012	FEMA-RESERVE	012-FEMA-RESERVE	OGF
020	General -Impact	020-General -Impact	RES
021	Dev'l Agree Fee	021-Dev'l Agree Fee	RES
023	WellFund	023-WellFund	RES
050	City Hall Rsrv	050-City Hall Rsrv	RES
060	Equipment Resrv	060-Equipment Resrv	RES
070	SICK LEAVE RESR	070-SICK LEAVE RESR	RES
121	Prop 12 & 40 RR	121-Prop 12 & 40 RR	OGF
122	Prop 12&40Vierr	122-Prop 12&40Vierr	OGF
123	M.VIERRA PARK	123-M.VIERRA PARK	OGF
200	RDA - Operating	200-RDA - Operating	OGF
204	2008 Series A	204-2008 Series A	OGF
206	2008 Series B	206-2008 Series B	OGF
208	2022 Series A	208-2022 Series A	OGF
210	2022 Series B	210-2022 Series B	OGF
215	Successor Agency	215-Successor Agency	FID
220	Public Fin.Auth	220-Public Fin.Auth	OGF
390	Gas Tax 2105	390-Gas Tax 2105	OGF
395	Sect.2103	395-Sect.2103	OGF
400	Gas Tax 2106	400-Gas Tax 2106	OGF
410	Gas Tax 2107	410-Gas Tax 2107	OGF
420	Gas Tax 2107.5	420-Gas Tax 2107.5	OGF
425	SB1 - RMR	425-SB1 - RMR	OGF
430	SB 325	430-SB 325	OGF
440	Traffic Safety	440-Traffic Safety	OGF
450	Bicycle	450-Bicycle	OGF
455	Railroad mantce	455-Railroad mantce	OGF
460	Public Safe Aug	460-Public Safe Aug	OGF
480	Boat Ramp	480-Boat Ramp	OGF
490	Parks & Rec Imp	490-Parks & Rec Imp	OGF
495	Rec Coordinator	495-Rec Coordinator	OGF
496	Rec Coordinator Schol	496-Rec Coordinator Scholar:	OGF
500	Planning & Dev.	500-Planning & Dev.	OGF
511	ED RLF (OLD)	511-ED RLF (OLD)	OGF
512	New Fund	512-New Fund	OGF
513	CDBG PROGRAM IN	513-CDBG PROGRAM IN	OGF
514	HOME P.I.	514-HOME P.I.	OGF
516	CalHome PI	516-CalHome PI	OGF
520	Vision Care	520-Vision Care	OGF
570	New Fund	570-New Fund	OGF
580	Flood Maint #1	580-Flood Maint #1	OGF
581	Flood Maint #2	581-Flood Maint #2	OGF
582	Flood Maint #3	582-Flood Maint #3	OGF
583	Maint Dist #6	583-Maint Dist #6	OGF



<u>Fund #</u>	<u>Fund Name</u>	<u>Fund # and Name</u>	
590	Solid Waste	590-Solid Waste	OEF
591	Solid Waste-Rec	591-Solid Waste-Rec	OEF
600	Electric Utilit	600-Electric Utilit	EF
601	Electric - NBE	601-Electric - NBE	EF
610	Public Benefits	610-Public Benefits	OEF
620	Electric Capitl	620-Electric Capitl	EF
621	Elect Cont Rsve	621-Elect Cont Rsve	EF
630	Water Utility	630-Water Utility	WF
640	Water Capital	640-Water Capital	WF
641	Well replacmnt	641-Well replacmnt	WF
650	Sewer Utility	650-Sewer Utility	SF
656	Sewer - Dt Svce	656-Sewer - Dt Svce	SF
660	Sewer Capital	660-Sewer Capital	SF
661	SEWER WWT CIP	661-SEWER WWT CIP	SF
670	GPD Seizure	670-GPD Seizure	RES
672	COPS GRANTS	672-COPS GRANTS	OGF
673	Explorer-PD	673-Explorer-PD	OGF
674	K9- DONATIONS	674-K9- DONATIONS	OGF
680	Trust - Main	680-Trust - Main	FID
681	Gridley BID	681-Gridley BID	FID
682	Hospital JPA	682-Hospital JPA	FID
683	HOSP JPA ADMIN	683-HOSP JPA ADMIN	FID
700	SB325-Senr Taxi	700-SB325-Senr Taxi	OEF
800	96-STBG-1011	800-96-STBG-1011	OGF
802	SAFE ROUT SCHL	802-SAFE ROUT SCHL	OGF
804	CALTRAN MOBIL.	804-CALTRAN MOBIL.	OGF
805	Hazel Street TE	805-Hazel Street TE	OGF
806	12 CalHOME 8701	806-12 CalHOME 8701	OGF
807	13 CDBG-8970	807-13 CDBG-8970	OGF
808	13 HOME 8995	808-13 HOME 8995	OGF
809	18-HOME-12579	809-18-HOME-12579	OGF
810	89-REHAB	810-89-REHAB	OGF
813	08-HOME-4987	813-08-HOME-4987	OGF
814	Gridley Springs	814-Gridley Springs	OGF
821	Strategic Plan	821-Strategic Plan	OGF
831	RANCHO VILLA	831-RANCHO VILLA	OGF
888	02-STBG-1701	888-02-STBG-1701	OGF
890	New Fund	890-New Fund	OGF
895	04-STBG-1961	895-04-STBG-1961	OGF
896	05-PTAA-1446	896-05-PTAA-1446	OGF
912	HRPP GRANT	912-HRPP GRANT	OGF
913	OTS T.S Grant	913-OTS T.S Grant	OGF
920	CALRECL-PLAY AR	920-CALRECL-PLAY AR	OGF
921	SB 1383 Organic Wast	921-SB 1383 Organic Waste F	OGF
922	ATP GRANT 2015	922-ATP GRANT 2015	OGF
923	CDBG-DR	923-CDBG-DR	OGF
924	2021 Vierra Park Impr	924-2021 Vierra Park Improv	OGF
925	CMAQ Department of	925-CMAQ Department of Tr	OGF
926	SWRCB Revolving Loa	926-SWRCB Revolving Loan-F	OGF



<u>Fund #</u>	<u>Fund Name</u>	<u>Fund # and Name</u>	
927	CRF Coronavirus Relie	927-CRF Coronavirus Relief F	OGF
928	CARB Credit	928-CARB Credit	OGF
929	LR SPL - 5140	929-LR SPL - 5140	OGF
930	Coronavirus Recovery	930-Coronavirus Recovery Fu	OGF
931	Officer Wellness and T	931-Officer Wellness and Me	OGF
932	Fund: 932 - Outdoor E	932-Fund: 932 - Outdoor Equ	OGF
933	Gridley Sports Comple	933-Gridley Sports Complex	OGF
974	GASB 68	974-GASB 68	POOL
975	GLTDAG	975-GLTDAG	POOL
976	RDA-GLTDAG	976-RDA-GLTDAG	POOL
980	Fixed Assets	980-Fixed Assets	POOL
982	FORECLOSURES	982-FORECLOSURES	POOL
999	New Fund	999-New Fund	POOL
999	New Fund	999-New Fund	POOL
999	New Fund	999-New Fund	POOL
600	Electric Utilit	600-Electric Utilit	POOL
999	New Fund	999-New Fund	POOL
999	New Fund	999-New Fund	POOL

City Council Agenda Item #5
Staff Report

Date: July 15, 2024

To: Mayor and City Council

From: Martin Pineda, Finance Director

Subject: Resolution 2024-R-022: Appointment of Northern California Cities Self Insurance Fund (NCCSIF) Representative and Alternate Representative

X	Regular
	Special
	Closed
	Emergency

Recommendation

Staff respectfully requests the City Council approve Resolution 2024-R-022 “A Resolution of the City Council of the City of Gridley appointing Representative and Alternate Representative for the Northern California Cities Self Insurance Fund” by reading of title only.

Background

The City of Gridley is a member of the Northern California Cities Self Insurance Fund (NCCSIF). NCCSIF is a Joint Powers Authority formed in 1979, an association of twenty-two (22) municipalities joined together to protect resources by providing risk services, management, and programs. Within the structure of the organization there are regular meetings and committees (Executive, Risk Management and Claims) reviewing programs and voting on issues relating to the resources, coverages and programs (General Liability, Workers’ Compensation, Crime/Bond, Property, Mobile Equipment, Auto Physical Damage, Employee Assistance & Training, Special Events, Vendor/Contractors). The city being a member of NCCSIF, a larger pool of Northern California cities, allows for a mechanism to self-fund a layer of workers compensation. The city also has access to group purchases of excess insurances. Generally, the Finance Director is the primary representative and, in the event, the primary representative cannot attend a meeting, his/her designee (Alternate Representative) will attend. Staff is recommending Council re-appoint both the Finance Director as the primary representative and Elisa Arteaga as the Alternate Representative. Additionally, Elisa Arteaga and Jodi Molinari shall serve in the risk management committee.

Financial Impact

Appoint is a formality required by the JPA, there are no fiscal impacts. All fiscal impacts are part of the budgetary process on a fiscal year basis.

Attachment

Resolution No. 2024-R-022

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRIDLEY APPOINTING REPRESENTATIVE AND ALTERNATE REPRESENTATIVE FOR NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

WHEREAS, it is desirable and necessary to appoint agents for the City of Gridley to act for and in its behalf in the Northern California Cities Self Insurance Fund (NCCSIF) which provides insurance coverage for the City of Gridley.

WHEREAS, the City of Gridley Finance Director is the primary representative and it is required to have an alternate appointed;

NOW, THEREFORE, IT IS HEREBY RESOLVED, Martin Pineda, Finance Director is the City of Gridley Representative and Elisa Arteaga, City Administrator be appointed as alternate representative. Elisa Arteaga, City Administrator and Jodi Molinari, Human Resources Manager, shall be appointed to the risk management committee.

I HEREBY CERTIFY that the foregoing resolution was introduced, passed and adopted by the City Council of the City of Gridley at a regular meeting held on the 15th day of July, 2024, by the following vote:

AYES: COUNCILMEMBERS _____

NOES: COUNCILMEMBERS _____

ABSTAIN: COUNCILMEMBERS _____

ABSENT: COUNCILMEMBERS _____

APPROVED: MAYOR _____
Michael W. Farr

ATTEST: CITY CLERK _____
Elisa Arteaga

City Council Agenda Item #6
Staff Report

Date: July 15, 2024
To: Mayor and City Council
From: Elisa Arteaga, City Administrator

X	Regular
	Special
	Closed
	Emergency

Subject: Resolution No. 2024-R-023: A Resolution of the City Council of the City of Gridley Authorizing and Designating City Representatives to Vote the City’s Interests in Governance Agreements Associated with City’s Participation in Programs, Projects, and Services as a Member of the Northern California Power Agency

Recommendation

Staff respectfully requests the City Council approve the attached resolution effective July 15, 2024, that appoints Elisa Arteaga, Ross Pippitt and Catalina Sanchez as representatives to NCPA Committees and Mike Farr as the Alternate Representative to the NCPA Commission and other various NCPA committees.

Background

The purpose of this recommendation is to ensure that the City of Gridley meet its long-term obligations as a member of the NCPA. This recommended action will not result in authority being granted to Councilmembers or the City staff to make decisions or take action binding the City to individual actions apart from the broader efforts of the NCPA, such as the individual purchase of new power at the Lodi Energy Center.

Financial Impact

There are no direct costs associated with this effort.

Compliance with the City Council Strategic Plan or Budget Goals

This recommendation is consistent with our ongoing efforts to provide cost effective electrical services that are fully transparent and compliant with all legal standards.

Attachment:

Resolution No. 2024-R-023 Appointing Representatives to the NCPA

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRIDLEY AUTHORIZING AND DESIGNATING CITY REPRESENTATIVES TO VOTE THE CITY'S INTERESTS IN GOVERNANCE AGREEMENTS ASSOCIATED WITH CITY'S PARTICIPATION IN PROGRAMS, PROJECTS AND SERVICES AS A MEMBER OF THE NORTHERN CALIFORNIA POWER AGENCY

WHEREAS, (1) the City joined the Northern California Power Agency, hereinafter referred to as NCPA, in order to facilitate the City's acquisition of electrical power that is required to meet the electrical needs of residents and businesses within the City of Gridley; and

WHEREAS, (2) the City became a member of the NCPA by executing the NCPA Joint Powers Agreement on July 19, 1968, and has subsequently executed the Amended and Restated Northern California Power Agency Joint Powers Agreement, hereinafter referred to as the JPA, with an effective date of January 1, 2008, as supplemented from time-to-time; and

WHEREAS, (3) the JPA provides that each party to the JPA shall be a "Member" of NCPA and appoint its designated representative to the Commission; and

WHEREAS, (4) NCPA Bylaws, as authorized pursuant to JPA Article II, specify that:

- a) NCPA is governed by a Commission, composed of one (1) voting representative of each of the Members. Each Member of the Agency may also appoint one or more alternate Commissioners to act in the absence of that Member's Commissioner.
- b) The clerk or secretary of the board of each Member shall be responsible for advising the Secretary, in writing, of:
 - a. The identity of the Member's appointee to the Commission
 - b. The identity of any alternate Commissioner
 - c. The priority of such alternate Commissioner if more than one such alternate is appointed; and

WHEREAS, (5) the City has entered into a number of programs, project and service agreements through its Membership at NCPA to further facilitate the acquisition and delivery of electric power to support the provision municipal services to its residents and businesses, including:

- a) Lodi Energy Center Power Sales Agreement
- b) Lodi Energy Center Project Management and Operations Agreement
- c) Power Management and Administrative Services Agreement
- d) Amended and Restated Schedule Coordination Program Agreement
- e) Amended and Restated Facilities Agreement
- f) Second Amended and Restated Pooling Agreement
- g) Single Member Service Agreement
- h) Natural Gas Program Agreement
- i) Amended and Restated Market Purchase Program Agreement
- j) Legislative and Regulatory Affairs Program Agreement; and

WHEREAS, (6), each of the program and project agreements described above require the City to designate a representative that is authorized to direct NCPA to take actions on the City's behalf and obligate the City to pay for any actions taken by NCPA on the City's behalf; and

WHEREAS, (7) the Lodi Power Sales Agreement and Lodi Energy Center Project Management and Operations Agreement provide for the establishment of a Participants Committee, hereinafter referred to as the PPC, consisting of one member from each of the project participants, who are entitled to cast one vote on matters to which a majority of Participants is used to determine approval of matters relating to the Lodi Energy Center; and

WHEREAS, (8) Participants on the PPC are required to promptly give notice in writing to the other Participants and NCPA of any changes in the designation of its representative(s), including any change in its voting representative, on any committee or subcommittee; and

WHEREAS, (9) Signatories to the Power Management and Administrative Services agreement and Amended and Restated Schedule Coordination Agreement, hereinafter referred to as the PMASA and SCPA respectively, are entitled to cast one vote on matters pertaining to these Agreements, where such votes will be taken at meetings of the NCPA Commission through duly appointed Commissioners or Alternate Commissioners of each Member; and

WHEREAS, (10) the City has executed the Amended and Restated Facilities Agreement, herein after referred to as the FA, where the FA provides for the creation of a technical working group, known as the Facilities Committee that provides advisory recommendations to the NCPA Commission on matters associated with NCPA project operations, maintenance and budgets, including matters associated with the PMASA and SCPA; and

WHEREAS, (11) Each signatory to the FA is entitled to identify a Primary Representative and Alternate Representatives by written notice from a Participant's Commissioner, or their designee who will vote on matters pertaining to the FA at meetings held in accordance with the Ralph M. Brown Act; and

WHEREAS, (12) the City has executed the Second Amended and Restated Pooling Agreement, herein after referred to as the PA, where the PA provides the means and methods for joint resource planning, load forecasting, power pool purchases and centralized scheduling, dispatch and settlement activities; and

WHEREAS, (13) No formal designation is needed to participate on the Pooling Committee, but may be helpful to ensure notice is provided to the proper City representatives; and

WHEREAS, (14) the City has executed the Single Member Service Agreement, hereinafter referred to as the SMSA, which enables NCPA to enter into Power, Gas, and Financial transactions on behalf of the City, along with advisory, agency and pooled subscription services; and

WHEREAS, (15) the SMSA specifies that the Member by resolution or Member's manager with written delegated authority will delegate to NCPA all of the Member's governing

body's authority to enter into a Transaction with the delegation to NCPA confirming an Agency Service or Power Procurement Service for such Transaction; and

WHEREAS, (16) the City has executed the Amended and Restated Market Purchase Program Agreement, and the Natural Gas Program Agreement, hereinafter referred to as the MPP, and NGP respectively, which enables NCPA, on behalf of the Participants to engage in Contract Transactions to purchase and sell Energy, Resource Adequacy Capacity, Renewable Energy Credits, Greenhouse Gas Compliance Instruments, and Physical Option Products for the benefit of the Participant's customers; and

WHEREAS, (17) all transactions executed under the MPP and/or the NGP by NCPA on a Participant's behalf require a pre-authorization form executed by a duly authorized Participant Designated Representative, where the MPP and NGP provide that the Designated Representative of each Participant is the Participants Utility Director, and that an employee other than the Utility Director may be designated by resolution of the Participant's governing body; and

WHEREAS, (18) participate in activities of and entitled to cast one vote on matters related to a project, activity, budget, or initiative under the Legislative and Regulatory Affairs Program Agreement; and

WHEREAS, (19) the City desires to update its authorized and designated representatives to reflect updates to the City's staffing and organizational structure; and

WHEREAS, (20) the City wishes to appoint a representative(s) to act as the City's Commissioner on the NCPA Commission; to identify City representatives to participate on various NCPA committee's established to support the delivery of project and program services to members, and to authorize transactions that NCPA may enter into on the City's behalf that are necessary to deliver electric power to support the provision of municipal services to its residents and businesses; and

WHEREAS, (21) this resolution supersedes and replaces Resolution No. 2023-R-003 approved by Gridley City Council on January 23, 2023.

NOW, THEREFORE BE IT RESOLVED that the Gridley City Council hereby takes the following actions:

RESOLVED, (a) the City Council of the City of Gridley (CITY) confirms the following individuals as Commissioner and Alternate Commissioner on the NCPA Commission effective July 15, 2024:

Commissioner – Catalina Sanchez

Alternate Commissioners – Mike Farr and Elisa Arteaga

RESOLVED, (b) the CITY confirms the following individuals as the voting representatives on the LEC Project Participant Committee:

Voting Representative – Ross Pippitt

Alternate Voting Representative – Elisa Arteaga

RESOLVED, (c) the CITY confirms the following individuals as the voting representative on the Legislative and Regulatory Affairs Committee:

Voting Representative – Catalina Sanchez

Alternate Voting Representatives – Mike Farr and Elisa Arteaga

RESOLVED, (d) the CITY confirms the following individuals as the voting representative on the NCPA Facilities Committee:

Voting Representative – Ross Pippitt

Alternate Voting Representative – Elisa Arteaga

RESOLVED, (e) the CITY confirms the following individuals to receive notice regarding City’s participation on the Pooling Committee:

Representative – Elisa Arteaga

RESOLVED, (f) the CITY delegates CITY Authority to enter into Transactions through delegations to NCPA confirming an Agency Service or Power Procurement service, pursuant to section 11.2 of the SMSA to:

Authorized Representative(s) – City Administrator

RESOLVED, (g) the City delegates Board Authority to execute Participant Authorizations directing NCPA to engage in Contract Transactions to purchase and sell Energy, Natural Gas, Resource Adequacy Capacity, Renewable Energy Credits, Greenhouse Gas Compliance Instruments, and Physical Option Products for the benefit of the Participant’s customers, in accordance with the provisions of the MPP and NGP and appoints the following individual(s) as its Designated Representative(s) pursuant to section 1.1.2.6 of the MPP and 1.1.15 of the NGP:

Designated Representative(s) – City Administrator

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Gridley at a regular meeting held on July 15, 2024, by the following vote:

AYES: COUNCILMEMBERS

NOES: COUNCILMEMBERS

ABSENT: COUNCILMEMBERS

ABSTAIN: COUNCILMEMBERS

ATTEST

APPROVE

Elisa Arteaga, City Administrator

Michael W. Farr, Mayor

City Council Agenda Item #7
Staff Report

X	Regular
	Special
	Closed
	Emergency

Date: July 15, 2024
To: Mayor and City Council
From: Elisa Arteaga, City Administrator
Subject: LAFCO Letter of Agreement

RECOMMENDATION:

Council discussion regarding consideration of the Letter Agreement between the City of Gridley, the City of Biggs, Butte Local Agency Formation Commission, Reclamation District 2056, Reclamation District 833, Butte Water District, Biggs-West Gridley Water District and Drainage District. Review red/blueline, provide direction to staff as to consideration of participation. Should the Council wish to move forward, direct staff which version of agreement (red/blue) for approval.

BACKGROUND:

City staff has been discussing with LAFCO the consideration of a Letter Agreement between the City of Gridley, the City of Biggs, Butte Local Agency Formation Commission, Reclamation District 2056, Reclamation District 833, Butte Water District, Biggs-West Gridley Water District and Drainage District since there were concerns as to the lack of noticing relating to future developments. The initial document has been approved by LAFCO and Biggs.

The initial agreement was forwarded to the city. Upon the document being submitted to city staff it was reviewed then forwarded to City Attorney to further review. Recommended changes were made to continue to allow for clear language over local control over city development projects to be held by the city because the initial nature of the creation of the documentation was to facilitate communication and collaboration between all parties with respect to specifically development projects.

After the document was forwarded to the City Attorney for review and the redline version was forwarded to LAFCO staff for consideration. The city received a blue-line version with modification to sections 3.1 and 3.2 by where the process is subject to final approval by the affected district. Staff is recommending before approval Council consider that the purpose of the agreement should not create veto power by districts but rather support current procedures in place for proper noticing and a spirit of collaboration between all parties. A copy of the draft versions with both red/blue lines are attached to the staff report.

FISCAL IMPACT:

No fiscal impact at this time only consideration of moving forward with agreement. However, it does not eliminate possible impacts to development if final approval authority is changed to be subject by districts.

Compliance with City Council Strategic Plan or Budget Goals

This plan is consistent with the Council's goals of compliance with State Law and providing a safe working environment for all City employees.

Attachments (1):

Draft Letter Agreement between the City of Gridley, the City of Biggs, Butte Local Agency Formation Commission, Reclamation District 2056, Reclamation District 833, Butte Water District, Biggs-West Gridley Water District and Drainage District.

**LETTER AGREEMENT BETWEEN THE CITY OF GRIDLEY, THE CITY OF BIGGS,
THE BUTTE LOCAL AGENCY FORMATION COMMISSION, RECLAMATION
DISTRICT 2056, RECLAMATION DISTRICT 833, THE BUTTE WATER DISTRICT,
THE BIGGS-WEST GRIDLEY WATER DISTRICT AND DRAINAGE DISTRICT 1**

This agreement (“Agreement”) is made and entered into on this ____ day of _____, 2024, among the City of Gridley and the City of Biggs (collectively, “the Cities”), the Butte Local Agency Formation Commission (“Butte LAFCo”), Reclamation District 2056 (“RD 2056”), Reclamation District 833 (“RD 833”) the Butte Water District, the Biggs-West Gridley Water District, and Drainage District 1 (“DD 1”) (collectively, “the Districts”). Together, considered the “Parties”.

RECITALS

1.0 Purpose

The Parties desire to enter into this Agreement relating to the development review process for the Cities to facilitate communication and collaboration between the Parties related to the review and approval of development projects and the protection of the health, safety and welfare of its citizens. For the purpose of this Agreement, “development project” means any project undertaken for the purpose of converting and developing agricultural property which affect agriculture-related services to urban residential or commercial purposes either by right, ministerial or discretionary, including a project involving the issuance of a permit for construction or reconstruction. This agreement:

- Describes the process by which the Cities will include the Districts in the development review process for development projects as defined above and ensure that development reasonably avoids or mitigates to the greatest extent as economically and physically practicable ~~any~~ impacts to the District’s facilities and services; and
- Describes the encasement, and/or fencing, or other polices of the Districts and clearly identifies when/where such the policies would be implemented and enforced.

2.0 Background

The Cities of Gridley and Biggs are surrounded by high-quality orchards, rice fields, and grazing lands. These agricultural lands receive and drain irrigation water via a complex network of open and covered ditches, canals, and conduits owned and operated by the Districts. The General Plans of both the City of Gridley and the City of Biggs recognize that agriculture is an extremely important and valuable industry for the region and is a fundamental part of the history and culture of the people who reside in the cities of Gridley and Biggs. These General Plans emphasizes the desire to reduce the impacts of growth on the viability of agriculture by accommodating compact urban-level growth and requiring development to mitigate or avoid incompatibilities with ag-related services. These goals, policies, and determinations are examples of how the Cities are committed to responsible urbanization. If the Cities anticipate further population growth and urban-level development, collaboration and cooperation to avoid impacts to special districts supporting ag-related services is critical.

The protection of agricultural lands is a fundamental charge given to LAFCo by the State Legislature. It is recognized that if the Cities are to grow, the conversion of land supporting agricultural resources is necessary and impacts to agricultural-related infrastructure is unavoidable. Also critical to the needs of the State of California, its counties, towns, cities and communities is the need to assure and provide adequate

housing which meets the needs of a growing and diverse population from all socioeconomic classes and groups. Over the years, careful consideration has been given to ensure the continuance of agricultural-related services and that the development of urban uses occurs timely, and with regard to the needs of the agriculture industry.

3.0 Agreements and Obligations

The Cities are obligated under certain laws, ordinances, and regulations to provide the Districts with the opportunity to engage, collaborate and participate in the review process for development projects which require discretionary review and approval. It is the desire of the Parties to establish a process for the review of development projects which are ministerial or by-right in nature and to establish a process for the Cities and Districts to engage in meaningful bilateral consultation and review of development projects proposed to occur adjacent to or in the vicinity of facilities and infrastructure owned or operated by the Districts, and to help ensure that such projects are properly conditioned to avoid or mitigate any proposed impacts to the Districts' facilities and services.

The following agreements and obligations will be the basis for continued collaboration and consultation between the Cities and the Districts for review of development projects.

3.1 Development Review Process.

The Cities agrees to engage and consult the Districts for review and comment on development project proposals which take place adjacent to or in the immediate vicinity of Districts' facilities and infrastructure or which would have a reasonably known significant impact on District facilities and infrastructure. Such engagement includes, but is not limited to, early notification of a project proposal, cooperative sharing of information, meaningful discussion of District concerns, and providing an opportunity to discuss, include, recommend for inclusion appropriate conditions in development approvals to ~~avoid~~ avoid or properly reasonably mitigate impacts of development on the Districts.

The Districts recognizes that timely review of a development proposal is crucial and necessary to the successful growth and development of the Cities. The Districts agree to respond to requests for review, comment, and consultation on development projects within a period of 30 days.

3.2 Encasement and Non-Interference Policies Enforced (enclosed appendices).

To address potential conflicts with property development and to protect human health and safety, the Districts have adopted administrative policies regarding canal setback and encasement and non-interference with facilities (see enclosures). The Cities recognize that the Districts' policies generally identify the need for encasement of open canals or ditches within 100 feet of a site proposed for development and for other facilities protections. Alternatives to the required conditions of these policies may be proposed by the developer and considered and determined to be appropriate through a process of bilateral collaboration and subject to final approval by the affected District. ~~or not by the Districts in their sole discretion.~~

3.3 Access to District Facilities and Infrastructure

In order to provide for the ongoing maintenance of District facilities and infrastructure, it is crucial that access to facilities be maintained or granted to the Districts during the development process. The Districts generally own the parcels on which their facilities and infrastructure are constructed,

or retain access to facilities through recorded easements. The Cities agree that no development plans should permit the use of, or create barriers to, District facilities and infrastructure. Any development proposing to utilize District lands for the purpose of access or development shall be subject to advance written approval from the affected District, ~~or its rejection of the proposed use, in the District's sole discretion.~~

3.4 Cooperation and Communication.

The Parties agree to fully encourage and take part in cooperation and communication among the Parties. It is desired that the Parties meet on a quarterly basis to discuss potential projects and refinements to the review process.

3.5 Compliance with other Rules and Regulations.

The Parties shall comply with all other rules, laws, ordinances, and regulations including, but not limited to, the City of Gridley General Plan, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the California Environmental Quality Act (CEQA), and the Permit Streamlining Act, etc.

4.0 Effective Date and Duration. The term of this Agreement shall commence on the date executed below and shall continue ~~in perpetuity~~ until and unless it is earlier terminated in writing by all Parties.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their respective officers hereunto duly authorized on this ____ date of _____, 2024.

CITY OF GRIDLEY

CITY OF BIGGS

BUTTE LOCAL AGENCY FORMATION COMMISSION

Shannon Costa

BUTTE WATER DISTRICT

BIGGS-WEST GRIDLEY WATER DISTRICT

RECLAMATION DISTRICT 833

RECLAMATION DISTRICT 2056

DRIINAGE DISTRICT 1

City Council Item #8
Staff Report

Date: July 15, 2024
To: Mayor and City Council
From: Elisa Arteaga, City Administrator

X	Regular
	Special
	Closed
	Emergency

Subject: Resolution 2024-R-024: A Resolution of the City Council of the City of Gridley Approving Agreement No. 2CA06877 with the California Department of Forestry and Fire Protection and Authorizing the Mayor to Sign the Agreement for Services from July 1, 2024, to June 30, 2025

Recommendation

Staff respectfully requests the City Council review and approve the California Department of Forestry and Fire Protection Agreement No. 2CA06877, for the amount not to exceed \$1,108,072 and approval of Resolution 2024-R-024.

Background

The City has historically contracted with California Department of Forestry and Fire for fire protection services. The reimbursement agreement is submitted to Council for review and approval annually. Last fiscal year, the Council approved the 23-24 Operating and Capital Budget which included the estimated costs for fire services at \$1,147,018. The FY 23-24 fire service contract presented for approval has decreased by \$38,946.

Fiscal Impact

The budget for FY 2024-2025 Operating Budget has included the estimated costs for Fire Protection Services.

Compliance with City Council Strategic Plan or Budget Goals

The City Council and City staff are committed to provide the best possible financial practices and the highest possible transparency regarding all financial transactions. This presentation is consistent with our ongoing effort to be responsive and transparent regarding all financial matters, as well as be congruent with best financial practices.

Attachments

Resolution No. 2024-R-024
Cooperation Fire Programs Fire Protection Reimbursement Agreement #2CA06877

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRIDLEY APPROVING AGREEMENT NO. 2CA06877 WITH THE CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION AND AUTHORIZING THE MAYOR TO SIGN THE AGREEMENT FOR SERVICES FROM JULY 1, 2024 TO JUNE 30, 2025

BE IT RESOLVED by the City Council of the City of Gridley that said Council does hereby approve the agreement with the California Department of Forestry and Fire Protection dated July 1, 2024. The agreement provides fire protection services during the State fiscal year (2024/2025).

BE IT FURTHER RESOLVED that Michael W. Farr, Mayor of said City of Gridley be and hereby authorized to sign and execute said agreement on behalf of the City of Gridley.

I HEREBY CERTIFY that the foregoing resolution was dully passed and adopted by the City Council of the City of Gridley at a regular meeting thereof, held on July 15th, 2024, by the following vote:

AYES: COUNCIL MEMBERS

NOES: COUNCIL MEMBERS

ABSENT: COUNCIL MEMBERS

ABSTAIN: COUNCIL MEMBERS

ATTEST:

APPROVE:

Elisa Arteaga, City Administrator

Michael W. Farr, Mayor

**COOPERATIVE FIRE PROGRAMS
FIRE PROTECTION REIMBURSEMENT AGREEMENT
LG-1 REV. 1/2024**

AGREEMENT NUMBER	2CA06877
REGISTRATION NUMBER:	

1. This Agreement is entered into between the State Agency and the Local Agency named below:

STATE AGENCY'S NAME

California Department of Forestry and Fire Protection – (CAL FIRE)

LOCAL AGENCY'S NAME

City of Gridley

2. The term of this Agreement is: July 1, 2024 through June 30, 2025

3. The maximum amount of this Agreement is: \$ 1,108,072.00
One million, one-hundred eight thousand seventy-two dollars and zero cents.

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work – Includes page 2 (contact page) in count for Exhibit A	4	pages
Exhibit B – Budget Detail and Payment Provisions	2	pages
Exhibit C – General Terms and Conditions	7	pages
Exhibit D – Additional Provisions	12	pages
Exhibit E – Description of Other Services	1	pages

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

LOCAL AGENCY

LOCAL AGENCY'S NAME
City of Gridley

BY (Authorized Signature)



DATE SIGNED(Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING
Mike Farr, Mayor

ADDRESS
685 Kentucky Street, Gridley CA 95948

STATE OF CALIFORNIA

AGENCY NAME
California Department of Forestry and Fire Protection

BY (Authorized Signature)



DATE SIGNED(Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING
Nathan Barclay, Assistant Deputy Director, Cooperative Fire

ADDRESS P.O. Box 944246, Sacramento, CA 94244-2460

*California Department of General
Services Use Only*

EXHIBIT A
COOPERATIVE FIRE PROGRAMS
FIRE PROTECTION REIMBURSEMENT AGREEMENT

The project representatives during the term of this agreement will be:

CAL FIRE Unit Chief:	Garrett Sjolund	Local Agency:	City of Gridley
Name:	Butte Unit	Name:	Mike Farr
Phone:	(530) 538-7111	Phone:	(530) 846-5695
Fax:	(530) 538-7401	Fax:	(530) 846-3229

All required correspondence shall be sent through U.S. Postal Service by certified mail and directed to:

CAL FIRE Unit Chief:	Garrett Sjolund	Local Agency:	City of Gridley
Section/Unit:	Support Services	Section/Unit:	Section
Attention:	Cyndi Wilson	Attention:	
Address:	176 Nelson Ave	Address:	685 Kentucky St
Phone:	(530) 538-7111	Phone:	(530) 846-5695
Fax:	(530) 538-7401	Fax:	(530) 846-3229

Send an additional copy of all correspondence to:

CAL FIRE
Cooperative Fire Services
P.O. Box 944246
Sacramento, CA 94244-2460

AUTHORIZATION

As used herein, Director shall mean Director of CAL FIRE. This agreement, its terms and conditions are authorized under the Public Resources Code Sections 4141, 4142, 4143 and 4144, as applicable.

EXHIBIT A **SCOPE OF WORK**

Under Public Resources Code Section 4114 and other provisions of law, STATE maintains fire prevention and fire suppression forces including the necessary equipment, personnel, and facilities required to prevent and extinguish forest fires.

The purpose of this agreement is to provide mutually advantageous fire and emergency services through an effective consolidated organization, wherein the STATE is primarily financially responsible for protecting natural resources from vegetation fires and the LOCAL AGENCY is primarily financially responsible for protecting life and property from fires and other emergencies. The LOCAL AGENCY shall have sole authority to establish the fire protection organization and structure needed to meet the determined level of service. This level of service may be based on the LOCAL AGENCY governing board's established fiscal parameters and assessment of risks and hazards. LOCAL AGENCY personnel providing services under this agreement may include any one or a combination of the following: regular employees, persons temporarily employed and commonly known as volunteers, paid-call firefighters, or others temporarily employed to perform any emergency work or emergency service including, but not limited to fire prevention, fire suppression and emergency medical response.

To comply with the STATE's mandate for full cost recovery of goods and services provided for others, the LOCAL AGENCY shall be responsible for all STATE costs, both direct and indirect, required to execute the terms of this agreement. These costs shall include, but not be limited to: required training and associated post coverage, employee uniform and Personal Protective Equipment (PPE) costs.

1. FIRE PROTECTION SERVICES TO BE PROVIDED BY THE STATE

STATE provides a modern, full service fire protection and emergency incident management agency that provides comprehensive fire protection and other emergency incident response. STATE designs regional fire protection solutions for urban and rural communities by efficiently utilizing all emergency protection resources. Regional solutions provide the most effective method of protecting the citizens of California at local, county and state levels.

Fire protection services to be provided by STATE under this agreement shall include the following: (check boxes below that apply)

1) Emergency Fire Protection, Medical and Rescue Response: services include commercial, residential, and wildland fire protection, prevention and investigation; hazardous materials incident response; emergency vehicle extrication; hazardous conditions response (flooding, downed power lines, earthquake, terrorist incident, etc.); emergency medical and rescue response; and public service assistance. Also included are management support services that include fire department administration, training and safety, personnel, finance and logistical support.

2) Basic Life Support Services: emergency medical technician (EMT) level emergency medical response providing first aid, basic life support (BLS), airway management, administration of oxygen, bleeding control, and life support system stabilization until patients are transported to the nearest emergency care facility.

3) Advanced Life Support Services: paramedic level emergency medical response providing early advanced airway management, intravenous drug therapy, and life support system stabilization until patients are transported to the nearest emergency care facility.

4) Dispatch Services: provide fire department 9-1-1 emergency dispatch by CAL FIRE Fire/Emergency Command Center (ECC). CAL FIRE will be responsible for fire/emergency

dispatching emergency resource units covered under this agreement. The CAL FIRE ECC is staffed with a Battalion Chief, three or more Fire Captains and Communications Operators to provide 24/7 year-round coverage. There is always an officer of Captain rank or higher to serve as the shift supervisor and command officer. CAL FIRE uses an integrated Computer Aided Dispatch (CAD) system using the latest technology, to direct the closest available resources to all emergency incidents.

5) Fire Code Inspection, Prevention and Enforcement Services: CAL FIRE has staff Fire Inspectors serving under the direction of the LOCAL AGENCY Fire Marshal to provide services to the area covered by this agreement. Fire Code Enforcement will normally be available five days per week, with emergency or scheduled enforcement inspections available seven days per week. Fire Prevention and Investigation services will be provided by CAL FIRE Prevention Officers trained in arson, commercial, and wildland fire investigation. Officers are available by appointment for site visits and consultations. Officers are trained at CAL FIRE's Peace Officer Standard Training (POST) certified law enforcement training academy and they cooperate effectively with all local, state and federal law enforcement agencies.

6) Land Use/ Pre-Fire Planning Services – CAL FIRE staff will provide community land use planning, administration of Pre-Fire project work, including community outreach, development of community education programs, project quality control, maintenance of project records and submittal of progress reports, completion of required environmental documentation, acquisition of required permits and completion of other associated administrative duties.

7) Disaster planning services (listed in Exhibit E, Description of Other Services, attached hereto and made a part of this agreement)

8) Specific service descriptions and staffing coverage, by station (listed in Exhibit E, Description of Other Services, attached hereto and made a part of this agreement)

9) Extended Fire Protection Service Availability (Amador)

2. ADMINISTRATION

Under the requirements of California Public Resources Code Section 4114 and other provisions of law, STATE maintains fire prevention and firefighting services as outlined in Exhibit D, Schedule B of this agreement.

- A. Director shall select and employ a Region Chief who shall, under the direction of the Director/Chief Deputy Director, manage all aspects of fire prevention and fire protection services and forestry-related programs.
- B. Director will select and employ a Unit Chief who shall, under the supervision and direction of Director/Region Chief or a lawful representative, have charge of the organization described in Exhibit D, Schedules A, B and C included hereto and made a part of this agreement.
- C. LOCAL AGENCY shall appoint the Unit Chief as the LOCAL AGENCY Fire Chief for all Emergency Fire Protection, Medical and Rescue Response Agreements, pursuant to applicable statutory authority. The Unit Chief may delegate this responsibility to qualified staff.
- D. The Unit Chief may dispatch personnel and equipment listed in Exhibit D, Schedules A, B and C from the assigned station or location under guidelines established by LOCAL AGENCY and approved by STATE. Personnel and/or equipment listed in Exhibit D, Schedule B may be dispatched at the sole discretion of STATE.

- E. The Unit Chief shall exercise professional judgment consistent with STATE policy and his or her employment by STATE in authorizing or making any assignments to emergencies and other responses, including assignments made in response to requests for mutual aid.
- F. Except as may be otherwise provided for in this agreement, STATE shall not incur any obligation on the part of LOCAL AGENCY to pay for any labor, materials, supplies or services beyond the total set forth in the respective Exhibit D, Schedules A and C, as to the services to be rendered pursuant to each Schedule.
- G. Nothing herein shall alter or amend or be construed to alter or amend any Collective Bargaining Agreement or Memorandum of Understanding between the State of California and its employees under the State Employer-Employee Relations Act.

3. SUPPRESSION COST RECOVERY

As provided in Health and Safety Code (H&SC) Section 13009, STATE may bring an action for collection of suppression costs of any fire caused by negligence, violation of law, or failure to correct noticed fire safety violations. When using LOCAL AGENCY equipment and personnel under the terms of this agreement, STATE may, at the request of LOCAL AGENCY, bring such an action for collection of costs incurred by LOCAL AGENCY. In such a case LOCAL AGENCY appoints and designates STATE as its agent in said collection proceedings. In the event of recovery, STATE shall deduct fees and litigation costs in a proportional percentage amount based on verifiable and justifiable suppression costs for the fire at issue. These recovery costs are for services provided which are beyond the scope of those covered by the local government administrative fee.

In all such instances, STATE shall give timely notice of the possible application of H&SC Section 13009 to the representative designated by LOCAL AGENCY.

4. MUTUAL AID

When rendering mutual aid or assistance as authorized in H&SC Sections 13050 and 13054, STATE may, at the request of LOCAL AGENCY, demand payment of charges and seek reimbursement of LOCAL AGENCY costs for personnel, equipment and operating expenses as funded herein, under authority given by H&SC Sections 13051 and 13054. STATE, in seeking said reimbursement pursuant to such request of LOCAL AGENCY, shall represent LOCAL AGENCY by following the procedures set forth in H&SC Section 13052. Any recovery of LOCAL AGENCY costs, less expenses, shall be paid or credited to LOCAL AGENCY, as directed by LOCAL AGENCY.

In all such instances, STATE shall give timely notice of the possible application of H&SC Sections 13051 and 13054 to the officer designated by LOCAL AGENCY.

5. PROPERTY PURCHASE AND ACCOUNTING

LOCAL AGENCY shall be responsible for all costs associated with property required by personnel to carry out this agreement. Employee uniform costs will be assessed to the LOCAL AGENCY through the agreement billing process. Personal Protective Equipment (PPE) costs shall be the responsibility of the LOCAL AGENCY. By mutual agreement, PPE meeting the minimum specifications established by the STATE may be purchased directly by the LOCAL AGENCY. Alternately, the STATE will supply all PPE and the LOCAL AGENCY will be billed for costs incurred.

All property provided by LOCAL AGENCY and by STATE for the purpose of providing fire protection services shall be marked and accounted for by the Unit Chief in such a manner as to conform to the regulations, if any, established by the parties for the segregation, care, and use of the respective properties.

EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS

1. PAYMENT FOR SERVICES

- A. LOCAL AGENCY shall pay STATE actual cost for fire protection services pursuant to this agreement an amount not to exceed that set forth in Exhibit D, Schedule A for each fiscal year. STATE shall prepare an Exhibit D, Schedule A each year, which shall be the basis for payment for the entire fiscal year for which services are provided.
- B. Any other funds designated by LOCAL AGENCY to be expended under the supervision of or for use by a Unit Chief for fire protection services shall be set forth in Exhibit D, Schedule C. This clause shall not limit the right of LOCAL AGENCY to make additional expenditures, whether under Exhibit D, Schedule C or otherwise.
- C. STATE shall invoice LOCAL AGENCY for the cost of fire protection services on a quarterly basis as follows:
- 1) For actual services rendered by STATE during the period of July 1 through September 30, by an invoice filed with LOCAL AGENCY on or after December 10.
 - 2) For actual services rendered by STATE during the period October 1 through December 31, by an invoice filed with LOCAL AGENCY on or after December 31.
 - 3) For actual services rendered by STATE during the period January 1 through March 31, by an invoice filed with LOCAL AGENCY on or after March 31.
 - 4) For the estimated cost of services during the period April 1 through June 30, by an invoice filed in advance with LOCAL AGENCY on or after March 1.
 - 5) A final statement shall be filed with LOCAL AGENCY by October 1 following the close of the fiscal year, reconciling the payments made by LOCAL AGENCY with the cost of the actual services rendered by STATE and including any other costs as provided herein, giving credit for all payments made by LOCAL AGENCY and claiming the balance due to STATE, if any, or refunding to LOCAL AGENCY the amount of any overpayment.
 - 6) All payments by LOCAL AGENCY shall be made within thirty (30) days of receipt of invoice from STATE, or within thirty (30) days after the filing dates specified above, whichever is later.
 - 7) The STATE reserves the right to adjust the frequency of billing and payment to a monthly cycle with a thirty (30) day written notice to the LOCAL AGENCY when:
 - a. The Director predicts a cash flow shortage, or
 - b. When determined by the Region Chief, after consulting with the Unit Chief and the LOCAL AGENCY Contract Administrator, that the LOCAL AGENCY may not have the financial ability to support the contract at the contract level.
- D. Invoices shall include actual or estimated costs as provided herein of salaries and employee benefits for those personnel employed, charges for operating expenses and equipment and the administrative charge in accordance with Exhibit D, Schedule A. When "contractual rates" are indicated, the rate shall be based on an average salary plus all benefits. "Contractual rates" means an all-inclusive rate established in Exhibit D, Schedule A for total costs to STATE, per specified position, for 24-hour fire protection services during the period covered.

- E. STATE shall credit the LOCAL AGENCY, or cover behind at no cost, for the costs of Non-post (e.g. Fire Marshal, Training Officer, etc.) positions and equipment assigned to STATE responsibility fires or other STATE funded emergency incidents. The STATE shall notify the LOCAL AGENCY when this occurs.

2. COST OF OPERATING AND MAINTAINING EQUIPMENT AND PROPERTY

The cost of maintaining, operating, and replacing any and all property and equipment, real or personal, furnished by the parties hereto for fire protection purposes, shall be borne by the party owning or furnishing such property or equipment unless otherwise provided for herein or by separate written agreement.

3. BUDGET CONTINGENCY CLAUSE

- A. If the LOCAL AGENCY's governing authority does not appropriate sufficient funds for the current year or any subsequent years covered under this Agreement, which results in an inability to pay the STATE for the services specified in this Agreement, the LOCAL AGENCY shall promptly notify the STATE and this Agreement will terminate pursuant to the notice periods required herein.
- B. If funding for any fiscal year is reduced or deleted by the LOCAL AGENCY for purposes of this program, the LOCAL AGENCY shall promptly notify the STATE, and the STATE shall have the option to either cancel this Agreement with no liability occurring to the STATE, or offer an agreement amendment to LOCAL AGENCY to reflect the reduced amount, pursuant to the notice terms herein.
- C. If the STATE Budget Act does not appropriate sufficient funds to provide the services for the current year or any subsequent years covered under this Agreement, which results in an inability to provide the services specified in this Agreement to the LOCAL AGENCY, the STATE shall promptly notify the LOCAL AGENCY, and this Agreement will terminate pursuant to the notice periods required herein.
- D. If funding for any fiscal year is reduced or deleted by the STATE Budget Act for purposes of this program, the STATE shall promptly notify the LOCAL AGENCY, and the LOCAL AGENCY shall have the option to either cancel this Agreement with no liability occurring to the LOCAL AGENCY, or offer an agreement amendment to LOCAL AGENCY to reflect the reduced services, pursuant to the notice terms herein.
- E. Notwithstanding the foregoing provisions in paragraphs A and B above, the LOCAL AGENCY shall remain responsible for payment for all services actually rendered by the STATE under this Agreement regardless of LOCAL AGENCY funding being reduced, deleted or not otherwise appropriated for this program. The LOCAL AGENCY shall promptly notify the STATE in writing of any budgetary changes that would impact this Agreement.
- F. LOCAL AGENCY and STATE agree that this Budget Contingency Clause shall not relieve or excuse either party from its obligation(s) to provide timely notice as may be required elsewhere in this Agreement.

EXHIBIT C
GENERAL TERMS AND CONDITIONS

1. **APPROVAL:** This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. STATE will not commence performance until such approval has been obtained.
2. **AMENDMENT:** This agreement may be amended by mutual consent of LOCAL AGENCY and STATE. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

If during the term of this agreement LOCAL AGENCY shall desire a reduction in STATE civil service employees assigned to the organization provided for in Exhibit D, Schedule A, LOCAL AGENCY shall provide 120 days written notice of the requested reduction. Notification shall include the following: (1) The total amount of reduction; (2) The firm effective date of the reduction; and (3) The number of employees, by classification, affected by a reduction. If such notice is not provided, LOCAL AGENCY shall reimburse STATE for relocation costs incurred by STATE as a result of the reduction. Personnel reductions resulting solely from an increase in STATE employee salaries or STATE expenses occurring after signing this agreement and set forth in Exhibit D, Schedule A to this agreement shall not be subject to relocation expense reimbursement by LOCAL AGENCY.

If during the term of this agreement costs to LOCAL AGENCY set forth in any Exhibit D, Schedule A to this agreement increase and LOCAL AGENCY, in its sole discretion, determines it cannot meet such increase without reducing services provided by STATE, LOCAL AGENCY shall within one hundred twenty (120) days of receipt of such Schedule notify STATE and designate which adjustments shall be made to bring costs to the necessary level. If such designation is not received by STATE within the period specified, STATE shall reduce services in its sole discretion to permit continued operation within available funds.

3. **ASSIGNMENT:** This Agreement is not assignable by the LOCAL AGENCY either in whole or in part, without the consent of the STATE in the form of a formal written amendment.
4. **EXTENSION OF AGREEMENT:**
 - A. One year prior to the date of expiration of this agreement, LOCAL AGENCY shall give STATE written notice of whether LOCAL AGENCY will extend or enter into a new agreement with STATE for fire protection services and, if so, whether LOCAL AGENCY intends to change the level of fire protection services from that provided by this agreement. If this agreement is executed with less than one year remaining on the term of the agreement, LOCAL AGENCY shall provide this written notice at the time it signs the agreement and the one year notice requirement shall not apply.
 - B. If LOCAL AGENCY fails to provide the notice, as defined above in (A), STATE shall have the option to extend this agreement for a period of up to one year from the original termination date and to continue providing services at the same or reduced level as STATE determines would be appropriate during the extended period of this agreement. Six months prior to the date of expiration of this agreement, or any extension hereof, STATE shall give written notice to LOCAL AGENCY of any extension of this agreement and any change in the level of fire protection services STATE will provide during the extended period of this agreement. Services provided and obligations incurred by STATE during an extended period shall be accepted by LOCAL AGENCY as services and obligations under the terms of this agreement.

- C. The cost of services provided by STATE during the extended period shall be based upon the amounts that would have been charged LOCAL AGENCY during the fiscal year in which the extended period falls had the agreement been extended pursuant hereto. Payment by LOCAL AGENCY for services rendered by STATE during the extended period shall be as provided in Exhibit B, Section 1, B of this agreement.
5. **AUDIT:** STATE, including the Department of General Services and the Bureau of State Audits, and LOCAL AGENCY agree that their designated representative shall have the right to review and to copy any records and supporting documentation of the other party hereto, pertaining to the performance of this agreement. STATE and LOCAL AGENCY agree to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated, and to allow the auditor(s) of the other party access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. STATE and LOCAL AGENCY agree to a similar right to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).
6. **INDEMNIFICATION:** Each party, to the extent permitted by law, agrees to indemnify, defend and save harmless the other party, its officers, agents and employees from (1) any and all claims for economic losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers and any other person, firm, or corporation furnishing or supplying work services, materials or supplies to that party and (2) from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by that party, in the performance of any activities of that party under this agreement, except where such injury or damage arose from the sole negligence or willful misconduct attributable to the other party or from acts not within the scope of duties to be performed pursuant to this agreement; and (3) each party shall be responsible for any and all claims that may arise from the behavior and/or performance of its respective employees during and in the course of their employment to this cooperative agreement.
7. **DISPUTES:** LOCAL AGENCY shall select and appoint a "Contract Administrator" who shall, under the supervision and direction of LOCAL AGENCY, be available for contract resolution or policy intervention with the STATE's Region Chief when, upon determination by the designated STATE representative, the Unit Chief acting as LOCAL AGENCY's Fire Chief under this agreement faces a situation in which a decision to serve the interest of LOCAL AGENCY has the potential to conflict with STATE interest or policy. Any dispute concerning a question of fact arising under the terms of this agreement which is not disposed of within a reasonable period of time by the LOCAL AGENCY and STATE employees normally responsible for the administration of this agreement shall be brought to the attention of the CAL FIRE Director or designee and the Chief Executive Officer (or designated representative) of the LOCAL AGENCY for joint resolution. For purposes of this provision, a "reasonable period of time" shall be ten (10) calendar days or less. STATE and LOCAL AGENCY agree to continue with the responsibilities under this Agreement during any dispute.
8. **TERMINATION FOR CAUSE/CANCELLATION:**
- A. If LOCAL AGENCY fails to remit payments in accordance with any part of this agreement, STATE may terminate this agreement and all related services upon 60 days written notice to LOCAL AGENCY. Termination of this agreement does not relieve LOCAL AGENCY from providing STATE full compensation in accordance with terms of this agreement for services actually rendered by STATE pursuant to this agreement.

B. This agreement may be cancelled at the option of either STATE or LOCAL AGENCY at any time during its term, with or without cause, on giving one year's written notice to the other party. Either LOCAL AGENCY or STATE electing to cancel this agreement shall give one year's written notice to the other party prior to cancellation.

9. **INDEPENDENT CONTRACTOR**: Unless otherwise provided in this agreement LOCAL AGENCY and the agents and employees of LOCAL AGENCY, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the STATE.

10. **NON-DISCRIMINATION CLAUSE**: During the performance of this agreement, LOCAL AGENCY shall be an equal opportunity employer and shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS) mental disability, medical condition (e.g.cancer), age (over 40), marital status, denial of family care leave, veteran status, sexual orientation, and sexual identity. LOCAL AGENCY shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. LOCAL AGENCY shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. LOCAL AGENCY shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

In addition, LOCAL AGENCY acknowledges that it has obligations relating to ethics, Equal Employment Opportunity (EEO), the Fire Fighter's Bill of Rights Act (FFBOR), and the Peace Officer's Bill of Rights Act (POBOR). LOCAL AGENCY shall ensure that its employees comply with all the legal obligations relating to these areas. LOCAL AGENCY shall ensure that its employees are provided appropriate training.

11. **TIMELINESS**: Time is of the essence in the performance of this agreement.

12. **COMPENSATION**: The consideration to be paid STATE, as provided herein, shall be in compensation for all of STATE's expenses incurred in the performance hereof, including travel, per Diem, and taxes, unless otherwise expressly so provided.

13. **GOVERNING LAW**: This agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

14. **CHILD SUPPORT COMPLIANCE ACT**: "For any Agreement in excess of \$100,000, the LOCAL AGENCY acknowledges in accordance with Public Contract Code 7110, that:

A. The LOCAL AGENCY recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

B. The LOCAL AGENCY, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department."

15. **UNENFORCEABLE PROVISION:** In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

16. **COMPLIANCE WITH THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)**

The STATE and LOCAL AGENCY have a responsibility to comply with the provisions of the 1996 Federal Health Insurance Portability and Accountability Act (HIPAA) and the 2001 State Health Insurance Portability and Accountability Implementation Act. HIPAA provisions become applicable once the association and relationships of the health care providers are determined by the LOCAL AGENCY. It is the LOCAL AGENCY'S responsibility to determine their status as a "covered entity" and the relationships of personnel as "health care providers", "health care clearinghouse", "hybrid entities", "business associates", or "trading partners". STATE personnel assigned to fill the LOCAL AGENCY'S positions within this Agreement, and their supervisors, may fall under the requirements of HIPAA based on the LOCAL AGENCY'S status. It is the LOCAL AGENCY'S responsibility to identify, notify, train, and provide all necessary policy and procedures to the STATE personnel that fall under HIPAA requirements so that they can comply with the required security and privacy standards of the act.

17. **LIABILITY INSURANCE**

The STATE and LOCAL AGENCY shall each provide proof of insurance in a form acceptable to the other party at no cost one to the other, to cover all services provided and use of local government facilities covered by this agreement. If LOCAL AGENCY is insured and/or self-insured in whole or in part for any losses, LOCAL AGENCY shall provide a completed Certification of Self Insurance (Exhibit D, Schedule E) or certificate of insurance, executed by a duly authorized officer of LOCAL AGENCY. Upon request of LOCAL AGENCY the STATE shall provide a letter from DGS, Office Risk and Insurance Management executed by a duly authorized officer of STATE. If commercially insured in whole or in part, a certificate of such coverage executed by the insurer or its authorized representative shall be provided.

Said commercial insurance or self-insurance coverage of the LOCAL AGENCY shall include the following:

- A. Fire protection and emergency services - Any commercial insurance shall provide at least general liability for \$5,000,000 combined single limit per occurrence.
- B. Dispatch services – Any commercial insurance shall provide at least general liability for \$1,000,000 combined single limit per occurrence.
- C. The CAL FIRE, State of California, its officers, agents, employees, and servants are included as additional insured's for purposes of this contract.
- D. The STATE shall receive thirty (30) days prior written notice of any cancellation or change to the policy at the addresses listed on page 2 of this agreement.

18. **WORKERS COMPENSATION:** (only applies where local government employees/volunteers are supervised by CAL FIRE, as listed in Exhibit D Schedule C. STATE contract employees' workers compensation is included as part of the contract personnel benefit rate).

- A. Workers' Compensation and related benefits for those persons, whose use or employment is contemplated herein, shall be provided in the manner prescribed by California Labor Codes, State Interagency Agreements and other related laws, rules, insurance policies, collective bargaining agreements, and memorandums of understanding.

- B. The STATE Unit Chief administering the organization provided for in this agreement shall not use, dispatch or direct any non STATE employees, on any work which is deemed to be the responsibility of LOCAL AGENCY, unless and until LOCAL AGENCY provides for Workers' Compensation benefits at no cost to STATE. In the event STATE is held liable, in whole or in part, for the payment of any Worker's Compensation claim or award arising from the injury or death of any such worker, LOCAL AGENCY agrees to compensate STATE for the full amount of such liability.
- C. The STATE /LOCAL AGENCY shall receive proof of Worker's Compensation coverage and shall be notified of any cancellation and change of coverage at the addresses listed in Section 1.

19. **CONFLICT OF INTEREST**: LOCAL AGENCY needs to be aware of the following provisions regarding current or former state employees. If LOCAL AGENCY has any questions on the status of any person rendering services or involved with the Agreement, the STATE must be contacted immediately for clarification.

Current State Employees (Public Contract Code §10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Public Contract Code §10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If LOCAL AGENCY violates any provisions of above paragraphs, such action by LOCAL AGENCY shall render this Agreement void. (Public Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Public Contract Code §10430 (e))

20. **LABOR CODE/WORKERS' COMPENSATION**: LOCAL AGENCY needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and LOCAL AGENCY affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

21. **AMERICANS WITH DISABILITIES ACT**: LOCAL AGENCY assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis

of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

22. **LOCAL AGENCY NAME CHANGE:** An amendment is required to change the LOCAL AGENCY'S name as listed on this Agreement. Upon receipt of legal documentation of the name change the STATE will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.
23. **RESOLUTION:** A county, city, district, or other local public body must provide the STATE with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.
24. **AIR OR WATER POLLUTION VIOLATION:** Under the State laws, the LOCAL AGENCY shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.
25. **AFFIRMATIVE ACTION.** STATE certifies its compliance with applicable federal and State hiring requirements for persons with disabilities, and is deemed by LOCAL AGENCY to be in compliance with the provisions of LOCAL AGENCY'S Affirmative Action Program for Vendors.
26. **DRUG AND ALCOHOL-FREE WORKPLACE.** As a material condition of this Agreement, STATE agrees that it and its employees, while performing service for LOCAL AGENCY, on LOCAL AGENCY property, or while using LOCAL AGENCY equipment, shall comply with STATE's Employee Rules of Conduct as they relate to the possession, use, or consumption of drugs and alcohol.
27. **ZERO TOLERANCE FOR FRAUDULENT CONDUCT IN LOCAL AGENCY SERVICES.** STATE shall comply with any applicable "Zero Tolerance for Fraudulent Conduct in LOCAL AGENCY Services." There shall be "Zero Tolerance" for fraud committed by contractors in the administration of LOCAL AGENCY programs and the provision of LOCAL AGENCY services. Upon proven instances of fraud committed by the STATE in connection with performance under the Agreement, the Agreement may be terminated consistent with the termination for cause/cancellation term, Exhibit C, section 8, subsection B, of Cooperative Fire Programs Fire Protection Reimbursement Agreement, LG-1, between the California Department of Forestry and Fire Protection (CAL FIRE) and the LOCAL AGENCY.
28. **CONFIDENTIAL INFORMATION.** "Confidential information" means information designated by CAL FIRE and/or the LOCAL AGENCY disclosure of which is restricted, prohibited or privileged by State and federal law. Confidential Information includes, but is not limited to, information exempt from disclosure under the California Public Records Act (Government Code Sections 6250 et seq.) Confidential Information includes but is not limited to all records as defined in Government Code section 6252 as well as verbal communication of Confidential Information. Any exchange of Confidential Information between parties shall not constitute a "waiver" of any exemption pursuant to Government Code section 6254.5

CAL FIRE and LOCAL AGENCY personnel allowed access to information designated as Confidential Information shall be limited to those persons with a demonstrable business need for such access. CAL FIRE and LOCAL AGENCY agree to provide a list of authorized personnel in writing as required by Government Code section 6254.5(e). CAL FIRE and the LOCAL

AGENCY agree to take all necessary measures to protect Confidential Information and shall impose all the requirements of this Agreement on all of their respective officers, employees and agents with regards to access to the Confidential Information. A Party to this Contract who experiences a security breach involving Confidential Information covered by this Contract, agrees to promptly notify the other Party of such breach

29. **ENTIRE AGREEMENT**: This agreement contains the whole agreement between the Parties. It cancels and supersedes any previous agreement for the same or similar services.

EXHIBIT D
ADDITIONAL PROVISIONS

EXCISE TAX: State of California is exempt from federal excise taxes, and no payment will be made for any taxes levied on employees' wages. STATE will pay any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this agreement. The STATE may pay any applicable sales and use tax imposed by another state.

Schedules

The following Schedules are included as part of this agreement (check boxes if they apply):

- A. Fiscal Display, PRC 4142 AND/OR PRC 4144** - STATE provided LOCAL AGENCY funded fire protection services. STATE-owned vehicles shall be operated and maintained in accordance with policies of STATE at rates listed in Exhibit D, Schedule A.
- B. STATE Funded Resource** - A listing of personnel, crews and major facilities of the STATE overlapping or adjacent to the local agency area that may form a reciprocal part of this agreement.
- C. LOCAL AGENCY Provided Local Funded Resources** - A listing of services, personnel, equipment and expenses, which are paid directly by the local agency, but which are under the supervision of the Unit Chief.
- D. LOCAL AGENCY Owned STATE Maintained Vehicles** - Vehicle information pertaining to maintenance responsibilities and procedures for local agency-owned vehicles that may be a part of the agreement.

LOCAL AGENCY-owned firefighting vehicles shall meet and be maintained to meet minimum safety standards set forth in Title 49, Code of Federal Regulations; and Titles 8 and 13, California Code of Regulations.

LOCAL AGENCY-owned vehicles that are furnished to the STATE shall be maintained and operated in accordance to LOCAL AGENCY policies. In the event LOCAL AGENCY does not have such policies, LOCAL AGENCY-owned vehicles shall be maintained and operated in accordance with STATE policies. The cost of said vehicle maintenance and operation shall be at actual cost or at rates listed in Exhibit D, Schedule D.

Exhibit D, Schedule D is incorporated into this section if LOCAL AGENCY-owned vehicles listed in Exhibit D, Schedule D are to be operated, maintained, and repaired by STATE.

LOCAL AGENCY assumes full responsibility for all liabilities associated therewith in accordance with California Vehicle Code Sections 17000, 17001 et seq. STATE employees operating LOCAL AGENCY-owned vehicles shall be deemed employees of LOCAL AGENCY, as defined in Vehicle Code Section 17000. Except where LOCAL AGENCY would have no duty to indemnify STATE under Exhibit C, Section 6 for all LOCAL AGENCY-owned vehicles operated or used by employees of STATE under this agreement.

LOCAL AGENCY employees, who are under the supervision of the Unit Chief and operating STATE-owned motor vehicles, as a part of the duties and in connection with fire protection and other emergency services, shall be deemed employees of STATE, as defined in Vehicle Code Section 17000 for acts or omissions in the use of such vehicles. Except where STATE would have no duty to indemnify LOCAL AGENCY under Exhibit C, Section 6.

- E. Certification of Insurance** - Provider Insurance Certification and/or proof of self-insurance.

Contractor Name: City of Gridley

Contract No: 2CA06877

Page No.: 17

EXHIBIT D, SCHEDULE A
LOCAL FUNDED – STATE RESOURCES
FISCAL DISPLAY
PRC 4142

NAME OF LOCAL AGENCY: City of Gridley

CONTRACT NUMBER: **2CA06877**

Index: 2100

PCA: 27120

Fiscal Year: 2024/25 to 2024/25

This is Schedule A of Cooperative Agreement originally dated July 1, 2024, by and between CAL FIRE of the State of California and LOCAL AGENCY.

(See Attached)

Unit: BTU

Agreement Total	\$1,108,072
-----------------	-------------

Contract Name: City of Gridley

Contract No.: 2CA06877

Page No.: 18

Fiscal Year 24/25	
27120 PS Total	\$1,076,472
27120 OE Total	\$31,600
TOTAL	\$1,108,072

Contractor Name: City of Gridley

Contract No: 2CA06877

Page No.: 21

EXHIBIT D, SCHEDULE B

STATE FUNDED RESOURCES

NAME OF LOCAL AGENCY:City of Gridley

This is Schedule B of Cooperative Agreement originally dated July 1, 2024, by and between CAL FIRE of the State of California and LOCAL AGENCY.

FISCAL YEAR: 2024/25 to 2024/25

(See Attached)

EXHIBIT D, SCHEDULE B

STATE FUNDED RESOURCES

COMMAND/ADMINISTRATION

- 1 Unit Chief
- 1 Assistant Chief North Operations
- 1 Assistant Chief South Operations
- 1 Assistant Chief, Administration
- 1 Assistant Chief, Resource Management
- 1 Forestry Equipment Manager
- 8 Battalion Chiefs (5 Field, CAAB, ECC, Training, VMP)
- 1 Forester I, Magalia Area
- 3 Fire Captains, ECC
- 1 Communications Operator
- 1 Forestry Logistics Officer I

FIRE PREVENTION

- 1 Battalion Chief
- 1 Fire Prevention Captain
- 1 Fire Prevention Specialist II

FIRE CONTROL

Fire Stations (10)

- | | | |
|-------------------------------------------|----------------------------|--------------------------|
| Oroville (2) Engines; 1 Dozer & Transport | Feather Falls (1) Engine | Butte Meadows (1) Engine |
| Cohasset (1) Engine | Robinson Mills (2) Engines | Stirling City (1) Engine |
| Paradise (2) Engines | Forest Ranch (2) Engines | Harts Mill (1) Engines |
| Jarbo Gap (2) Engines | | |

Contract: City of Gridley

Contract No: 2CA06877

Page: 23

EXHIBIT D, SCHEDULE B

STATE FUNDED RESOURCES

FIRE CENTERS (2)

Magalia Fire Center (1) Engine; 5 Buses; 1 Dozer & Transport

Table Mountain Fire Center (3) Buses

EXHIBIT D, SCHEDULE D (page one)

LOCAL AGENCY OWNED
STATE MAINTAINED VEHICLES

NAME OF LOCAL AGENCY:City of Gridley

This is Schedule D of Cooperative Agreement originally dated July 1, 2024, by and between CAL FIRE of the State of California and LOCAL AGENCY

FISCAL YEAR: 2024/25 to 2024/25

The current "Salary, Pay Differentials, and Operating Expense Schedule" Memorandum under Operating Expenses, Vehicle Maintenance includes the following description of maintenance responsibilities and procedures for LOCAL AGENCY-owned vehicles which are listed in the Exhibit D, Schedule A. Categories are "Flat Rate", "Mileage Rate", and "Actual Cost".

- (1) For all vehicles for which a monthly "Flat Rate" is shown, (this category excludes, all surveyed CAL FIRE vehicles, vehicles obtained through federal surplus, fire apparatus built on commercial chassis over 15 years old and fire apparatus built on custom chassis over 20 years old - age is based on chassis production year.)

State shall:

- a. Provide fuel, oil, lubrication, batteries, tires and tubes,
- b. Repair, exchange or replace when necessary accessory motors, hoses, pumps, spotlights, sirens, fire extinguishers and all other accessories affixed to or supplied when said vehicles were accepted by the STATE for operation under Schedule A, excepting equipment or accessories not common to the use of the STATE and radio, installations originally provided by the LOCAL AGENCY. All such equipment provided and installed by the STATE shall become the property of the LOCAL AGENCY and the replaced equipment removed shall become the property of the STATE.
- c. Make such reasonable repairs to said vehicles (not including painting.) as may be necessary to keep the vehicles in operating condition; provided, however, that the STATE may cease to make further repairs on any vehicles when the STATE determines that the repair costs during the period of this agreement shall exceed \$10,000 for any one occurrence, or will exceed the market value of the vehicle. In the event the STATE determines that a vehicle is not fit for further use because of obsolescence, deterioration or damage, the STATE shall not be required to repair the vehicle or maintain it in use. Upon such determination, the STATE shall immediately so advise the LOCAL AGENCY, and the LOCAL AGENCY shall have the option of replacing said vehicle or STATE shall discontinue the particular service.

EXHIBIT D, SCHEDULE D (page two)
LOCAL AGENCY OWNED
STATE MAINTAINED VEHICLES

(2) For all passenger and service vehicles for which a "Mileage Rate" is shown, STATE shall:

- a. Provide fuel, oil, lubrication, batteries and tires and tubes.
- b. Make such reasonable repairs to said vehicles as may be necessary to keep the vehicles in operating condition provided, however, that the STATE may cease to make further repairs on any vehicles when the potential repair costs are not reasonable considering the vehicle age, market value and other pertinent factors.

Upon such determination, the STATE shall immediately so notify the LOCAL AGENCY and the LOCAL AGENCY shall have the option of replacing said vehicle or STATE shall discontinue the particular service.

(3) For all vehicles listed under the heading "Flat Rate" or "Mileage Rate", LOCAL AGENCY shall assume accident repairs in excess of \$2,000 per occurrence.

(4) For all vehicles listed under the heading "Actual Cost", the STATE shall operate, maintain, and repair said vehicles at the STATE'S actual cost.

(5) LOCAL AGENCY-owned vehicles to be maintained pursuant to this section are listed below by category and are described by year model, "Rate Letter" type, and license number.

<u>Category</u>	<u>Year Model</u>	<u>Type</u>	<u>License Number</u>
Actual Cost*	1995	3B1	E021598
Actual Cost*	2005	2B1	1194655
Actual Cost*	2007	T74 1500GPM	1250731
Actual Cost*	2023	F250	1686037

*Maintenance costs are shared with Butte County

EXHIBIT D, SCHEDULE E

This is Schedule E of Cooperative Agreement originally dated July 1, 2024, by and between the CAL FIRE of the State of California and LOCAL AGENCY

NAME OF LOCAL AGENCY:City of Gridley

The CAL FIRE, State of California and its officers, agents, employees, and servants are included as additional insured for the purposes of this contract. The State shall receive thirty (30) days prior written notice of any cancellation or change to the policy at the addresses listed in LG1, Page 2.

FISCAL YEAR: 2024/25 to 2024/25

**SELF-INSURANCE CERTIFICATION BY LOCAL AGENCY FOR
TORT LIABILITY**

This is to certify that LOCAL AGENCY has elected to be self-insured under the self-insurance provision provided in Exhibit C, Section 17.

By: _____	Mike Farr
Signature	Printed Name
Mayor	
_____	_____
Title	Date

**SELF-INSURANCE CERTIFICATION BY LOCAL AGENCY
FOR
WORKER'S COMPENSATION BENEFITS**

This is to certify that LOCAL AGENCY has elected to be self-insured for Workers' Compensation benefits which comply with Labor Code Section 3700 as provided in Exhibit C, Section 18.

By: _____	Mike Farr
Signature	Printed Name
Mayor	
_____	_____
Title	Date

**SELF-INSURANCE CERTIFICATION BY LOCAL AGENCY
FOR
LOCAL AGENCY-OWNED VEHICLES**

This is to certify that LOCAL AGENCY has elected to be self-insured for local agency-owned vehicles under the self-insurance provision provided in Exhibit D, Schedule D.

By: _____	Mike Farr
Signature	Printed Name
Mayor	
_____	_____
Title	Date

EXHIBIT E
DESCRIPTION OF OTHER SERVICES

For the City of Gridley Fire vehicles enroute to State incidents, training, or other State required meetings Cal Fire will provide gas card.

Butte County mechanics funded through a cooperative agreement with CAL FIRE may maintain and repair City of Gridley fire equipment. Mechanics hours worked will be reimbursed out of the City budget through an internal agreement between the County and City.

Parts needed to maintain or repair City of Gridley fire equipment will be purchased by or direct billed to the City.

City Council Agenda Item #9
Staff Report

x	Regular
	Special
	Closed
	Emergency

Date: July 15, 2024

To: Mayor and City Council

From: Martin Pineda, Finance Director

Subject: Request for Acceptance and Approval of FY 2021-2022 Single Audit & GANN Limit Report and FY 2022-2023 Audit Report

Recommendation

Staff respectfully requests that the Mayor and City Council accept the attached FY 2021-2022 Single Audit & GANN Limit Report as well as the FY 2022-2023 Financial Statements & Independent Auditors Reports.

Background

As previously reported to the City Council by Finance Management, the FY 2022-2023 audit reports has been delayed due to city staff turnover caused by COVID-19. Eide Bailly Accounting Service Staff has been assisting the department to date. Sheldon and Associates, the city’s auditors, created a plan to get the city caught up with the audits. FY 2022-2023 was the last audit, and the city will now be up to date on audits once approved.

The Finance Department has received the remaining FY 2021-2022 reports as well as the financial audit for FY 2022-2023 and has reviewed the findings and recommendations made by our independent auditors. Finance staff concurs with findings and recommendations. New and existing policies are being implemented/updated to comply with standard practices. These will be presented to the council as we assess and update each policy for approval.

As the Council was aware, FY 2021-2022 and 2022-2023 were being worked on simultaneously. Now that we have received the remaining 2021-2022 reports and the 2022-2023 financials, the city will be caught up. The Finance department and Chavan & Associates have began working on FY 2023-2024 audit.

The city’s independent Auditor, Sheldon Chavan from Chavan & Associates LLP will provide a verbal overview of the FY 2022-2023 financial audit reports.

Compliance with City Council Strategic Plan or Budget Goals

The City Council and City staff are committed to providing the best possible financial practices and the highest possible transparency regarding all financial transactions.

Attachments:

- 2021-22 City of Gridley Single Audit Report_C&ALLP
- FY21-22 COG GANN Report_C&ALLP
- 2022-23 City of Gridley AFR_C&ALLP
- 2022-23 City of Gridley Single Audit Report_C&ALLP
- FY22-23 COG GANN Report_C&ALLP

CITY OF GRIDLEY, CALIFORNIA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2022



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Ste 130
Morgan Hill, CA 95037

CITY OF GRIDLEY, CALIFORNIA
SINGLE AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2022

	<u>PAGE NO.</u>
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with Uniform Guidance.....	1
Schedule of Expenditures of Federal Awards.....	4
Notes to Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor’s Results.....	6
Section II - Financial Statement Findings.....	7
Section III - Federal Awards Findings and Questioned Costs.....	10
Summary Schedule of Prior Year Findings	12
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of the
City Council of the City of Gridley
Gridley, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Gridley's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-004 and 2022-005. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify



all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance is a deficiency*, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-004 and 2022-005 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Government Auditing Standards requires the auditor to perform limited procedures on the City of Gridley's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. City of Gridley's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
June 23, 2024
Morgan Hill, California

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-through Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-Through California Department of Transportation:			
Highway Planning and Construction	20.205	03-5140F15	\$ 83,335
Total U.S. Department of Transportation			<u>83,335</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed-Through California Department of Finance:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	(1) OIG-CA-20-028	188,678
Total U.S. Department of the Treasury			<u>188,678</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-Through California Department of Housing and Community Development:			
Community Development Block Grant Program	14.228	17-CDBG-12015	1,954
Community Development Block Grant Program	14.228	N/A	176,274
Community Development Block Grant Program	14.228	Beginning Loan Balance	1,663,815
Total Community Development Block Grant Program			<u>1,842,043</u>
HOME Investment Partnership Program	14.239	(1) Beginning Loan Balance	7,785,213
Total U.S. Department of Housing and Urban Development			<u>9,627,256</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed-Through California Department of Forestry and Fire Protection:			
Cooperative Forestry Assistance	10.664	7FG20020	42,997
Total U.S. Department of Agriculture			<u>42,997</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed-Through State Water Resources Control Board:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	D190102400	123,291
Total U.S. Environmental Protection Agency			<u>123,291</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program	97.083	N/A	355,210
Total U.S. Department of Homeland Security			<u>355,210</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,420,767</u>

(1) Audited as major program

Notes:

- a) The City has elected not to use the 10 percent de minimus indirect cost rate allowed under Uniform Guidance.
- b) There are no federal grants passed through to subrecipients.

The accompanying notes are an integral part of this financial statement.

CITY OF GRIDLEY, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the City of Gridley (the City) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The City has elected not to use the 10 percent de-minimus indirect cost rate as allowed under Uniform Guidance.

Note 3. Relationship to the Basic Financial Statements

The amounts reported in the accompanying schedule agree, in all material respects, to amounts reported within the City's financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues.

Note 4. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree or can be reconciled with the amounts reported or to be reported in the federal financial reports.

Note 5. Pass-Through Entities' Identifying Number

When federal awards are received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the City has determined that no identifying number is assigned for the program, or the City was unable to obtain an identifying number from the pass-through entity.

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses? x Yes No

Significant deficiencies identified not
considered to be material weaknesses? x Yes None Reported

Non-compliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major programs:

Material weaknesses? Yes x No

Significant deficiencies identified not
considered to be material weaknesses? x Yes None Reported

Type of auditor's report issued on compliance over major programs Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a) x Yes No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.239	Home Investment Partnership Program

Dollar threshold used to distinguish between
type A and type B programs: \$ 750,000

Auditee qualified as low risk auditee? Yes x No

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section II - Financial Statement Findings

Finding 2022-001 - Financial Close (Material Weakness - Repeat Finding)

Criteria

An effective internal control system and timely financial reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition

During the audit, we proposed material audits adjustments to the City's general ledger which were agreed to and posted by management. In addition, management provided material audit adjustments subsequent to sending us the City's trial balance and general ledger for the audit. Inherently, material audit adjustments are indicative of ineffective financial reporting and closing. The timeliness of the adjustments is also indicative of an ineffective closing process.

Cause

Due to personnel turnover, the City did not have adequate controls in place to ensure accounting records were closed timely and accurately. Also, personnel would also benefit from training related to recent governmental accounting pronouncements. Finally, the City's fund set-up and utilization of funds can be was inefficient and difficult to understand, costing the City time during its annual close.

Effect

The financial statements as presented to the auditors contained material misstatements that required adjustments.

Recommendation

We recommend the City implement written closing procedures and establish a routine timeline for closing. Documenting the closing process involves identifying and gaining an understanding of: 1) the events or transactions included in the procedures that need to be performed, 2) the automated or manual procedures used in performing the process, 3) the person(s) or positions(s) responsible for performing the procedures, 4) the source documents used or generated during the closing process, 5) the procedures for required approval, review, and correction of any errors detected, and 6) the financial or operational entries or reports summarizing the result of the process.

We further recommend the City develop checklists or other guidance documents over the City's closing process to ensure all closing entries are captured in the City's general ledger in a timely manner, and supporting schedules agree and reconcile to respective account balances prior to the trial balance being provided for the audit.

Corrective Action Plan

The City experienced significant staffing turnover and had recently transitioned to new financial software which was the primary focus of testing conversion data. The City has since hired staff and has been establishing an internal process to train newly appointed staff which encompasses internal routine financial close. The Finance Department will work on implementing a check list of closing procedures

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Finding 2022-002 - Negative Cash Balances (Material Weakness - Repeat Finding)

Criteria

An effective internal control system and timely financial reporting provides reasonable assurance over the safeguarding of assets and the reliability of the classification financial information.

Condition

During our audit procedures to test cash and pooled cash balances, we identified the following:

- We noted 38 funds as of year-end which contained negative pooled cash balances. Thirty-two of these funds reported the same negative pooled cash balance in the prior year. This resulted in management proposing a significant number of adjustments to record due to/due from entries to offset the negative pooled cash balances and many of these adjustments were repeat adjustments from the prior year.
- We noted a difference between pooled cash reported in the Pooled Cash fund and the total pooled cash reported in all other funds combined.

Cause

The City does not have adequate controls in place to effectively monitor pooled cash balances for individual funds. The pooled cash and negative cash balances in each fund were not cleared during the annual close. Transfers and interfund balance adjustments that should have been made between funds were not made during the close as well.

Effect

The financial statements as presented to the auditors contained material misstatements that required adjustments between the funds and in pooled cash.

Recommendation

We recommend that management establish written procedures that establish when, why and how to review all funds for negative cash balances and what the corrective action should be to clear negative cash balances in a fund. The written procedures should also include a systematic and routine reconciliation of pooled cash to each fund once the negative cash is cleared.

Management should also ensure that interfund payables and receivables do not exceed one year from the fiscal year end by including written procedures related the timing of interfund balances and when and how to clear those balances. If a interfund payables and receivables extend beyond one year, the balance should be converted to a formal loan agreement between the funds and recorded as an Advance.

We recommend that management improve the City's pooled cash reconciliation process to ensure that pooled cash reported in the pooled cash fund is equally offset by pooled cash reported in all other funds combined.

Corrective Action Plan

The Finance Department will create a written procedure to address the negative cash balances. The City is currently looking at consolidating funds based on the nature of the fund and the restriction of the revenue stream. For those that cannot be consolidated, the City will seek direction from the City Council.

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Finding 2022-003 - Negative Fund Balances (Significant Deficiency - Repeat Finding)

Criteria

GASB 54: *Fund Balance Reporting and Governmental Fund Type Definitions*, defines special revenue funds as funds used to report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes, other than capital projects or debt service. In addition, per paragraph 31, a government should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

Condition

During our audit procedures, we noted that the City's general ledger contains multiple funds classified as special revenue funds which either have had no activity for multiple years, have negative cash balances, have a negative fund balance, or a combination of these three issues.

Cause

The City did not assess the requirements of GASB 54 as they apply to special revenue funds and the City may not be correctly utilizing its fund structure as set-up in the chart of accounts.

Effect

The following funds ending the fiscal year with deficits:

	Deficit Fund Balance	Deficit Net Position
SB 325 TDA Fund	\$ 317,591	\$ -
Traffic Safety Fund	53,116	-
Planning and Development Fund	1,155,618	-
Solid Waste Recreation Fund	57,646	-
Gas Tax Fund	614,369	-
Recreation Related Fund	1,539,728	-
2021 Vierra Park Improvements Fund	3,006	-
Home Fund	6,846	-
Senior Taxi Fund	-	318,974
Totals	<u>\$ 3,747,920</u>	<u>\$ 318,974</u>

Recommendation

We recommend that management needs create written procedures that require the review of all funds for deficit fund balance during the budget process. Then, corrective action should be identified as a part of the budget process. The written procedures should include criteria regarding whether or not a fund still meets the definition of a separate fund type as listed in GASB 54 as compared to the fund's current classification. If there are special revenue funds with negative cash balances which should remain open, we recommend that management determine if the revenue source for which the fund was opened still exists, or if the

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

General Fund is financing the activity of the fund. If the City no longer expects that a substantial portion of the inflows will derive from restricted or committed resources, the fund should be closed, and the remaining resources should be reported in the General Fund.

Corrective Action Plan

The city will create and implement a written procedure that will require the Finance Department to review all funds with a deficit balance. The City is currently looking at consolidating funds based on the nature of the fund and the restriction on the revenue stream. For those that cannot be consolidated, the City will seek direction from the City Council.

Section III - Federal Award Findings and Questioned Costs

Finding 2022-004 - Federal Grant Procedures Manual (Significant Deficiency - Repeat Finding)

Criteria

Office of Management and Budget (OMB), Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), subpart D, sections 200.317 - 200.326.

Condition

The City has not updated their procurement policy in accordance with the Uniform Guidance standards.

Cause

Originally, management was unaware of the Uniform Guidance procurement requirements and implementation dates. Once management became aware of the requirements, the lack of time and resources led to the inability to create and implement a new policy in a timely manner.

Effect

The City's procurement policies and procedures are not in compliance with the Uniform Guidance.

Recommendation

We recommend the City review the Uniform Guidance procurement requirements and update their policy.

Corrective Action Plan

The City will in the future update Federal Grant Procedures Manual.

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Finding 2022-005 - Financial Reporting Timeliness (Significant Deficiency - Repeat Finding)

Criteria

In accordance with CFR section 200.512 of the Uniform Guidance, the audit must be completed and the data collection form and reporting package must be submitted to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's report(s) or nine months after the end of the audit period. In accordance with OMB Memo M-20-26, and due to the coronavirus, an extension of six months beyond the normal due date was granted for submission of the audit, data collection form, and reporting package.

Condition

The 2022 Single Audit reporting package and data collection form have not been submitted to the Federal Audit Clearinghouse by the deadline of March 31, 2023.

Cause

There were various issues which caused the delay of the fiscal year 2022 audit. The main issue was turnover.

Effect

The City will automatically be considered high risk which means that at least 40% of its expenditures of federal awards will be required to be tested instead of 20%. This could lead to additional audit fees as more major programs may need to be tested.

Recommendation

We recommend that the City implement closing procedures that requires management to close the year no later than five months after the fiscal year ends. The procedures should include specific timelines by phase and instructions for communicating with departments and what the department cut-offs will be.

Corrective Action Plan

The City experienced significant staffing turnover and had recently transitioned to new financial software which was the primary focus of testing conversion data. The City has since hired staff and has been establishing an internal process to train newly appointed staff which encompasses internal routine financial close. Now that the City is fully staffed up, the City will continue to catch up on audits to bring them current. The City will also review and update the closing procedures and will develop a timeline.

CITY OF GRIDLEY, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section II - Financial Statement Findings

Finding 2021-001 Financial Close (Material Weakness - Repeat Finding)

Criteria

An effective internal control system and timely financial reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition

During the performance of the audit, processes utilized for closing and reporting of financial activity for the fiscal year were not effective, which contributed to the delayed accounting close of the City's trial balances and unpreparedness for the audit. The year-end audit for the June 30, 2021 fiscal year-end began in December 2022 and in April 2023, the City provided a revised version of the trial balance to be audited.

Recommendation

We recommend the City institute a program to methodically identify and document its significant operational and accounting processes. Documenting a process involves identifying and gaining an understanding of the events or transactions that trigger performance of the process, the automated or manual procedures used in performing the process, the person(s) or position(s) responsible for performing the procedures, the source documents used or generated, the procedures for approval, review, and correction of any errors detected, and the financial or operational entries or reports summarizing the result of the process.

We further recommend the City develop checklists or other guidance documents over the City's closing process to ensure all closing entries are captured in the City's general ledger in a timely manner, and supporting schedules agree and reconcile to respective account balances prior to the trial balance being provided for the audit.

Status

Not implemented. See finding 2022-001.

Finding 2021-002 Negative pooled cash balances (Significant Deficiency- Repeat Finding)

Criteria

An effective internal control system and timely financial reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition

During our audit procedures to test cash and pooled cash balances, we identified the following:

- We noted 32 funds as of year-end which contained negative pooled cash balances. Fifteen of these funds reported the same negative pooled cash balance in the prior year. This resulted in management proposing a significant number of adjustments to record due to/due from entries to offset the negative pooled cash balances and many of these adjustments were repeat adjustments from the prior year.

CITY OF GRIDLEY, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

- We noted a difference between pooled cash reported in the Pooled Cash fund and the total pooled cash reported in all other funds combined.

Recommendation

- Management needs to perform procedures to review all funds with negative pooled cash balances and determine if the negative balances and due to/due from entries are appropriate. A due to/due from balance should only be recorded for less than one year. If a due to/due from is recorded for longer than one year, the due to/due from needs to be converted to a formal loan agreement between the funds.
- Management needs to improve the City's pooled cash reconciliation process to ensure that pooled cash reported in the Pooled Cash fund is equally offset by pooled cash reported in all other funds combined.

Status

Not implemented. See finding 2022-002.

Finding 2021-003 Funds with negative fund balances and no current year activity (Significant Deficiency - Repeat Finding)

Criteria

GASB 54: *Fund Balance Reporting and Governmental Fund Type Definitions*, defines special revenue funds as funds used to report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes, other than capital projects or debt service. In addition, per paragraph 31, a government should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

Condition

During our audit procedures, we noted that the City's general ledger contains multiple funds designated as special revenue funds which either have had no activity for multiple years, have negative pooled cash balances, have a negative fund balance, or a combination of these three issues. There are several special revenue funds which have one or more of these characteristics.

Recommendation

Management needs to perform procedures to review all open funds in the City and close funds which no longer have activity or a purpose. If there are special revenue funds with negative cash balances which should remain open, management needs to determine if the revenue source for which the fund was opened still exists, or if the General Fund is inappropriately financing the activity of the fund. If the City no longer expects that a substantial portion of the inflows will derive from restricted or committed resources, the fund should be closed, and the remaining resources should be reported in the General Fund.

Status

Not implemented. See finding 2022-003.

CITY OF GRIDLEY, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section III - Federal Award Findings and Questioned Costs

Finding 2021-004 Federal Grant Procedure Manual (Uniform Guidance Compliance - Repeat Finding)

Criteria

Office of Management and Budget (OMB), Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), subpart D, sections 200.317 - 200.326.

Condition

The City has not updated their procurement policy in accordance with the Uniform Guidance standards.

Recommendation

We recommend the City review the Uniform Guidance procurement requirements and update their policy.

Status

Not implemented. See finding 2022-004.

Finding 2021-005 Financial Reporting Timeliness (Uniform Guidance Compliance - Repeat Finding)

Criteria

In accordance with CFR section 200.512 of the Uniform Guidance, the audit must be completed and the data collection form and reporting package must be submitted to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's report(s) or nine months after the end of the audit period. In accordance with OMB Memo M-20-26, and due to the coronavirus, an extension of six months beyond the normal due date was granted for submission of the audit, data collection form, and reporting package.

Condition

The 2021 Single Audit reporting package and data collection form have not been submitted to the Federal Audit Clearinghouse by the original deadline of March 31, 2022, nor the extended deadline of September 30, 2022.

Recommendation

As noted in recommendation 2021-001, we recommend the City strive to close the year-end with properly prepared reconciliations within 3 - 4 months after year-end in order to complete the annual financial audit timely.

Status

Not implemented. See finding 2022-005.



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of the
City Council of the City of Gridley
Gridley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Gridley (the “City”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 23, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a 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 consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a significant deficiency.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2022-004 and 2022-005.

City of Gridley's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Gridley's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. City of Gridley's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
June 23, 2024
Morgan Hill, California

CITY OF GRIDLEY, CALIFORNIA
APPROPRIATIONS LIMIT SCHEDULE AND
INDEPENDENT ACCOUNTANT'S REPORT

For the Year ending June 30, 2022

* * *



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037

CITY OF GRIDLEY, CALIFORNIA
APPROPRIATIONS LIMIT SCHEDULE AND
INDEPENDENT ACCOUNTANT’S REPORT

FOR THE YEAR ENDING JUNE 30, 2022

TABLE OF CONTENTS

	<u>PAGE NO</u>
INDEPENDENT ACCOUNTANT’S REPORT	1-2
APPROPRIATIONS LIMIT SCHEDULE	3
NOTES TO THE APPROPRIATIONS LIMIT SCHEDULE	4



**INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON
PROCEDURES APPLIED TO APPROPRIATIONS LIMIT UNDER
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION**

To the Honorable Mayor and Members of the
City Council of the City of Gridley
Gridley, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Schedule of the City of Gridley (City) for the fiscal year ending June 30, 2022. The City's management is responsible for the accompanying Appropriations Limit Schedule.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the requirements of Section 1.5 of Article XIII-B of the California Constitution. Additionally, the League of California Cities (as presented in the publication entitled Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution) has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and our findings were as follows:

1. We obtained completed worksheets used by the City to calculate its appropriation limit for the fiscal year ending June 30, 2022 and determined that the limit and annual adjustment factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.

Findings: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments and agreed the resulting amount to the current year's limit.

Findings: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriation Limit Schedule to corresponding information in worksheets used by the City.

Findings: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit in the accompanying Appropriation Limit Schedule to the corresponding information in worksheets used by the City.

Findings: No exceptions were noted as a result of our procedures.



Chavan and Associates, LLP

Certified Public Accountants

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Appropriation Limit Schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by Article XIII-B of the California Constitution.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

C & A LLP

June 23, 2024
Morgan Hill, California

CITY OF GRIDLEY, CALIFORNIA

**APPROPRIATIONS LIMIT SCHEDULE
FOR THE YEAR ENDING JUNE 30, 2022**

	<u>Amount</u>	<u>Source</u>
A. Appropriations limit for the fiscal year ended June 30, 2021	\$ 21,503,174	Prior Year Schedule
B. Calculation Factors:		
1. Population increase %	0.9408 ¹⁾	State Department of Finance
2. Inflation increase %	1.0573	State Department of Finance
3. Total adjustment factor %	0.99470784	B1 x B2
C. Annual adjustment	(113,798)	[(B3-1)A]
D. Other Adjustments:		
Loss responsibility (-)	-	N/A
Transfers to private (-)	-	N/A
Transfers to fees (-)	-	N/A
Assumed responsibility (+)	-	N/A
E. Total Adjustments	(113,798)	(C+D)
F. Appropriations limit for the fiscal year ending June 30, 2022	\$ 21,389,376	(A+E)
¹⁾ Population increase % for:		
City of Gridley	0.9408	
Butte County	0.9699	

CITY OF GRIDLEY, CALIFORNIA

NOTES TO THE APPROPRIATIONS LIMIT SCHEDULE FOR THE YEAR ENDING JUNE 30, 2022

1. PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIII B of the California Constitution (the Gann Spending Limitations Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriation limit is subject to a limited procedures review in connection with the annual audit.

2. METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

3. INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City for the year 2021-22 represents the annual percentage change in the per capita personal income.

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the county where the jurisdiction is located. The factor adopted by the City for the year 2021-22 represents the annual percentage change in population for the City.

4. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The City had no such adjustment for the year ending June 30, 2022.



CITY OF GRIDLEY

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

This page is intentionally blank

CITY OF GRIDLEY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023
TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor’s Report..... 1
Management’s Discussion and Analysis 6

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 24
Statement of Activities 26

Fund Financial Statements

Governmental Funds:

Balance Sheet..... 28
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position 29
Statement of Revenues, Expenditures and Changes in Fund Balances..... 30
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Government-Wide
Statement of Activities 31

Proprietary Funds:

Statement of Net Position 34
Statement of Revenues, Expenses, and Changes in Fund Net Position 35
Statement of Cash Flows..... 36

Fiduciary Fund Financial Statements:

Statement of Fiduciary Net Position 38
Statement of Changes in Fiduciary Net Position 39

Notes to the Basic Financial Statements 42

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (GAAP Basis):

General Fund 79
08-HOME-4987 Grant Fund 80
Block Grant Funds 81
Grant-Related Funds 82

Notes to Required Supplementary Information – Budgetary Accounting and Control 83
Schedule of Pension Contributions..... 84
Schedule of Proportionate Share of Net Pension Liability..... 85
Schedule of Changes in Total OPEB Liability 86

CITY OF GRIDLEY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023
TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds:

Combining Balance Sheet	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	96

Nonmajor Enterprise Funds:

Combining Statement of Net Position.....	102
Combining Statement of Revenues, Expenses, and Changes in Net Position	103
Combining Statement of Cash Flows	104

Private Purpose Trust Funds:

Combining Statement of Fiduciary Net Position	106
Combining Statement of Changes in Fiduciary Net Position.....	107

Custodial Funds:

Combining Statement of Fiduciary Net Position	110
Combining Statement of Changes in Fiduciary Net Position.....	111

General Fund:

Combining Balance Sheet	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	115



FINANCIAL SECTION

This page is intentionally blank



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Gridley
Gridley, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Gridley (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Gridley, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

City 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, and 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, schedules, and other information listed in the supplementary information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That



Chavan and Associates, llp
Certified Public Accountants

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
June 19, 2024
Morgan Hill, California

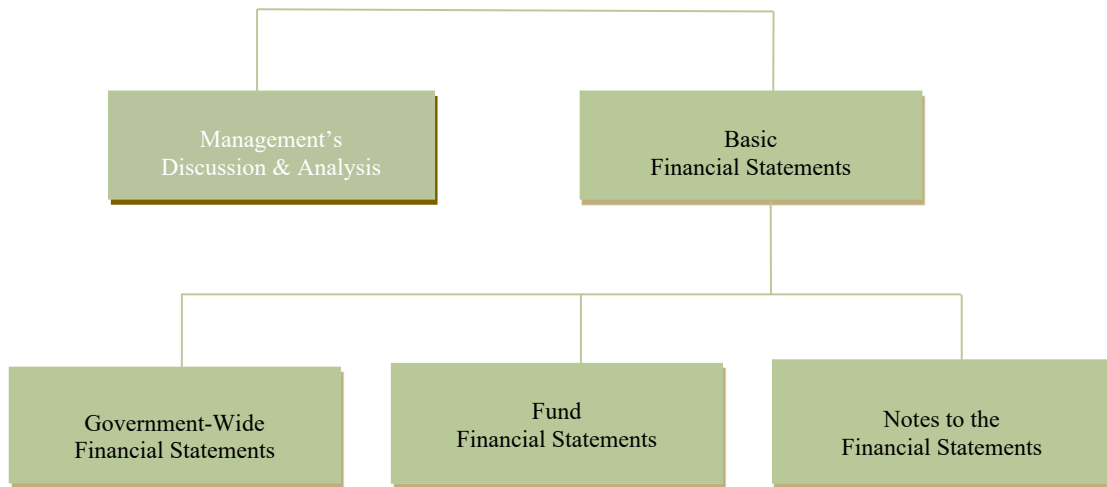


**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

INTRODUCTION

As management of the City of Gridley, California (city), we offer readers of the City’s financial statements this narrative overview and analysis of financial activities of the City of Gridley, for the fiscal year that ended on June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the other sections of the attached audited financial statements, required supplemental information and other supplemental information. The required components of the report are listed below.

Required Components of the Annual Financial Report



FISCAL YEAR 2022/23 FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- The assets and deferred outflows of resources for the City of Gridley exceeded the liabilities and deferred inflows of resources at the close of the fiscal year by \$41.35 million (net position). Of the net position, \$20.51 million was classified as net investment in capital assets; \$5.31 million recorded as restricted funds; and \$15.53 million categorized as unrestricted net position.
- The City’s net position increased by \$5.2 million. This included a \$2.33 million increase in the net position of Governmental Activities and a \$2.88 million increase in the net position of Business-Type Activities.
- City revenues increased by \$2.17 million, or 12.46%, when compared to the prior fiscal year. This increase is primarily related to increased business-type activities charges for services of \$3.1 million, which was offset by a decrease in operating grants and contributions of \$838,264. Total expenses decreased by \$4.95 million, or 25.59%, with a \$188,960 decrease in general government expenses, \$1.59 million decrease in public safety, \$446,005 decrease in streets and public works, \$125,709 decrease in community development, \$86,632 decrease in parks and recreation, \$1.15 million

decrease in the electric service expenses, \$357,317 decrease in water services expenses, \$749,668 decrease in in the sewer program expenses, and a \$254,670 decrease in other proprietary programs expenses.

- Deferred outflows of resources increased by \$2.06 million, while deferred inflows of resources decreased by \$7.99 million. This was primarily related to pension liability adjustments identified in the City's actuarial reports, which include differences between expected and actual earnings; expected and actual experiences; and changes in proportional allocations. The City's net pension liability as of June 30, 2023 was \$13.96 million versus \$5.38 million in the prior fiscal year, while the total OPEB liability for the fiscal year ending June 30, 2023 was \$3.98 million versus \$2.63 million in the prior fiscal year.
- The City's long-term debt decreased by \$92,337, or 2.95%, in Fiscal Year 2022/23 primarily from debt service payments made during the year.
- The City's net capital assets decreased by \$167,639, or .71%, primarily as a result of depreciation expenses in excess of additions.

Fund Highlights

- At the close of Fiscal Year 2022/23 the City's *Governmental Funds* reported a combined fund balance of \$13.5 million, which is an decrease of \$801,352 in comparison with the prior year. Approximately 17.59%, or \$2.37 million, was classified as unassigned fund balance and is available for spending.
- At the end of the current fiscal year, the *General Fund's* unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) was \$12.866 million, or 204.83%, of total general fund expenditures, prior to transfers. The General Fund's unassigned fund balance was \$7.13 million, or 113.57%, of total general fund expenditures, prior to transfers.
- The *General Fund's* fund balance decreased by \$515,487 at the close of the fiscal year. This included an excess of operating expenditures over revenues of \$2.03 million, before an additional \$1.51 million in net transfers.
- *General Fund* revenues decreased from prior year by \$680,494 and expenditures increased from prior year by \$1.03 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of (1) Government-Wide Financial Statements (2) Fund Financial Statements, and (3) notes to the financial statements. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. Government-Wide financial statements are

prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole. Government-Wide Financial Statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes; and earned but unused vacation leave).

Both of the Government-Wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). An overview of the City's functions associated with each classification is listed below.

Governmental Activities – All of the City's basic services are considered to be governmental activities. This includes general government, public safety, streets and public works, community development, and parks and recreation. These services are supported by general City revenues such as taxes, and by specific program revenues such as development and recreation program fees.

Business-Type Activities – The City's enterprise activities include electric, water, sewer, drainage, solid waste, and senior taxi services. Unlike governmental activities, these services are fully supported by charges paid by users based on the amount of services they use.

The Government-Wide Financial Statements include not only the City itself (known as the primary government), but also a legally separate financing authority which the City is financially accountable. The City of Gridley Public Facilities Financing Authority (Financing Authority) is legally separate from the City but is blended with the primary government because it has the same governing board as the City and because of its financial relationship with the City. Separate financial statements are not issued for the Financing Authority.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Major funds are presented individually, with all non-major funds summarized and presented only in a single column. Other Supplementary information includes subordinate schedules that present the detail of these non-major funds. Major funds present the major activities of the City for the fiscal year and may change from year to year as a result of changes in the pattern of the City's activities. All of the City's funds can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. This represents a modified accrual basis of accounting, with capital assets, long-lived assets, and long-term liabilities excluded from the financial statements. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental *funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 08-Home-4987 Grant Fund, Block Grant Fund, and Grant Related Funds, which are major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Other Supplementary Information section of this report.

The City adopts an annual budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund and Major Special Revenue Funds to demonstrate compliance with this budget.

Proprietary Funds

The City has six *Enterprise Funds* that are a proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide statements.

Proprietary funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for include electric, water, sewer, drainage, solid waste, and senior taxi services. The electric, water and sewer funds are major enterprise funds for the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reported in the Government-Wide Financial Statements because the resources of these funds are not available to support the City's own programs. The accounting for fiduciary funds is much like that used for business-type activities. The City maintains private purpose trust funds and custodial funds to report activities that are fiduciary in nature.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements provide additional information that is necessary to acquire a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City’s progress in funding its obligations to provide pension and Other Post Employment Benefit (OPEB) benefits to its employees.

SUPPLEMENTARY INFORMATION

The combining statements referred to earlier in connection with nonmajor governmental funds, are presented in the other supplementary information section, immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position may serve as an indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41.35 million at the close of Fiscal Year 2022/23. This is an increase of \$5.21 million over the prior fiscal year.

The following table summarizes the City’s ending net position:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 26,830,005	\$ 26,566,221	\$ 11,170,960	\$ 10,988,115	\$ 38,000,965	\$ 37,554,336
Capital assets	10,784,112	10,682,149	12,761,652	13,031,254	23,545,764	23,713,403
Total Assets	\$ 37,614,117	\$ 37,248,370	\$ 23,932,612	\$ 24,019,369	\$ 61,546,729	\$ 61,267,739
Deferred Outflows of Resources	\$ 3,587,722	\$ 2,503,120	\$ 2,635,711	\$ 1,656,405	\$ 6,223,433	\$ 4,159,525
Liabilities						
Current and other liabilities	\$ 2,318,817	\$ 1,313,403	\$ 640,705	\$ 1,151,572	\$ 2,959,522	\$ 2,464,975
Noncurrent liabilities	10,908,781	8,352,635	10,344,150	8,274,360	21,252,931	16,626,995
Total Liabilities	\$ 13,227,598	\$ 9,666,038	\$ 10,984,855	\$ 9,425,932	\$ 24,212,453	\$ 19,091,970
Deferred Inflows of Resources	\$ 2,171,414	\$ 6,609,818	\$ 36,474	\$ 3,585,592	\$ 2,207,888	\$ 10,195,410
Net Position						
Net investment in capital assets	\$ 10,784,112	\$ 10,682,149	\$ 9,727,598	\$ 9,904,863	\$ 20,511,710	\$ 20,587,012
Restricted	5,310,275	4,584,441	-	-	5,310,275	4,584,441
Unrestricted	9,708,440	8,209,044	5,819,396	2,759,387	15,527,836	10,968,431
Total Net Position	\$ 25,802,827	\$ 23,475,634	\$ 15,546,994	\$ 12,664,250	\$ 41,349,821	\$ 36,139,884

A significant portion, or \$20.51 million, of the City's net position reflects its investment in capital assets, (e.g., land, buildings, general government infrastructure, equipment, etc.), net of accumulated depreciation and less any outstanding debt that was used to acquire or construct those assets. Capital assets represent infrastructure which provide services to citizens and are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay this

debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

The \$5.31 million classified as Restricted Net Position, represents resources that are subject to external restrictions, by external creditors, grantors, contributors, or laws or regulations of other governments, on how they may be used. Complete details of each fund can be found in the fund descriptions.

The remaining balance of \$15.53 million is classified as unrestricted.

At the end of Fiscal Year 2022/23, the City reported a positive balance for the government as a whole. The reasons for the overall financial changes are discussed in the following sections for governmental and business-type activities.

Governmental and Business-Type Activities

As shown in the *Statement of Changes in Net Position* schedule, the net position for Governmental Activities increased from \$2.33 million during Fiscal Year 2022/23. This increase is largely due to pension credits and decreases in total expenses.

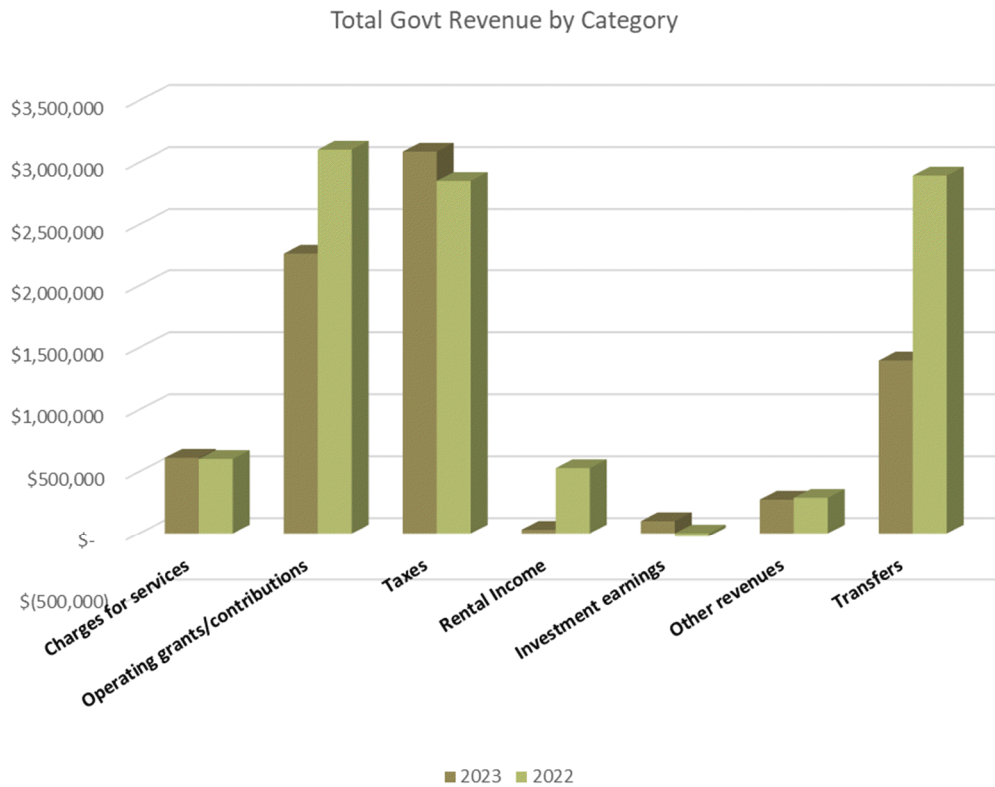
The net position for business-type activities increased by \$2.88 million during Fiscal Year 2022/23. This increase was mostly due an increase in Charges for Services of \$3.09 million and a decrease to operating expenses of \$2.5 million, mostly due to a pension credit. An analysis of the changes in revenues and expenses by type of significant events follows:

Functions/Programs	Governmental Activities			Business-Type Activities			Totals		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Program Revenues									
Charges for services	\$ 611,883	\$ 602,385	\$ 9,498	\$ 13,089,323	\$ 10,000,158	\$ 3,089,165	\$ 13,701,206	\$ 10,602,543	\$ 3,098,663
Operating grants and contributions	2,265,638	3,103,902	(838,264)	87,434	86,000	1,434	2,353,072	3,189,902	(836,830)
Total Program Revenues	2,877,521	3,706,287	(828,766)	13,176,757	10,086,158	3,090,599	16,054,278	13,792,445	2,261,833
General Revenues									
Taxes	3,087,539	2,851,011	236,528	-	-	-	3,087,539	2,851,011	236,528
Rental income	30,592	528,802	(498,210)	-	-	-	30,592	528,802	(498,210)
Investment earnings	100,277	(25,329)	125,606	53,057	(16,187)	69,244	153,334	(41,516)	194,850
Other revenues	274,474	288,841	(14,367)	15,294	22,162	(6,868)	289,768	311,003	(21,235)
Loss on disposal of capital assets	(19,198)	-	(19,198)	-	-	-	-	-	-
Transfers	1,395,944	2,894,438	(1,498,494)	(1,395,944)	(2,894,438)	1,498,494	-	-	-
Total General Revenues	4,869,628	6,537,763	(1,668,135)	(1,327,593)	(2,888,463)	1,560,870	3,561,233	3,649,300	(88,067)
Expenses									
General government	224,089	413,049	(188,960)	-	-	-	224,089	413,049	(188,960)
Public safety	3,335,114	4,921,625	(1,586,511)	-	-	-	3,335,114	4,921,625	(1,586,511)
Streets and public works	1,132,256	1,578,261	(446,005)	-	-	-	1,132,256	1,578,261	(446,005)
Community development	359,130	484,839	(125,709)	-	-	-	359,130	484,839	(125,709)
Parks and recreation	369,367	455,999	(86,632)	-	-	-	369,367	455,999	(86,632)
Electric	-	-	-	6,843,213	7,994,113	(1,150,900)	6,843,213	7,994,113	(1,150,900)
Water	-	-	-	782,138	1,139,455	(357,317)	782,138	1,139,455	(357,317)
Sewer	-	-	-	1,334,078	2,083,746	(749,668)	1,334,078	2,083,746	(749,668)
Other proprietary	-	-	-	6,991	261,661	(254,670)	6,991	261,661	(254,670)
Total Expenses	5,419,956	7,853,773	(2,433,817)	8,966,420	11,478,975	(2,512,555)	14,386,376	19,332,748	(4,946,372)
Increase / (Decrease) in Net Position	2,327,193	2,390,277	(63,084)	2,882,744	(4,281,280)	7,164,024	5,229,135	(1,891,003)	7,120,138
Prior Period Adjustments	-	14,507	(14,507)	-	(3,036)	3,036	-	11,471	(11,471)
Net Position, Beginning of Year	23,475,634	21,070,850	2,404,784	12,664,250	16,948,566	(4,284,316)	36,139,884	38,019,416	(1,879,532)
Net Position, End of Year	\$ 25,802,827	\$ 23,475,634	\$ 2,327,193	\$ 15,546,994	\$ 12,664,250	\$ 2,882,744	\$ 41,369,019	\$ 36,139,884	\$ 5,229,135

Governmental Activities

Governmental Revenues

The following chart summarizes the changes in revenues by category during Fiscal Year 2022/23:

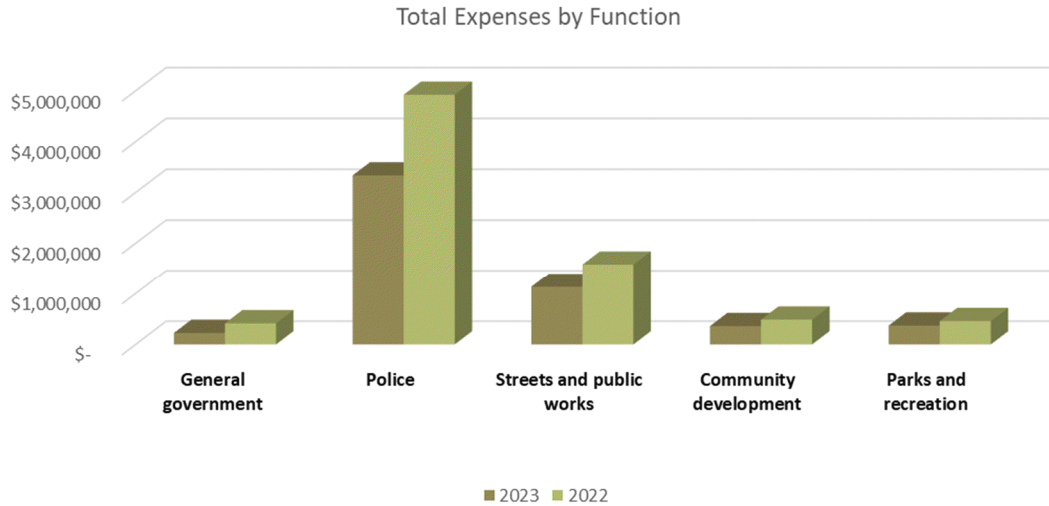


Significant changes in governmental revenues consisted of the following:

- Charges for Services in governmental activities increased by \$9,498 as Recreation and Community Services program revenues continued to recover from prior COVID-19 restrictions.
- In Fiscal Year 2022/23, operating grants and contributions decreased by \$838,264. The decrease was mainly due to one-time grants received from federal, state and county agencies in the prior fiscal year.
- Taxes increased by \$236,528 or 8.3%, which is made up of property tax and sales and use tax.
- Rental Income decreased by \$498,210, this is due to the FEMA lease at the industrial park expiring. The industrial park was used to provide temporary housing to victims of the Camp Fire.
- Investment earnings increased by \$125,606 which reflects the rise in interest rates by the Federal Reserve and an changes in fair value.
- Transfers decreased by \$1.5 million, this was due to the creation of a new GHG Carbon Credit Fund. Historically, carbon credit revenue was posted to the Electric Fund (Fund 600), and these funds are limited and can be used only for the purpose of reducing emissions ..

Governmental Expenses

The Fiscal Year 2022/23 expenses for Governmental Activities decreased by \$2.43 million as illustrated in the chart below:

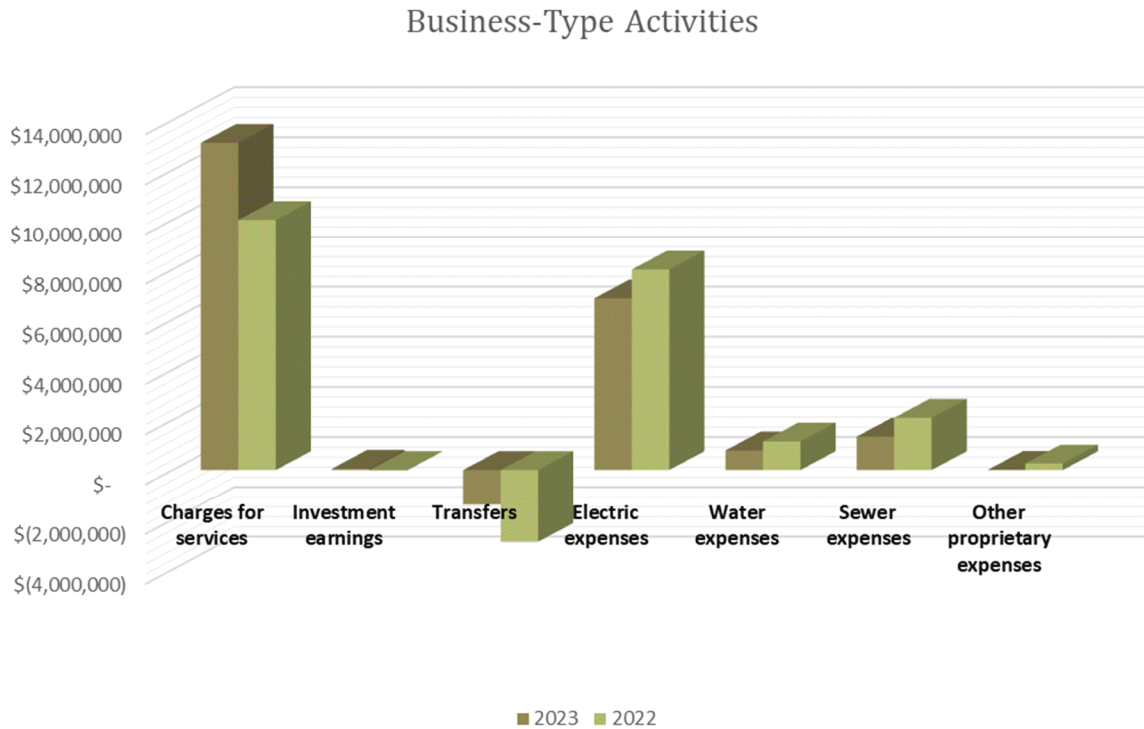


Significant changes in governmental expenses consisted of the following:

Overall governmental expenses decreased by \$2.43 million mostly from a pension adjustment of \$3.64 million and an OPEB adjustment of \$1.33 million, reducing expenses for all programs by \$4.97 million. The changes in program expenses are a part of the presentation of financial statements on a government-wide perspective, whereby expenditures are allocated to departments related to adjustments for actuarial pension reports and depreciation. Additional allocations or conversion entries are needed to convert fund statements to a government-wide perspective.

Business-Type Activities

The City’s net position for business-type activities increased by \$2.88 million. The following chart is a summary of the changes in revenues and expenses for the City’s business-type activities from Fiscal Year 2022/23 to 2021/22, with additional analysis following the chart:



Total Program Revenues for business-type activities increased by \$3.09 million when compared to the prior fiscal year. \$1.28 million of this amount was a one-time settlement payment from NCPA to the electric fund. The remaining amount was an increased amount in utility billing, with the majority coming from the Electric fund.

Total General Revenues increased by \$62,638 because of increased investment earnings and transfers out decreased by \$1.5 million related to the transfer of GHG carbon credits that were posted to the Electric Fund and now being tracked in its own Fund in the prior year.

Total expenses for business type activities were \$8.97 million for Fiscal Year 2022/23, which was a decrease of \$2.5 million when compared to the prior fiscal year. This was primarily due to the power the city purchases from NCPA in the prior year.

FINANCIAL ANALYSIS OF THE CITY’S GOVERNMENTAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City’s Council.

The following summarizes the fund balances by major and nonmajor funds:

Table 3 - Summary of Fund Balances - Governmental Funds

	General Fund	08-Home-4987 Grant Fund	Block Grant Fund	Grant Related Funds	Nonmajor Governmental Funds	Total
Nonspendable	\$ 81,571	\$ -	\$ -	\$ -	\$ -	\$ 81,571
Restricted	-	3,810	1,049,869	1,712,452	2,544,144	5,310,275
Committed	40,710	-	-	-	-	40,710
Assigned	5,691,488	-	-	-	-	5,691,488
Unassigned	7,133,400	-	-	-	(4,759,619)	2,373,781
Total Fund Balance	\$ 12,947,169	\$ 3,810	\$ 1,049,869	\$ 1,712,452	\$ (2,215,475)	\$ 13,497,825

Total Fund Balance as of June 30, 2023 was \$13.5 million. Of this amount, \$2.37 million, or 17.59%, was unassigned fund balance, which is available for spending at the government’s discretion. The remainder of the fund balance was either nonspendable, restricted, or assigned to indicate that it was (1) not in a spendable form, \$81,571; (2) restricted for particular purposes, \$5.31 million; (3) committee by Council resolution for a specific purpose, \$40,710; or (3) assigned for particular purposes, \$5.69 million. A summary of the changes in fund balance of the Major Funds and Nonmajor Governmental Funds is presented below:

Table 4 - Summary of Changes in Fund Balance - Governmental Funds

	General Fund	08-Home-4987 Grant Fund	Block Grant Fund	Grant Related Funds	Nonmajor Governmental Funds	Total
Total Revenues	\$ 4,250,950	\$ 28	\$ 194,177	\$ 382,420	\$ 1,280,501	\$ 6,108,076
Total Expenditures	6,281,113	-	99,053	92,092	1,833,114	8,305,372
Revenues Over (Under) Expenditures	(2,030,163)	28	95,124	290,328	(552,613)	(2,197,296)
Transfers in	1,514,676	-	-	-	-	1,514,676
Transfers out	-	-	-	(118,732)	-	(118,732)
Net change in fund balances	(515,487)	28	95,124	171,596	(552,613)	(801,352)
Beginning of year	13,462,656	3,782	954,745	1,540,856	(1,662,862)	14,299,177
Prior Period Adjustment	-	-	-	-	-	-
End of year	\$ 12,947,169	\$ 3,810	\$ 1,049,869	\$ 1,712,452	\$ (2,215,475)	\$ 13,497,825

As of June 30, 2023, the City’s governmental funds reported combined fund balances of \$13.49 million, a decrease of \$801,352 in comparison with the prior fiscal year.

Analysis of Individual Funds

The General Fund is the chief operating fund of the City. As of the end of Fiscal Year 2022/23, the unassigned fund balance of the general fund was \$7.13 million, while total fund balance decreased to \$12.95 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 113.57% of total general fund expenditures, while total fund balance represents 206.13% of total general fund expenditures.

The General Fund's fund balance decreased by \$515,487 for Fiscal Year 2022/23. This is primarily attributed to \$1.51 million in net transfers into the General Fund offset by operating expenditures exceeding operating revenues by \$2.03 million during fiscal year 2022/23.

The 08-Home-4987 Fund's fund balance increased by \$28 during the year. This fund is reported as major because of the loans reported in that fund totaling \$5.55 million at year end.

The Bock Grant Fund's fund balance increased by \$95,124 during the year as revenues exceeded expenditures by this amount during the year.

The Grant Related Funds fund balance increased by \$171,596 during the year as expenditures decreased by \$849,728.

Nonmajor Governmental Fund's fund balances decreased by \$552,613 mainly due to an increase in total expenditures of \$299,310 during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Changes from the City's General Fund original budget to the final budget are detailed in the *Required Supplementary Information* section along with a comparison to actual activity for the fiscal year ended. Changes to the City's budget that increase or decrease appropriations in a fund must be approved by a resolution of the City Council.

Revenues

The General Fund adopted and final revenue budgets were \$3.58 million with actual revenues at \$4.25 million. The overall budgetary difference of \$670,043 primarily reflects greater than anticipated revenue from taxes and assessments.

Expenditures

The General Fund adopted and final expenditure budget was \$9 million. The actual expenditures totaled \$5.25 million, which resulted in a net difference from the final budget of \$2.73 million. This budgetary variance was mostly attributable to lower-than-expected capital outlay costs and pension credits.

CAPITAL ASSETS

The City of Gridley’s investment in capital assets for its governmental and business-type activities as of June 30, 2023, was \$23.55 million (net of accumulated depreciation). This includes net capital assets from governmental activities of \$10.78 million and net capital assets from business-type activities of \$12.76 million. This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure and sewer systems.

The following table summarizes the City’s capital assets at the end of the fiscal year:

	Governmental Activities		Business-type Activities		Total		% Change
	2023	2022	2023	2022	2023	2022	
Land - non-depreciable	\$ 1,142,779	\$ 1,150,990	\$ 921,793	\$ 921,793	\$ 2,064,572	\$ 2,072,783	-0.40%
Construction in Progress - non-deprec	345,812	395,719	644,242	485,570	990,054	881,289	12.34%
Infrastructure	3,686,180	3,956,696	3,463,139	3,625,203	7,149,319	7,581,899	-5.71%
Buildings and Improvements	984,269	1,097,178	183,491	200,593	1,167,760	1,297,771	-10.02%
Improvements other than Buildings	3,069,319	2,531,215	5,375,367	5,716,530	8,444,686	8,247,745	2.39%
Vehicle and Equipment	1,555,753	1,550,351	2,172,501	2,079,145	3,728,254	3,629,496	2.72%
Right of Use Assets	-	-	1,119	2,420	1,119	2,420	100.00%
Total Capital Assets, Net	\$ 10,784,112	\$ 10,682,149	\$ 12,761,652	\$ 13,031,254	\$ 23,545,764	\$ 23,713,403	-0.71%

The total decrease in the City’s capital assets, net of depreciation and disposals was \$167,639. In Governmental Activities, the net increase in capital assets was \$101,963, or .95%, while business-type activities capital assets decreased by \$269,602, or 2.07%. This changes were mainly attributed to depreciation in excess of purchases.

Additional detail and information on capital asset activity is included in the notes to the financial statements, Note 6.

DEBT ADMINISTRATION

At the end of the fiscal year, the City had total debt outstanding of \$3.03 million which was all reported in business-type activities.

The following table summarizes the City’s debt at the end of the fiscal year:

	Business-type Activities		% Change
	2023	2022	
USDA Rural Development Loan	\$ 903,000	\$ 939,000	-3.83%
USDA Rural Development Loan	2,130,000	2,185,000	-2.52%
Lease Liability	1,054	2,391	-55.92%
Total outstanding long-term debt	\$ 3,034,054	\$ 3,126,391	-2.95%

During the fiscal year, long-term debt decreased by \$92,337. The reduction in Long-Term Debt was a result of debt service payments. Additional detail and information on long-term debt activity is included in the notes to the financial statements, Note 7.

ECONOMIC FACTORS

Summary

The City's primary revenue sources include property taxes, sales and use taxes, and Franchise Tax Fee and Stage Coach Trailer Tax. Property tax revenue is projected to grow as the City anticipates more housing to be built. Now that COVID is no longer a major factor, the City is working to return to normal working conditions and duties.

Some departments within the City are currently recovering in staffing across all departments. Finance staff has been working towards hiring new staff and late fees/shut offs are back to a normal routine. CAPP and Water Arrearage Program helped the City and residents to receive financial assistance on their utility bills, due to COVID.

The City's General Fund revenue for FY 2022-2023 was \$4.25 million, the projection for FY 2023-2024 is \$5.02 million. The increase is mainly due to property taxes, sales tax, and the state trailer coach tax. As we expect more housing, franchise fee revenue is expected to increase as well. We will monitor these fees and review the impact. The City is currently working with a third party contractor to perform a Utility Rate Study. The utility rates will change depending on the results of the study. This will be presented to council and rates would likely be changed in 2024. While the approaching fiscal year reflects increased revenue receipts, the economic outlook assumes the leveling off of sales and use taxes to anticipate only a conservative 3% growth over prior year revenues as consumers shift from goods to services.

Planned expenditures also increased in the upcoming fiscal year. City staffing levels remained at 50 full-time equivalents (FTE) in fiscal year 2022-2023. The cost of staffing increases from \$8 million to \$9.5 million due to a combination of factors such as negotiated salary and benefit adjustments, personnel advancement (annual merit or salary step adjustments), rising retirement and health insurance costs and additional staff. Personnel costs steadily increased, approaching \$9.7 million by fiscal year 2024-2025, without any additional increase in FTE beyond the fiscal year 2023-2024 staffing levels.

However, even without an increase in staffing levels, the City faces rising personnel costs primarily attributed to pension-related expenses. In addition to its annual contributions toward retirement costs for existing employees, the City makes an annual required payment to the California Public Employees' Retirement System (CalPERS) for the City's unfunded accrued liability ("UAL"). The UAL payment for FY 2022-2023 was \$671K. FY 2023-2024 UAL payment is project to be roughly \$650K. The City currently has not addressed its pension obligations, there are options to this such as Section 115 Trust or adjustments of the Amortization Schedule. Finance staff will prepare a report on ways to address the increase UAL and present to council for direction.

If the City Council elects to start funding a Section 115 trust, it will have to plan and continually fund the trust while maintaining an annual balanced budget. To achieve this, the revenues must sustain an annual growth over the next several years and controlling the citywide expenses, particularly regarding the salary and benefits and capital outlay. Inflation also affects the ability to reduce costs for staffing, services, and supplies.

Outlook for Major Revenues

Property Taxes

The City's land capacity for new housing is limited, which curtails the availability of housing stock. The rising cost of housing as well as the loan rates, creates a volatility in the housing market. This limited supply, coupled with a high demand for housing driven by the City's desirability as a place to live, contributes to a healthy real estate market and thus the stability and strength of property tax revenues. Unlike sales tax and franchise fees, the fiscal year 2023-2024 budget assumed minimal growth in property tax and continued resiliency.

The State median home price averaged over \$758K in 2023, setting a 8.8% decrease from prior year. The California median home sales price for 2024 is expected to rise 13% to \$860K. Gridley has consistent property tax base and the City does not foresee the average home in Gridley to be as high as the California Median home price. While fiscal year 2023-2024 property tax revenue is on par with projections, annual growth of 3% is conservatively realistic. The financial forecast assumes 3% annual growth over the next several years.

Sales and Use Taxes

Many of the features that contribute to residential quality of life, such as a temperate climate, natural beauty, and various family friendly events also attract visitors. The unique restaurants and other shopping options located within the City, as well as grocery and clothing retailers contributes to shopping opportunities for residents and visitors alike. The City also hosts the yearly Butte County Fair at the end of August, this also attracts visitors from surrounding cities and is a popular attraction.

2023-2024 budget projects a \$1.6 million, which is minimal change when comparing to FY 2022-2023 actuals. Inflation is a major factor, recent trends show inflation has cooled in FY 2023-2024 while financing costs are expected to begin a gradual decent in the second half of 2024. The City will be closely monitoring this and adjust budgeted amounts during a Mid-Year Budget review if needed.

Franchise Fees

The City currently gets Franchise Fees Revenues from vendors that provide a service that the City does not provide, but is essential for our residents. This includes Waste/Environmental Services, Cable/Internet Services, and Gas Services. These services play a vital role in the quality of life for our residents and it benefits the City as a source of revenue. There was a projected minimal increase of 3% for FY 2023-2024. The City will collect revenue from the fees which are collected from the vendor providing the services. As the pandemic has subsided and new housing expected in Gridley, the City should see an increase in revenue.

Outlook for Major Expenditures

Salaries and Benefits

The City's largest expenditure is related to the cost of personnel. City staffing levels remained at 50 full-time equivalents (FTE) in fiscal year 2022-2023. Correspondingly, the cost of staffing increases from \$8 million to \$9.5 million due to a combination of factors such as negotiated salary and benefit adjustments,

step increases, rising retirement and health care costs and additional staff. Personnel costs steadily increase, approaching \$9.7 million by fiscal year 2024-2025, without any additional increase in FTE beyond fiscal year 2023-2024 staffing levels.

Pension Costs

The City provides a defined pension plan through the California Public Employees' Retirement System (CalPERS) for its full-time employees. As such, the City is responsible for contributing toward current employees' retirement packages based upon a set amount determined by CalPERS based upon a percentage of salary ("employer contribution"). The employer contribution is included within the City's overall budgeted salary and benefit costs. In addition, the City is obligated to make additional pension payments to CalPERS known as the Unfunded Accrued Liability ("UAL"). The UAL addresses any shortfall between the funding CalPERS needs to pay for retirement benefits when employees retire; compared to the funding that CalPERS currently has on hand to pay for the estimated costs of these benefits.

The City's UAL is estimated at \$14 million (not including interest) based on the valuation date of June 30, 2022. As calculated by CalPERS, the City's UAL annual contribution payment has been steadily increasing and projected to increase by \$1.7 million by year 2034. The City anticipates annual contribution costs will continue to rise over the next several years even if staffing levels remain unchanged. To help address its pension obligations, the City is looking at ways to tackle the UAL and will be discussed with council in an study session.

Other Operating Costs

In order to deliver services to the community, the City procures various types of goods and services. The category of services and supplies assumes a modest annual growth in fiscal year 2023-2024, as the City adjusts for goods and services overall sensitivity to inflation. The City is hopeful that federal interest rates will ease in 2024 and inflation will slow. The City contracts for specialized professional services and costs trend upward based upon credentials, certifications and qualifications of the individuals providing the service. Moreover, the City currently contracts with another governmental agency for fire prevention and response services, subject to increases based upon salary and benefits, including pension. Overall costs across all sectors are significantly higher over prior fiscal years.

Capital Projects

The City capital expenditures budgeted is \$7.64 million in fiscal year 2023-2024. The City's Five-Year Capital Improvement Plan totals \$32.1 million and identifies needs of \$6.4 million annually over the next five fiscal years. Similar to service and supplies, inflation and other market-based conditions drive the availability of contractors and costs to implement public works projects, subject to prevailing wage. In addition, deferring building and infrastructure maintenance drives long-term costs for repair and replacement.

Debt Service

In FY 2022, the City worked with a third party vendor and successfully refinanced two bonds. The City was able to refinance at a lower interest rate which in turn will be an interest cost savings to the City. Prior to the dissolution of the Redevelopment Agency ("RDA"), the former agency issued a \$2.9 million and \$1.7 million bond for the purpose of providing funds to finance redevelopment projects.

REQUEST FOR FINANCIAL INFORMATION

This financial report is designed to provide a general overview of the City's finances for all of the City's residents, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Gridley Finance Department at 685 Kentucky St., Gridley, CA 95948, or visit the City of Gridley webpage at www.gridley.ca.us.

This page is intentionally blank



BASIC FINANCIAL STATEMENTS

City of Gridley
Statement of Net Position
June 30, 2023

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 14,605,365	\$ 9,280,637	\$ 23,886,002
Accounts receivable	51,801	489,776	541,577
Due from other governments	186,552	688,451	875,003
Interest receivable	33,676	19,844	53,520
Taxes receivable	197,611	-	197,611
Prepaid items	-	7,765	7,765
Inventory	-	1,013,516	1,013,516
Advances to fiduciary funds	326,868	-	326,868
Leases receivable, current	24,921	-	24,921
Internal balances	329,029	(329,029)	-
Total Current Assets	15,755,823	11,170,960	26,926,783
Noncurrent Assets:			
Loans receivable	10,746,851	-	10,746,851
Leases receivable	327,331	-	327,331
Capital Assets:			
Nondepreciable	1,488,591	1,566,035	3,054,626
Depreciable, net of accumulated depreciation	9,295,521	11,195,617	20,491,138
Total Capital Assets, Net	10,784,112	12,761,652	23,545,764
Total Noncurrent Assets	21,858,294	12,761,652	34,619,946
Total Assets	\$ 37,614,117	\$ 23,932,612	\$ 61,546,729
DEFERRED OUTFLOWS OF RESOURCES			
Pension Adjustments	\$ 3,437,154	\$ 2,522,125	\$ 5,959,279
OPEB Adjustments	150,568	113,586	264,154
Total Deferred Outflows of Resources	\$ 3,587,722	\$ 2,635,711	\$ 6,223,433

Continued

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

City of Gridley
Statement of Net Position
June 30, 2023

	Governmental Activities	Business- Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 642,212	\$ 70,913	\$ 713,125
Accrued expenses	-	45,430	45,430
Unearned revenue	1,500,517	-	1,500,517
Deposits payable	350	291,365	291,715
Interest payable	-	23,095	23,095
Compensated absences, due within one year	175,738	114,848	290,586
Long-term debt, due within one year	-	95,054	95,054
Total Current Liabilities	2,318,817	640,705	2,959,522
Noncurrent Liabilities:			
Total OPEB liability	2,269,072	1,711,756	3,980,828
Net pension liability	8,397,209	5,565,382	13,962,591
Compensated absences, due in more than one year	242,500	128,012	370,512
Long-term debt, due in more than one year	-	2,939,000	2,939,000
Total Noncurrent Liabilities	10,908,781	10,344,150	21,252,931
Total Liabilities	\$ 13,227,598	\$ 10,984,855	\$ 24,212,453
DEFERRED INFLOWS OF RESOURCES			
Leases	\$ 347,549	\$ -	\$ 347,549
Pension Adjustments	1,823,865	36,474	1,860,339
Total Deferred Inflows of Resources	\$ 2,171,414	\$ 36,474	\$ 2,207,888
NET POSITION			
Net investment in capital assets	\$ 10,784,112	\$ 9,727,598	\$ 20,511,710
Restricted for:			
Redevelopment	1,159,274	-	1,159,274
Grants	2,968,690	-	2,968,690
Taxes and fees	873,559	-	873,559
Capital projects	39,668	-	39,668
Other	2,336	-	2,336
Total Restricted	5,043,527	-	5,043,527
Unrestricted	9,975,188	5,819,396	15,794,584
Total Net Position	\$ 25,802,827	\$ 15,546,994	\$ 41,349,821

Concluded

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

City of Gridley
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary Government:						
Governmental Activities:						
General government	\$ 224,089	\$ 395,115	\$ 601,340	\$ 772,366		\$ 772,366
Public safety	3,335,114	19,226	565,470	(2,750,418)		(2,750,418)
Streets and public works	1,132,256	-	1,004,635	(127,621)		(127,621)
Community development	359,130	129,081	94,193	(135,856)		(135,856)
Parks and recreation	369,367	68,461	-	(300,906)		(300,906)
Total Governmental Activities	\$ 5,419,956	\$ 611,883	\$ 2,265,638	(2,542,435)		(2,542,435)
Business-Type Activities:						
Electric	\$ 6,843,213	\$ 9,795,539	\$ -		2,952,326	2,952,326
Water	782,138	1,328,866	-		546,728	546,728
Sewer	1,334,078	1,961,798	-		627,720	627,720
Other proprietary	6,991	3,120	87,434		83,563	83,563
Total Business-Type Activities	\$ 8,966,420	\$13,089,323	\$ 87,434		4,210,337	4,210,337
General Revenues:						
Taxes:						
Property taxes				643,350	-	643,350
Sales and use taxes				1,921,248	-	1,921,248
Motor vehicle and gas taxes				354,342	-	354,342
Occupancy tax				19,512	-	19,512
Franchise taxes				149,087	-	149,087
Total taxes				3,087,539	-	3,087,539
Investment earnings				100,277	53,057	153,334
Rental income				30,592	-	30,592
Other revenues				274,474	15,294	289,768
Total General Revenues				3,492,882	68,351	3,561,233
Special Item - Loss on Sale of Assets				(19,198)	-	(19,198)
Transfers				1,395,944	(1,395,944)	-
Total General Revenues and Transfers				4,869,628	(1,327,593)	3,542,035
Change in Net Position				2,327,193	2,882,744	5,209,937
Net Position - Beginning of Year				23,475,634	12,664,250	36,139,884
Net Position - End of Year				\$ 25,802,827	\$ 15,546,994	\$ 41,349,821

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The **General Fund** is the City's primary operating fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general fund includes such activities as public safety, public ways and facilities, parks and recreation services, and economic development services.

The **08-Home-4987 Grant Fund** is a special revenue fund used to account for the activities of the U.S. Department of Housing and Urban Development HOME Investment Partnerships Grant.

The **Block Grant Fund** is a Community Development Block Grant (CDBG) Revolving Loan program and Economic Development Block Grant (EDBG) Program. The City participates in this federally funded program that is utilized to fund housing activities, community facilities and public service projects serving lower income private parties and businesses. Eligible activities include funding housing activities (single/multi-family) rehabilitation, rental housing acquisition, homeownership assistance, or new construction. Interest may vary depending on the loan terms and interest may be deferred until the related property is refinanced or sold. The repayment of the loans results in program income, which is deposited into the Housing Rehabilitation Revolving Loan Fund (RLF) program for public benefit projects, general administration, and program delivery functions (preapproved ratios to the funds loaned).

The **Grant Related Fund** is used to account for various restricted grants, mostly from the State of California (transportation, planning, and COPS grants).

City of Gridley
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	08-Home-4987 Grant Fund	Block Grant Fund	Grant Related Funds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 8,187,871	\$ 3,801	\$ 752,230	\$ 3,152,585	\$ 2,508,878	\$ 14,605,365
Accounts receivable	20,024	-	-	-	31,777	51,801
Due from other governments	-	-	175,180	11,372	-	186,552
Interest receivable	22,675	9	2,048	1,447	7,497	33,676
Taxes receivable	81,233	-	-	-	116,378	197,611
Loans receivable	-	5,546,250	2,491,216	2,709,385	-	10,746,851
Due from other funds	5,179,143	-	-	-	329,029	5,508,172
Leases receivable	352,252	-	-	-	-	352,252
Advances to fiduciary funds	76,868	-	250,000	-	-	326,868
Total assets	\$ 13,920,066	\$ 5,550,060	\$ 3,670,674	\$ 5,874,789	\$ 2,993,559	\$ 32,009,148
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 600,897	\$ -	\$ 898	\$ 10,526	\$ 29,891	\$ 642,212
Unearned revenue	24,101	-	-	-	-	24,101
Deposits payable	350	-	-	-	-	350
Due to other funds	-	-	-	-	5,179,143	5,179,143
Total liabilities	625,348	-	898	10,526	5,209,034	5,845,806
Deferred Inflows of Resources:						
Leases	347,549	-	-	-	-	347,549
Unavailable revenues	-	5,546,250	2,619,907	4,151,811	-	12,317,968
Total deferred inflows of resources	347,549	5,546,250	2,619,907	4,151,811	-	12,665,517
Fund Balances:						
Nonspendable						
Leases receivable	4,703	-	-	-	-	4,703
Advances to fiduciary funds	76,868	-	-	-	-	76,868
Total nonspendable	81,571	-	-	-	-	81,571
Restricted:						
Redevelopment	-	-	-	-	1,159,274	1,159,274
Grants	-	3,782	954,745	1,540,856	469,307	2,968,690
Taxes and fees	-	-	-	-	873,559	873,559
Capital projects	-	-	-	-	39,668	39,668
Other	-	-	-	-	2,336	2,336
Total restricted	-	3,782	954,745	1,540,856	2,544,144	5,043,527
Committed:						
Infrastructure reserve	40,710	-	-	-	-	40,710
Total committed	40,710	-	-	-	-	40,710
Assigned:						
Bond reserve	3,154,837	-	-	-	-	3,154,837
Sick payout reserve	177,333	-	-	-	-	177,333
Equipment replacement	2,270,759	-	-	-	-	2,270,759
Building maintenance	88,559	-	-	-	-	88,559
Total assigned	5,691,488	-	-	-	-	5,691,488
Unassigned	7,133,400	28	95,124	171,596	(4,759,619)	2,640,529
Total fund balances	12,947,169	3,810	1,049,869	1,712,452	(2,215,475)	13,497,825
Total liabilities, deferred inflows of resources and fund balances	\$ 13,920,066	\$ 5,550,060	\$ 3,670,674	\$ 5,874,789	\$ 2,993,559	\$ 32,009,148

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

City of Gridley
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds \$ 13,497,825

Amounts reported for governmental activities in the statement of net position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Capital assets	23,547,668
Less: accumulated depreciation	<u>(12,763,556)</u>
Total Capital Assets	<u>10,784,112</u>

The differences from benefit plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows or deferred outflows of resources in the statement of net position. 1,763,857

Liabilities were reported for certain revenues that were not available to pay current period expenditures and were reported as deferred inflows of resources in the fund statements. The unavailable amounts offset loans receivable in the fund statements. 10,841,552

Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Compensated absences	(418,238)
Net pension liability	(8,397,209)
Total OPEB liability	<u>(2,269,072)</u>
Total Long-Term Obligations	<u>(11,084,519)</u>

Net Position of Governmental Activities \$ 25,802,827

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

City of Gridley
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	08-Home-4987 Grant Fund	Block Grant Fund	Grant Related Funds	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes and assessments	\$ 3,326,589	\$ -	\$ -	\$ -	\$ 598,299	\$ 3,924,888
Licenses, permits and fees	98,797	-	-	-	23,560	122,357
Fines and forfeitures	8,406	-	-	-	19,226	27,632
Intergovernmental	444,991	-	78,765	378,600	332,797	1,235,153
Charges for services	68,688	-	-	-	264,125	332,813
Program income	-	-	109,817	-	19,264	129,081
Use of money and property	104,157	28	5,595	3,820	17,269	130,869
Other revenue	199,322	-	-	-	5,961	205,283
Total Revenues	4,250,950	28	194,177	382,420	1,280,501	6,108,076
EXPENDITURES						
Current:						
General government	223,960	-	-	-	-	223,960
Public safety	4,970,085	-	-	20,882	-	4,990,967
Streets and public works	411,851	-	-	-	778,646	1,190,497
Community development	165,902	-	99,053	8,083	294,855	567,893
Parks and recreation	142,345	-	-	16,457	209,283	368,085
Capital outlay	366,970	-	-	46,670	550,330	963,970
Total Expenditures	6,281,113	-	99,053	92,092	1,833,114	8,305,372
Excess (Deficiency) of Revenues over Expenditures	(2,030,163)	28	95,124	290,328	(552,613)	(2,197,296)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,514,676	-	-	-	-	1,514,676
Transfers out	-	-	-	(118,732)	-	(118,732)
Total Other Financing Sources (Uses)	1,514,676	-	-	(118,732)	-	1,395,944
Net Change in Fund Balances	(515,487)	28	95,124	171,596	(552,613)	(801,352)
Fund Balances Beginning	13,462,656	3,782	954,745	1,540,856	(1,662,862)	14,299,177
Fund Balances Ending	\$ 12,947,169	\$ 3,810	\$ 1,049,869	\$ 1,712,452	\$ (2,215,475)	\$ 13,497,825

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

City of Gridley
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Government-Wide
Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (801,352)

Amounts reported for governmental activities in the Statement of Activities and Changes in net position were different because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in net position, the cost of those assets was allocated over their estimated useful lives as depreciation expense.

Capital asset additions	898,480
Depreciation expense	(777,319)
Gain (loss) on disposal of capital assets	(19,198)

Compensated absences not required to be paid with current financial resources are not reported in the governmental funds, but are accrued as noncurrent liabilities in the Government Wide Statement Net Position. The change from prior year accrued compensated absences is reported in the applicable program expense. (82,456)

Receipts of payments and disbursements of funds related to notes and loans receivable are reported as revenue and expenditures, respectively, in governmental funds, but an increase and decrease, respectively, in notes receivable in the Statement of Net Position.

Loan program receipts	69,191
Loans made during the year	193,136

In governmental funds, actual contributions to benefit plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year benefit expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources. 1,754,534

Certain expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the fund statements as follows:

Other postemployment benefits	1,092,177
-------------------------------	-----------

Change in Net Position of Governmental Activities \$ 2,327,193

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

This page is intentionally blank

PROPRIETARY FUND FINANCIAL STATEMENTS

The *Electric Fund* is used to account for the activities of the City's electric generation and distribution operations.

The *Water Fund* is used to account for the activities of the City's water treatment and distribution operations.

The *Sewer Fund* is used to account for the activities of the City's sewage collection and treatment operations.

Nonmajor enterprise funds include the Drainage Fund, Solid Waste Fund and Senior Taxi Fund.

City of Gridley
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities				Total
	Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Nonmajor Enterprise Funds	
ASSETS					
Current assets:					
Cash and investments	\$ 1,884,643	\$ 2,715,645	\$ 4,393,234	\$ 287,115	\$ 9,280,637
Accounts receivable, net	229,885	100,323	158,636	932	489,776
Due from other governments	688,451	-	-	-	688,451
Interest receivable	3,218	6,079	9,760	787	19,844
Prepaid items	7,765	-	-	-	7,765
Inventory	961,207	50,406	1,903	-	1,013,516
Total current assets	<u>3,775,169</u>	<u>2,872,453</u>	<u>4,563,533</u>	<u>288,834</u>	<u>11,499,989</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable assets	734,544	128,066	703,425	-	1,566,035
Depreciable, net	2,813,601	2,474,156	5,900,152	7,708	11,195,617
Total capital assets, net	<u>3,548,145</u>	<u>2,602,222</u>	<u>6,603,577</u>	<u>7,708</u>	<u>12,761,652</u>
Total noncurrent assets	<u>3,548,145</u>	<u>2,602,222</u>	<u>6,603,577</u>	<u>7,708</u>	<u>12,761,652</u>
Total assets	<u>\$ 7,323,314</u>	<u>\$ 5,474,675</u>	<u>\$ 11,167,110</u>	<u>\$ 296,542</u>	<u>\$ 24,261,641</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension adjustments	\$ 1,310,721	\$ 477,595	\$ 572,750	\$ 161,059	\$ 2,522,125
OPEB Adjustments	55,472	29,057	29,057	-	113,586
Total deferred outflows of resources	<u>\$ 1,366,193</u>	<u>\$ 506,652</u>	<u>\$ 601,807</u>	<u>\$ 161,059</u>	<u>\$ 2,635,711</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 23,740	\$ 23,363	\$ 21,172	\$ 2,638	\$ 70,913
Accrued expenses	33,220	-	12,210	-	45,430
Interest payable	-	-	23,095	-	23,095
Deposits payable	291,365	-	-	-	291,365
Due to other funds	-	-	-	329,029	329,029
Compensated absences, current	61,742	19,577	27,794	5,735	114,848
Long-term liabilities, current	1,054	-	94,000	-	95,054
Total current liabilities	<u>411,121</u>	<u>42,940</u>	<u>178,271</u>	<u>337,402</u>	<u>969,734</u>
Noncurrent liabilities:					
Total OPEB liability	835,974	437,891	437,891	-	1,711,756
Net pension liability	2,926,927	1,129,252	1,223,314	285,889	5,565,382
Compensated absences, noncurrent	6,956	45,216	60,357	15,483	128,012
Long-term liabilities, noncurrent	-	-	2,939,000	-	2,939,000
Total noncurrent liabilities	<u>3,769,857</u>	<u>1,612,359</u>	<u>4,660,562</u>	<u>301,372</u>	<u>10,344,150</u>
Total liabilities	<u>\$ 4,180,978</u>	<u>\$ 1,655,299</u>	<u>\$ 4,838,833</u>	<u>\$ 638,774</u>	<u>\$ 11,313,884</u>
DEFERRED INFLOWS OF RESOURCES					
Pension adjustments	\$ -	\$ -	\$ -	\$ 36,474	\$ 36,474
OPEB adjustments	-	-	-	-	-
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,474</u>	<u>\$ 36,474</u>
NET POSITION					
Net Investment in capital assets	\$ 3,547,091	\$ 2,602,222	\$ 3,570,577	\$ 7,708	\$ 9,727,598
Unrestricted	961,438	1,723,806	3,359,507	(225,355)	5,819,396
Total net position	<u>\$ 4,508,529</u>	<u>\$ 4,326,028</u>	<u>\$ 6,930,084</u>	<u>\$ (217,647)</u>	<u>\$ 15,546,994</u>

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

City of Gridley
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Nonmajor Enterprise Funds	
OPERATING REVENUES					
Charges for services	\$ 9,795,539	\$ 1,328,866	\$ 1,961,798	\$ 3,120	\$ 13,089,323
Intergovernmental	-	-	-	87,434	87,434
Other revenue	-	706	1,618	12,970	15,294
Total operating revenues	9,795,539	1,329,572	1,963,416	103,524	13,192,051
OPERATING EXPENSES					
Salaries and benefits	1,021,161	8,833	76,380	(36,000)	1,070,374 ⁽¹⁾
Materials and supplies	398,563	169,016	209,241	9,693	786,513
Repairs and maintenance	8,552	147,775	204,764	2,335	363,426
Power and utilities	4,717,159	206	97,830	-	4,815,195
Contractual services	88,205	25,051	13,806	606	127,668
Administration	409,049	209,267	142,279	22,510	783,105
Miscellaneous	-	-	48,761	-	48,761
Depreciation and amortization	200,517	221,990	457,193	7,847	887,547
Total operating expenses	6,843,206	782,138	1,250,254	6,991	8,882,589
Operating income (loss)	2,952,333	547,434	713,162	96,533	4,309,462
NONOPERATING REVENUES(EXPENSES)					
Interest expense	(7)	-	(83,824)	-	(83,831)
Interest income	8,980	16,404	26,550	1,123	53,057
Total nonoperating revenues(expenses)	8,973	16,404	(57,274)	1,123	(30,774)
Income (loss) before transfers	2,961,306	563,838	655,888	97,656	4,278,688
CONTRIBUTIONS AND TRANSFERS					
Transfers in	-	-	4,056	-	4,056
Transfers out	(1,400,000)	-	-	-	(1,400,000)
Net contributions and transfers	(1,400,000)	-	4,056	-	(1,395,944)
Change in net position	1,561,306	563,838	659,944	97,656	2,882,744
Total net position - beginning	2,947,223	3,762,190	6,270,140	(315,303)	12,664,250
Total net position - ending	\$ 4,508,529	\$ 4,326,028	\$ 6,930,084	\$ (217,647)	\$ 15,546,994

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

⁽¹⁾ Salaries and benefits include a pension credit of \$1,884,852, a reduction to salaries and benefits expenses.

City of Gridley
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities				Total
	Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Nonmajor Enterprise Funds	
Cash flows from operating activities:					
Receipts from customers	\$ 9,634,881	\$ 1,352,673	\$ 1,950,798	\$ 102,592	\$ 13,040,944
Payments to suppliers	(6,575,837)	(544,385)	(841,505)	(37,571)	(7,999,298)
Payments to employees	(1,872,900)	(522,397)	(710,073)	(121,402)	(3,226,772)
Net cash provided (used) by operating activities	1,186,144	285,891	399,220	(56,381)	1,814,874
Cash flows from noncapital financing activities:					
Interfund transactions	(1,400,000)	-	4,056	-	(1,395,944)
Net cash provided (used) by noncapital financing activities	(1,400,000)	-	4,056	-	(1,395,944)
Cash flows from capital financing activities:					
Acquisition of capital assets	(344,076)	(105,891)	(167,975)	-	(617,942)
Principal payments on long-term debt	(1,337)	-	(91,000)	-	(92,337)
Interest paid on long-term debt	(7)	-	(84,558)	-	(84,565)
Net cash provided (used) by capital financing activities	(345,420)	(105,891)	(343,533)	-	(794,844)
Cash flows from investing activities:					
Investment income received	6,524	11,666	18,980	376	37,546
Net cash provided (used) by investing activities	6,524	11,666	18,980	376	37,546
Net increase (decrease) in cash and cash equivalents	(552,752)	191,666	78,723	(56,005)	(338,368)
Cash and cash equivalents - beginning	2,437,395	2,523,979	4,314,511	343,120	9,619,005
Cash and cash equivalents - ending	\$ 1,884,643	\$ 2,715,645	\$ 4,393,234	\$ 287,115	\$ 9,280,637
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 2,952,333	\$ 547,434	\$ 713,162	96,533	\$ 4,309,462
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	200,517	221,990	457,193	7,847	887,547
Changes in operating assets and liabilities:					
Accounts receivables	(209,055)	23,101	(12,618)	(932)	(199,504)
Inventory	(311,111)	4,832	81	-	(306,198)
Deferred outflows of resources	(524,714)	(126,931)	(224,048)	(103,613)	(979,306)
Accounts payable	(602,556)	12,850	(109,666)	(2,427)	(701,799)
Accrued expenses	(40,642)	(10,752)	(15,239)	-	(66,633)
Deposits payable	48,397	-	-	-	48,397
Total OPEB liability	446,145	(46,927)	(46,930)	-	352,288
Net pension liability	1,068,615	354,492	478,845	146,612	2,048,564
Compensated absences	(12,091)	5,803	(12,894)	(9,644)	(28,826)
Deferred inflows of resources	(1,829,694)	(700,001)	(828,666)	(190,757)	(3,549,118)
Net cash provided (used) by operating activities	\$ 1,186,144	\$ 285,891	\$ 399,220	\$ (56,381)	\$ 1,814,874

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

FIDUCIARY FUND FINANCIAL STATEMENTS

Private-Purpose Trust Funds

The City's private purpose trust funds include the **Main Trust Fund** and the **Successor Agency Trust Fund**.

The Successor Agency was created as a result of the State order to dissolve California Redevelopment Agencies. The Successor Agency Trust Fund is used to track the activities by the Successor Agency Oversight Board and the City's Department of Finance in relation to the remaining assets and liabilities of the Successor Agency. The Housing Successor is governed by the City of Gridley City Council and is obligated to use the Housing Successor Agency's assets according to Redevelopment law for low and moderate-income housing.

Custodial Funds

The City's custodial funds include the **Gridley Bid Fund** and the **Hospital JPA Administration Fund**.

City of Gridley
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and investments	\$ 741,857	\$ 559
Restricted cash and investments	22,732	-
Interest receivable	31	1
Capital assets, land	1,302,116	-
Total assets	\$ 2,066,736	\$ 560
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refunding	\$ 155,770	\$ -
LIABILITIES		
Accounts payable	\$ 12,034	\$ -
Interest payable	79,581	-
Advances from the City	326,868	-
Long-term liabilities, current	120,000	-
Long-term liabilities, noncurrent	3,970,000	-
Total liabilities	\$ 4,508,483	\$ -
NET POSITION		
Held in trust for private purposes	\$ (2,285,977)	\$ -
Restricted for individuals, organizations and other governments	-	560
Total net position	\$ (2,285,977)	\$ 560

City of Gridley
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Private Purpose Trust Funds	Custodial Funds
	<u> </u>	<u> </u>
ADDITIONS		
Property taxes	\$ 255,732	\$ -
Interest Income	4,954	5
Total additions	<u>260,686</u>	<u>5</u>
 DEDUCTIONS		
Professional services	115,479	-
Administrative expense	3,077	-
Interest and fiscal charges	160,650	-
Total deductions	<u>279,206</u>	<u>-</u>
 Change in net position	 (18,520)	 5
 Total net position - beginning	 <u>(2,267,457)</u>	 <u>555</u>
 Total net position - ending	 <u>\$ (2,285,977)</u>	 <u>\$ 560</u>

This page is intentionally blank



**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Gridley (the "City") is a municipal corporation organized under the constitution and laws of the State of California. The City operates under a Council-Administrator form of government and provides the following services: public safety (police, fire, and animal regulation), street, sanitation, transportation and social services, recreation, public improvements, planning and zoning, water, sewer, electrical, and general administrative services.

The voters of the City give authority and responsibility for operations to the City Council. The City Council has the authority to employ administrative and support personnel to carry out its directives. The primary method used to monitor the performance of the City's management is the financial budget, which is adopted annually by the City Council.

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City Council acts as the governing board. In addition, the City staff performs all administrative and accounting functions for these entities and these entities provide their services entirely to the City. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The following entities are reported as blended component units:

Gridley Public Financing Authority

The Gridley Public Financing Authority (the "Authority"), established February 4, 2008, is a joint powers authority created by the City of Gridley and the former Gridley Redevelopment Agency. The creation of the Authority is authorized under the MarksRoos Local Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the California Government Code. The City and the Authority are separate legal entities. For financial reporting purposes, the Authority is reported as a part of the City's operations because the five (5) members of the City Council also act as the governing body of the Authority. The purpose of the Authority is to assist in the financing of public capital improvements. No separate financial statements are issued for the Authority.

B. Basis of Presentation, Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions, or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Government-Wide Financial Statements

The City's government-wide financial statements include a *Statement of Net Position* and a *Statement of Activities*. These statements present summaries of governmental and business-type activities for the City. Fiduciary activities of the City are not included in these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, are included in the accompanying *Statement of Net Position*. The *Statement of Activities* presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Certain eliminations have been made as prescribed by GASB Statement No. 34 for interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, inter fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a *Balance Sheet* and a *Statement of Revenues, Expenditures and Changes in Fund Balances* for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balances* present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, etc.), licenses, grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

The City reports the following funds as major funds:

General Fund

The General Fund is the City's primary operating fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general fund includes such activities such as public safety, public ways and facilities, parks and recreation services, and economic development services.

08-Home-4987 Fund

The 08-Home-4987 Fund is a special revenue fund used to account for the activities of the U.S. Department of Housing and Urban Development HOME Investment Partnerships Grant.

Block Grant Fund

The Block Grant Fund is a Community Development Block Grant (CDBG) Revolving Loan program and Economic Development Block Grant (EDBG) Program. The City participates in this federally funded program that is utilized to fund housing activities, community facilities and public service projects serving lower income private parties and businesses. Eligible activities include funding housing activities (single/multi-family) rehabilitation, rental housing acquisition, homeownership assistance, or new construction. Interest may vary depending on the loan terms and interest may be deferred until the related property is refinanced or sold. The repayment of the loans results in program income, which is deposited into the Housing Rehabilitation Revolving Loan Fund (RLF) program for public benefit projects, general administration, and program delivery functions (preapproved ratios to the funds loaned).

Grant Related Fund

The Grant Related Fund is used to account for various restricted grants, mostly from the State of California (transportation, planning, and COPS grants).

Additionally, the City reports the following nonmajor fund types of governmental funds:

Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to specific purposes other than debt service or capital projects.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Proprietary Funds

In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the “economic resources measurement focus”. This means all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources associated with their activities are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements.

The City has the following enterprise funds that have been reported as major:

Electric Fund

The electric fund is used to account for the activities of the City's electric generation and distribution operations.

Water Fund

The water fund is used to account for the activities of the City's water treatment and distribution operations.

Sewer Fund

The sewer fund is used to account for the activities of the City's sewage collection and treatment operations.

Fiduciary Funds

The City reports the following fiduciary funds:

Private Purpose Trust Funds

These funds include the Main Trust and Successor Agency. The Main Trust Fund is used to account for trust arrangements where the balances and activity benefit individuals and organizations other than the City. The Successor Agency fund was created as a result of the State order to dissolve California Redevelopment Agencies. As the Successor Agency, this fund is used to track the activity by the Oversight Board and the Department of Finance to dissolve the Agency.

Custodial Funds

The City administers two custodial funds, the Gridley Bid fund and the Hospital JPA Administration fund.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

C. Cash and Investments

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The City's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF determines the fair value of their portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. This amount is included in cash and cash equivalents in the balance sheet of the governmental funds. Changes in fair value are allocated to each participating fund.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and to meet bond indenture debt reserve requirements.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

F. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Federal and state grants are considered receivable and accrued as revenue when reimbursable costs are incurred. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are recorded as deferred inflows of resources in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund statements, but are recorded as deferred inflows of resources to indicate they do not represent current financial resources. Proprietary fund receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables.

G. Lease Receivables

When applicable, the City’s lease receivables are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable plus incentive payments received. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

H. Prepaid Expenses and Inventory

Inventories are stated at cost (average cost per unit) for governmental and proprietary funds. The cost is recorded as an expenditure/expense in the funds at the time individual inventory items are consumed, rather than purchased. Inventories of governmental funds are offset by nonspendable fund balance to indicate they do not constitute resources available for future appropriation.

Prepaid items are also recognized under the consumption method. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

I. Capital Assets

In the government-wide financial statements, infrastructure with an aggregate cost of \$25,000 or more and land, buildings, machinery, vehicles, and equipment with a cost of \$5,000 or more and a useful life of two years are capitalized. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Intangible right-to-use assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying asset.

Depreciation and amortization is provided using the straight-line method whereby the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated or amortized.

The range of estimated useful lives by type of asset is as follows:

Infrastructure and buildings	20 - 50 years
Improvements	10 - 30 years
Equipment and vehicles	3 - 20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

J. Deferred Outflows/Deferred Inflows

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

K. Compensated Absences

Compensated absences comprise unused vacation leave and compensatory time off, which are accrued as earned. Employees may accumulate sick leave without limits. The City's liability for compensated absences is recorded in the government-wide Statement of Net Position for governmental funds and the Statement of Net Position for proprietary funds as appropriate. A liability is calculated for all the costs of compensated absences based upon benefits earned by employees in the current period for which there is a probability of payment at termination.

Accumulated unpaid vacation and sick pay are accrued when earned. In addition, those employees who have reached the age of retirement may cash out sick leave upon retirement. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. In December of each year, management personnel are allowed to convert unused sick leave earned within the previous twelve months, in excess of nine days, to vacation. The general fund and enterprise funds are used to liquidate compensated absences.

L. Long-Term Liabilities

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expensed in year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the City's other postemployment benefits, OPEB expense information of the City's OPEB plan have been determined based on information provided in an actuarial study. The City recognizes benefit payments when due and payable in accordance with the benefit terms in the fund statements. Generally accepted accounting principles require that the reported results must pertain to

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2021
Measurement Date	June 30, 2022
Measurement Period	July 31, 2022 to June 30, 2023

O. Fund Balances

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable

Nonspendable fund balance represents balances set aside to indicate items that do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed, or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed

Committed fund balances have constraints imposed by passage of a Resolution of the City Council which may be altered only by Resolution of the City Council. Encumbrances and nonspendable amounts subject to Council commitments are included along with spendable resources. The City considers Resolutions to be the highest level of action that can be taken by Council that constitutes the most binding constraint.

Assigned

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. The City Council has delegated the authority to make assignments of fund balance to the City Administrator.

Unassigned

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Flow Assumption / Spending Order Policy

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

P. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that are attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position.

Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position

This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The detail of amounts reported for each of the above defined net position categories is reported in the government-wide Statement of Net Position.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

Q. Interfund Transactions

Interfund services provided and used are accounted for as revenue, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. All other interfund transactions, except for interfund services provided and used and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers.

R. Property Taxes and Special Assessments

The County of Butte levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the "alternate method of property tax distribution", known as the Teeter Plan, by the City and the County of Butte. The Teeter Plan authorizes the Auditor/Controller of the County of Butte to allocate 100% of the secured property taxes billed, but not yet paid.

The County of Butte remits tax monies to the City in three installments as follows: 50% remitted in December; 45% remitted in April; 5% remitted in June.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County of Butte for the secured and unsecured property tax rolls. Under the provisions of Article XIII A of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

S. Budgetary Information

The City Council establishes budgets for all governmental funds on a basis consistent with Generally Accepted Accounting Principles, with the exception of capital projects which are budgeted on a project length basis. Appropriations, except open project appropriations and unexpended grant appropriations, lapse at the end of each fiscal year. The budgetary data is prepared on the modified accrual basis consistent with the related "actual" amounts.

Department heads submit a proposed budget to the City Administrator. The City Administrator submits a proposed budget to the City Council for the following year beginning July 1. The preliminary budget may or may not be amended by the City Council after public hearings are held and is adopted by City Council resolution prior to July 1 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. The City Administrator is authorized to transfer budgeted amounts within an object or purpose within any department. However, the City Council must approve revisions that alter the total expenditures of any department. Budgetary control is legally maintained at the fund level.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. Amounts represent the original budgeted amounts and all supplemental appropriations.

T. Use of Estimates

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

U. Implemented New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This standard did not have a significant impact on the City's financial statements.

Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This standard did not have a significant impact on the City's financial statements.

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

During the fiscal year, the City implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. GASB Statement No. 96 is an accounting pronouncement issued by the Governmental Accounting Standards Board (GASB) that provides guidance on how the costs and investments for subscription-based information technology arrangements (SBITAs) are accounted for and disclosed by governmental entities. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This standard did not have a significant impact on the City's financial statements.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

V. Upcoming New Accounting Pronouncements

The City is currently analyzing its accounting practices to identify the potential impact on the financial statements of the following GASB Statements:

Governmental Accounting Standards Board Statement No. 99, *Omnibus 2022*

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the City's fiscal year ending June 30, 2023 and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the City's fiscal year ending June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made starting with fiscal year June 30, 2024 and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

GASB Statement No. 102, *Certain Risk Disclosures*

The purpose of Statement 102 is to identify potential risks in governmental environments and develop disclosure requirements associated with those risks. These requirements are designed to provide users of the financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. As a result of this statement, users will have better information with which to understand and anticipate certain risks to a government’s financial condition.

GASB Statement 102 states that the assessment of the disclosure criteria should be made at the level of the primary government, which includes its blended component units, as defined in Statement 14, “The Financial Reporting Entity.” An additional assessment of the disclosure criteria should be made for all other reporting units that report a liability for revenue debt.

The guidance is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter, with early adoption encouraged. This disclosure is to be applied on a prospective basis; that is, if comparative financial statements are presented, the reporting requirements of this statement are required only for the current period.

NOTE 2 - CASH AND INVESTMENTS

As of June 30, 2023, cash and investments were reported in the financial statements as follows:

	Government Wide Statement of Net Position		Fiduciary Funds Statement of Net Position	Total
	Governmental Activities	Business-Type Activities		
Cash and investments	\$ 14,605,365	\$ 9,280,637	\$ 742,416	\$ 24,628,418
Restricted cash and investments	-	-	22,732	22,732
Total cash and investments	\$ 14,605,365	\$ 9,280,637	\$ 765,148	\$ 24,651,150

Cash and investments consisted of the following as of June 30, 2023:

Deposits:	
Cash on hand	\$ 1,060
Cash in banks	16,842,309
Total deposits	<u>16,843,369</u>
Investments:	
Local Agency Investment Fund	6,700,527
Certificates of Deposit	1,084,522
Total investments	<u>7,785,049</u>
Total City Treasury	24,628,418
Restricted cash and investments:	
Cash with fiscal agents	22,732
Total cash and investments	\$ <u>24,651,150</u>

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

A. Cash Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest and places the City ahead of general creditors of the institution. The market value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The bank balances before reconciling items totaled \$17,147,121 at June 30, 2023 and were different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$16,808,039, which was collateralized by securities held by pledging financial institutions. The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the *related fund*.

B. Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques with three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

C. Investment Policy

Under the terms of certain debt issuances, the City must maintain required amounts of cash and investments with trustees or fiscal agents. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments with fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

The table also identifies certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in Anyone Issuer</u>
Local Agency Bonds	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	365 days	None	None
Commercial Paper	270 days	None	None
Federal Funds	365 days	None	None
Unsecured Certificates of Deposit	365 days	None	None
Time Deposits	365 days	None	None
Cash Sweep Accounts	None	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage-backed securities	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 million/account

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally the City's practice is to buy and hold investments until maturity dates. Consequently, the City's investments are carried at fair value. Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in Anyone Issuer</u>
Local Agency Bonds	5 years	None	10%
U.S. Treasury Obligations	5 years	None	None
State Obligations - CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper - Select Agencies	270 days	25%	10%
Commercial Paper - Other Agencies	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	30%
CD Placement Service	5 years	30%	30%
Repurchase Agreements	1 year	None	10%
Reverse Repurchase Agreements and Securities			
Lending Agreements	92 days	20%	10%
Medium-Term Notes	5 years	30%	10%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Bank/Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 million/account
Voluntary Investment Program Fund	N/A	None	None

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

D. External Investment Pool

The City's investments with LAIF at June 30, 2023, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes

These are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities

The bulk of asset-backed securities are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The approved investments policy is listed on the LAIF website, located at <http://www.treasurer.ca.gov/pmia-laif/>.

E. Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous month in each fund receiving interest.

F. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment's maturity, the greater the sensitivity to changes in market interest rates. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2023, the City's investments were in compliance with the ratings required by the City's investment policy and Government Code. The California Asset Management Program (CAMP) investment pool was the only investment vehicle required to be rated and had a rating of AAAM by S&P.

Concentrations of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2023, the City had no investments in any one issuer (other than U.S. Treasury obligations, bonds, and the external investment pools) that represented 5% or more of the total City investments.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2023, the City's investments had the following maturities:

Investment Type	Maturity			Concentrations	Fair Value Input Levels
	12 Months or Less	1-5 years	Fair Value		
Local Agency Investment Fund	\$ 6,700,527	\$ -	\$ 6,700,527	86.1%	n/a
Certificates of Deposit	243,755	840,767	1,084,522	13.9%	Level 2
Total Investments	<u>\$ 6,944,282</u>	<u>\$ 840,767</u>	<u>\$ 7,785,049</u>		

NOTE 3 - LOANS RECEIVABLE

The following is a summary of loans receivable at year end:

Loans Receivable	Balance July 01, 2022	Additions	Retirements	Balance June 30, 2023
Governmental Funds:				
Home Program	\$ 8,672,190	\$ 276,052	\$ 75,000	\$ 8,873,242
CalHome Program	19,264	-	19,264	-
CDBG Program	1,851,373	27,518	5,282	1,873,609
Total Governmental Funds	10,542,827	303,570	99,546	10,746,851
Fiduciary Funds:				
Construction Loan	678,000	-	-	678,000
Less: Allowance for Uncollectible Loans	(678,000)	-	-	(678,000)
Total Loans Receivable	<u>\$ 10,542,827</u>	<u>\$ 303,570</u>	<u>\$ 99,546</u>	<u>\$ 10,746,851</u>

Governmental Funds

The City participates in the Home Investment Partnerships (HOME) program, the Community Development Block Grant (CDBG) Revolving Loan program and the CalHome program. Under these programs, grants or loans are provided under favorable terms to homeowners, developers, or businesses who agree to spend these funds in accordance with the City's terms.

The balance of the loans receivable have been offset in the governmental fund financial statements by deferred inflows of resources as they are not deemed measurable and available within sixty days. In the government-wide financial statements, the loans are not offset in accordance with the accrual basis of accounting.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Fiduciary Funds

The former RDA assisted Gridley Pacific Associates with its acquisition and development of the Washington Court Apartments Affordable Housing Project by providing \$678,000 in the form of cash in return for a note bearing simple interest at a rate of 3% per year, secured by a deed of trust on the Project.

The former RDA had several programs under which it extended loans to qualifying individuals or groups for the purpose of improving the City's housing stock and/or its supply of low-and-moderate income housing. The remaining loan, issued to the Washington Court Apartments, has a forgiveness clause if the developer complies with all the terms of the loan over its full term. The former RDA had provided an allowance of 100% for the note receivable subject to the forgiveness provision of this loan. Per long-term monitoring reviews, all terms have been met by the developer for the loan as of June 30, 2023.

NOTE 4 - LEASES RECEIVABLE

Leases receivable for governmental activities consisted of the following as of June 30, 2023:

	Township 18 North, Range 3 East 13.62 Acres	Township 18 North, Range 3 East 12.17 Acres	Total
Inception	11/17/2011	12/29/2010	
End	11/16/2036	12/28/2035	
Interest Rate	1.51%	1.47%	
Annual Payment	\$ 15,000	\$ 15,000	
Leases Receivable:			
Beginning	\$ 194,195	\$ 182,616	\$ 376,811
Additions	-	-	-
Deletions	(12,148)	(12,411)	(24,559)
Ending	<u>182,047</u>	<u>170,205</u>	<u>352,252</u>
Deferred Inflows of Resources:			
Beginning	192,997	181,419	374,416
Additions	-	-	-
Deletions	(13,423)	(13,444)	(26,867)
Ending	<u>179,574</u>	<u>167,975</u>	<u>347,549</u>
Net Book Value	<u>\$ 2,473</u>	<u>\$ 2,230</u>	<u>\$ 4,703</u>

The following summarizes future collections for governmental activities leases receivable:

Year Ending June 30	Principal	Interest
2024	\$ 24,921	\$ 5,079
2025	25,300	4,700
2026	25,679	4,321
2027	26,064	3,936
2028	26,449	3,551
2029-2033	138,327	11,673
2034-2038	85,512	1,987
Total	<u>\$ 352,252</u>	<u>\$ 35,247</u>

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

NOTE 5 - INTERFUND TRANSACTIONS

Advances To and From Funds

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years.

Pursuant to Resolution No. 2003.RDA-05, the former Redevelopment Agency agreed to reimburse the City of Gridley for infrastructure improvements within the Agency's industrial park for up to \$250,000. No interest accrues for the amount due to the City.

The Successor Agency agreed to reimburse the City's General Fund for the formation of the RDA in the amount of \$176,868. Repayment is made as funds are available. No interest accrues for the amount due to the City. The Successor Agency paid \$100,000 toward the outstanding balance during the current fiscal year.

As of June 30, 2023, advances to the Successor Agency fund consisted of the following:

Fund	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 76,868	\$ -
Block Grant Fund	250,000	-
Successor Agency Private Purpose Trust Fund	-	326,868
Total Advances	\$ 326,868	\$ 326,868

Inter-fund Receivables and Payables

As of the end of the fiscal year, balances are owed between funds for temporary pooled cash adjustments and temporary loans.

As of June 30, 2023, inter-fund receivables and payables consisted of the following:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 5,179,143	\$ -
Nonmajor Funds	329,029	5,179,143
Senior Tax Enterprise Fund	-	329,029
Total Due From/To	\$ 5,508,172	\$ 5,508,172

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Transfers In/Out

With Council approval resources may be transferred from one fund to another. The most significant transfers were from the Electric Fund to the General Fund for unfunded operations and to the Grant Related Fund for carbon credits. Other transfers were made for operations within each respective fund.

The following summarizes transfers between funds during the fiscal year ended June 30, 2023:

Fund	Transfer in	Transfer out
General Fund	\$ 1,514,676	\$ -
Grant Related Funds	-	118,732
Electric Enterprise Fund	-	1,400,000
Sewer Enterprise Fund	4,056	-
Total Transfers	\$ 1,518,732	\$ 1,518,732

Intra-Fund Transfers In/Out

The following table represents intra-fund transfers made during the fiscal year ended June 30, 2023:

Fund	Transfer in	Transfer out
General Fund	\$ -	\$ 1,018,760
General Fund Reserve Fund	1,018,760	-
Total Transfers	\$ 1,018,760	\$ 1,018,760

Intra-fund transfers are eliminated for presentation in the fund financial statements.

NOTE 6 - CAPITAL ASSETS

Capital assets for governmental activities consisted of the following as of June 30, 2023:

	Balance July 01, 2022	Additions	Transfers	Deletions/ Adjustments	Balance 6/30/2023
Governmental activities:					
Non-depreciable:					
Land	\$ 1,150,990	\$ -	\$ -	\$ (8,211)	\$ 1,142,779
Construction in Progress	395,719	653,985	(703,892)	-	345,812
Total Non-Depreciable	1,546,709	653,985	(703,892)	(8,211)	1,488,591
Depreciable:					
Infrastructure	7,999,087	-	-	-	7,999,087
Buildings and improvements	3,654,840	-	-	-	3,654,840
Improvements other than Buildings	3,771,547	-	703,892	-	4,475,439
Vehicles and Equipment	5,823,032	244,495	-	(137,816)	5,929,711
Total Depreciable	21,248,506	244,495	703,892	(137,816)	22,059,077
Less Accumulated Depreciation for:					
Infrastructure	(4,042,391)	(270,516)	-	-	(4,312,907)
Buildings and Improvements	(2,557,662)	(112,909)	-	-	(2,670,571)
Improvements other than Buildings	(1,240,332)	(165,788)	-	-	(1,406,120)
Vehicles and Equipment	(4,272,681)	(228,106)	-	126,829	(4,373,958)
Total Accumulated Depreciation	(12,113,066)	(777,319)	-	126,829	(12,763,556)
Total Depreciable Capital Assets - Net	9,135,440	(532,824)	703,892	(10,987)	9,295,521
Total Capital Assets - Net	\$ 10,682,149	\$ 121,161	\$ -	\$ (19,198)	\$ 10,784,112

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Depreciation expense for governmental activities was charged to the following programs during the year:

General Government	\$ 82,460
Public Safety	178,869
Streets and Public Works	379,397
Parks and Recreation	136,593
Total depreciation expense	<u>\$ 777,319</u>

Capital assets for business-type activities consisted of the following as of June 30, 2023:

	Balance July 01, 2022	Additions	Transfers	Deletions/ Adjustments	Balance June 30, 2023
Business-Type Activities:					
Non-depreciable:					
Land	\$ 921,793	\$ -	\$ -	\$ -	\$ 921,793
Construction in Progress	485,570	205,331	(46,659)	-	644,242
Total Non-Depreciable	<u>1,407,363</u>	<u>205,331</u>	<u>(46,659)</u>	<u>-</u>	<u>1,566,035</u>
Depreciable:					
Infrastructure	6,340,384	-	-	-	6,340,384
Buildings and Improvements	1,139,545	-	-	-	1,139,545
Improvements other than Buildings	10,021,366	-	46,659	-	10,068,025
Right of Use Assets	3,722	-	-	-	3,722
Vehicles and Equipment	8,074,969	412,611	-	(47,345)	8,440,235
Total Depreciable	<u>25,579,986</u>	<u>412,611</u>	<u>46,659</u>	<u>(47,345)</u>	<u>25,991,911</u>
Less Accumulated Depreciation for:					
Infrastructure	(2,715,181)	(162,064)	-	-	(2,877,245)
Buildings and Improvements	(938,952)	(17,102)	-	-	(956,054)
Improvements other than Buildings	(4,304,836)	(387,822)	-	-	(4,692,658)
Right of Use Assets	(1,302)	(1,301)	-	-	(2,603)
Vehicles and Equipment	(5,995,824)	(319,255)	-	47,345	(6,267,734)
Total Accumulated Depreciation	<u>(13,956,095)</u>	<u>(887,544)</u>	<u>-</u>	<u>47,345</u>	<u>(14,796,294)</u>
Total Depreciable Capital Assets - Net	<u>11,623,891</u>	<u>(474,933)</u>	<u>46,659</u>	<u>-</u>	<u>11,195,617</u>
Total Capital Assets - Net	<u>\$ 13,031,254</u>	<u>\$ (269,602)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,761,652</u>

Depreciation expense for business-type activities was charged to the following programs during the year:

Electricity	\$ 191,703
Water	199,871
Sewer	489,481
Other Enterprise	6,489
Total depreciation expense	<u>\$ 887,544</u>

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

NOTE 7 - NONCURRENT LIABILITIES

Noncurrent liabilities consisted of the following as of June 30, 2023:

Description	Balance			Balance June 30, 2023	Due Within One Year
	July 01, 2022	Additions	Retirements		
Governmental Activities					
Net Pension Liability	\$ 5,384,017	\$ 4,460,221	\$ 1,447,029	\$ 8,397,209	\$ -
Total OPEB Liability	2,632,836	1,559,560	1,923,324	2,269,072	-
Compensated Absences	335,782	207,369	124,913	418,238	175,738
Total Governmental Activities Debt	<u>\$ 8,352,635</u>	<u>\$ 6,227,150</u>	<u>\$ 3,495,266</u>	<u>\$ 11,084,519</u>	<u>\$ 175,738</u>
Business-Type Activities					
Direct Borrowing:					
USDA Rural Development Loan (2001)	\$ 939,000	\$ -	\$ 36,000	\$ 903,000	\$ 38,000
USDA Rural Development Loan (2009)	2,185,000	-	55,000	2,130,000	56,000
Lease Liability	2,391	-	1,337	1,054	1,054
Net Pension Liability	3,516,818	2,956,176	907,612	5,565,382	-
Total OPEB Liability	1,359,468	1,176,511	824,223	1,711,756	-
Compensated Absences	271,683	43,711	72,533	242,861	114,848
Total Business-type Activities Debt	<u>\$ 8,274,360</u>	<u>\$ 4,176,398</u>	<u>\$ 1,896,705</u>	<u>\$ 10,554,053</u>	<u>\$ 209,902</u>
Fiduciary Funds - Successor Agency:					
Tax allocation bonds, Series 2008	\$ 4,260,000	\$ -	\$ 4,260,000	\$ -	\$ -
Tax allocation bonds, Series 2022A	-	2,390,000	-	2,390,000	65,000
Tax allocation bonds, Series 2022B	-	1,700,000	-	1,700,000	55,000
Unamortized bond discounts	(102,395)	-	(102,395)	-	-
Total Long-term liabilities	<u>\$ 4,157,605</u>	<u>\$ 4,090,000</u>	<u>\$ 4,157,605</u>	<u>\$ 4,090,000</u>	<u>\$ 120,000</u>

Business-Type Activities - USDA Rural Development Loans

On February 12, 2001, the City executed a long-term loan agreement with the United States Department of Agriculture (USDA) Rural Development to repay the interim sewer project financing provided by U.S. Bank. The interim financing repayment total consisted of \$1,478,141 in principal and \$9,529 in accrued interest. Interest on the new loan, at the rate of 3.25%, is payable semiannually. Annual principal payments, ranging from \$18,670 to \$65,000, are also required. This loan will be completely repaid on September 1, 2040 and is secured by the revenues of the City's sewer fund.

On April 15, 2009, the City entered into a loan/grant agreement with USDA Rural Development for the rehabilitation and upgrade of the City's existing wastewater treatment plant. The agreement consists of a loan of \$3,100,000 with a subsequent grant of \$1,000,000. Interest, at the rate of 2.5%, is payable annually. This loan will be completely repaid on April 1, 2050.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Future debt service payments for the USDA Rural Development Loans are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 94,000	\$ 81,980	\$ 175,980
2025	97,000	79,329	176,329
2026	99,000	76,595	175,595
2027	102,000	73,804	175,804
2028	105,000	70,914	175,914
2029-2033	571,000	308,288	879,288
2034-2038	657,000	222,646	879,646
2039-2043	619,000	128,219	747,219
2044-2048	485,000	62,475	547,475
2049-2053	204,000	7,599	211,599
Total	\$ 3,033,000	\$ 1,111,849	\$ 4,144,849

Successor Agency - Tax Allocation Bonds

In 2002, the former RDA issued \$4,750,000 of Tax Allocation Bonds, Series 2008A (Taxable) and Series 2008B (Tax Exempt). A total of \$2,980,000 of Series 2008A bonds were issued and \$1,770,000 of Series 2008B bonds. The proceeds of the Series 2008A bonds issued were used to repay a significant portion of the loans from the City of Gridley to the Agency. These bonds were refunded in fiscal year 2022 with the issuance of \$2,390,000 in Tax Allocation Bonds, Series 2022A and \$1,700,000 in Tax Allocation Bonds, Series 2022B.

The Series 2022A bonds bear annual interest at 5.26% and that is payable semi-annually on August 1st and February 1st. Principal is paid in annual installments beginning August 1, 2023 and ending August 1, 2043 in amounts ranging from \$65,000 to \$185,000. The Series 2022B bonds bear annual interest at 3.84% and that is payable semi-annually on August 1st and February 1st. Principal is paid in annual installments beginning August 1, 2023 and ending August 1, 2043 in amounts ranging from \$55,000 to \$115,000.

The Successor Agency recognized \$163,968 as a deferred loss on the early defeasance of debt which will be amortized through fiscal year 2043. The Successor Agency realized savings of \$1,105,328, which was the aggregate difference of the total debt service between the refunded debt of \$7,579,125 and refunding debt of \$6,473,797. Future debt service payments for the tax allocation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 120,000	\$ 188,229	\$ 308,229
2025	120,000	182,698	302,698
2026	130,000	176,939	306,939
2027	135,000	170,822	305,822
2028	145,000	164,345	309,345
2029-2033	810,000	713,868	1,523,868
2034-2038	1,030,000	500,736	1,530,736
2039-2043	1,300,000	229,218	1,529,218
2044-2045	300,000	7,071	307,071
Total	\$ 4,090,000	\$ 2,333,926	\$ 6,423,926

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

NOTE 8 - RETIREMENT PLANS

General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Special Death Benefit (Safety only), the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous			Safety	
	Tier I	Tier II	PEPRA	Tier I	PEPRA
Benefit formula	2% @ 55	2% @ 55	2% @ 62	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	55	62	50	57
Monthly benefits as a					
% of eligible compensation	2.00%	2.00%	2.00%	3.00%	2.00%
Required employee contribution rates	7.00%	7.00%	6.75%	9.00%	13.00%
Required employer contribution rates	10.87%	10.32%	7.47%	22.47%	12.78%

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Employees Covered

At June 30, 2023, the following employees were covered by the benefit terms for the Plans:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Active	31	10	41
Transferred	16	13	29
Separated	14	6	20
Retired	54	41	95
Total	<u>115</u>	<u>70</u>	<u>185</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2023, the City's contributions were as follows:

	<u>Employer Contributions</u>
Miscellaneous	\$ 909,898
Safety	<u>660,352</u>
Total Employer Contributions	<u>\$ 1,570,250</u>

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liabilities as follows:

	<u>Proportionate Share of Net Pension Liability/(Asset)</u>
Miscellaneous	\$ 8,491,669
Safety	<u>5,470,922</u>
Total	<u>\$ 13,962,591</u>

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2022, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

The City's proportionate share of the net pension liability for the Plans as of June 30, 2022 and 2023 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Combined Plans</u>
Proportion - June 30, 2022	0.29769%	0.09256%	0.16458%
Proportion - June 30, 2023	0.18148%	0.07962%	0.12088%
Change - Increase/(Decrease)	<u>-0.11621%</u>	<u>-0.01294%</u>	<u>-0.04370%</u>

For the year ended June 30, 2023, the City recognized a pension credit of \$2,069,411.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 1,421,783	\$ -
Differences between Expected and Actual Experience	396,951	173,623
Differences between Projected and Actual Investment Earnings	2,419,383	-
Differences between Employer's Contributions and Proportionate Share of Contributions	91,313	234,110
Change in Employer's Proportion	59,601	1,452,604
Pension Contributions Made Subsequent to Measurement Date	1,570,250	-
Total	<u>\$ 5,959,281</u>	<u>\$ 1,860,337</u>

The City reported \$1,570,250 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>		
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
2024	\$ 120,304	\$ 394,908	\$ 515,212
2025	55,586	307,530	363,116
2026	(157)	171,688	171,531
2027	951,365	527,011	1,478,376
2028	-	-	-
Thereafter	-	-	-
Total	<u>\$ 1,127,098</u>	<u>\$ 1,401,137</u>	<u>\$ 2,528,235</u>

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects the long-term expected real rate of return by asset class.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Totals
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability	\$ 11,771,236	7,837,603	19,608,839
Current	6.90%	6.90%	6.90%
Net Pension Liability	\$ 8,491,669	5,470,922	13,962,591
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$ 5,793,399	3,536,695	9,330,094

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The City sponsors and administers a single-employer health care plan for its employees. The plan provides medical, dental, and vision coverage. Medical coverage is provided through CalPERS under the

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Public Employees' Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. The City sets its contribution rates for health insurance on behalf of active employees according to the PEMHCA statutory minimum. The amounts are indexed (increased) in all future years according to the rate of medical inflation. The excess of the designated City contribution for healthcare (the second highest premium available in the 95948 zip code area) over the PEMHCA statutory minimum is contributed to a Cafeteria Plan and the employee may elect to have some or all of this excess contributed on his or her behalf to CalPERS as an "employee contribution" towards healthcare benefits. As the City 's OPEB benefits are administered by City personnel, no separate financial statements are issued.

Management employees are subject to PERS' "100/90 State Contribution Formula" under which the City's contribution is determined based upon the weighted average of the four most popular medical plan options under PEMHCA, as announced each year by CalPERS. The City offers the same medical plans to its retirees as to its active employees, with the general exception that upon reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverage's offered under PEMHCA. Management employees hired on or before December 31, 2012 are eligible for benefits upon retirement at age 50 with 10 years of service. The City's contribution on behalf of Management hired on or before December 31, 2012 retirees, is based on the 'PERS' "Unequal Contribution Method" and equals 5% of the statutory minimum multiplied by the number of years the City has participated in PEMHCA. This amount is \$40.40/month for 2018.

Employees Covered by Benefit Terms

At June 30, 2023, the benefit terms covered the following employees:

Active employees	2
Inactive employees	9
Total employees	<u>11</u>

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	July 1, 2021
Measurement Date:	June 30, 2022
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	30 years
Actuarial Assumptions:	
Discount Rate	3.54%
Inflation	2.75%
Payroll Increases	3.00%
Trend Rate	7.00%
Municipal Bond Rate	3.54%
Mortality	Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.

Notes:

The discount rate increased from 2.21% to 3.54%.

Payroll growth increased from 2% to 4%.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Contributions

The City's policy is to fully fund the annual required contribution, which is determined by an actuary. The City makes the contributions on behalf of the participants. For the fiscal year ended June 30, 2023, the City paid contributions of \$172,125. There have been no assets accumulated in a trust to provide for the benefits of this plan.

Total OPEB Liability

The City's Total OPEB liability was measured as of June 30, 2022 (measurement date) and was determined by an actuarial valuation as of July 1, 2021 (valuation date) for the fiscal year ended June 30, 2023 (reporting date).

Changes in the Total OPEB Liability

The following summarizes the changes in the Total OPEB liability during the year ended June 30, 2023:

Fiscal Year Ended June 30, 2023	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2022	\$ 3,992,304	\$ -	\$ 3,992,304
Service cost	22,368	-	22,368
Interest in Total OPEB Liability	138,281	-	138,281
Benefit payments	(172,125)	-	(172,125)
Net changes	(11,476)	-	(11,476)
Balance at June 30, 2023	\$ 3,980,828	\$ -	\$ 3,980,828

The City's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 130,576	\$ -
Change in assumptions	133,578	-
Totals	\$ 264,154	\$ -

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2024	\$ 264,154
Total	\$ 264,154

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2023:

Service cost	\$ 22,368
Interest on total OPEB liability	138,281
Other actuarial adjustments	(48)
Difference between actual and expected experience	(799,133)
Change in assumptions	(524,240)
OPEB Expense	\$ (1,162,772)

The following summarizes changes in the Total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2023:

Net OPEB liability ending	\$ 3,980,828
Net OPEB liability beginning	(3,992,304)
Change in net OPEB liability	(11,476)
Changes in deferred outflows	1,148,496
Changes in deferred inflows	(2,471,917)
Employer contributions and implicit subsidy	172,125
OPEB Expense	\$ (1,162,772)

Sensitivity to Changes in the Discount Rate

The Total OPEB liability of the City, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, was as follows:

	Discount Rate		
	(1% Decrease)	3.54%	(1% Increase)
Net OPEB Liability (Asset)	\$ 4,615,965	\$ 3,980,828	\$ 3,474,684

Sensitivity to Changes in the Healthcare Cost Trend Rates

The Total OPEB liability of the City, as well as what the City's Total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, was as follows:

	Trend Rate		
	(1% Decrease)	7.00%	(1% Increase)
Net OPEB Liability (Asset)	\$ 3,401,356	\$ 3,980,828	\$ 4,709,088

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

NOTE 10 - DEFICIT FUND BALANCE AND NET POSITION

The City reported the following funds with deficit fund balance and net position as of June 30, 2023:

	Deficit Fund Balance	Deficit Net Position
SB 325 TDA Fund	\$ 465,928	\$ -
Traffic Safety Fund	51,581	-
Planning and Development Fund	1,352,123	-
Solid Waste Recreation Fund	57,646	-
Gas Tax Fund	936,567	-
Maintenance District Fund	17,852	-
Recreation Related Fund	1,728,721	-
2021 Vierra Park Improvements Fund	52,120	-
Home Fund	97,081	-
Senior Taxi Fund	-	221,380
Totals	<u>\$ 4,759,619</u>	<u>\$ 221,380</u>

The fund deficits were a result of expenditures incurred in advance of receipt of revenue and will be eliminated through future revenues and interfund transfers.

NOTE 11 - RISK MANAGEMENT

The City is a member of the Northern California Cities Self Insurance Fund (NCCSIF) along with twenty other northern California cities. The NCCSIF is a joint powers authority (JPA) organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The NCCSIF provides claims processing, administrative services, risk management services, and actuarial studies. A member from each city governs the NCCSIF. The City Council members do not have significant oversight responsibility since they evenly share all factors of responsibility with the other cities. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The NCCSIF is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance. The audited financial statements of the JPA are available at the NCCSIF's office.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City provides property, liability, and workers compensation insurance through Northern California Cities Self Insurance Fund a public entity risk pool currently operating as a common risk management and insurance program for several Northern California municipalities. Annual deposits are paid by member cities and are adjusted retrospectively to cover costs.

The NCCSIF establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The City does not have any material unpaid and uninsured claims outstanding at the beginning or end of the last two fiscal years. The City's insurance coverage and the respective coverage providers are as follows:

Amount	Coverage Provider	Payment
General Liability		
\$0 - \$50,000	Self-insured	Banking layer
\$50,001 - \$450,000	Northern California Cities Self Insurance Fund	Shared risk
\$450,001 - \$40,000,000	California Joint Powers Risk Management Authority	Shared risk (to \$5 mil, excess insurance after that)
Workers' Compensation		
\$0 - \$100,000	Self-insured	Banking layer
\$100,001 - \$400,000	Northern California Cities Self Insurance Fund	Shared risk
\$400,001 - statutory	CSAC-EIA	Shared risk and Excess Insurance

Property insurance

The City's standard deductible is \$5,000 for coverage. The coverage limit for fiscal year 2023 was \$1,000,000,000 blanket real and personal property.

Performance and Public Employee Dishonesty Bonds

The City has \$25,000 in performance bond coverage for the City Clerk, \$100,000 performance bond coverage for the City Treasurer, and \$3,000,000 in coverage for public employee dishonesty with a deductible of \$5,000.

NOTE 12 - RELATED ORGANIZATIONS

The City is a member of various joint powers authorities that provide goods or services to the City and other authority members. The City does not have sufficient authority, influence or accountability over these entities to incorporate them in this annual report. Additionally, the City has determined that it has no ongoing financial interest or responsibility for any of these organizations. The names and general functions of these joint powers are as follows:

Northern California Power Agency (NCPA)

Membership consists of 12 municipal electric utilities, one Rural Electric Cooperative, an irrigation district, and a public utility district. The NCPA is generally empowered to purchase, generate, transmit, distribute, and sell electrical energy. Members participate in the projects of NCPA on an elective basis. A Commission comprised of one representative for each member governs the NCPA.

The City is currently involved in several hydroelectric, geothermal, and other energy-related projects as a member of this agency. The NCPA is financed by contributions from member cities, government grants, and debt. The City is committed to providing substantial additional financial support for its portion of the actions and projects of the NCPA.

City of Gridley
Notes to the Basic Financial Statements
June 30, 2023

The NCPA holds certain funds under a separate member custodial agreement - the general operating reserve. The purpose of the reserve is to allow members to fund all, or a portion, of the contingent liabilities that the NCPA faces at any given time, while providing the individual member with the flexibility to draw upon their part of the reserve, as each member individually deems appropriate. The NCPA requires agency members to maintain at least 90% of the annual general operating reserve. The City has maintained the required reserve amount during the fiscal year ending 2023. Due to the nature of the reserve held by NCPA, payments made to the reserve are expensed as purchased power. The financial statements are available online at www.ncpa.com.

Transmission Agency of Northern California (TANC)

Members include eleven cities, one electric co-op, two irrigation districts, and one public utility district. The Agency was created to provide electric transmission or other facilities, including real property and rights of way, for the use of its members. A Commission comprised of one representative appointed by each member governs the Agency. The City has authorized its participation in the project up to 1% of the total expenditures. The financial statements are available online at <http://tanc.us/financials.html>.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Lawsuits

The City is subject to certain matters of litigation that may arise in the normal course of conducting City business. City management believes, based upon consultation with legal counsel, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants if required by and in accordance with the provisions of the Uniform Guidance and applicable State requirements. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Deferred Compensation

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees, permits employees to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets and liabilities of these plans have been excluded from the accompanying financial statements. The City does not administer the plan.



REQUIRED SUPPLEMENTARY INFORMATION

This page is intentionally blank

City of Gridley
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes and assessments	\$ 2,563,001	\$ 2,563,001	\$ 3,326,589	\$ 763,588
Licenses, permits and fees	38,677	38,677	98,797	60,120
Fines and forfeitures	9,616	9,616	8,406	(1,210)
Intergovernmental	630,079	630,079	444,991	(185,088)
Charges for services	143,194	143,194	68,688	(74,506)
Use of money and property	36,078	36,078	104,157	68,079
Other revenue	160,262	160,262	199,322	39,060
Total Revenues	3,580,907	3,580,907	4,250,950	670,043
EXPENDITURES				
Current:				
General government	1,111,100	1,111,100	223,960	887,140
Public safety	5,166,657	5,166,657	4,970,085	196,572
Streets and public works	711,658	711,658	411,851	299,807
Community development	120,743	120,743	165,902	(45,159)
Parks and recreation	192,055	192,055	142,345	49,710
Capital outlay	1,704,993	1,704,993	366,970	1,338,023
Total Expenditures	9,007,206	9,007,206	6,281,113	2,726,093
Excess (Deficiency) of Revenues over Expenditures	(5,426,299)	(5,426,299)	(2,030,163)	3,396,136
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,514,676	1,514,676
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,514,676	1,514,676
Net Change in Fund Balance	(5,426,299)	(5,426,299)	(515,487)	4,910,812
Fund Balance Beginning	13,462,656	13,462,656	13,462,656	-
Fund Balance Ending	\$ 8,036,357	\$ 8,036,357	\$ 12,947,169	\$ 4,910,812

City of Gridley
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 28	\$ 28
Total Revenues	-	-	28	28
EXPENDITURES				
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	28	28
Fund Balance Beginning	3,782	3,782	3,782	-
Fund Balance Ending	<u>\$ 3,782</u>	<u>\$ 3,782</u>	<u>\$ 3,810</u>	<u>\$ 28</u>

City of Gridley
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 78,765	\$ 78,765
Program income	86,585	86,585	109,817	23,232
Use of money and property	-	-	5,595	5,595
Total Revenues	86,585	86,585	194,177	107,592
EXPENDITURES				
Current:				
Community development	7,831	7,831	99,053	(91,222)
Total Expenditures	7,831	7,831	99,053	(91,222)
Net Change in Fund Balance	78,754	78,754	95,124	16,370
Fund Balance Beginning	954,745	954,745	954,745	-
Fund Balance Ending	\$ 1,033,499	\$ 1,033,499	\$ 1,049,869	\$ 16,370

City of Gridley
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 71,515	\$ 71,515	\$ 378,600	\$ 307,085
Use of money and property	499	499	3,820	3,321
Total Revenues	<u>72,014</u>	<u>72,014</u>	<u>382,420</u>	<u>310,406</u>
EXPENDITURES				
Current:				
Public safety	56,396	56,396	20,882	35,514
Community development	-	-	8,083	(8,083)
Parks and recreation	-	-	16,457	(16,457)
Capital outlay	55,000	55,000	46,670	8,330
Total Expenditures	<u>111,396</u>	<u>111,396</u>	<u>92,092</u>	<u>19,304</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(39,382)</u>	<u>(39,382)</u>	<u>290,328</u>	<u>329,710</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(118,732)	(118,732)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(118,732)</u>	<u>(118,732)</u>
Net Change in Fund Balance	(39,382)	(39,382)	171,596	210,978
Fund Balance Beginning	1,540,856	1,540,856	1,540,856	-
Fund Balance Ending	<u>\$ 1,501,474</u>	<u>\$ 1,501,474</u>	<u>\$ 1,712,452</u>	<u>\$ 210,978</u>

City of Gridley
Notes to Required Supplementary Information
Budgetary Accounting and Control
June 30, 2023

The City Council establishes budgets for all governmental funds on a basis consistent with Generally Accepted Accounting Principles, with the exception of capital projects which are budgeted on a project length basis. Appropriations, except open project appropriations and unexpended grant appropriations, lapse at the end of each fiscal year. The budgetary data is prepared on the modified accrual basis consistent with the related "actual" amounts.

Department heads submit a proposed budget to the City Administrator. The City Administrator submits a proposed budget to the City Council for the following year beginning July 1. The preliminary budget may or may not be amended by the City Council after public hearings are held and is adopted by City Council resolution prior to July 1 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. The City Administrator is authorized to transfer budgeted amounts within an object or purpose within any department. However, the City Council must approve revisions that alter the total expenditures of any department. Budgetary control is legally maintained at the fund level.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. Amounts represent the original budgeted amounts and all supplemental appropriations.

City of Gridley
Schedule of Pension Contributions
June 30, 2023
(Last Ten Years)

Miscellaneous Plan									
Plan Measurement Date	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contributions	\$ 701,624	\$ 795,514	\$ 866,010	\$ 947,355	\$ 1,023,639	\$ 1,128,141	\$ 1,293,223	\$ 1,420,621	\$ 1,570,250
Contributions in Relation to									
Contractually Required Contributions	701,624	795,514	866,010	947,355	1,023,639	1,128,141	1,293,223	1,420,621	1,570,250
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 3,118,121	\$ 3,099,247	\$ 3,275,057	\$ 3,384,871	\$ 2,642,537	\$ 2,891,883	\$ 3,233,815	\$ 3,508,606	\$ 3,606,847
Contributions as a % of Covered Payroll	22.50%	25.67%	26.44%	27.99%	38.74%	39.01%	39.99%	40.49%	43.54%

Notes to Schedule:

Valuation Date: June 30, 2021
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period no more than 29 years
Inflation Assumed at 2.30%
Investment Rate of Returns set at 6.8%
The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2023.
The CalPERS mortality assumptions was adjusted in fiscal year 2023.

City of Gridley
Schedule of Proportionate Share of Net Pension Liability
June 30, 2023
(Last Ten Years)

Miscellaneous and Safety Plan	2014	2015	2016	2017	2018	2019	2020	2021	2022
Plan Measurement Date	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fiscal Year Ended									
Proportion of Net Pension Liability (Safety and Misc)	0.12501%	0.12003%	0.10006%	0.11218%	0.11472%	0.11475%	0.11487%	0.16458%	0.12088%
Proportionate Share of Net Pension Liability	\$ 7,778,821	\$ 8,238,421	\$ 8,658,560	\$ 11,125,054	\$ 11,054,726	\$ 11,758,898	\$ 12,498,264	\$ 8,900,835	\$ 13,962,591
Covered Payroll	\$ 3,079,982	\$ 3,118,121	\$ 3,099,247	\$ 3,275,057	\$ 3,384,871	\$ 2,642,537	\$ 2,891,883	\$ 3,233,815	\$ 3,508,606
Proportionate Share of NPL as a % of Covered Payroll	252.56%	264.21%	279.38%	339.69%	326.59%	444.99%	432.18%	275.24%	397.95%
Plan's Fiduciary Net Position as a % of the TPL	81.15%	71.26%	68.94%	67.62%	68.40%	67.37%	65.78%	76.73%	66.11%

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.80% in FY2023.
The CalPERS mortality assumptions was adjusted in fiscal year 2023.

City of Gridley
Schedule of Changes in Total OPEB Liability
June 30, 2023
(Last Ten Years)

Fiscal Year Ended	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 12,401	\$ 12,650	\$ 171,325	\$ 165,106	\$ 21,603	\$ 22,368
Interest	158,069	159,756	206,796	211,318	139,337	138,281
Diff. between expected/actual experience	21,513	16,042	2,401,492	-	(3,239,275)	-
Changes of assumptions	-	-	2,456,638	-	(2,618,711)	-
Actuarial adjustments	-	-	-	74,743	(165,484)	-
Benefit payments	(148,050)	(141,637)	(161,908)	(84,534)	(166,240)	(172,125)
Net change in Total OPEB Liability	43,933	46,811	5,074,343	366,633	(6,028,770)	(11,476)
Total OPEB Liability - beginning	4,489,354	4,533,287	4,580,098	9,654,441	10,021,074	3,992,304
Total OPEB Liability - ending	4,533,287	4,580,098	9,654,441	10,021,074	3,992,304	3,980,828
Plan fiduciary net position						
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-	-
Net OPEB liability (asset)	\$ 4,533,287	4,580,098	9,654,441	10,021,074	3,992,304	3,980,828
Plan fiduciary net position as a % of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 2,726,110	\$ 2,780,632	\$ 826,218	\$ 842,742	\$ 258,224	\$ 265,971
NOL as a % of covered employee payroll	166.29%	164.71%	1168.51%	1189.10%	1546.06%	1496.72%
TOL as a % of covered employee payroll	166.29%	164.71%	1168.51%	1189.10%	1546.06%	1496.72%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

Discount rates changed from 3.58% to 2.21% in FY2020, and then to 3.54% in FY2022.

Payroll growth increased from 2% to 4%.

Mortality assumption changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Rate 2006) to Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.



SUPPLEMENTARY INFORMATION

This page is intentionally blank

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

FEMA Reserve

This fund is used to account for the FEMA lease revenue.

General Impact Fee

The source of funding is a portion of the impact fees on new developments calculated in the City Fee Schedule. This fund is used for the CIP project per council approval.

Development Agreement Fee

The source of revenue is a portion of the impact fees on new developments calculated in a City fee schedule. The funds will be appropriated for CIP projects upon council approval.

M. Vierra Park

This fund is used to account for the grant funding for the development of M. Vierra Park.

SB 1 RMRA

This fund is used to account for receipts and expenditures of gas tax funds for road repair and maintenance under the California rehab program.

SB 325 TDA

This fund is used to account for receipts and expenditures of monies apportioned for street and road sweeping, repairs, maintenance and other street projects under the street and highway code 2105, 2016, 2107 and 2107.5 of the State of California.

Traffic Safety

This fund is used to account for receipts of motor vehicle fines and forfeitures expended for traffic projects.

Railroad Maintenance

This fund is used to account for expenses related to repairs for the railroad and intersecting streets.

Public Safety Augmentation

This fund is used to account for receipts and expenditure related to safety expenses.

Planning and Development

This fund is used to account for the City's participation in the Community Development Block Grant programs, which provides loans to rehab low income housing and First Time home buyers (generally low income).

Solid Waste Recreation

This fund is used for purchasing beverage trash containers located throughout the City right-of-way and public parks.

Gas Tax

This fund is used to account for receipts and expenditures of monies apportioned for street and road sweeping, repairs, maintenance and other street projects under the street and highway code 2105, 2016, 2107 and 2107.5 of the State of California.

NONMAJOR GOVERNMENTAL FUNDS

Butte Interagency Narcotics Task Force (BINTF)

This fund is used to account for the contribution of funds and service to BINTF.

Maintenance Districts

The funds are used to account for the receipts and expenditures of four districts within the City limit. The assessment of districts is the source of funding.

CDBG Housing Rehab/Drainage Grant

This fund is used to account for revenues and expenditures related to the Community Development Block Grant for housing rehabilitation and drainage.

Cal Home

This fund is used to account for Cal Home grant revenues and expenditures.

Police Explorer

The fund is used to pay the expenditures related to youth programs. Donations and fund raising are the sources of funding.

K-9 - Donations & Expenses

The fund is used to account for City donations and expenses.

Recreation Related

The fund is used to pay the expenditures related to recreational activities funded through the annual budget.

2021 Vierra Park Improvements

This fund is used to account for resources expended on Vierra Park improvements.

Home

This fund is used to account for Home program revenues and expenditures.

City of Gridley
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	FEMA Reserve Fund	General Impact Fee Fund	Development Agreement Fund	M. Vierra Park Fund
ASSETS				
Cash and investments	\$ 468,166	\$ 1,125,156	\$ 11,963	\$ 27,984
Accounts receivable	-	-	-	-
Interest receivable	1,141	2,744	29	583
Taxes receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 469,307	\$ 1,127,900	\$ 11,992	\$ 28,567
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances:				
Restricted:				
Redevelopment	-	1,127,900	11,992	-
Grants	469,307	-	-	-
Taxes and fees	-	-	-	-
Capital projects	-	-	-	28,567
Other	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	469,307	1,127,900	11,992	28,567
Total liabilities, deferred inflows of resources and fund balances	\$ 469,307	\$ 1,127,900	\$ 11,992	\$ 28,567

Cont'd

City of Gridley
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	SB 1 RMRA Fund	SB 325 TDA Fund	Traffic Safety Fund	Railroad Maintenance Fund
ASSETS				
Cash and investments	\$ 653,004	\$ -	\$ 2,626	\$ 11,074
Accounts receivable	28,645	-	2,717	-
Interest receivable	1,606	9	-	27
Taxes receivable	-	109,302	-	-
Due from other funds	-	329,029	-	-
Total assets	\$ 683,255	\$ 438,340	\$ 5,343	\$ 11,101
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 5,479	\$ 2,822	\$ -
Due to other funds	-	898,789	54,102	-
Total liabilities	-	904,268	56,924	-
Fund Balances:				
Restricted:				
Redevelopment	-	-	-	-
Grants	-	-	-	-
Taxes and fees	683,255	-	-	-
Capital projects	-	-	-	11,101
Other	-	-	-	-
Unassigned	-	(465,928)	(51,581)	-
Total fund balances	683,255	(465,928)	(51,581)	11,101
Total liabilities, deferred inflows of resources and fund balances	\$ 683,255	\$ 438,340	\$ 5,343	\$ 11,101

Cont'd

City of Gridley
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	Public Safety Augmentation Fund	Planning and Development Fund	Solid Waste Recreation Fund	Gas Tax Fund	Butte Interagency Narcotics Tac Force Fund
ASSETS					
Cash and investments	\$ 183,036	\$ -	\$ -	\$ -	\$ 4,155
Accounts receivable	-	-	-	372	-
Interest receivable	414	-	-	729	-
Taxes receivable	2,699	-	-	4,377	-
Due from other funds	-	-	-	-	-
Total assets	\$ 186,149	\$ -	\$ -	\$ 5,478	\$ 4,155
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 11,968	\$ -	\$ 5,700	\$ -
Due to other funds	-	1,340,155	57,646	936,345	-
Total liabilities	-	1,352,123	57,646	942,045	-
Fund Balances:					
Restricted:					
Redevelopment	-	-	-	-	-
Grants	-	-	-	-	-
Taxes and fees	186,149	-	-	-	4,155
Capital projects	-	-	-	-	-
Other	-	-	-	-	-
Unassigned	-	(1,352,123)	(57,646)	(936,567)	-
Total fund balances	186,149	(1,352,123)	(57,646)	(936,567)	4,155
Total liabilities, deferred inflows of resources and fund balances	\$ 186,149	\$ -	\$ -	\$ 5,478	\$ 4,155

Cont'd

City of Gridley
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Special Revenue Funds

	Maintenance Districts Fund	CDBG Housing Rehab/Drainage Grant Fund	Cal Home Fund	Police Explorer Fund
ASSETS				
Cash and investments	\$ -	\$ 118	\$ 19,264	\$ 655
Accounts receivable	43	-	-	-
Interest receivable	211	-	-	-
Taxes receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 254	\$ 118	\$ 19,264	\$ 655
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	18,106	-	-	-
Total liabilities	18,106	-	-	-
Fund Balances:				
Restricted:				
Redevelopment	-	118	19,264	-
Grants	-	-	-	-
Taxes and fees	-	-	-	-
Capital projects	-	-	-	-
Other	-	-	-	655
Unassigned	(17,852)	-	-	-
Total fund balances	(17,852)	118	19,264	655
Total liabilities, deferred inflows of resources and fund balances	\$ 254	\$ 118	\$ 19,264	\$ 655

Cont'd

City of Gridley
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				Total Nonmajor Governmental Funds
	K-9 Donations & Expense Fund	Recreation Related Fund	2021 Vierra Park Improvements Fund	Home Fund	
ASSETS					
Cash and investments	\$ 1,677	\$ -	\$ -	\$ -	\$ 2,508,878
Accounts receivable	-	-	-	-	31,777
Interest receivable	4	-	-	-	7,497
Taxes receivable	-	-	-	-	116,378
Due from other funds	-	-	-	-	329,029
Total assets	\$ 1,681	\$ -	\$ -	\$ -	\$ 2,993,559
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 3,922	\$ -	\$ -	\$ 29,891
Due to other funds	-	1,724,799	52,120	97,081	5,179,143
Total liabilities	-	1,728,721	52,120	97,081	5,209,034
Fund Balances:					
Restricted:					
Redevelopment	-	-	-	-	1,159,274
Grants	-	-	-	-	469,307
Taxes and fees	-	-	-	-	873,559
Capital projects	-	-	-	-	39,668
Other	1,681	-	-	-	2,336
Unassigned	-	(1,728,721)	(52,120)	(97,081)	(4,759,619)
Total fund balances	1,681	(1,728,721)	(52,120)	(97,081)	(2,215,475)
Total liabilities, deferred inflows of resources and fund balances	\$ 1,681	\$ -	\$ -	\$ -	\$ 2,993,559

Concluded

City of Gridley
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	FEMA Reserve Fund	General Impact Fee Fund	Development Agreement Fund	M. Vierra Park Fund
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	264,125	-	-
Program income	-	-	-	-
Use of money and property	3,273	6,905	85	(316)
Other revenue	-	-	-	-
Total Revenues	<u>3,273</u>	<u>271,030</u>	<u>85</u>	<u>(316)</u>
EXPENDITURES				
Current:				
Streets and public works	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,273</u>	<u>271,030</u>	<u>85</u>	<u>(316)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,273	271,030	85	(316)
Fund Balances Beginning	<u>466,034</u>	<u>856,870</u>	<u>11,907</u>	<u>28,883</u>
Fund Balances Ending	<u>\$ 469,307</u>	<u>\$ 1,127,900</u>	<u>\$ 11,992</u>	<u>\$ 28,567</u>

Cont'd

City of Gridley
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	SB 1 RMRA Fund	SB 325 TDA Fund	Traffic Safety Fund	Railroad Maintenance Fund
REVENUES				
Taxes and assessments	\$ 163,476	\$ 243,957	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Fines and forfeitures	-	-	19,226	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Program income	-	-	-	-
Use of money and property	3,618	1	-	77
Other revenue	-	-	-	-
Total Revenues	<u>167,094</u>	<u>243,958</u>	<u>19,226</u>	<u>77</u>
EXPENDITURES				
Current:				
Streets and public works	-	72,563	17,691	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	319,732	-	-
Total Expenditures	<u>-</u>	<u>392,295</u>	<u>17,691</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>167,094</u>	<u>(148,337)</u>	<u>1,535</u>	<u>77</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	167,094	(148,337)	1,535	77
Fund Balances Beginning	<u>516,161</u>	<u>(317,591)</u>	<u>(53,116)</u>	<u>11,024</u>
Fund Balances Ending	<u>\$ 683,255</u>	<u>\$ (465,928)</u>	<u>\$ (51,581)</u>	<u>\$ 11,101</u>

Cont'd

City of Gridley
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Public Safety Augmentation Fund	Planning and Development Fund	Solid Waste Recreation Fund	Gas Tax Fund	Butte Interagency Narcotics Tac Force Fund
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 190,866	\$ -
Licenses, permits and fees	-	7,455	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	37,008	-	-	117,837	-
Charges for services	-	-	-	-	-
Program income	-	-	-	-	-
Use of money and property	1,053	-	-	1,955	-
Other revenue	-	660	-	1,116	-
Total Revenues	38,061	8,115	-	311,774	-
EXPENDITURES					
Current:					
Streets and public works	-	-	-	630,440	-
Community development	-	204,620	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	3,532	-
Total Expenditures	-	204,620	-	633,972	-
Excess (Deficiency) of Revenues over Expenditures	38,061	(196,505)	-	(322,198)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	38,061	(196,505)	-	(322,198)	-
Fund Balances Beginning	148,088	(1,155,618)	(57,646)	(614,369)	4,155
Fund Balances Ending	<u>\$ 186,149</u>	<u>\$ (1,352,123)</u>	<u>\$ (57,646)</u>	<u>\$ (936,567)</u>	<u>\$ 4,155</u>

Cont'd

City of Gridley
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Maintenance Districts Fund	CDBG Housing Rehab/Drainage Grant Fund	Cal Home Fund	Police Explorer Fund
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Program income	-	-	19,264	-
Use of money and property	604	-	-	3
Other revenue	-	-	-	-
Total Revenues	604	-	19,264	3
EXPENDITURES				
Current:				
Streets and public works	57,952	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	57,952	-	-	-
Excess (Deficiency) of Revenues over Expenditures	(57,348)	-	19,264	3
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(57,348)	-	19,264	3
Fund Balances Beginning	39,496	118	-	652
Fund Balances Ending	\$ (17,852)	\$ 118	\$ 19,264	\$ 655

Cont'd

City of Gridley

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

	Special Revenue Funds				
	K-9 Donations & Expense Fund	Recreation Related Fund	2021 Vierra Park Improvements Fund	Home Fund	Total Nonmajor Governmental Funds
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 598,299
Licenses, permits and fees	-	16,105	-	-	23,560
Fines and forfeitures	-	-	-	-	19,226
Intergovernmental	-	-	177,952	-	332,797
Charges for services	-	-	-	-	264,125
Program income	-	-	-	-	19,264
Use of money and property	11	-	-	-	17,269
Other revenue	-	4,185	-	-	5,961
Total Revenues	11	20,290	177,952	-	1,280,501
EXPENDITURES					
Current:					
Streets and public works	-	-	-	-	778,646
Community development	-	-	-	90,235	294,855
Parks and recreation	-	209,283	-	-	209,283
Capital outlay	-	-	227,066	-	550,330
Total Expenditures	-	209,283	227,066	90,235	1,833,114
Excess (Deficiency) of Revenues over Expenditures	11	(188,993)	(49,114)	(90,235)	(552,613)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	11	(188,993)	(49,114)	(90,235)	(552,613)
Fund Balances Beginning	1,670	(1,539,728)	(3,006)	(6,846)	(1,662,862)
Fund Balances Ending	<u>\$ 1,681</u>	<u>\$ (1,728,721)</u>	<u>\$ (52,120)</u>	<u>\$ (97,081)</u>	<u>\$ (2,215,475)</u>

Concluded

NONMAJOR ENTERPRISE FUNDS

The *Drainage Fund* is used to account for the activities of the City's drainage operations.

The *Solid Waste Fund* is used to account for the activities of the City's solid waste operations.

The *Senior Taxi Fund* is used to account for the activities of the City's senior taxi operations.

City of Gridley
Combining Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities Enterprise Funds			Total
	Drainage Fund	Solid Waste Fund	Senior Taxi Fund	
ASSETS				
Current assets:				
Cash and investments	\$ 2,742	\$ 969	\$ 283,404	\$ 287,115
Accounts receivable	-	-	932	932
Interest receivable	7	15	765	787
Total current assets	2,749	984	285,101	288,834
Noncurrent assets:				
Capital assets - depreciable, net	-	-	7,708	7,708
Total assets	\$ 2,749	\$ 984	\$ 292,809	\$ 296,542
DEFERRED OUTFLOWS OF RESOURCES				
Pension adjustments	\$ -	\$ -	\$ 161,059	\$ 161,059
Total deferred outflows of resources	\$ -	\$ -	\$ 161,059	\$ 161,059
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,638	\$ 2,638
Due to other funds	-	-	329,029	329,029
Compensated absences, current	-	-	5,735	5,735
Total current liabilities	-	-	337,402	337,402
Noncurrent liabilities:				
Net pension liability	-	-	285,889	285,889
Compensated absences, noncurrent	-	-	15,483	15,483
Total noncurrent liabilities	-	-	301,372	301,372
Total liabilities	\$ -	\$ -	\$ 638,774	\$ 638,774
DEFERRED INFLOWS OF RESOURCES				
Pension adjustments	\$ -	\$ -	\$ 36,474	\$ 36,474
Total deferred inflows of resources	\$ -	\$ -	\$ 36,474	\$ 36,474
NET POSITION				
Net Investment in capital assets	\$ -	\$ -	\$ 7,708	\$ 7,708
Unrestricted	2,749	984	(229,088)	(225,355)
Total net position	\$ 2,749	\$ 984	\$ (221,380)	\$ (217,647)

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

City of Gridley

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds			Total
	Drainage Fund	Solid Waste Fund	Senior Taxi Fund	
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ 3,120	\$ 3,120
Intergovernmental	-	-	87,434	87,434
Other revenue	-	-	12,970	12,970
Total operating revenues	<u>-</u>	<u>-</u>	<u>103,524</u>	<u>103,524</u>
OPERATING EXPENSES				
Salaries and benefits	-	-	(36,000)	(36,000) ⁽¹⁾
Materials and supplies	-	-	9,693	9,693
Repairs and maintenance	-	-	2,335	2,335
Power and utilities	-	-	606	606
Administration	-	-	22,510	22,510
Depreciation and amortization	-	-	7,847	7,847
Total operating expenses	<u>-</u>	<u>-</u>	<u>6,991</u>	<u>6,991</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>96,533</u>	<u>96,533</u>
NONOPERATING REVENUES(EXPENSES)				
Interest income	20	42	1,061	1,123
Total nonoperating revenues(expenses)	<u>20</u>	<u>42</u>	<u>1,061</u>	<u>1,123</u>
Change in net position	20	42	97,594	97,656
Total net position - beginning	<u>2,729</u>	<u>942</u>	<u>(318,974)</u>	<u>(315,303)</u>
Total net position - ending	<u>\$ 2,749</u>	<u>\$ 984</u>	<u>\$ (221,380)</u>	<u>\$ (217,647)</u>

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

⁽¹⁾ Salaries and benefits include a pension credit of \$147,758, a reduction to salaries and benefits expenses.

City of Gridley
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds			Total
	Drainage Fund	Solid Waste Fund	Senior Taxi Fund	
Cash flows from operating activities:				
Receipts from customers	\$ -	\$ -	\$ 102,592	\$ 102,592
Payments to suppliers	-	-	(37,571)	(37,571)
Payments to employees	-	-	(121,402)	(121,402)
Net cash provided (used) by operating activities	-	-	(56,381)	(56,381)
Cash flows from investing activities:				
Investment income received	15	31	330	376
Net cash provided (used) by investing activities	15	31	330	376
Net increase (decrease) in cash and cash equivalents	15	31	(56,051)	(56,005)
Cash and cash equivalents - beginning	2,727	938	339,455	343,120
Cash and cash equivalents - ending	<u>\$ 2,742</u>	<u>\$ 969</u>	<u>\$ 283,404</u>	<u>\$ 287,115</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ -	\$ -	\$ 96,533	\$ 96,533
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	7,847	7,847
Changes in operating assets and liabilities:				
Accounts receivable	-	-	(932)	(932)
Deferred outflows of resources	-	-	(103,613)	(103,613)
Accounts payable	-	-	(2,427)	(2,427)
Net pension liability	-	-	146,612	146,612
Compensated absences	-	-	(9,644)	(9,644)
Deferred inflows of resources	-	-	(190,757)	(190,757)
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,381)</u>	<u>\$ (56,381)</u>

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

PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds

These funds include the Main Trust and Successor Agency.

The **Main Trust Fund** is used to account for trust arrangements where the balances and activity benefit individuals and organizations other than the City.

The **Successor Agency Fund** was created as a result of the State order to dissolve California Redevelopment Agencies. As the Successor Agency, this fund is used to track the activity by the Oversight Board and the Department of Finance to dissolve the Agency.

City of Gridley
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2023

	Main Trust Fund	Successor Agency Fund	Total
ASSETS			
Cash and investments	\$ 12,864	\$ 728,993	\$ 741,857
Restricted cash and investments	-	22,732	22,732
Interest receivable	31	-	31
Capital assets, land	-	1,302,116	1,302,116
Total assets	\$ 12,895	\$ 2,053,841	\$ 2,066,736
DEFERRED OUTFLOWS OF RESOURCES			
Loss on debt refunding	\$ -	\$ 155,770	\$ 155,770
LIABILITIES			
Accounts payable	\$ -	\$ 12,034	\$ 12,034
Interest payable	-	79,581	79,581
Advances from the City	-	326,868	326,868
Long-term liabilities, current	-	120,000	120,000
Long-term liabilities, noncurrent	-	3,970,000	3,970,000
Total liabilities	\$ -	\$ 4,508,483	\$ 4,508,483
NET POSITION			
Held in trust for private purposes	\$ 12,895	\$ (2,298,872)	\$ (2,285,977)
Total net position	\$ 12,895	\$ (2,298,872)	\$ (2,285,977)

City of Gridley
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2023

	Main Trust Fund	Successor Agency Fund	Total
ADDITIONS			
Property taxes	\$ -	255,732	\$ 255,732
Interest Income	88	4,866	4,954
Total additions	<u>88</u>	<u>260,598</u>	<u>260,686</u>
DEDUCTIONS			
Professional services	-	115,479	115,479
Administrative expense	-	3,077	3,077
Interest and fiscal charges	-	160,650	160,650
Total deductions	<u>-</u>	<u>279,206</u>	<u>279,206</u>
Change in net position	88	(18,608)	(18,520)
Total net position - beginning	<u>12,807</u>	<u>(2,280,264)</u>	<u>(2,267,457)</u>
Total net position - ending	<u>\$ 12,895</u>	<u>\$ (2,298,872)</u>	<u>\$ (2,285,977)</u>

This page is intentionally blank

CUSTODIAL FUNDS

Custodial Funds

The City administers two custodial funds, the Gridley Bid Fund and the Hospital JPA Administration Fund.

The **Gridley Bid Fund** is used to account for the use of resources received in relation to bidding and procurement.

The **Hospital JPA Administration Fund** is used to account for the use of resources held for the Hospital HPA administration.

City of Gridley
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	Gridley Bid Fund	Hospital JPA Administration Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	61	498	\$ 559
Interest receivable	-	1	1
Total assets	<u>\$ 61</u>	<u>\$ 499</u>	<u>\$ 560</u>
NET POSITION			
Restricted for individuals, organizations and other governments	\$ 61	\$ 499	\$ 560
Total net position	<u>\$ 61</u>	<u>\$ 499</u>	<u>\$ 560</u>

City of Gridley
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2023

	Gridley Bid Fund	Hospital JPA Administration Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Interest Income	\$ 1	\$ 4	\$ 5
Total net position - beginning	<u>60</u>	<u>495</u>	<u>555</u>
Total net position - ending	<u>\$ 61</u>	<u>\$ 499</u>	<u>\$ 560</u>

This page is intentionally blank

GENERAL FUND COMBINING SCHEDULES

The *General Fund* is the City's primary operating fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general fund includes such activities as public safety, public ways and facilities, parks and recreation services, and economic development services.

City of Gridley
Combining Balance Sheet
General Fund
June 30, 2023

	General Fund	General Fund Reserve	Well Fund	City Hall Reserve	Equipment Reserve	Sick Leave Payout Reserve	Total General Fund
ASSETS							
Cash and investments	\$ 2,469,605	\$ 3,147,052	\$ 40,611	\$ 88,348	\$ 2,265,354	\$ 176,901	\$ 8,187,871
Accounts receivable	20,024	-	-	-	-	-	20,024
Interest receivable	8,743	7,785	99	211	5,405	432	22,675
Taxes receivable	81,233	-	-	-	-	-	81,233
Due from other funds	5,179,143	-	-	-	-	-	5,179,143
Leases receivable	352,252	-	-	-	-	-	352,252
Advances to fiduciary funds	76,868	-	-	-	-	-	76,868
Total assets	\$ 8,187,868	\$ 3,154,837	\$ 40,710	\$ 88,559	\$ 2,270,759	\$ 177,333	\$ 13,920,066
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 600,897	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,897
Unearned revenue	24,101	-	-	-	-	-	24,101
Deposits payable	350	-	-	-	-	-	350
Total liabilities	625,348	-	-	-	-	-	625,348
Deferred Inflows of Resources:							
Leases	347,549	-	-	-	-	-	347,549
Total deferred inflows of resources	347,549	-	-	-	-	-	347,549
Fund Balances:							
Nonspendable							
Leases receivable	4,703	-	-	-	-	-	4,703
Total nonspendable	4,703	-	-	-	-	-	4,703
Committed							
Infrastructure reserve	-	-	40,710	-	-	-	40,710
Total committed	-	-	40,710	-	-	-	40,710
Assigned:							
Bond reserve	-	3,154,837	-	-	-	-	3,154,837
Sick payout reserve	-	-	-	-	-	177,333	177,333
Equipment replacement	-	-	-	-	2,270,759	-	2,270,759
Building maintenance	-	-	-	88,559	-	-	88,559
Total assigned	-	3,154,837	-	88,559	2,270,759	177,333	5,691,488
Unassigned							
	7,210,268	-	-	-	-	-	7,210,268
Total fund balances	7,214,971	3,154,837	40,710	88,559	2,270,759	177,333	12,947,169
Total liabilities, deferred inflows of resources and fund balances	\$ 8,187,868	\$ 3,154,837	\$ 40,710	\$ 88,559	\$ 2,270,759	\$ 177,333	\$ 13,920,066

City of Gridley

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2023

	General Fund	General Fund Reserve	Well Fund	City Hall Reserve Fund	Equipment Reserve Fund	Sick Leave Payout Reserve Fund	Eliminations	Total General Fund
REVENUES								
Taxes and assessments	\$3,326,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,326,589
Licenses, permits and fees	98,797	-	-	-	-	-	-	98,797
Fines and forfeitures	8,406	-	-	-	-	-	-	8,406
Intergovernmental	444,991	-	-	-	-	-	-	444,991
Charges for services	68,688	-	-	-	-	-	-	68,688
Use of money and property	70,173	15,511	285	605	16,343	1,240	-	104,157
Other revenue	199,322	-	-	-	-	-	-	199,322
Total Revenues	4,216,966	15,511	285	605	16,343	1,240	-	4,250,950
EXPENDITURES								
Current:								
General government	223,960	-	-	-	-	-	-	223,960
Public safety	4,970,085	-	-	-	-	-	-	4,970,085
Streets and public works	411,851	-	-	-	-	-	-	411,851
Community development	165,902	-	-	-	-	-	-	165,902
Parks and recreation	142,345	-	-	-	-	-	-	142,345
Capital outlay	142,499	-	-	-	224,471	-	-	366,970
Total Expenditures	6,056,642	-	-	-	224,471	-	-	6,281,113
Excess (Deficiency) of Revenues over Expenditures	(1,839,676)	15,511	285	605	(208,128)	1,240	-	(2,030,163)
OTHER FINANCING SOURCES (USES)								
Transfers in	1,514,676	1,018,760	-	-	-	-	(1,018,760)	1,514,676
Transfers out	(1,018,760)	-	-	-	-	-	1,018,760	-
Total Other Financing Sources (Uses)	495,916	1,018,760	-	-	-	-	-	1,514,676
Net Change in Fund Balances	(1,343,760)	1,034,271	285	605	(208,128)	1,240	-	(515,487)
Fund Balances Beginning	8,558,731	2,120,566	40,425	87,954	2,478,887	176,093	-	13,462,656
Fund Balances Ending	<u>\$7,214,971</u>	<u>\$3,154,837</u>	<u>\$ 40,710</u>	<u>\$ 88,559</u>	<u>\$2,270,759</u>	<u>\$ 177,333</u>	<u>\$ -</u>	<u>\$ 12,947,169</u>

CITY OF GRIDLEY, CALIFORNIA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2023



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Ste 130
Morgan Hill, CA 95037

CITY OF GRIDLEY, CALIFORNIA
SINGLE AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2023

	<u>PAGE NO.</u>
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with Uniform Guidance.....	1
Schedule of Expenditures of Federal Awards.....	4
Notes to Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor’s Results.....	6
Section II - Financial Statement Findings.....	7
Section III - Federal Awards Findings and Questioned Costs.....	10
Summary Schedule of Prior Year Findings	12
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of the
City Council of the City of Gridley
Gridley, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Gridley's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify



all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance is a deficiency*, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Government Auditing Standards requires the auditor to perform limited procedures on the City of Gridley's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. City of Gridley's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
June 24, 2024
Morgan Hill, California

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-through Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-Through California Department of Transportation:			
Highway Planning and Construction	20.205	03-5140F15	\$ 11,372
Total U.S. Department of Transportation			<u>11,372</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed-Through California Department of Finance:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	(1) OIG-CA-20-028	68,304
Total U.S. Department of the Treasury			<u>68,304</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-Through California Department of Housing and Community Development:			
Community Development Block Grant Program	14.228	N/A	9,896
Community Development Block Grant Program	14.228	Beginning Loan Balance	<u>1,525,697</u>
Total Community Development Block Grant Program			<u>1,535,593</u>
HOME Investment Partnership Program	14.239	(1) Beginning Loan Balance	<u>7,717,766</u>
Total U.S. Department of Housing and Urban Development			<u>9,253,359</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed-Through California Department of Forestry and Fire Protection:			
Cooperative Forestry Assistance	10.664	7FG20020	174,759
Total U.S. Department of Agriculture			<u>174,759</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed-Through State Water Resources Control Board:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	D190102400	3,304
Total U.S. Environmental Protection Agency			<u>3,304</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program	97.083	EMW-2021-FG-05327	205,087
Total U.S. Department of Homeland Security			<u>205,087</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 9,716,185</u>

(1) Audited as major program

Notes:

- a) The City has elected not to use the 10 percent de minimus indirect cost rate allowed under Uniform Guidance.
- b) There are no federal grants passed through to subrecipients.

The accompanying notes are an integral part of this financial statement.

CITY OF GRIDLEY, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the City of Gridley (the City) under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The City has elected not to use the 10 percent de-minimus indirect cost rate as allowed under Uniform Guidance.

Note 3 - Relationship to the Basic Financial Statements

The amounts reported in the accompanying schedule agree, in all material respects, to amounts reported within the City's financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues.

Note 4 - Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree or can be reconciled with the amounts reported or to be reported in the federal financial reports.

Note 5 - Pass-Through Entities' Identifying Number

When federal awards are received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the City has determined that no identifying number is assigned for the program, or the City was unable to obtain an identifying number from the pass-through entity.

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses? x Yes No

Significant deficiencies identified not
considered to be material weaknesses? x Yes None Reported

Non-compliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major programs:

Material weaknesses? Yes x No

Significant deficiencies identified not
considered to be material weaknesses? x Yes None Reported

Type of auditor's report issued on compliance over major programs Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a) x Yes No

Identification of Major Programs:

<u>Assistance Listing</u>	<u>Name of Federal Program</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.239	HOME Investment Partnership Program

Dollar threshold used to distinguish between
type A and type B programs: \$ 750,000

Auditee qualified as low risk auditee? Yes x No

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section II - Financial Statement Findings

Finding 2023-001 - Financial Close (Material Weakness - Repeat Finding)

Criteria

An effective internal control system and timely financial reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition

During the audit, we proposed material audits adjustments to the City's general ledger which were agreed to and posted by management. In addition, management provided material audit adjustments subsequent to sending us the City's trial balance and general ledger for the audit. Inherently, material audit adjustments are indicative of ineffective financial reporting and closing. The timeliness of the adjustments is also indicative of an ineffective closing process.

Cause

Due to personnel turnover, the City did not have adequate controls in place to ensure accounting records were closed timely and accurately. Also, personnel would also benefit from training related to recent governmental accounting pronouncements. Finally, the City's fund set-up and utilization of funds were inefficient and difficult to understand, costing the City time during its annual close.

Effect

The financial statements as presented to the auditors contained material misstatements that required adjustments.

Recommendation

We recommend the City implement written closing procedures and establish a routine timeline for closing. Documenting the closing process involves identifying and gaining an understanding of: 1) the events or transactions included in the procedures that need to be performed, 2) the automated or manual procedures used in performing the process, 3) the person(s) or positions(s) responsible for performing the procedures, 4) the source documents used or generated during the closing process, 5) the procedures for required approval, review, and correction of any errors detected, and 6) the financial or operational entries or reports summarizing the result of the process.

We further recommend the City develop checklists or other guidance documents over the City's closing process to ensure all closing entries are captured in the City's general ledger in a timely manner, and supporting schedules agree and reconcile to respective account balances prior to the trial balance being provided for the audit.

Corrective Action Plan

The City experienced significant staffing turnover and had recently transitioned to new financial software which was the primary focus of testing conversion data. The City has since hired staff and has been establishing an internal process to train newly appointed staff which encompasses internal routine financial close. The Finance Department will work on implementing a check list of closing procedures.

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Finding 2023-002 - Negative Cash Balances (Material Weakness - Repeat Finding)

Criteria

An effective internal control system and timely financial reporting provides reasonable assurance over the safeguarding of assets and the reliability of the classification financial information.

Condition

During our audit procedures to test cash and pooled cash balances, we identified the following:

- We noted 37 funds as of year-end which contained negative pooled cash balances. Thirty-three of these funds reported the same negative pooled cash balance in the prior year. This resulted in management proposing a significant number of adjustments to record due to/due from entries to offset the negative pooled cash balances and many of these adjustments were repeat adjustments from the prior year.
- We noted a difference between pooled cash reported in the Pooled Cash fund and the total pooled cash reported in all other funds combined.

Cause

The City does not have adequate controls in place to effectively monitor pooled cash balances for individual funds. The pooled cash and negative cash balances in each fund were not cleared during the annual close. Transfers and interfund balance adjustments that should have been made between funds were not made during the close as well.

Effect

The financial statements as presented to the auditors contained material misstatements that required adjustments between the funds and in pooled cash.

Recommendation

We recommend that management establish written procedures that establish when, why and how to review all funds for negative cash balances and what the corrective action should be to clear negative cash balances in a fund. The written procedures should also include a systematic and routine reconciliation of pooled cash to each fund once the negative cash is cleared.

Management should also ensure that interfund payables and receivables do not exceed one year from the fiscal year end by including written procedures related to the timing of interfund balances and when and how to clear those balances. If an interfund payables and receivables extend beyond one year, the balance should be converted to a formal loan agreement between the funds and recorded as an Advance.

We recommend that management improve the City's pooled cash reconciliation process to ensure that pooled cash reported in the pooled cash fund is equally offset by pooled cash reported in all other funds combined.

Corrective Action Plan

The Finance Department will create a written procedure to address the negative cash balances. The City is currently looking at consolidating funds based on the nature of the fund and the restriction of the revenue stream. For those that cannot be consolidated, the City will seek direction from the City Council.

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Finding 2023-003 - Negative Fund Balances (Significant Deficiency - Repeat Finding)

Criteria

GASB 54: *Fund Balance Reporting and Governmental Fund Type Definitions*, defines special revenue funds as funds used to report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes, other than capital projects or debt service. In addition, per paragraph 31, a government should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

Condition

During our audit procedures, we noted that the City's general ledger contains multiple funds classified as special revenue funds which either have had no activity for multiple years, have negative cash balances, have a negative fund balance, or a combination of these three issues.

Cause

The City did not assess the requirements of GASB 54 as they apply to special revenue funds and the City may not be correctly utilizing its fund structure as set-up in the chart of accounts.

Effect

The following funds ending the fiscal year with deficits:

	Deficit Fund Balance	Deficit Net Position
SB 325 TDA Fund	\$ 465,928	\$ -
Traffic Safety Fund	51,581	-
Planning and Development Fund	1,352,123	-
Solid Waste Recreation Fund	57,646	-
Gas Tax Fund	936,567	-
Maintenance District Fund	17,852	-
Recreation Related Fund	1,728,721	-
2021 Vierra Park Improvements Fund	52,120	-
Home Fund	97,081	-
Senior Taxi Fund	-	221,380
Totals	<u>\$ 4,759,619</u>	<u>\$ 221,380</u>

Recommendation

We recommend that management create written procedures that require the review of all funds for deficit fund balance during the budget process. Then, corrective action should be identified as a part of the budget process. The written procedures should include criteria regarding whether or not a fund still meets the definition of a separate fund type as listed in GASB 54 as compared to the fund's current classification. If there are special revenue funds with negative cash balances which should remain open, we recommend that management determine if the revenue source for which the fund was opened still exists, or if the General

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Fund is financing the activity of the fund. If the City no longer expects that a substantial portion of the inflows will derive from restricted or committed resources, the fund should be closed, and the remaining resources should be reported in the General Fund.

Corrective Action Plan

The city will create and implement a written procedure that will require the Finance Department to review all funds with a deficit balance. The City is currently looking at consolidating funds based on the nature of the fund and the restriction on the revenue stream. For those that cannot be consolidated, the City will seek direction from the City Council.

Section III - Federal Award Findings and Questioned Costs

Finding 2023-004 - Federal Grant Procedures Manual (Significant Deficiency - Repeat Finding)

Criteria

Office of Management and Budget (OMB), Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), subpart D, sections 200.317 - 200.326.

Condition

The City has not updated their procurement policy in accordance with the Uniform Guidance standards.

Cause

Originally, management was unaware of the Uniform Guidance procurement requirements and implementation dates. Once management became aware of the requirements, the lack of time and resources led to the inability to create and implement a new policy in a timely manner.

Effect

The City's procurement policies and procedures are not in compliance with the Uniform Guidance.

Recommendation

We recommend the City review the Uniform Guidance procurement requirements and update their policy.

Corrective Action Plan

The City is in the process of updating its Federal Grant Procedures Manual.

CITY OF GRIDLEY, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Finding 2023-005 - Financial Reporting Timeliness (Significant Deficiency - Repeat Finding)

Criteria

In accordance with CFR section 200.512 of the Uniform Guidance, the audit must be completed, and the data collection form and reporting package must be submitted to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's report(s) or nine months after the end of the audit period. In accordance with OMB Memo M-20-26, and due to the coronavirus, an extension of six months beyond the normal due date was granted for submission of the audit, data collection form, and reporting package.

Condition

The 2023 Single Audit reporting package and data collection form have not been submitted to the Federal Audit Clearinghouse by the deadline of March 31, 2024.

Cause

There were various issues which caused the delay of the fiscal year 2023 audit. The main issue was turnover.

Effect

The City will automatically be considered high risk which means that at least 40% of its expenditures of federal awards will be required to be tested instead of 20%. This could lead to additional audit fees as more major programs may need to be tested.

Recommendation

We recommend that the City implement closing procedures that require management to close the year no later than five months after the fiscal year ends. The procedures should include specific timelines by phase and instructions for communicating with departments and what the department cut-offs will be.

Corrective Action Plan

The City experienced significant staffing turnover and had recently transitioned to new financial software which was the primary focus of testing conversion data. The City has since hired staff and has been establishing an internal process to train newly appointed staff which encompasses internal routine financial close. Now that the City is fully staffed up, the City will continue to catch up on audits to bring them current. The City will also review and update the closing procedures and will develop a timeline.

CITY OF GRIDLEY, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section II - Financial Statement Findings

Finding 2022-001 - Financial Close (Material Weakness - Repeat Finding)

Criteria

An effective internal control system and timely financial reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition

During the audit, we proposed material audits adjustments to the City's general ledger which were agreed to and posted by management. In addition, management provided material audit adjustments subsequent to sending us the City's trial balance and general ledger for the audit. Inherently, material audit adjustments are indicative of ineffective financial reporting and closing. The timeliness of the adjustments is also indicative of an ineffective closing process.

Recommendation

We recommend the City implement written closing procedures and establish a routine timeline for closing. Documenting the closing process involves identifying and gaining an understanding of: 1) the events or transactions included in the procedures that need to be performed, 2) the automated or manual procedures used in performing the process, 3) the person(s) or positions(s) responsible for performing the procedures, 4) the source documents used or generated during the closing process, 5) the procedures for required approval, review, and correction of any errors detected, and 6) the financial or operational entries or reports summarizing the result of the process.

We further recommend the City develop checklists or other guidance documents over the City's closing process to ensure all closing entries are captured in the City's general ledger in a timely manner, and supporting schedules agree and reconcile to respective account balances prior to the trial balance being provided for the audit.

Status

Not implemented. See finding 2023-001.

Finding 2022-002 - Negative Cash Balances (Material Weakness - Repeat Finding)

Criteria

An effective internal control system and timely financial reporting provides reasonable assurance over the safeguarding of assets and the reliability of the classification financial information.

Condition

During our audit procedures to test cash and pooled cash balances, we identified the following:

- We noted 38 funds as of year-end which contained negative pooled cash balances. Thirty-two of these funds reported the same negative pooled cash balance in the prior year. This resulted in management

CITY OF GRIDLEY, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

proposing a significant number of adjustments to record due to/due from entries to offset the negative pooled cash balances and many of these adjustments were repeat adjustments from the prior year.

- We noted a difference between pooled cash reported in the Pooled Cash fund and the total pooled cash reported in all other funds combined.

Recommendation

We recommend that management establish written procedures that establish when, why and how to review all funds for negative cash balances and what the corrective action should be to clear negative cash balances in a fund. The written procedures should also include a systematic and routine reconciliation of pooled cash to each fund once the negative cash is cleared.

Management should also ensure that interfund payables and receivables do not exceed one year from the fiscal year end by including written procedures related to the timing of interfund balances and when and how to clear those balances. If an interfund payables and receivables extend beyond one year, the balance should be converted to a formal loan agreement between the funds and recorded as an Advance.

We recommend that management improve the City's pooled cash reconciliation process to ensure that pooled cash reported in the pooled cash fund is equally offset by pooled cash reported in all other funds combined.

Status

Not implemented. See finding 2023-002.

Finding 2022-003 - Negative Fund Balances (Significant Deficiency - Repeat Finding)

Criteria

GASB 54: *Fund Balance Reporting and Governmental Fund Type Definitions*, defines special revenue funds as funds used to report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes, other than capital projects or debt service. In addition, per paragraph 31, a government should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

Condition

During our audit procedures, we noted that the City's general ledger contains multiple funds classified as special revenue funds which either have had no activity for multiple years, have negative cash balances, have a negative fund balance, or a combination of these three issues.

Recommendation

We recommend that management create written procedures that require the review of all funds for deficit fund balance during the budget process. Then, corrective action should be identified as a part of the budget process. The written procedures should include criteria regarding whether or not a fund still meets the definition of a separate fund type as listed in GASB 54 as compared to the fund's current classification. If there are special revenue funds with negative cash balances which should remain open, we recommend that

CITY OF GRIDLEY, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

management determine if the revenue source for which the fund was opened still exists, or if the General Fund is financing the activity of the fund. If the City no longer expects that a substantial portion of the inflows will derive from restricted or committed resources, the fund should be closed, and the remaining resources should be reported in the General Fund.

Status

Not implemented. See finding 2023-003.

Section III - Federal Award Findings and Questioned Costs

Finding 2022-004 - Federal Grant Procedures Manual (Significant Deficiency - Repeat Finding)

Criteria

Office of Management and Budget (OMB), Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), subpart D, sections 200.317 - 200.326.

Condition

The City has not updated their procurement policy in accordance with the Uniform Guidance standards.

Recommendation

We recommend the City review the Uniform Guidance procurement requirements and update their policy.

Status

Not implemented. See finding 2023-004.

Finding 2022-005 - Financial Reporting Timeliness (Significant Deficiency - Repeat Finding)

Criteria

In accordance with CFR section 200.512 of the Uniform Guidance, the audit must be completed and the data collection form and reporting package must be submitted to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's report(s) or nine months after the end of the audit period. In accordance with OMB Memo M-20-26, and due to the coronavirus, an extension of six months beyond the normal due date was granted for submission of the audit, data collection form, and reporting package.

Condition

The 2022 Single Audit reporting package and data collection form have not been submitted to the Federal Audit Clearinghouse by the deadline of March 31, 2023.

CITY OF GRIDLEY, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Recommendation

We recommend that the City implement closing procedures that require management to close the year no later than five months after the fiscal year ends. The procedures should include specific timelines by phase and instructions for communicating with departments and what the department cut-offs will be.

Status

Not implemented. See finding 2022-005.



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of the
City Council of the City of Gridley
Gridley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Gridley (the “City”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a 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 consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005.

City of Gridley's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Gridley's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. City of Gridley's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
June 24, 2024
Morgan Hill, California

CITY OF GRIDLEY, CALIFORNIA
APPROPRIATIONS LIMIT SCHEDULE AND
INDEPENDENT ACCOUNTANT'S REPORT

For the Year ending June 30, 2023

* * *



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037

CITY OF GRIDLEY, CALIFORNIA
APPROPRIATIONS LIMIT SCHEDULE AND
INDEPENDENT ACCOUNTANT’S REPORT

FOR THE YEAR ENDING JUNE 30, 2023

TABLE OF CONTENTS

	<u>PAGE NO</u>
INDEPENDENT ACCOUNTANT’S REPORT	1-2
APPROPRIATIONS LIMIT SCHEDULE	3
NOTES TO THE APPROPRIATIONS LIMIT SCHEDULE	4



**INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON
PROCEDURES APPLIED TO APPROPRIATIONS LIMIT UNDER
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION**

To the Honorable Mayor and Members of the
City Council of the City of Gridley
Gridley, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Schedule of the City of Gridley (City) for the fiscal year ending June 30, 2023. The City's management is responsible for the accompanying Appropriations Limit Schedule.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the requirements of Section 1.5 of Article XIII-B of the California Constitution. Additionally, the League of California Cities (as presented in the publication entitled Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution) has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and our findings were as follows:

1. We obtained completed worksheets used by the City to calculate its appropriation limit for the fiscal year ending June 30, 2023 and determined that the limit and annual adjustment factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.

Findings: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments and agreed the resulting amount to the current year's limit.

Findings: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriation Limit Schedule to corresponding information in worksheets used by the City.

Findings: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit in the accompanying Appropriation Limit Schedule to the corresponding information in worksheets used by the City.

Findings: No exceptions were noted as a result of our procedures.



Chavan and Associates, LLP

Certified Public Accountants

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Appropriation Limit Schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by Article XIII-B of the California Constitution

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

C & A LLP

June 23, 2024
Morgan Hill, California

CITY OF GRIDLEY, CALIFORNIA

**APPROPRIATIONS LIMIT SCHEDULE
FOR THE YEAR ENDING JUNE 30, 2023**

	<u>Amount</u>	<u>Source</u>
A. Appropriations limit for the fiscal year ended June 30, 2022	\$ 21,389,376	Prior Year Schedule
B. Calculation Factors:		
1. Population increase %	0.9719 ¹⁾	State Department of Finance
2. Inflation increase %	1.0755	State Department of Finance
3. Total adjustment factor %	1.04527845	B1 x B2
C. Annual adjustment Increase	968,478	[(B3-1)A]
D. Other Adjustments:		
Loss responsibility (-)	-	N/A
Transfers to private (-)	-	N/A
Transfers to fees (-)	-	N/A
Assumed responsibility (+)	-	N/A
E. Total Adjustments	968,478	(C+D)
F. Appropriations limit for the fiscal year ending June 30, 2023	\$ 22,357,854	(A+E)
¹⁾ Population increase % for:		
City of Gridley	0.9719	
Butte County	0.9756	

CITY OF GRIDLEY, CALIFORNIA

NOTES TO THE APPROPRIATIONS LIMIT SCHEDULE FOR THE YEAR ENDING JUNE 30, 2023

1. PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIII B of the California Constitution (the Gann Spending Limitations Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriation limit is subject to a limited procedures review in connection with the annual audit.

2. METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

3. INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City for the year 2022-23 represents the annual percentage change in the per capita personal income.

4. POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the county where the jurisdiction is located. The factor adopted by the City for the year 2022-23 represents the annual percentage change in population for the City.

5. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The City had no such adjustment for the year ending June 30, 2023.

RENEWABLE POWER PURCHASE AGREEMENT

COVER SHEET

Seller: Grace Orchard Energy Center, LLC, a Delaware limited liability company

Buyer: Northern California Power Agency, a joint powers agency of the State of California

Description of Facility: A 50 MW_{AC} solar photovoltaic generating facility located in Riverside County, California, as further described in Exhibit A.

Milestones:

Milestone	Date for Completion
Evidence of Site Control	9/1/2025
Executed Interconnection Agreement	Completed
Guaranteed Construction Start Date	9/1/2026
Guaranteed Commercial Operation Date	12/1/2027

Delivery Term: The period for Product delivery will be for twenty (20) Contract Years.

Expected Energy: The amount of Expected Energy is set forth below.

Contract Year	Expected Energy (MWh)
1	████████
2	████████
3	████████
4	████████
5	████████
6	████████
7	████████
8	████████
9	████████
10	████████
11	████████
12	████████

13	[REDACTED]
14	[REDACTED]
15	[REDACTED]
16	[REDACTED]
17	[REDACTED]
18	[REDACTED]
19	[REDACTED]
20	[REDACTED]

Guaranteed Capacity: 50 MW_{AC}

Dedicated Interconnection Capacity: 50 MW_{AC}

Contract Price:

Contract Year	Contract Price
1 – 20	[REDACTED]

Product:

- Facility Energy
- Green Attributes, including, but not limited to, Portfolio Content Category 1 Renewable Energy Credits

Scheduling Coordinator: Buyer or Buyer’s agent

Development Security: [REDACTED]

Performance Security: [REDACTED]

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS	1
1.1 Contract Definitions	1
1.2 Rules of Interpretation	23
ARTICLE 2 TERM; CONDITIONS PRECEDENT	24
2.1 Contract Term	24
2.2 Conditions Precedent	25
2.3 Development; Construction; Progress Reports	26
2.4 Remedial Action Plan	26
2.5 New PV Trade Measure Events and UFLPA/WRO Restraints	27
2.6 Seller’s Pre-COD Termination Right	28
2.7 CEQA	28
ARTICLE 3 PURCHASE AND SALE	28
3.1 Purchase and Sale of Product	28
3.2 Sale of Green Attributes	29
3.3 Imbalance Energy	29
3.4 Ownership of Renewable Energy Incentives	29
3.5 Future Environmental Attributes	29
3.6 Test Energy	29
3.7 CEC Certification and Verification	30
3.8 RPS Standard Terms and Conditions	30
3.9 Compliance Expenditure Cap	31
3.10 Project Configuration	32
ARTICLE 4 OBLIGATIONS AND DELIVERIES	32
4.1 Delivery	32
4.2 Title and Risk of Loss	33
4.3 Forecasting	33
4.4 Dispatch Down/Curtailment	34
4.5 Reduction in Delivery Obligation	35
4.6 Guaranteed Energy Production	36
4.7 WREGIS	37
4.8 Interconnection Costs	38
ARTICLE 5 TAXES	38
5.1 Allocation of Taxes and Charges	38
5.2 Cooperation	38
ARTICLE 6 OPERATIONS AND MAINTENANCE OF THE FACILITY	39
6.1 Operation and Maintenance of the Facility	39
6.2 Maintenance of Health and Safety	39
6.3 Shared Facilities	39
ARTICLE 7 METERING	40

7.1	Metering	40
7.2	Meter Verification	41
ARTICLE 8 INVOICING AND PAYMENT; CREDIT		41
8.1	Invoicing	41
8.2	Payment	42
8.3	Books and Records	42
8.4	Payment Adjustments; Billing Errors	42
8.5	Billing Disputes	42
8.6	Netting of Payments	43
8.7	Seller’s Development Security	43
8.8	Seller’s Performance Security	43
8.9	Buyer Credit Support	44
8.10	First Priority Security Interest in Cash or Cash Equivalent Collateral	44
8.11	Financial Statements	45
ARTICLE 9 NOTICES		46
9.1	Addresses for the Delivery of Notices	46
9.2	Acceptable Means of Delivering Notice	46
ARTICLE 10 FORCE MAJEURE		46
10.1	Definition	46
10.2	No Liability If a Force Majeure Event Occurs	47
10.3	Notice	47
10.4	Termination Following Force Majeure Event	48
ARTICLE 11 DEFAULTS; REMEDIES; TERMINATION		48
11.1	Events of Default	48
11.2	Remedies; Declaration of Early Termination Date	51
11.3	Termination Payment	52
11.4	Notice of Payment of Damage Payment or Termination Payment	52
11.5	Disputes With Respect to Damage Payment or Termination Payment	52
11.6	Rights And Remedies Are Cumulative	53
11.7	Seller’s Pre-COD Liability Limitation	53
ARTICLE 12 LIMITATION OF LIABILITY AND EXCLUSION OF WARRANTIES		53
12.1	No Consequential Damages	53
12.2	Waiver and Exclusion of Other Damages	53
ARTICLE 13 REPRESENTATIONS AND WARRANTIES; AUTHORITY		54
13.1	Seller’s Representations and Warranties	54
13.2	Buyer’s Representations and Warranties	55
13.3	General Covenants	55
13.4	Prevailing Wage	56
ARTICLE 14 ASSIGNMENT		56
14.1	General Prohibition on Assignments	56

14.2	Collateral Assignment; Financing Cooperation	57
14.3	Other Permitted Assignments and Transfers by Seller	57
ARTICLE 15 DISPUTE RESOLUTION		57
15.1	Governing Law	57
15.2	Venue	57
15.3	Judicial Reference	57
15.4	Dispute Resolution	58
ARTICLE 16 INDEMNIFICATION		58
16.1	Indemnification	58
ARTICLE 17 INSURANCE		58
17.1	Insurance	58
ARTICLE 18 CONFIDENTIAL INFORMATION		59
18.1	Definition of Confidential Information	59
18.2	Duty to Maintain Confidentiality	60
18.3	Irreparable Injury; Remedies	60
18.4	Disclosure to Lenders, Etc	61
18.5	Public Announcements	61
ARTICLE 19 MISCELLANEOUS		61
19.1	Entire Agreement; Integration; Exhibits	61
19.2	Amendments	61
19.3	No Waiver	61
19.4	No Agency, Partnership, Joint Venture or Lease	61
19.5	Severability	62
19.6	Mobile-Sierra	62
19.7	Counterparts; Electronic Signatures	62
19.8	Electronic Delivery	62
19.9	Binding Effect	62
19.10	No Recourse to Members of Buyer	62
19.11	Forward Contract; Inapplicability/Waiver of Bankruptcy Code Section 366	62
19.12	Further Assurances	63
19.13	Change in Electric Market Design	63

Exhibits:

Exhibit A	Facility Description
Exhibit B	Major Project Development Milestones and Commercial Operation
Exhibit C	Compensation
Exhibit D-1	Scheduling Coordinator Responsibilities
Exhibit D-2	Buyer and Seller Operating Coordination
Exhibit E	Progress Reporting Form
Exhibit F-1	Form of Average Expected Energy Report
Exhibit F-2	Form of Monthly Available Generating Capacity Report
Exhibit G	Guaranteed Energy Production Damages Calculation
Exhibit H	Form of Commercial Operation Date Certificate
Exhibit I	Form of Installed Capacity Certificate
Exhibit J	Form of Construction Start Date Certificate
Exhibit K	Form of Letter of Credit issued on behalf of Seller for the benefit of Buyer
Exhibit L	Form of Guaranty
Exhibit M	Reserved
Exhibit N	Notices
Exhibit O	Form of Consent and Agreement
Exhibit P	Form of Estoppel Certificate
Exhibit Q	Form of Letter of Credit issued on behalf of Buyer for the benefit of Seller
Exhibit R	Metering Diagram
Exhibit S	Performance Test

RENEWABLE POWER PURCHASE AGREEMENT

This Renewable Power Purchase Agreement (“**Agreement**”) is entered into as of _____, 2024 (the “**Effective Date**”), between Buyer and Seller. Buyer and Seller are sometimes referred to herein individually as a “**Party**” and jointly as the “**Parties**.” All capitalized terms used in this Agreement are used with the meanings ascribed to them in Article 1 to this Agreement.

RECITALS

WHEREAS, Seller intends to develop, construct, own or otherwise control, and operate the Facility; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, on the terms and conditions set forth in this Agreement, the Product;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

ARTICLE 1 DEFINITIONS

1.1 **Contract Definitions.** The following terms, when used herein with initial capitalization, shall have the meanings set forth below:

“**AASMTC AD/CVD Case**” means the filing of, and any proceedings, rulemakings, orders, determinations, tariffs, or duties related to, any of the Petitions for the Imposition of Antidumping and Countervailing Duties, filed on or around April 24, 2024 by the American Alliance for Solar Manufacturing Trade Committee, concerning Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from Cambodia, Malaysia, Thailand, and Vietnam, in any of the DOC dockets A-555-003, A-557-830, A-549-851, A-552-841, C-555-004, C-557-831, C-549-852, or C-552-842

“**AC**” means alternating current.

“**Acceptable Issuer**” means a U.S. commercial bank, or a foreign bank with a U.S. branch, with such bank [REDACTED].

“**Accepted Compliance Costs**” has the meaning set forth in Section 3.9.

“**AD/CVD**” means antidumping and/or countervailing duty.

“**Adjusted Days of Liquidity on Hand**” or “**ADLH**” means the calculation below using figures and terms from Buyer’s Audited Financial Statements published on Buyer’s website:

$$\frac{\text{(Current Unrestricted Cash and Cash Equivalents + Current Unrestricted Investments + Non-Current Unrestricted Investments + Committed Unused Bank Line)}}{\text{(Total Operating Expenses - Depreciation and Amortization)}} \div 365$$

“Adjusted Energy Production” has the meaning set forth in Exhibit G.

“Affiliate” means, with respect to any Person, each Person that directly or indirectly controls, is controlled by, or is under common control with such designated Person. For purposes of this definition and the definition of “Permitted Transfer” and “Permitted Transferee”, “control” (including, with correlative meanings, the terms “controlled by”, and “under common control with”), as used with respect to any Person, shall mean (a) the direct or indirect right to cast at least fifty percent (50%) of the votes exercisable at an annual general meeting (or its equivalent) of such Person or, if there are no such rights, ownership of at least fifty percent (50%) of the equity or other ownership interest in such Person, or (b) the right to direct the policies or operations of such Person. Notwithstanding the foregoing, with respect to Seller, Affiliate shall include any investment funds or publicly-traded vehicles for the ownership of operating power generation, storage, or transmission assets (such as a “yield co”) controlled by Seller, NextEra Energy, Inc. or an Affiliate of NextEra Energy, Inc., NextEra Energy Partners, LP (**“NEP”**), NextEra Energy Operating Partners, LP (**“NEOP”**), and NextEra Energy Capital Holdings, Inc. (**“NEECH”**), and their respective direct or indirect subsidiaries.

“After-Tax Basis” means, with respect to any payment received, or deemed to have been received, by any Person, the amount of such payment (the “Base Payment”), supplemented by a further payment (the “Additional Payment”) to such Person so that the sum of the Base Payment plus the Additional Payment will be equal to the Base Payment, after deduction of the amount of all taxes required to be paid by such Person in respect of the receipt or accrual of the Base Payment and the Additional Payment (taking into account any current or previous credits or deductions arising from the underlying event giving rise to the payment, the Base Payment and the Additional Payment). Such calculations shall be made on the assumption that the recipient is subject to Federal income taxation at the statutory rate applicable to corporations under subchapter C of the Internal Revenue Code of 1986, as amended, and subject to the highest state and local income tax rate then in effect for corporations in the states in which the Person is subject to taxation during the applicable fiscal year, and shall take into account the deductibility, if applicable (for Federal income tax purposes), of state and local income taxes.

“Agreement” has the meaning set forth in the Preamble and includes any Exhibits, schedules and any written supplements hereto, the Cover Sheet, and any designated collateral, credit support or similar arrangement between the Parties.

“Approved Forecast Vendor” means



“Auxin Anti-Circumvention Proceeding” means the DOC’s anti-circumvention investigation and proceeding concerning Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from the People’s Republic of China, Petition filed February 8, 2022 by Auxin Solar, Inc. in four separate DOC dockets: A-570-979 Malaysia; Thailand; Cambodia; and Vietnam.

“**Available Generating Capacity**” means the capacity of the Facility, expressed in whole MWs, that is mechanically available to generate Energy.

“**Bankrupt**” means with respect to any entity, such entity that (a) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar Law, (b) has any such petition filed or commenced against it which remains unstayed or undismissed for a period of ninety (90) days, (c) makes an assignment or any general arrangement for the benefit of creditors, (d) otherwise becomes bankrupt or insolvent (however evidenced), (e) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (f) is generally unable to pay its debts as they fall due.

“**Business Day**” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday in California. A Business Day begins at 8:00 a.m. and ends at 5:00 p.m. local time for the Party sending a Notice, or payment, or performing a specified action.

“**Buyer**” has the meaning set forth in the Cover Sheet.

“**Buyer Bid Curtailment**” means the occurrence of both of the following:

(a) the CAISO provides notice to a Party or the Scheduling Coordinator for the Facility, requiring the Party to deliver less Facility Energy than the full amount of Energy forecasted in accordance with Section 4.3(d) to be produced from the Facility for a period of time; and

(b) for the same time period as referenced in (a), the notice referenced in (a) results from Buyer or the SC for the Facility, as the result of a Buyer instruction or lack of instruction to the SC:

(i) not having submitted a Self-Schedule or Energy Supply Bid for the MW subject to the reduction;

(ii) having submitted an Energy Supply Bid and the MW subject to the reduction were not awarded a schedule with respect to the Energy Supply Bid; or

(iii) having submitted a Self-Schedule for less than the full amount of Energy forecasted to be generated by or delivered from the Facility in accordance with Section 4.3(d).

If the Facility is subject to a Planned Outage, Forced Facility Outage, Force Majeure Event and/or a Curtailment Period during the same time period as referenced in (a), then the calculation of Deemed Delivered Energy during such period shall not include any Facility Energy that was not generated due to such Planned Outage, Forced Facility Outage, Force Majeure Event, or Curtailment Order. For avoidance of doubt, if a Buyer Bid Curtailment and a CAISO system-wide overgeneration Curtailment Order occur in the same Settlement Interval or Settlement Period, the curtailment shall be treated as:

(i) a Buyer Bid Curtailment for the purpose of the calculation of Deemed Delivered Energy when there is a Negative LMP that is equal to or less than the Negative LMP Strike Price, or

(ii) a Curtailment Order for the purpose of the calculation of Deemed Delivery Energy when there is a Negative LMP that is greater than the Negative LMP Strike Price, subject to the following clarification, if Buyer or the SC (1) did not submit a Self-Schedule or Energy Supply Bid, or (2) failed to correctly submit or made an error with respect to a Self-Schedule or Energy Supply Bid, the curtailment shall be treated as a Buyer Bid Curtailment.

“Buyer Curtailment Order” means an instruction from Buyer to Seller to reduce Energy from the Facility by the amount, and for the period of time set forth in such instruction (which for avoidance of doubt and without limiting the generality of the foregoing may include a Buyer instruction to reduce Energy when there is a Negative LMP that is equal to or less than the Negative LMP Strike Price), for reasons unrelated to Energy that was not generated due to a Planned Outage, Forced Facility Outage, Force Majeure Event and/or Curtailment Order.

“Buyer Curtailment Period” means the period of time, as measured using current Settlement Intervals, during which Seller reduces Energy from the Facility pursuant to or as a result of (a) Buyer Bid Curtailment, (b) a Buyer Curtailment Order, or (c) any other action or omission by Buyer (or its agents) including a Buyer Default hereunder which directly causes Seller to be unable to deliver Facility Energy to the Delivery Point; *provided*, the duration of any Buyer Curtailment Period shall be inclusive of the time required for the Facility to ramp down and ramp up.

“Buyer Default” means a failure by Buyer (or its agents) to perform Buyer’s obligations hereunder, and includes an Event of Default of Buyer.

“Buyer’s WREGIS Account” has the meaning set forth in Section 4.7(a).

“CAISO” means the California Independent System Operator Corporation or any successor entity performing similar functions.

“CAISO Approved Meter” means a CAISO approved revenue quality meter or meters, metering scheme, CAISO approved data processing gateway or remote intelligence gateway, telemetering equipment and data acquisition services, that comply with the CAISO Tariff, sufficient for monitoring, recording and reporting, in real time, all Facility Energy delivered to the Delivery Point.

“CAISO Grid” has the same meaning as “CAISO Controlled Grid” as defined in the CAISO Tariff.

“CAISO Metered Entity” has the meaning set forth in the CAISO Tariff.

“CAISO Operating Order” means the Operating Instruction or Dispatch Instruction, as each are defined in the CAISO Tariff.

“CAISO Tariff” means the California Independent System Operator Corporation Agreement and Tariff, Business Practice Manuals (BPMs), and operating procedures, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.

“California Renewables Portfolio Standard” or **“California RPS Program”** or **“RPS”** means the “California Renewables Portfolio Standard” program and policies established by California State Senate Bills 1038 (2002), 1078 (2002), 107 (2008), X-1 2 (2011), 350 (2015), and 100 (2018) as codified in, *inter alia*, California Public Utilities Code Sections 399.11 through 399.31 and California Public Resources Code Sections 25740 through 25751, as such provisions are amended or supplemented from time to time, including without limitation all applicable eligibility criteria and requirements thereof and implemented under the Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities, as adopted by the CEC on December 22, 2020, and as may be amended from time to time.

“Capacity Damages” has the meaning set forth in Exhibit B.

“CEC” means the California Energy Commission, or any successor agency performing similar statutory functions.

“CEC Certification and Verification” means that the CEC has certified (or, with respect to periods before the date that is one hundred eighty (180) days following the Commercial Operation Date, that the CEC has pre-certified, as such date may be extended pursuant to Section 3.9) that the Facility is an Eligible Renewable Energy Resource for purposes of the California Renewables Portfolio Standard and that all Facility Energy delivered to the Delivery Point qualifies as generation from an Eligible Renewable Energy Resource.

“CEC Precertification” means that the CEC has issued a precertification for the Facility indicating that the planned operations of the Facility would comply with applicable CEC requirements for CEC Certification and Verification.

“CEQA” means the California Environmental Quality Act, California Public Resources Code §§ 21000, et seq. and Chapter 3 of Division 6 of Title 14 of the California Code of Regulations.

“CEQA Completion Date” has the meaning set forth in Section 2.7(a).

“CEQA Documents” means an initial study, categorical exemption negative declaration, environmental impact report or equivalent document (as applicable) relied upon by the lead agency in connection with the CEQA environmental review for the Facility, including but not limited to any addendum, supplement, or subsequent negative declaration or environmental impact report.

“Change in Law” means the occurrence, after the Effective Date, of any of the following: (a) the adoption or implementation of any Law; (b) any change in any Law or in the administration, interpretation or application of any Law by any Governmental Authority; (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority; (d) any change to a Resource Adequacy Ruling; (e) any order, decision, resolution, rule, regulation, guidance document, or other determination of the CEC or the CPUC or its Energy Division, (f) any change in the CAISO Tariff or any document included in the definition thereof whether or not approved by FERC, or (g) any change in STC REC-1, STC REC-2 or STC 6.

“Change of Control” means, except in connection with public market transactions of

equity interests or capital stock of Seller's Ultimate Parent, any circumstance in which Ultimate Parent ceases to own, directly or indirectly through one or more intermediate entities, more than fifty percent (50%) of the outstanding equity interests in Seller; *provided* that in calculating ownership percentages for all purposes of the foregoing:

(a) any ownership interest in Seller held by Ultimate Parent indirectly through one or more intermediate entities shall not be counted towards Ultimate Parent's ownership interest in Seller unless Ultimate Parent directly or indirectly owns more than fifty percent (50%) of the outstanding equity interests in each such intermediate entity; and

(b) ownership interests in Seller owned directly or indirectly by any Lender (including any cash equity or tax equity provider) shall be excluded from the total outstanding equity interests in Seller;

provided further, a Change of Control shall not be deemed to have occurred as a result of a Permitted Transfer.

"COD Certificate" has the meaning set forth in Exhibit B.

"Collateral Assignment Agreement" has the meaning set forth in Section 14.2.

"Commercial Operation" has the meaning set forth in Exhibit B.

"Commercial Operation Date" has the meaning set forth in Exhibit B.

"Commercial Operation Delay Damages" means [REDACTED]

"Committed Unused Bank Line" means the total amount of (a) bank lines of credit committed to Buyer which are for Buyer's general use or that are dedicated for Buyer's use with respect to this Agreement (which for avoidance of doubt shall not include any amounts which qualify under the following subsection (b), i.e., no "double counting"), or (b) funds committed to Buyer as security deposits by Participating Members under the Third Phase Agreement, to the extent the amount of (a) and (b) are (1) available for Buyer's unrestricted use, or (2) solely dedicated for use by Buyer under this Agreement. Without limiting the generality of the immediately preceding sentence, but for clarification purposes, the term Committed Unused Bank Line does not include any bank lines of credit committed to Buyer, or any other funds provided to Buyer, which are dedicated to any other specific purpose (i.e., any specific purpose other than Buyer's use under this Agreement).

"Compliance Actions" has the meaning set forth in Section 3.9.

"Compliance Costs" has the meaning set forth in Section 3.9.

"Compliance Expenditure Cap" has the meaning set forth in Section 3.9.

"Confidential Information" has the meaning set forth in Section 18.1.

“**Construction Start**” has the meaning set forth in Exhibit B.

“**Construction Start Date**” has the meaning set forth in Exhibit B.

“**Contract Price**” has the meaning set forth on the Cover Sheet.

“**Contract Term**” has the meaning set forth in Section 2.1(a).

“**Contract Year**” means a period of twelve (12) consecutive months. The first Contract Year shall commence on the Commercial Operation Date and each subsequent Contract Year shall commence on the anniversary of the Commercial Operation Date.

“**Construction Start Delay Damages**” means [REDACTED]

“**Costs**” means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third-party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged or financed its obligations or entering into new arrangements which replace this Agreement; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with terminating this Agreement.

“**Cover Sheet**” means the cover sheet to this Agreement, which is incorporated into this Agreement.

“**COVID-19**” means the epidemic disease designated COVID-19 and the related virus designated SARS-CoV-2, and any mutations thereof.

“**CPUC**” means the California Public Utilities Commission or any successor agency performing similar statutory functions.

“**Credit Rating**” means, [REDACTED]

“**Curtailment Order**” means any of the following:

(a) CAISO orders, directs, alerts, or provides notice to a Party or the SC, including a CAISO Operating Order, to curtail deliveries of Facility Energy for the following reasons: (i) any System Emergency, or (ii) any warning of an anticipated System Emergency, or warning of an imminent condition or situation, which jeopardizes CAISO’s electric system integrity or the integrity of other systems to which CAISO is connected;

(b) a curtailment ordered by the Participating Transmission Owner for reasons including, but not limited to, (i) any situation that affects normal function of the electric system

including, but not limited to, any abnormal condition that requires action to prevent circumstances such as equipment damage, loss of load, or abnormal voltage conditions, or (ii) any warning, forecast or anticipation of conditions or situations that jeopardize the Participating Transmission Owner's electric system integrity or the integrity of other systems to which the Participating Transmission Owner is connected;

(c) a curtailment ordered by CAISO or the Participating Transmission Owner; or

(d) a curtailment in accordance with Seller's obligations under its Interconnection Agreement with the Participating Transmission Owner or distribution operator.

For clarification, any notice, order, or instruction from the CAISO to curtail or reduce Facility Energy and/or the Facility that results from a Buyer Bid Curtailment or a Buyer Curtailment Order is not a Curtailment Order.

"Curtailment Period" means the period of time, as measured using current Settlement Intervals, during which generation from the Facility is reduced pursuant to a Curtailment Order; *provided*, the Curtailment Period shall be inclusive of the time required for the Facility to ramp down and ramp up.

"Damage Payment" means

[REDACTED]

"Day-Ahead Forecast" has the meaning set forth in Section 4.3(c).

"Day-Ahead Schedule" has the meaning set forth in the CAISO Tariff.

"Dedicated Interconnection Capacity" means the maximum instantaneous amount of Facility Energy that is permitted to be delivered to the Delivery Point under the Interconnection Agreement, in the amount of MWs as set forth on the Cover Sheet

"Deemed Delivered Energy" means the amount of Energy expressed in MWh that the Facility would have produced and delivered to the Delivery Point, but that is not produced by the Facility during a Buyer Curtailment Period, which amount shall, for any time period, be equal to the difference between (a) the full amount of Energy forecasted to be produced by the Facility in accordance with Section 4.3(d) during a Buyer Curtailment Period, and any adjustments necessary to accurately reflect the Facility's capacity to produce and deliver energy to the Delivery Point, including applicable losses and manufacturers' applicable performance data, subject to Buyer's verification not to be unreasonably withheld, *minus* (b) the amount of energy that the Facility produced and delivered to the Delivery Point during the Buyer Curtailment Period; *provided* that, if the applicable difference between the foregoing clauses (a) and (b) is negative, the Deemed Delivered Energy shall be zero (0). For the purpose of clarity, Deemed Delivered Energy does not include the amount of Energy expressed in MWh that the Facility would have produced and delivered to the Delivery Point, but that is not produced by the Facility during a Curtailment Period.

"Defaulting Party" has the meaning set forth in Section 11.1(a).

“**Deficient Month**” has the meaning set forth in Section 4.7(e).

“**Delivery Point**” has the meaning set forth in Exhibit A.

“**Delivery Term**” shall mean the period of Contract Years set forth on the Cover Sheet beginning on the Commercial Operation Date, unless terminated earlier in accordance with the terms and conditions of this Agreement.

“**Development Cure Period**” has the meaning set forth in Exhibit B.

“**Development Security**” means (a) cash or (b) a Letter of Credit in the amount set forth on the Cover Sheet.

“**Disclosing Party**” has the meaning set forth in Section 18.1.

“**DOC**” means the U.S. Department of Commerce.

“**Early Termination Date**” has the meaning set forth in Section 11.2(a).

“**Effective Date**” has the meaning set forth on the Preamble.

“**Electrical Losses**” means all transmission or transformation losses between the Facility and the Delivery Point, calculated in accordance with CAISO approved methodologies applicable to revenue metering.

“**Eligible Intermittent Resources Protocol**” or “**EIRP**” means the Eligible Intermittent Resource Protocol, as may be amended from time to time, as set forth in the CAISO Tariff.

“**Eligible Renewable Energy Resource**” has the meaning set forth in California Public Utilities Code Section 399.12(e) and California Public Resources Code Section 25741(a), as either code provision is amended or supplemented from time to time.

“**Energy**” means electrical energy generated by the Facility.

“**Energy-Only Deliverability Status**” has the meaning set forth in the CAISO Tariff.

“**Energy Supply Bid**” has the meaning set forth in the CAISO Tariff.

“**Estoppel Certificate**” has the meaning set forth in Section 14.2 and substantially in the form attached as Exhibit P.

“**Event of Default**” has the meaning set forth in Section 11.1.

“**Excess MWh**” has the meaning set forth in Exhibit C.

“**Executed Interconnection Agreement Milestone**” means the date for completion of execution of the Interconnection Agreement by Seller (or Seller’s Affiliate) and the PTO as set forth on the Cover Sheet.

“**Expected Energy**” means the quantity of Energy that Seller expects to be able to deliver to Buyer from the Facility during each Contract Year or other time period in the quantity specified on the Cover Sheet.

“**Facility**” means the solar photovoltaic generating facility described on the Cover Sheet and in Exhibit A, located at the Site and including mechanical equipment and associated facilities and equipment (but excluding any Shared Facilities) required to deliver Energy to the Delivery Point.

“**Facility Energy**” means Energy delivered to the Delivery Point, net of Electrical Losses and Station Use, as measured by the Facility Meter, which Facility Meter will be adjusted in accordance with CAISO meter requirements and Prudent Operating Practices to account for Electrical Losses and Station Use.

“**Facility Meter**” means the CAISO Approved Meter that will measure all Facility Energy and is dedicated exclusively to the Facility.

“**FERC**” means the Federal Energy Regulatory Commission or any successor government agency.

“**Fitch**” means Fitch Ratings Ltd., or its successor.

“**Force Majeure Event**” has the meaning set forth in Section 10.1.

“**Forced Facility Outage**” means an unexpected failure of one or more components of the Facility that prevents Seller from generating Energy or making Facility Energy available at the Delivery Point and that is not the result of a Force Majeure Event. For the purpose of clarity, a “Forced Facility Outage” is equivalent to a “Forced Outage” as such term is defined in the CAISO Tariff.

“**Full Capacity Deliverability Status**” has the meaning set forth in the CAISO Tariff.

“**Full Network Model**” has the meaning set forth in the CAISO Tariff.

“**Future Environmental Attributes**” shall mean, except to the extent set forth in the last sentence of this definition, any and all generation attributes (other than Green Attributes or Renewable Energy Incentives) which are newly recognized after the Effective Date under the RPS regulations or under any and all other international, federal, regional, state or other law, rule, regulation, bylaw, treaty or other intergovernmental compact, decision, administrative decision, program (including any voluntary compliance or membership program), competitive market or business method (including all credits, certificates, benefits, and emission measurements, reductions, offsets and allowances related thereto) that are attributable to the generation of electrical energy by the Facility and its displacement of conventional energy generation. Future Environmental Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Facility, (ii) Renewable Energy Incentives including Tax Benefits including without limitation production tax credits or investment tax credits associated with the development, construction, operation or ownership of the Facility, or other financial incentives in the form of credits, reductions, or allowances associated with the Facility that are applicable to a

state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Facility for compliance with local, state, or federal operating and/or air quality permits.

“**Gains**” means, with respect to any Non-Defaulting Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of this Agreement for the remaining Contract Term, determined in a commercially reasonable manner. Factors used in determining the economic benefit to a Non-Defaulting Party may include, without limitation, reference to information supplied by one or more third parties, which shall exclude Affiliates of the Non-Defaulting Party, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., SP-15), all of which should be calculated for the remaining Contract Term, and include the value of Green Attributes.

“**Governmental Authority**” means any federal, state, provincial, local or municipal government, any political subdivision thereof or any other governmental, congressional or parliamentary, regulatory, or judicial instrumentality, authority, body, agency, department, bureau, or entity with authority to bind a Party at law, including CAISO; *provided, however*, that “Governmental Authority” shall not in any event include any Party, and in Buyer’s case, its Participating Members as well.

“**Green Attributes**” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Facility, and its avoided emission of pollutants and displacement of conventional energy generation. Green Attributes include but are not limited to PCC1 Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions, such as PCC1 Renewable Energy Credits or Green Tag Reporting Rights. Green Tags and PCC1 Renewable Energy Credits are accumulated on a MWh basis and one Green Tag or PCC 1 Renewable Energy Credit represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes as defined herein are limited to Green Attributes that exist under applicable Law as of the Effective Date. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Facility, (ii) Renewable Energy Incentives including Tax Benefits including without limitation production tax credits or investment tax credits associated with the development, construction, operation or ownership of the Facility and other financial incentives in the form of credits, reductions, or allowances associated with the Facility that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the

promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Facility for compliance with local, state, or federal operating or air quality permits.

“Green Tag Purchaser” means Buyer.

“Green Tag Reporting Rights” means the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 16.5(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emission trading program, including pursuant to the WREGIS Operating Rules.

“Guaranteed Capacity” means the amount of generating capacity of the Facility, as measured in MW_{AC} at the Delivery Point (i.e., measured at the Facility Meter as such meter readings at the Facility Meter are adjusted by the CAISO for any applicable Electrical Losses and Station Use to the extent such Electrical Losses and Station Use are not already reflected in the Facility Meter measurements), set forth on the Cover Sheet, as the same may be adjusted pursuant to Section 5 of Exhibit B.

“Guaranteed Commercial Operation Date” has the meaning set forth on the Cover Sheet, subject to extension pursuant to Exhibit B.

“Guaranteed Construction Start Date” has the meaning set forth on the Cover Sheet, subject to extension pursuant to Exhibit B.

“Guaranteed Energy Production” means an amount of Adjusted Energy Production equal to [REDACTED] of the Expected Energy for the applicable Performance Measurement Period.

“Guarantor” means, with respect to Seller, (a) NextEra Energy Capital Holdings, Inc., (b) an Affiliate of Seller with an Investment Grade Credit Rating, or (c) any Person reasonably acceptable to Buyer, that (i) has an Investment Grade Credit Rating, (ii) has a tangible net worth of [REDACTED], (iii) is incorporated or organized in a jurisdiction of the United States and is in good standing in such jurisdiction, and (iv) executes and delivers a Guaranty for the benefit of Buyer.

“Guaranty” means a guaranty from a Guarantor provided for the benefit of Buyer substantially in the form attached as Exhibit L.

“Imbalance Energy” means the amount of energy in MWh, in any given Settlement Period or Settlement Interval, by which the amount of Facility Energy deviates from the amount of Scheduled Energy.

“Independent Report” has the meaning set forth in Section 2.5(b).

“Initial Synchronization” means the initial delivery of Facility Energy to the Delivery Point.

“Installed Capacity” means the actual generating capacity of the Facility, as measured in MW_{AC} at the Delivery Point, that achieves Commercial Operation, as evidenced by a certificate substantially in the form attached as Exhibit I hereto; *provided*, the Installed Capacity may not exceed the Guaranteed Capacity.

“Interconnection Agreement” means the interconnection agreement(s) entered into by Seller or Seller’s Affiliate pursuant to which the Facility will be interconnected with the Transmission System, and pursuant to which Seller’s Interconnection Facilities and any other Interconnection Facilities will be constructed, operated and maintained during the Contract Term.

“Interconnection Facilities” means the interconnection facilities, control and protective devices and metering facilities required to connect the Facility with the Transmission System in accordance with the Interconnection Agreement.

“Interest Rate” has the meaning set forth in Section 8.2.

“Inter-SC Trade” or **“IST”** has the meaning set forth in the CAISO Tariff.

“Interim Deliverability Status” has the meaning set forth in the CAISO Tariff.

“Investment Grade Credit Rating” means a Credit Rating of [REDACTED]

“ITC” means the investment tax credit established pursuant to Section 48, 48E or other applicable provisions of the United States Internal Revenue Code of 1986, as in effect from time-to-time throughout the Contract Term or any successor provision.

“Joint Powers Act” means the provisions of the California Joint Exercise of Powers Act found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, beginning at California Government Code Section 6500, et seq.

“Joint Powers Agreement” means the Amended and Restated Northern California Power Agency Joint Exercise of Power Agreement dated as of January 31, 2008, as such agreement may be further amended or amended and restated from time to time, under which Buyer is organized as a Joint Powers Agency in accordance with the Joint Powers Act.

“Law” means any applicable law, statute, rule, regulation, decision, writ, order, decree or judgment, permit or any interpretation thereof, promulgated or issued by a Governmental Authority.

“Lead Agency” means the public agency with the principal responsibility for approving the Facility or relevant portion thereof as defined pursuant to CEQA, 14 C.C.R. § 15367.

“Lender” means, collectively, any Person (a) providing senior or subordinated construction, interim, back leverage, mezzanine, or long-term debt, equity, or tax equity financing

or refinancing for or in connection with the development, construction, purchase, installation, or operation of the Facility, whether that financing or refinancing takes the form of private debt (including back-leverage debt), equity (including cash or tax equity), public debt, or any other form (including financing or refinancing provided to a member or other direct or indirect owner of Seller), including any equity or tax equity investor directly or indirectly providing financing or refinancing for the Facility or purchasing equity ownership interests of Seller and/or its Affiliates, and any trustee or agent or similar representative acting on their behalf, (b) providing interest rate or commodity protection under an agreement hedging or otherwise mitigating the cost of any of the foregoing obligations, (c) participating in a lease financing (including a sale leaseback or leveraged leasing structure) with respect to the Facility, or (d) acting as issuing bank for any Letter(s) of Credit issued pursuant hereto or in connection with the Facility.

“Letter(s) of Credit” means one or more irrevocable, standby letters of credit, issued by an Acceptable Issuer, in a form substantially similar to the letter of credit set forth in (a) Exhibit K if issued on behalf of Seller for the benefit of Buyer, and (b) Exhibit Q if issued on behalf of Buyer for the benefit of Seller, each as applicable.

“Licensed Professional Engineer” means an independent, professional engineer selected by Seller and reasonably acceptable to Buyer, licensed in the State of California.

“Locational Marginal Price” or **“LMP”** has the meaning set forth in the CAISO Tariff.

“Losses” means, with respect to the Non-Defaulting Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of this Agreement for the remaining Contract Term, determined in a commercially reasonable manner. Factors used in determining economic loss to a Non-Defaulting Party may include, without limitation, reference to information supplied by one or more third parties, which shall exclude Affiliates of the Non-Defaulting Party, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., SP-15), all of which should be calculated for the remaining Contract Term, as applicable, and must include the value of Green Attributes and Renewable Energy Incentives.

“Lost Output” has the meaning set forth in Section 4.6.

“Major Project Development Milestone” has the meaning set forth in in Exhibit B.

“Master File” has the meaning set forth in the CAISO Tariff.

“Meter Service Agreement for Metered Entities” or **“MSA”** has the meaning set forth in the CAISO Tariff.

“Milestones” means the development activities for significant interconnection and construction milestones set forth on the Cover Sheet.

“Monthly Delivery Forecast” has the meaning set forth in Section 4.3(b).

“**Moody’s**” means Moody’s Investors Service, Inc., or its successor.

“**MW**” means megawatts in alternating current, unless expressly stated in terms of direct current.

“**MWh**” means megawatt-hour measured in alternating current, unless expressly stated in terms of direct current.

“**NEECH**” has the meaning set forth in the definition of Affiliate.

“**NEER**” means NextEra Energy Resources, LLC.

“**Negative LMP**” means, in any Settlement Period or Settlement Interval, the Day-Ahead Market or Real-Time Market at the Facility’s PNode is [REDACTED].

“**Negative LMP Strike Price**” means zero dollars per [REDACTED], as such price may be revised by Buyer at its sole discretion (provided the revised price is less than or equal to [REDACTED]) by providing Notice to Seller in accordance with Exhibit C.

“**NEOP**” has the meaning set forth in the definition of Affiliate.

“**NEP**” has the meaning set forth in the definition of Affiliate.

“**NERC**” means the North American Electric Reliability Corporation or any successor entity performing similar functions.

“**Network Upgrades**” has the meaning set forth in the CAISO Tariff.

“**New PV Trade Measure Event**” means any of the following events, during the period while the applicable ruling request, inquiry, rulemaking, or other filing or proceeding remains pending or subject to appeal before the DOC or other applicable Governmental Authority:

- i. Filing of any anti-circumvention ruling request alleging that manufacturers or importers are circumventing any AD/CVD orders on PV Equipment;
- ii. Initiation of any anti-circumvention inquiry into whether manufacturers or importers are circumventing any AD/CVD orders on PV Equipment or issuance in any such inquiry of any finding or ruling that manufacturers or importers are circumventing any AD/CVD orders on PV Equipment; or
- iii. Filing or initiation of any rulemakings, adjudications, or other proceedings or actions to increase, extend, or expand application of, or impose any new, tariffs, duties (including but not limited to AD/CVD), or other trade measures, or issuance of any related determinations, orders, tariffs, duties, or trade measures, on PV Equipment.

For the avoidance of doubt, the Parties acknowledge that any of the following shall trigger the occurrence of a New PV Trade Measure Event with respect to the Auxin Anti-Circumvention Proceeding: (a) any legislative, judicial, or administrative challenge to, or withdrawal (in whole

or in part) of, (I) that certain Declaration of Emergency and Authorization for Temporary Extensions of Time and Duty-Free Importation of Solar Cells and Modules from Southeast Asia, by the President of the United States, dated June 6, 2022, or supporting Presidential Determination Pursuant to Section 303 of the Defense Production Act, or (II) any implementation thereof by the DOC or other Governmental Authority, including through any rulemaking; or (b) any legislative, judicial, or administrative challenge that seeks to expand the scope of the DOC's final affirmative circumvention determinations, as published on August 23, 2023 in 88 Fed. Reg. 57,419, to cover companies or activities excluded in such final affirmative determinations, or to narrow the scope of, or vacate or reverse, any negative circumvention determinations or guidance on avoiding circumvention in such published issuance. The Parties further acknowledge that the AASMTCase AD/CVD Case constitutes a New PV Trade Measure Event.

“Non-Defaulting Party” has the meaning set forth in Section 11.2.

“Notice” shall, unless otherwise specified in this Agreement, mean written communications by a Party to be delivered by hand delivery, United States mail, next Business Day courier service, or electronic messaging (e-mail).

“Participating Generator Agreement” has the meaning set forth in the CAISO Tariff.

“Participating Member” means a member of Buyer that is signatory to the Third Phase Agreement. As of the Effective Date, such Participating Members are _____; if the Participating Members change after the Effective Date, Buyer shall provide written notice to Seller confirming the then-current list of Participating Members that are signatory to the Third Phase Agreement, and such written notice shall not be considered to be an amendment to this Agreement.

“Participating Transmission Owner” or **“PTO”** means an entity that owns, operates and maintains transmission or distribution lines and associated facilities or has entitlements to use certain transmission or distribution lines and associated facilities where the Facility is interconnected. For purposes of this Agreement, the Participating Transmission Owner is set forth in Exhibit A.

“Party” or **“Parties”** has the meaning set forth in the Preamble.

“Performance Measurement Period” means each two (2) consecutive Contract Year periods during the Delivery Term, calculated on a non-rolling basis such that no Contract Year is included in more than one Performance Measurement Period. The first Performance Measurement Period shall include Contract Years 1 and 2. The second Performance Measurement Period shall be comprised of Contract Years 3 and 4, and so on.

“Performance Security” means (a) cash or (b) a Letter of Credit or (c) a Guaranty in the amount set forth on the Cover Sheet.

“Permitted Transfer” means each of the following transactions:

(a) Transactions among Affiliates of Seller, including any corporate reorganization, merger, combination or similar transaction or transfer of assets or ownership interests involving Seller or its Affiliates; provided (i)(A) Ultimate Parent retains the authority, directly or indirectly,

to control the entity that is the Seller after such transactions, or (B) a wholly-owned, indirect subsidiary of Ultimate Parent operates the Facility, and (ii) if such transactions transfer this Agreement to any entity other than the entity that is the Seller before such transactions (including transfers by operation of law pursuant to transactions in which Seller is not the surviving entity), the transferee (A) executes and delivers to Buyer a written agreement under which the transferee assumes in writing all of Seller's duties and obligations under this Agreement and otherwise agrees to be bound by all of the terms and conditions of this Agreement, and (B) satisfies the Seller Development Security requirements and Performance Security requirements;

(b) A Change of Control of Ultimate Parent;

(c) Any change of economic and voting rights triggered in Seller's organization documents arising from the financing of the Facility and that does not result in the transfer of ownership, economic or voting rights in any entity that had no such rights immediately prior to the change;

(d) The direct or indirect transfer of shares of, or equity interests in, Seller to a Lender;

(e) An assignment of the Agreement, or the transfer of the Facility or the direct or indirect ownership of equity interests in Seller, to a Permitted Transferee; or

(f) A transfer of the Facility (or the direct or indirect ownership of equity interests in Seller) in connection with any of the following transfers: (i) all or substantially all of the assets of NEER, NEECH, or Ultimate Parent; (ii) all or substantially all of NEER's or Ultimate Parent's renewable energy generation portfolio; or (iii) all or substantially all of NEER's or Ultimate Parent's solar generation and/or energy storage portfolio; or (iv) the direct or indirect transfer of shares of, or equity interests in, Seller to a person in which, following the transfer, an Affiliate of NEER continues to hold an economic interest in the Facility; *provided*, that in the case of each of (i) through (iv) above: (A) the transferee (1) executes and delivers to Buyer a written agreement under which the transferee assumes in writing all of Seller's duties and obligations under this Agreement and otherwise agrees to be bound by all of the terms and conditions of this Agreement, and (2) meets the Seller credit security requirements; and (B) the entity that operates the Facility following such transfer is (or contracts with) a Qualified Operator.

"Permitted Transferee" means (a) any Affiliate of Seller, or (b) any entity that satisfies, or is controlled by another Person that satisfies, the following requirements:

(i) A Tangible Net Worth of [REDACTED]

(ii) At least two (2) years of experience in the ownership and operations of power generation facilities similar to the Facility, or has retained a third-party with such experience to operate the Facility.

Notwithstanding the foregoing, with respect to Seller, Permitted Transferee shall include its Ultimate Parent, NEER, NEECH, NEOP, and NEP, and their respective direct or indirect subsidiaries.

“Person” means any individual, sole proprietorship, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, incorporated organization, institution, public benefit corporation, unincorporated organization, government entity or other entity.

“Planned Outage” means a period during which the Facility is either in whole or in part not capable of providing service due to planned maintenance that has been scheduled in advance in accordance with Section 4.5(a). For the purpose of clarity, a “Planned Outage” is equivalent to a “Planned Outage” as such term is defined in the CAISO Tariff.

“PNode” has the meaning set forth in the CAISO Tariff.

“Portfolio” means the single portfolio of electrical energy generating, energy storage, or other assets and entities, including the Facility (or the interests of Seller or Seller’s Affiliates or the interests of their respective direct or indirect parent companies), that entails assets in the United States, that is pledged as collateral security in connection with a Portfolio Financing.

“Portfolio Content Category” means PCC1, PCC2 or PCC3, as applicable.

“Portfolio Content Category 1” or **“PCC1”** means any Renewable Energy Credit associated with the generation of electricity from an Eligible Renewable Energy Resource consisting of the portfolio content set forth in California Public Utilities Code Section 399.16(b)(1), as may be amended from time to time or as further defined or supplemented by Law.

“Portfolio Financing” means any equity (including tax equity) financings or debt transactions entered into by an Affiliate of Seller that is secured only by a Portfolio.

“Portfolio Financing Entity” means any Affiliate of Seller that enters into a tax equity transaction or incurs debt in connection with any Portfolio Financing.

“Product” has the meaning set forth on the Cover Sheet. For the purpose of clarity, Product shall include (i) Facility Energy, and (ii) Green Attributes, including, but not limited to, Portfolio Content Category 1 Renewable Energy Credits (in each case not to exceed the quantity of Facility Energy and associated Green Attributes available from the Installed Capacity).

“Progress Report” means a progress report including the items set forth in Exhibit E.

“Proposed Contract Price Increase” has the meaning set forth in Section 2.5(b).

“Prudent Operating Practice” means (a) the applicable practices, methods and acts required by or consistent with applicable Laws and reliability criteria, and otherwise engaged in or approved by a significant portion of the electric utility and independent power producer industry during the relevant time period with respect to grid-interconnected, utility-scale generating facilities in the Western United States, or (b) any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Operating Practice is not

intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to acceptable practices, methods or acts generally accepted in the industry with respect to grid-interconnected, utility-scale generating facilities in the Western United States. Prudent Operating Practice includes compliance with applicable Laws, applicable reliability criteria, and the applicable criteria, rules and standards promulgated in the National Electric Safety Code and the National Electrical Code, as they may be amended or superseded from time to time, including the criteria, rules and standards of any successor organizations.

“**PTC**” means the production tax credit established pursuant to Section 45 or 45Y or other applicable provisions of the United States Internal Revenue Code of 1986, as in effect as of the Commercial Operation Date, adjusted for inflation during the period any such PTCs are received as permitted under such applicable provisions of the United States Internal Revenue Code as of the Commercial Operation Date.

“**PTC Amount**” means the amount, on a dollar per MWh basis, equal to the PTCs that Seller would have earned in respect of Facility Energy at the time, grossed up on an After-Tax Basis at the then-highest marginal combined federal and state corporate tax rate, but failed to earn as a result of Buyer Bid Curtailment, Buyer Curtailment Order, or any other action or omission by Buyer (or its agents) including a Buyer Default which causes Seller to be unable to deliver Facility Energy to the Delivery Point, with the applicable MWh figure to be calculated by reference to the amount of Deemed Delivered Energy; provided, however the PTC Amount shall not be greater than [REDACTED] as of the Commercial Operation Date, and as subsequently adjusted for inflation during the period any such PTC Amounts are received by Seller, where the period of time any such PTC Amounts are received by Seller shall not exceed a total period of 10 years.

“**PV Equipment**” means solar photovoltaic cells, modules, onboard sensors, control components, inverters, or any of their components.

“**Qualified Operator**” means Seller (either itself or through the engagement of an Affiliate) or an operator of photovoltaic solar generation facilities that has sufficient experience and technical capability to perform for Seller’s benefit the obligations of Seller under this Agreement related to the operation and maintenance of the Facility in accordance with the applicable requirements of this Agreement, as evidenced by such operator having operated two (2) or more photovoltaic solar generation facilities, each having a nameplate capacity rating of twenty (20) MW or more, for not less than two (2) years.

“**Qualified Reporting Entity**” or “QRE” has the meaning set forth in the WREGIS Operating Rules.

“**Real-Time Forecast**” has the meaning set forth in Section 4.3(d).

“**Real-Time Market**” has the meaning set forth in the CAISO Tariff.

“**Real-Time Price**” means the Resource-Specific Settlement Interval LMP as defined in the CAISO Tariff. If there is more than one applicable Real-Time Price for the same period of time, Real-Time Price shall mean the price associated with the smallest time interval.

“**Receiving Party**” has the meaning set forth in Section 18.1.

“Recurring Certificate Transfer” has the meaning set forth in Section 4.7(a).

“Remedial Action Plan” has the meaning set forth in Section 2.4.

“Renewable Energy Credit” or **“REC”** means a renewable energy credit as defined by and in accordance with Section 399.12(h) of the California Public Utilities Code, including the right to claim title to the Green Attributes attributable to the generation of electric generation from an Eligible Renewable Energy Resources, as may be amended from time to time or as further defined or supplemented by Law.

“Renewable Energy Incentives” means: (a) all federal, state, or local Tax credits or other Tax benefits associated with the production of electricity from, or the construction, operation or the ownership of, the Facility or any part thereof (including the Tax Benefits and other credits under Sections 38, 45, 45Y, 46, 48, and 48E of the Internal Revenue Code of 1986, as amended); (b) any federal, state, or local grants, subsidies or other like benefits relating in any way to the Facility, including a cash grant available under Section 1603 of Division B of the American Recovery and Reinvestment Act of 2009, in lieu of federal Tax credits or any similar or substitute payment available under subsequently enacted federal legislation; and (c) any other form of incentive relating in any way to the Facility that is not a Green Attribute, or Future Environmental Attribute.

“S&P” means the Standard & Poor’s Financial Services, LLC (a subsidiary of S&P Global Inc.) or its successor.

“Schedule” has the meaning set forth in the CAISO Tariff, and **“Scheduled”** has a corollary meaning.

“Scheduled Energy” means the Facility Energy that clears under the applicable CAISO market based on the final Day-Ahead Schedule, FMM Schedule (as defined in the CAISO Tariff), or any other financially binding Schedule, market instruction or dispatch for the Facility for a given period of time implemented in accordance with the CAISO Tariff.

“Scheduling Coordinator” or **“SC”** means an entity certified by the CAISO as qualifying as a Scheduling Coordinator pursuant to the CAISO Tariff for the purposes of undertaking the functions specified in “Responsibilities of a Scheduling Coordinator,” of the CAISO Tariff, as amended from time to time.

“Scheduling Coordinator Metered Entity” has the meaning set forth in the CAISO Tariff.

“Security Interest” has the meaning set forth in Section 8.10.

“Self-Schedule” has the meaning set forth in the CAISO Tariff.

“Seller” has the meaning set forth on the Cover Sheet.

“Seller’s WREGIS Account” has the meaning set forth in Section 4.7(a).

“**Settlement Amount**” means the Non-Defaulting Party’s Costs and Losses, on the one hand, netted against its Gains, on the other. If the Non-Defaulting Party’s Costs and Losses exceed its Gains, then the Settlement Amount shall be an amount owing to the Non-Defaulting Party. If the Non-Defaulting Party’s Gains exceed its Costs and Losses, then the Settlement Amount shall be zero dollars (\$0). The Settlement Amount does not include consequential, incidental, punitive, exemplary or indirect or business interruption damages; *provided*, that the Parties agree that the value of Green Attributes and Renewable Energy Incentives are direct damages to be accounted for as specified in the definitions of Losses and Gains.

“**Settlement Interval**” has the meaning set forth in the CAISO Tariff.

“**Settlement Period**” has the meaning set forth in the CAISO Tariff.

“**Settlement Quality Meter Data**” has the meaning set forth in the CAISO Tariff.

“**Shared Facilities**” means the gen-tie lines, transformers, substations, or other equipment, permits, contract rights, and other assets and property (real or personal), in each case, as necessary to enable delivery of Energy from the Facility (which is excluded from Shared Facilities) to the point of interconnection, including the Interconnection Agreement itself, that are used in common with Affiliates and/or other third parties or by Seller for electric generation or storage facilities owned by Seller other than the Facility.

“**Site**” means the real property on which the Facility is or will be located, as further described in Exhibit A and as shall be updated by Seller at the time Seller provides an executed Construction Start Date certificate in the form of Exhibit J to Buyer.

“**Site Control**” means that Seller or its Affiliate for the Delivery Term: (a) owns or has the option to purchase the Site; (b) is the lessee or has the option to lease the Site; or (c) is the holder of an easement or an option for an easement, right-of-way grant, or similar instrument with respect to the Site.

“**SP-15**” means the Existing Zone Generation Trading Hub for Existing Zone region SP15 as set forth in the CAISO Tariff.

“**SQMD Plan**” has the meaning set forth in the CAISO Tariff.

“**Station Use**” means:

(a) The Energy generated by the Facility that is used within the Facility to power the lights, motors, control systems and other electrical loads that are necessary for operation of the Facility; and

(b) The Energy generated by the Facility that is consumed within the Facility’s electric energy distribution system as losses.

For the purpose of clarity Seller shall not use Energy generated by the Facility to charge a battery energy storage system and claim such as Station Use.

“System Emergency” means any condition that requires, as determined and declared by CAISO or the PTO, automatic or immediate action to (a) prevent or limit harm to or loss of life or property, (b) prevent loss of transmission facilities or generation supply in the immediate vicinity of the Facility, or (c) to preserve Transmission System reliability.

“Tangible Net Worth” means the tangible assets (for example, not including intangibles such as goodwill and rights to patents or royalties) that remain after deducting liabilities as determined in accordance with generally accepted accounting principles.

“Tax” or **“Taxes”** means all U.S. federal, state and local and any foreign taxes, levies, assessments, surcharges, duties and other fees and charges of any nature imposed by a Governmental Authority, whether currently in effect or adopted during the Contract Term, including ad valorem, excise, franchise, gross receipts, import/export, license, property, sales and use, stamp, transfer, payroll, unemployment, income, and any and all items of withholding, deficiency, penalty, additions, interest or assessment related thereto.

“Tax Benefits” means the PTC, ITC, and any other state, local and/or federal tax benefit or incentive, including energy credits determined under Sections 38, 45, 45Y, 46, 48 and 48E of the Internal Revenue Code of 1986, as amended, investment tax credits, production tax credits, depreciation, amortization, deduction, expense, exemption, preferential rate, and/or other tax benefit or incentive associated with the production, sale, or storage of renewable energy and/or the operation, construction, investments in or ownership of, the Facility (including any cash payment or grant).

“Terminated Transaction” has the meaning set forth in Section 11.2(a).

“Termination Payment” has the meaning set forth in Section 11.3.

“Test Energy” means Facility Energy delivered (a) commencing on the later of (i) the first date that the CAISO informs Seller in writing that Seller may deliver Energy to the CAISO and (ii) the first date that the PTO informs Seller in writing that Seller has conditional or temporary permission to parallel and (b) ending upon the occurrence of the Commercial Operation Date.

“Test Energy Rate” has the meaning set forth in Section 3.6.

“Third Phase Agreement” means the agreement between Buyer and the Participating Members that sets forth the terms and conditions under which Buyer is authorized to enter into this Agreement on behalf of the Participating Members.

“TP Deliverability” has the meaning set forth in the CAISO Tariff.

“Transmission Provider” means any entity or entities transmitting or transporting the Facility Energy on behalf of Buyer from the Delivery Point.

“Transmission System” means the transmission facilities operated by the CAISO, now or hereafter in existence, which provide energy transmission service downstream from the Delivery Point.

“**UFLPA/WRO Restraint**” means any withhold release order or other import restraint issued by U.S. Customs and Border Protection or other applicable Governmental Authority, including under the Uyghur Forced Labor Prevention Act, that prevents or delays the import or release of any PV Equipment into the United States and such order, despite the use by Seller of commercially reasonable efforts to avoid procurement or sourcing of PV Equipment that was reasonably foreseeable to become subject to such restraint, prevents or delays the delivery of such PV Equipment to Seller for incorporation into the Facility.

“**Ultimate Parent**” means NextEra Energy, Inc., NEER, NEP, NEOP, or NEECH, and includes any combination thereof.

“**Variable Energy Resource**” or “**VER**” has the meaning set forth in the CAISO Tariff.

“**WREGIS**” means the Western Renewable Energy Generation Information System or any successor renewable energy tracking program.

“**WREGIS Certificate Deficit**” has the meaning set forth in Section 4.7(e).

“**WREGIS Certificates**” has the same meaning as “Certificate” as defined by WREGIS in the WREGIS Operating Rules and are designated as eligible for complying with the California Renewables Portfolio Standard.

“**WREGIS Operating Rules**” means those operating rules and requirements adopted by WREGIS as of October 1, 2022, as subsequently amended, supplemented or replaced (in whole or in part) from time to time.

1.2 **Rules of Interpretation**. In this Agreement, except as expressly stated otherwise or unless the context otherwise requires:

(a) headings and the rendering of text in bold and italics are for convenience and reference purposes only and do not affect the meaning or interpretation of this Agreement;

(b) words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders;

(c) the words “hereof”, “herein”, and “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(d) a reference to an Article, Section, paragraph, clause, Party, or Exhibit is a reference to that Article, Section, paragraph, clause of, or that Party or Exhibit to, this Agreement unless otherwise specified;

(e) a reference to a document or agreement, including this Agreement means such document, agreement or this Agreement including any amendment or supplement to, or replacement, novation or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of such document, agreement or this Agreement;

(f) a reference to a Person includes that Person's successors and permitted assigns;

(g) the terms "include" and "including" mean "include or including (as applicable) without limitation" and any list of examples following such terms shall in no way restrict or limit the generality of the word or provision in respect of which such examples are provided;

(h) references to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom unless the context otherwise requires;

(i) in the event of a conflict, a mathematical formula or other precise description of a concept or a term shall prevail over words providing a more general description of a concept or a term;

(j) references to any amount of money shall mean a reference to the amount in United States Dollars;

(k) the expression "and/or" when used as a conjunction shall connote "any or all of";

(l) words, phrases or expressions not otherwise defined herein that (i) have a generally accepted meaning in Prudent Operating Practice shall have such meaning in this Agreement or (ii) do not have well known and generally accepted meaning in Prudent Operating Practice but that have well known and generally accepted technical or trade meanings, shall have such recognized meanings; and

(m) each Party acknowledges that it was represented by counsel in connection with this Agreement and that it or its counsel reviewed this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

ARTICLE 2 TERM; CONDITIONS PRECEDENT

2.1 **Contract Term.**

(a) The term of this Agreement shall commence on the Effective Date and shall remain in full force and effect until the conclusion of the Delivery Term, subject to any early termination provisions set forth herein ("**Contract Term**"); *provided, however*, that subject to Buyer's obligations in Section 3.6, Buyer's obligations to pay for or accept any Product are subject to Seller's completion of the conditions precedent pursuant to Section 2.2.

(b) Applicable provisions of this Agreement shall continue in effect after termination, including early termination, to the extent necessary to enforce or complete the duties, obligations or responsibilities of the Parties arising prior to termination. The indemnity and audit

rights shall remain in full force and effect for one (1) year following the termination of this Agreement. The confidentiality obligations of the Parties under Article 18 shall remain in full force and effect for two (2) years following the termination of this Agreement.

2.2 **Conditions Precedent.** The Delivery Term shall commence upon Seller's completion of all of the following conditions:

(a) Seller shall have constructed or caused to be constructed the Facility as of the Commercial Operation Date to (i) enable Seller to satisfy the obligations of the Seller under this Agreement subject to Exhibit B, Section 5, and (ii) enable the Facility to provide Product;

(b) The Facility has successfully completed all testing required by Prudent Operating Practice or any requirement of Law to operate the Facility;

(c) Seller has delivered to Buyer (i) a completion certificate from a Licensed Professional Engineer substantially in the form of Exhibit H and (ii) a certificate from a Licensed Professional Engineer substantially in the form of Exhibit I setting forth the Installed Capacity on the Commercial Operation Date;

(d) A Participating Generator Agreement and a Meter Service Agreement for Metered Entities between Seller and CAISO shall have been executed and delivered and be in full force and effect, and a copy of each such agreement delivered to Buyer;

(e) An Interconnection Agreement between Seller or Seller's Affiliate and the PTO shall have been executed and delivered and be in full force and effect and a copy of the Interconnection Agreement delivered to Buyer;

(f) All applicable regulatory authorizations, approvals and permits required for the operation of the Facility have been obtained and all required conditions thereof that are required to be satisfied by the Commercial Operation Date have been satisfied and shall be in full force and effect (including CEQA requirements);

(g) Seller has provided notice that Seller (either itself or through the engagement of an Affiliate) will act as the Qualified Operator for the Facility, or Seller has entered into one or more agreements providing for the operation and maintenance of the Facility with one or more other Qualified Operators;

(h) Seller, with the reasonable cooperation of Buyer, has taken all actions and executed and delivered to Buyer and the CAISO all documents that are reasonably capable of being completed prior to the Commercial Operation Date necessary to register and qualify the Facility to participate and operate in the CAISO markets, as set forth in the CAISO Tariff, including satisfying and completing the CAISO New Resource Implementation process (commonly referred to as the "**NRI Process**") with respect to the Facility;

(i) Seller has received CEC Precertification of the Facility (and reasonably expects to receive final CEC Certification and Verification for the Facility in no more than one hundred eighty (180) days from the Commercial Operation Date);

(j) Seller (with the reasonable participation of Buyer) shall have completed all applicable WREGIS registration requirements that are reasonably capable of being completed prior to the Commercial Operation Date under WREGIS rules, including (as applicable) the completion and submittal of all applicable registration forms and supporting documentation, which may include applicable interconnection agreements, informational surveys related to the Facility, and other appropriate documentation required to effect Facility registration with WREGIS and to enable PCC1 Renewable Energy Credit transfers related to the Facility within the WREGIS system; and

(k) Seller has delivered the Performance Security to Buyer in accordance with Section 8.8.

(l) Seller has satisfied the insurance requirements to the extent set forth in Section 17.1(a) of this Agreement.

(m) Seller or its Affiliate has obtained Site Control necessary to enable Seller to satisfy the obligations of the Seller under this Agreement.

2.3 **Development; Construction; Progress Reports.** Within fifteen (15) days after the close of (i) each calendar quarter from the first calendar quarter following the Effective Date until the Construction Start Date, and (ii) each calendar month from the first calendar month following the Construction Start Date until the Commercial Operation Date, Seller shall provide to Buyer a Progress Report and shall hold regularly scheduled (i.e., quarterly or monthly, as applicable) meetings between representatives of Buyer and Seller to review such reports and discuss Seller's construction progress, such meeting to be held in person or by teleconference as agreed between the Parties. The form of the Progress Report is set forth in Exhibit E. Seller shall also provide Buyer with any reasonable requested documentation (subject to confidentiality restrictions) directly related to the achievement of Milestones within ten (10) Business Days of receipt of such request by Seller. For the avoidance of doubt, as between Seller and Buyer, Seller is solely responsible for the design and construction of the Facility, including the location of the Site, obtaining all permits and approvals to build the Facility, the Facility layout, and the selection and procurement of the equipment comprising the Facility.

2.4 **Remedial Action Plan.** If Seller (a) misses the Guaranteed Construction Start Date, (b) misses three (3) or more Milestones, or (c) misses any one (1) Milestone (other than the Guaranteed Construction Start Date) by more than ninety (90) days, except as the result of a Development Cure Period, a New PV Trade Measure Event, WRO Restraint, or Buyer Default, Seller shall submit to Buyer, within ten (10) Business Days after the occurrence of (a), (b) or (c), a remedial action plan ("**Remedial Action Plan**"), which will describe in detail any delays (actual or anticipated) beyond the scheduled Milestone dates, including the cause of the delay, if known (e.g., governmental approvals, financing, property acquisition, design activities, equipment procurement, project construction, interconnection, or any other factor), Seller's reasonably detailed description of its proposed course of action to achieve the missed Milestones and all subsequent Milestones to the extent possible; *provided*, delivery of any Remedial Action Plan shall not relieve Seller of its obligation to provide Remedial Action Plans with respect to any subsequent Milestones and to achieve the Guaranteed Commercial Operation Date in accordance with the terms of this Agreement. Subject to the provisions of Exhibit B, so long as Seller complies with

its obligations under this Section 2.4, Seller shall not be considered in default of its obligations under this Agreement solely as a result of missing any Milestone.

2.5 New PV Trade Measure Events and UFLPA/WRO Restraints.

Notwithstanding anything to the contrary in this Agreement, in connection with any New PV Trade Measure Event or UFLPA/WRO Restraints:

(a) Seller may suspend development and construction of the Facility during, and shall receive a day-for-day extension of the Guaranteed Construction Start Date the Guaranteed Commercial Operation Date, and each other applicable Milestone for, each day of the New PV Trade Measure Event through the end date of such New PV Trade Measure Event or each day of the UFLPA/WRO Restraint through the end date of such UFLPA/WRO Restraint, as applicable, plus any period afterward as is reasonably necessary to accommodate any Seller or industry supply chain mobilization, remobilization, or other adjustment to the outcome of such New PV Trade Measure Event or UFLPA/WRO Restraint, as applicable. Subject to Exhibit B, if the extension of the Guaranteed Commercial Operation Date [REDACTED], either Party may within ten (10) Business Days thereof provide a Notice to the other Party terminating this Agreement, provided, however, the Parties may mutually agree to a further extension of time by amending this agreement pursuant to Section 19.2. Neither Party shall have any liability to the other Party as a result of any termination of this Agreement under this Section 2.5(a), and within ten (10) Business Days each Party shall return any Development Security or Buyer Security then held by such Party to Seller or Buyer, as applicable.

(b) Seller may, in its sole discretion at any time prior to sixty (60) days after the occurrence or cessation, as applicable, of such New PV Trade Measure Event, provide written notice to Buyer of a Proposed Contract Price Increase to keep Seller whole with respect to any actual cost increases that Seller incurs as a result of such New PV Trade Measure Event ("**Proposed Contract Price Increase**"); provided, in which case Seller shall deliver to Buyer a report from an independent retained consultant or other qualified person not employed by or affiliated with Seller or Buyer, and where such independent consultant or other qualified person is approved by Buyer, where such Buyer approval cannot be unreasonably withheld, conditioned or delayed, that explains in reasonable detail (i) the cost impact to Seller and the Facility that result from the applicable New PV Trade Measure Event, and (ii) how the Proposed Contract Price Increase was determined, including an explanation of why the Proposed Contract Price Increase is reasonably necessary to keep Seller whole with respect to the cost increase that Seller expects as a result of the New PV Trade Measure Event ("**Independent Report**"). Cost impacts shall be shown in the Independent Report in terms of $\$/W_{Ac}$ to explain changes to the Contract Price. The Independent Report shall be subject to Article 18 of this Agreement and made available only to Buyer's personnel and representatives who have a need to review the Independent Report in connection with their role for Buyer in implementing this Agreement, and who confirm their agreement to maintain the confidentiality of the Independent Report. Pursuant to the confidentiality requirements of this Agreement, Buyer shall cooperate with Seller to strive to protect the Independent Report from disclosure under the California Public Records Act pursuant to Article 18. If Buyer does not provide written acceptance of the Proposed Contract Price Increase to Seller within sixty (60) days after Buyer's receipt of the Proposed Contract Price Increase notice from Seller, then Seller may terminate this Agreement upon written notice to Buyer; provided, if such termination Notice is not provided by Seller within ten (10) Business Days after the sixty (60)

day period has ended, such termination right under this paragraph is forfeited and the terms and conditions of this Agreement will remain unchanged, including the Contract Price. Neither Party shall have any liability to the other Party as a result of any termination of this Agreement under this Section 2.5(b), and within ten (10) Business Days each Party shall return any Development Security or Buyer Security then held by such Party to Seller or Buyer, as applicable.

2.6 **Seller's Pre-COD Termination Right**. Notwithstanding anything to the contrary in this Agreement, and without limiting Seller's rights to terminate for other reasons set forth in this the Agreement, Seller shall have the right to terminate this Agreement for convenience at any time prior to the Commercial Operation Date in exchange for payment of the Damage Payment to Buyer. Seller's exercise of such termination right shall require that Seller provide at least ten (10) Business Days' Notice of such termination signed by a duly-authorized officer of Seller which specifically provides that Seller is exercising its right to terminate this Agreement and specifically provides that such termination is being made pursuant to this Section 2.6 of the Agreement.

2.7 **CEQA**.

(a) The Parties agree that pursuant to Section 2.2(f), Buyer has no obligation to accept or pay for any Product or Test Energy under this Agreement until the date on which all of the following have occurred (such date, the "**CEQA Completion Date**"): (a) any applicable review under CEQA has been completed by the Lead Agency and all necessary CEQA approval(s) (the "**CEQA Approval(s)**") for the Facility have been issued by the Lead Agency; and (b) (i) the applicable period for any judicial challenges to the CEQA Approval(s) relating to the Facility has expired without any such challenge having been filed in court, or (ii) in the event of any such challenge, the challenge has been dismissed, or (iii) in the event of any such challenge, there is not pending any motion for preliminary injunction or stay pending appeal and such CEQA Approval(s) by the Lead Agency have not been enjoined or stayed by a court having competent jurisdiction over such CEQA Approval(s). The Delivery Term shall not occur without the occurrence of the CEQA Completion Date.

(b) Buyer reserves the right to participate in the CEQA review of the Facility by the Lead Agency.

ARTICLE 3 PURCHASE AND SALE

3.1 **Purchase and Sale of Product**. Subject to the terms and conditions of this Agreement, during the Delivery Term, Buyer will purchase and receive all of the Product produced by or associated with the Facility at the Contract Price and in accordance with Exhibit C, and Seller shall supply and deliver to Buyer all of the Product produced by or associated with the Facility. At its sole discretion, Buyer may during the Delivery Term re-sell or use for another purpose all or a portion of the Product, *provided* that no such re-sale or use shall relieve Buyer of any obligations hereunder. During the Delivery Term, Buyer will have exclusive rights to offer, bid, or otherwise submit the Product, or any component thereof, from the Facility after the Delivery Point for resale into the market or to any third party, and retain and receive any and all related revenues.

3.2 **Sale of Green Attributes.** During the Delivery Term, Seller shall sell and deliver to Buyer, and Buyer shall purchase and receive from Seller, all Green Attributes attributable to the Facility Energy generated by the Facility.

3.3 **Imbalance Energy.** Buyer and Seller recognize that in any given Settlement Period there may be Imbalance Energy. Except as otherwise set forth in Exhibit D-1, to the extent there is any Imbalance Energy, any amounts payable or receivable related to such Imbalance Energy shall be for the account of Buyer.

3.4 **Ownership of Renewable Energy Incentives.** Seller shall have all right, title and interest in and to all Renewable Energy Incentives. Buyer acknowledges that any Renewable Energy Incentives belong to Seller. If any Renewable Energy Incentives, or values representing the same, are initially credited or paid to Buyer, Buyer shall cause such Renewable Energy Incentives or values relating to same to be assigned or transferred to Seller without delay. Buyer shall reasonably cooperate with Seller, at Seller's sole expense, in Seller's efforts to meet the requirements for any certification, registration, or reporting program relating to Renewable Energy Incentives.

3.5 **Future Environmental Attributes.**

(a) The Parties acknowledge and agree that as of the Effective Date, environmental attributes sold under this Agreement are restricted to Green Attributes; however, if, after the Effective Date the Facility is able to provide Future Environmental Attributes for any reason, including due to a change in market conditions or Law, Buyer shall have the exclusive right to such Future Environmental Attributes and there shall be no increase in the Contract Price; *provided, however*, that such right shall be subject to this Section 3.5(a) and Section 3.5(b) and Buyer shall bear all costs and risks associated with the transfer, qualification, verification, registration and ongoing compliance for such Future Environmental Attributes. Upon Seller's receipt of Notice from Buyer of Buyer's intent to claim such Future Environmental Attributes, the Parties shall determine the necessary actions and additional costs associated with such Future Environmental Attributes. Seller shall have no obligation to bear any costs, losses or liability, or alter the Facility or the operation of the Facility, unless the Parties have agreed on all necessary terms and conditions relating to such alteration or change in operation and Buyer has agreed to reimburse Seller for all costs, losses, and liabilities associated with such alteration or change in operation.

(b) If Buyer elects to receive Future Environmental Attributes pursuant to, and subject to the requirements of, Section 3.5(a), Seller agrees to work with Buyer in good faith to provide reasonably requested documentation and execute reasonable documentation necessary to effectuate the transfer and registration of such Future Environmental Attributes, including agreement with respect to (i) appropriate transfer, delivery and risk of loss mechanisms, and (ii) appropriate allocation of any additional costs to Buyer, as set forth above (in any event subject to Section 3.9); *provided*, that the Parties acknowledge and agree such terms shall not alter the other material terms of this Agreement.

3.6 **Test Energy.** No less than fourteen (14) days prior to the first day on which Test Energy is expected to be available from the Facility, Seller shall notify Buyer of the availability of

the Test Energy. If and to the extent the Facility generates Test Energy, Seller shall sell and Buyer shall purchase from Seller all Test Energy and any associated Products on an as-available basis. As compensation for such Test Energy and associated Product, the payment by Buyer to Seller shall be [REDACTED] (the “**Test Energy Rate**”). For the avoidance of doubt, the conditions precedent in Section 2.2 are not applicable to the Parties’ obligations under this Section 3.6.

3.7 **CEC Certification and Verification**. Subject to Section 3.9, Seller shall take all necessary steps including, but not limited to, making or supporting timely filings with the CEC to obtain and maintain CEC Certification and Verification for the Facility throughout the Delivery Term, including compliance with all applicable requirements for certified facilities set forth in the current version of the *RPS Eligibility Guidebook* (or its successor). Seller shall obtain CEC Precertification by the Commercial Operation Date. Within thirty (30) days after the Commercial Operation Date, Seller shall apply with the CEC for final CEC Certification and Verification. Within one hundred eighty (180) days after the Commercial Operation Date, Seller shall, subject to Section 3.9 or CEC error or omission, obtain and maintain throughout the remainder of the Delivery Term the final CEC Certification and Verification. Seller must promptly notify Buyer and the CEC of any changes to the information included in Seller’s application for CEC Certification and Verification for the Facility.

3.8 **RPS Standard Terms and Conditions**.

(a) **Tracking of RECs in WREGIS**. Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract. [STC REC-2].

(b) **Transfer of Renewable Energy Credits**. Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. [STC REC-1].

(c) **Eligibility**. Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that: (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource (“ERR”) as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project’s output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. [STC 6].

(d) With respect to the immediately preceding paragraphs (a) – (c), (i) the reference in Section 3.8(a) to “first delivery under the contract” has the same meaning as “first delivery of Facility Energy under this Agreement”, (ii) the references in Section 3.8(c) to “Project” have the same meaning as “Facility”, (iii) the reference in Section 3.8(c)(ii) to “the Project’s output” has the same meaning as “the Facility Energy”, (iv) “qualifies and is certified by the CEC” includes for up to six (6) months after COD CEC pre-certification of the Facility, (v) each reference in the last sentences of Section 3.8(b) and Section 3.8(c) to “commercially reasonable efforts” means efforts consistent with and subject to Section 3.9 below, and (vi) the references in Section 3.8(a) and Section 3.8(b) to “Renewable Energy Credits” means “PCC1 Renewable Energy Credits”.

3.9 **Compliance Expenditure Cap.**

(a) If a Change in Law occurring after the Effective Date has increased Seller’s known or reasonable expected costs to comply with Seller’s obligations to cause the Green Attributes to be compliant with the California RPS Program and Section 399.16(b)(1) of the California Public Utilities Code, then the Parties agree that the maximum aggregate amount of out-of-pocket costs and expenses (“**Compliance Costs**”) that Seller shall be required to bear during the Contract Term to comply with all of such obligations shall be capped at [REDACTED] (“**Compliance Expenditure Cap**”). Seller’s internal administrative costs associated with obtaining, maintaining, conveying or effectuating, Buyer’s use of (as applicable) any Product are excluded from the Compliance Expenditure Cap.

(b) Any actions required for Seller to comply with its obligations set forth in the first paragraph above, the Compliance Costs of which will be included in the Compliance Expenditure Cap, shall be referred to collectively as the “**Compliance Actions**.”

(c) If Seller reasonably anticipates the need to incur Compliance Costs in excess of the Compliance Expenditure Cap in order to take any Compliance Action Seller shall provide Notice to Buyer of such anticipated Compliance Costs. Buyer will have sixty (60) days to evaluate such Notice (during which time period Seller is not obligated to take any Compliance Actions described in the Notice) and shall, within such time, either (1) agree to reimburse Seller for all or some portion of the Compliance Costs that exceed the Compliance Expenditure Cap (such Buyer-agreed upon costs, the “**Accepted Compliance Costs**”), or (2) waive Seller’s obligation to take such Compliance Actions, or any part thereof for which Buyer has not agreed to reimburse Seller.

(d) If Buyer agrees to reimburse Seller for the Accepted Compliance Costs, then Seller shall take such Compliance Actions covered by the Accepted Compliance Costs as agreed upon by the Parties and Buyer shall reimburse Seller for Seller’s actual costs to effect the Compliance Actions, not to exceed the Accepted Compliance Costs, within sixty (60) days from the time that Buyer receives an invoice and documentation of such costs from Seller.

(e) If Buyer does not respond to a Notice given by Seller under this Section 3.9 within sixty (60) days, or if Buyer does not timely pay the costs and expenses in excess of the Accepted Compliance Costs, Buyer shall be deemed to have waived its rights to require Seller to take the Compliance Actions that are the subject of the Notice, and Seller shall have no further

obligation to take, and no liability or obligation under this Agreement for any failure to take, such Compliance Actions.

(f) If a Change in Law makes it infeasible for Seller to comply with its obligations under this Section 3.9, and it is not possible to overcome the Change in Law through Compliance Actions or the expenditure of money, then, except as otherwise provided or contemplated in this Agreement with respect to how a Change in Law will be addressed, then in each case (i) Seller shall be excused from the corresponding Compliance Actions under this Agreement, and (ii) Buyer shall continue to pay Seller under this Agreement without any reduction in revenues that otherwise would result from the Change in Law.

3.10 **Project Configuration**. In order to optimize the benefits of the Facility, Buyer and Seller each agree that if requested by the other Party, then Buyer and Seller will discuss in good faith potential reconfiguration of the Facility or Interconnection Facilities; *provided*, neither Party shall be obligated to agree to any changes under this Agreement, or to incur any expense in connection with such changes, except under terms mutually acceptable to both Parties (and Seller's Lenders) as set forth in a written agreement executed by the Parties. For the avoidance of doubt, and notwithstanding anything in this Agreement to the contrary: (a) as of the Effective Date, the Facility has Energy-Only Deliverability Status; and (b) Seller makes no representation or warranty that the Facility will obtain deliverability or any allocation of TP Deliverability, or achieve Full Capacity Deliverability Status or Interim Deliverability Status.

ARTICLE 4 OBLIGATIONS AND DELIVERIES

4.1 **Delivery**.

(a) **Energy**. Subject to the provisions of this Agreement, commencing on the Commercial Operation Date and through the end of the Contract Term, Seller shall supply and deliver the Product to Buyer at the Delivery Point, and Buyer shall take delivery of the Product at the Delivery Point in accordance with the terms of this Agreement. Seller shall be responsible for paying or satisfying when due any costs or charges imposed in connection with the delivery of Facility Energy to the Delivery Point, including without limitation, Station Use, Electrical Losses, and any operation and maintenance charges imposed on Seller by the Transmission Provider directly relating to the Facility's operations. Buyer shall be responsible for all costs, charges and penalties, if any, imposed in connection with the delivery of Facility Energy at and after the Delivery Point, including without limitation transmission costs and transmission line losses and imbalance charges. The Facility Energy will be Scheduled with the CAISO by Buyer (or Buyer's designated Scheduling Coordinator for the Facility) in accordance with the CAISO Tariff, and the Scheduling and operating procedures developed under Exhibit D-2.

(b) **Green Attributes**. All Green Attributes associated with the Facility Energy during the Delivery Term are exclusively dedicated to and will be conveyed to Buyer. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Facility Energy, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Facility.

(c) Scheduling Coordination. The Parties agree to coordinate with respect to the dispatch of Energy from the Facility on a periodic basis. The Parties further agree to update Sections 4.3 to 4.4 or Exhibit D-2 as needed by mutual written agreement.

4.2 Title and Risk of Loss.

(a) Energy. Title to and risk of loss related to the Facility Energy, shall pass and transfer from Seller to Buyer at the Delivery Point. Seller warrants that all Product delivered to Buyer is free and clear of all liens, security interests, claims and encumbrances of any kind.

(b) Green Attributes. Title to and risk of loss related to the Green Attributes associated with the Facility Energy shall pass and transfer from Seller to Buyer upon the transfer of such Green Attributes in accordance with WREGIS Operating Rules, or other applicable rules and requirements in the event WREGIS is no longer used to transfer Green Attributes.

4.3 Forecasting. Seller shall provide or cause to be provided the forecasts described below at its sole expense and in a format reasonably acceptable to Buyer (or Buyer's designee). Seller shall use reasonable efforts to provide forecasts that are accurate and, to the extent not inconsistent with the requirements of this Agreement, shall prepare such forecasts, or cause such forecasts to be prepared, in accordance with Prudent Operating Practices; provided, however, the Parties acknowledge that the Real-Time Forecast is provided by an Approved Forecast Vendor which, at least as of the Effective Date, is not Seller but the CAISO and Seller undertakes no obligations with respect to the accuracy of such CAISO forecasts.

(a) Annual Forecast of Energy. No less than thirty (30) days before (i) the first day of the first Contract Year of the Delivery Term and (ii) at the beginning of each calendar year for every subsequent Contract Year during the Delivery Term, Seller shall provide to Buyer and the SC (if applicable) a non-binding forecast of each month's average-day expected Energy, by hour, for the following calendar year in a form substantially similar to the table found in Exhibit F-1, or as reasonably requested by Buyer.

(b) Monthly Forecast of Energy and Available Generating Capacity. No less than thirty (30) days before the beginning of Commercial Operation, and thereafter at least ten (10) Business Days before the beginning of each month during the Delivery Term, Seller shall provide to Buyer and the SC (if applicable) a non-binding forecast of the hourly expected Energy and expected Available Generating Capacity for each day of the following month in a form substantially similar to the table found in Exhibit F-2, or as reasonably agreed to by the Parties ("Monthly Delivery Forecast").

(c) Day-Ahead Forecast. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, or as otherwise specified by Buyer consistent with Prudent Operating Practice, Seller shall provide Buyer with a non-binding forecast of Available Generating Capacity, and an Approved Forecast Vendor shall provide Buyer with a non-binding forecast of hourly expected Energy for each Settlement Interval of each hour of the immediately succeeding day ("Day-Ahead Forecast"). A Day-Ahead Forecast provided in a day prior to any non-Business Day(s) shall include non-binding forecasts for the immediate day, each succeeding non-Business Day and the next Business Day. Each Day-Ahead Forecast shall clearly

identify, for each Settlement Interval of each hour, Seller's best estimate of the Available Generating Capacity, and the Approved Forecast Vendor's best estimate of the hourly expected Energy. These Day-Ahead Forecasts shall be sent to Buyer. If Seller or an Approved Forecast Vendor fails to provide Buyer with a Day-Ahead Forecast as required herein for any period, then for such unscheduled delivery period only Buyer shall rely on any Real-Time Forecast provided in accordance with Section 4.3(d) or the Monthly Delivery Forecast or Buyer's best estimate based on information reasonably available to Buyer.

(d) Real-Time Forecasts. During the Delivery Term, Seller shall notify Buyer of any changes from the Day-Ahead Forecast of Available Generating Capacity of one (1) MW or more, and an Approved Forecast Vendor shall provide Buyer with an updated hourly expected Energy forecast for each Settlement Interval of each hour of the current operating day. The updated forecast of Available Generating Capacity and the hourly expected Energy shall be provided to Buyer as soon as reasonably possible, but no later than one (1) hour prior to the deadline for submitting Schedules to the CAISO in accordance with the rules for participation in the Real-Time Market ("**Real-Time Forecast**"). Such Real-Time Forecasts of Energy shall be provided by an Approved Forecast Vendor each hour and shall contain information regarding the beginning date and time of the event resulting in the change in Available Generating Capacity or the total amount of hourly expected Energy, as applicable, the expected end date and time of such event, and any other information required by the CAISO or reasonably requested by Buyer. With respect to any Forced Facility Outage, Seller shall use commercially reasonable efforts to notify Buyer of such outage within ten (10) minutes of the commencement of the Forced Facility Outage. Seller shall inform Buyer of any developments that will affect either the duration of such outage or the availability of the Facility during or after the end of such outage. These Real-Time Forecasts shall be communicated in a method reasonably acceptable to Buyer; *provided* that Buyer specifies the method no later than fifteen (15) Business Days prior to the effective date of such requirement. In the event Buyer fails to provide Notice of an acceptable method for communications under this Section 4.3(d), then Seller shall send such communications by telephone and e-mail to Buyer.

(e) Forced Facility Outages. Notwithstanding anything to the contrary herein, Seller shall promptly notify Buyer of Forced Facility Outages and Seller shall keep Buyer informed of any developments that will affect either the duration of the outage or the availability of the Facility during or after the end of the outage.

(f) CAISO Tariff Requirements. To the extent such obligations are applicable to the Facility, Seller will comply with all applicable obligations for Variable Energy Resources under the CAISO Tariff and the Eligible Intermittent Resource Protocol, including providing appropriate operational data and meteorological data, and will fully cooperate with Buyer and CAISO, in providing all data, information, and authorizations required thereunder.

4.4 **Dispatch Down/Curtailment.**

(a) General. Seller agrees to reduce the amount of Facility Energy produced by the Facility, by the amount and for the period set forth in any Curtailment Order, Buyer Curtailment Order, or notice received from CAISO in respect of a Buyer Bid Curtailment.

(b) Buyer Curtailment. Buyer shall have the right to order Seller to curtail

deliveries of Facility Energy through Buyer Curtailment Orders and/or Buyer Bid Curtailments; *provided*, Buyer shall pay Seller for all Deemed Delivered Energy associated with any Buyer Curtailment Period as set forth in Section (b) of Exhibit C.

(c) Failure to Comply. If Seller fails to comply with Curtailment Order, Buyer Curtailment Order, or notice received from CAISO in respect of a Buyer Bid Curtailment, then, for each MWh of Facility Energy that is delivered by the Facility to the Delivery Point in contradiction to the Curtailment Order, Buyer Curtailment Order, or notice received from CAISO in respect of a Buyer Bid Curtailment, Seller shall pay Buyer for each such MWh at an amount equal to the sum of (A) + (B) + (C), where: (A) is the amount, if any, paid to Seller by Buyer for delivery of such excess MWh and, (B) is the sum, for all Settlement Intervals with a Negative LMP during the Buyer Curtailment Period or Curtailment Period, of the absolute value of the product of such excess MWh in each Settlement Interval and the Negative LMP for such Settlement Interval, and (C) is any penalties assessed by the CAISO or other charges assessed by the CAISO resulting from Seller's failure to comply with the Curtailment Order, Buyer Curtailment Order, or notice received from CAISO in respect of a Buyer Bid Curtailment.

(d) Seller Equipment Required for Curtailment Instruction Communications. Seller shall acquire, install, and maintain such facilities, communications links and other equipment, and implement such protocols and practices, as necessary to respond and follow instructions, including an electronic signal conveying real time and intra-day instructions, to operate the Facility as reasonably directed by the Buyer in accordance with this Agreement or a Governmental Authority, including to implement a Buyer Curtailment Order, Buyer Bid Curtailment, or Curtailment Order in accordance with the then-current methodology used to transmit such instructions as it may change from time to time (including adjustments to megawatt output in real-time by means of set points received by the Facility controller of Seller, provided that the dispatch order is consistent with the Facility's operational characteristics as then-currently modeled in the CAISO Master File). If at any time during the Delivery Term Seller's facilities, communications links or other equipment, protocols or practices are not in compliance with then-current methodologies, Seller shall take the steps necessary to become compliant as soon as reasonably possible. Seller shall be liable pursuant to Section 4.4(c) for failure to comply with a Buyer Curtailment Order, Buyer Bid Curtailment, or Curtailment Order, during the time that Seller's facilities, communications links or other equipment, protocols or practices are not in compliance with then-current methodologies. For the avoidance of doubt, a Buyer Curtailment Order, Buyer Bid Curtailment, or Curtailment Order communication via such systems and facilities shall have the same force and effect on Seller as any other form of communication.

4.5 Reduction in Delivery Obligation. For the avoidance of doubt, and in no way limiting Section 3.1 or Exhibit G:

(a) Facility Maintenance. In developing the Operating Coordination Scheduling and operating procedures set forth in Exhibit D-2, the Parties will work together on a mutually acceptable template to document how maintenance and outages will impact the availability of the Facility to be bid and Scheduled in the CAISO market. Subject to providing Buyer at least sixty (60) days' prior Notice, Seller shall be permitted to reduce deliveries of Product during any period of scheduled maintenance on the Facility, *provided*, that (i) Seller may adjust the dates of any scheduled maintenance with fewer than sixty (60) days' prior Notice to Buyer so

long as (X) Seller makes its request more than ten (10) days prior to the expected start date of such scheduled maintenance and (Y) the requested alternate date is acceptable to Buyer in its reasonable discretion not to be unreasonably withheld, conditioned or delayed. All scheduled maintenance and outages requested by Seller shall comply with the requirements of the CAISO Tariff. To the extent notice is not already required under the terms hereof, Seller shall notify Buyer as soon as practicable of any extensions to scheduled maintenance and expected end dates thereof. Between June 1st and September 30th, Seller shall not schedule non-emergency maintenance that reduces the energy generation of the Facility by more than ten percent (10%), unless (i) such outage is required to avoid an emergency or damage to the Facility, (ii) such maintenance is necessary to maintain equipment warranties and cannot be scheduled outside the period of June 1st to September 30th, (iii) such outage is required in accordance with Prudent Operating Practices, (iv) such outage is in connection with Force Majeure events, (v) such outage is required by Law, the requirements of CAISO or the interconnecting utility, and/or other applicable Governmental Authority, or (vi) the Parties agree otherwise in writing (each scheduled maintenance permitted under this clause (a) and each of the foregoing outages described in foregoing clauses (a)(i) – (a)(vi), a “**Planned Outage**”).

(b) **Forced Facility Outage.** Seller shall be permitted to reduce deliveries of Product during any Forced Facility Outage. Seller shall provide Buyer with Notice and expected duration (if known) of any Forced Facility Outage in accordance with the requirements of the CAISO Tariff.

(c) **System Emergencies and other Interconnection Events.** Seller shall be permitted to reduce deliveries of Product during any period of System Emergency, Buyer Curtailment Period or upon Notice of a Curtailment Order pursuant to the terms of this Agreement, the Interconnection Agreement or applicable tariff.

(d) **Force Majeure Event.** Seller shall be permitted to reduce deliveries of Product during any Force Majeure Event.

(e) **Health and Safety.** Seller shall be permitted to reduce deliveries of Product as necessary to maintain health and safety pursuant to Section 6.2.

4.6 **Guaranteed Energy Production.** Seller shall be required to deliver to Buyer no less than the Guaranteed Energy Production in each Performance Measurement Period. For purposes of determining whether Seller has achieved the Guaranteed Energy Production, in addition to the Facility Energy delivered during the relevant Performance Measurement Period, Seller shall be deemed to have delivered to Buyer (1) any Deemed Delivered Energy during such Performance Measurement Period, (2) Energy in the amount it could reasonably have delivered to Buyer during such Performance Measurement Period but was prevented from delivering to Buyer by reason of any Force Majeure Events, System Emergency, and Curtailment Periods (“**Lost Output**”). Lost Output shall be measured in the same manner as Deemed Delivered Energy. If Seller fails to achieve the Guaranteed Energy Production amount in any Performance Measurement Period (as determined in Exhibit G), Seller shall pay Buyer damages calculated in accordance with Exhibit G, which, except as set forth in Section 11.1(b)(iii), shall be Buyer’s sole and exclusive remedy in connection with Seller’s failure to meet the achieve the Guaranteed Energy Production amount.

4.7 **WREGIS.** Seller shall, at its sole expense, but subject to Section 3.9, take all actions and execute all documents or instruments necessary to ensure that all WREGIS Certificates associated with all PCC1 Renewable Energy Credits corresponding to all Facility Energy (net of any losses if required by Law) are issued and tracked for purposes of satisfying the requirements of the California Renewables Portfolio Standard and transferred in a timely manner to Buyer for Buyer's sole benefit. Seller shall transfer the PCC1 Renewable Energy Credits to Buyer. Seller shall comply with all Laws, including the WREGIS Operating Rules, regarding the certification and transfer of such WREGIS Certificates to Buyer and Buyer shall be given sole title to all such WREGIS Certificates. In addition:

(a) Seller shall ensure all applicable steps have been taken to register the Facility with WREGIS that are reasonably capable of being completed prior to the Commercial Operation Date under WREGIS rules, and, within the administrative timeframe set forth in the WREGIS Operating Rules, but no longer than ninety (90) days after Commercial Operation, Seller shall ensure the Facility is registered with active status in WREGIS and is associated with an active account in WREGIS ("**Seller's WREGIS Account**"), which Seller shall maintain until the end of the Delivery Term. Seller shall transfer the WREGIS Certificates using "**Recurring Certificate Transfers**" (as described in the WREGIS Operating Rules) from Seller's WREGIS Account to the WREGIS account(s) of Buyer or the account(s) of a designee that Buyer identifies by Notice to Seller ("**Buyer's WREGIS Account**"). Seller shall be responsible for all expenses associated with registering the Facility with WREGIS, establishing and maintaining Seller's WREGIS Account, paying WREGIS Certificate issuance and transfer fees, transferring WREGIS Certificates from Seller's WREGIS Account to Buyer's WREGIS Account, and acquiring and arranging for a Qualified Reporting Entity for the Facility and any applicable QRE agreements. Buyer shall be responsible for establishing and maintaining Buyer's WREGIS Account.

(b) Seller shall cause Recurring Certificate Transfers to occur on a monthly basis in accordance with the WREGIS Operating Rules. Since WREGIS Certificates will only be created for whole MWh amounts of Facility Energy generated (net of any losses if required by Law), any fractional MWh amounts (i.e., kWh) will be carried forward until sufficient generation is accumulated for the creation of a WREGIS Certificate.

(c) Seller shall, at its sole expense, ensure that the WREGIS Certificates for a given calendar month correspond with the Facility Energy for such calendar month as evidenced by the Facility's metered data (net of any losses if required by Law).

(d) Due to the administrative delay in the creation of WREGIS Certificates, as further set forth in the WREGIS Operating Rules, relative to the timing of invoice payment under Section 8.2, Buyer shall make an invoice payment for a given month in accordance with Section 8.2 before the WREGIS Certificates for such month are formally transferred to Buyer in accordance with the WREGIS Operating Rules and this Section 4.7. Notwithstanding this delay, Buyer shall have all right and title to all such WREGIS Certificates upon payment to Seller in accordance with Section 8.2.

(e) A "**WREGIS Certificate Deficit**" means any deficit or shortfall in WREGIS Certificates delivered to Buyer for a calendar month as compared to the Facility Energy for the same calendar month ("**Deficient Month**") caused by an error or omission of Seller. If any

WREGIS Certificate Deficit is caused, or the result of any action or inaction by Seller, then the amount of Facility Energy (net of any losses if required by Law) in the Deficient Month shall be reduced by the amount of the WREGIS Certificate Deficit for purposes of calculating Buyer's payment to Seller under Article 8 and the Guaranteed Energy Production for the applicable Contract Year; *provided, however*, that such adjustment shall not apply to the extent that Seller either (x) resolves the WREGIS Certificate Deficit within one hundred eighty (180) days after the Deficient Month or (y) provides Replacement Green Attributes (as defined in Exhibit G) delivered to CAISO as Scheduled Energy within ninety (90) days after the Deficient Month (i) upon a schedule reasonably acceptable to Buyer and (ii) provided that such deliveries do not impose additional costs upon Buyer for which Seller refuses to provide reimbursement. If a WREGIS Certificate Deficit is caused by an error or omission of WREGIS or the CEC, the Parties shall cooperate in good faith to cause WREGIS or the CEC, as applicable, to correct its error or omission.

(f) Subject to Section 3.9, if WREGIS changes the WREGIS Operating Rules after the Effective Date or applies the WREGIS Operating Rules in a manner inconsistent with this Section 4.7 after the Effective Date, the Parties promptly shall modify this Section 4.7 as reasonably required to cause and enable Seller to transfer to Buyer's WREGIS Account a quantity of WREGIS Certificates for each given calendar month that corresponds to the Facility Energy in the same calendar month.

4.8 **Interconnection Costs**. As between Buyer and Seller, Seller is responsible for all costs and charges associated with Interconnection Facilities and Network Upgrades necessitated by the interconnection of the Facility.

ARTICLE 5 TAXES

5.1 **Allocation of Taxes and Charges**. Seller shall pay or cause to be paid all Taxes on or with respect to the Facility or on or with respect to the sale and making available of Product to Buyer, that are imposed on Product prior to its delivery to Buyer at the time and place contemplated under this Agreement (other than withholding or other Taxes imposed on Buyer's income, revenue, receipts or employees). Buyer shall pay or cause to be paid all Taxes on or with respect to the delivery to and purchase by Buyer of Product that are imposed on Product at and after its delivery to Buyer at the time and place contemplated under this Agreement (other than withholding or other Taxes imposed on Seller's income, revenue, receipts or employees). If a Party is required to remit or pay Taxes that are the other Party's responsibility hereunder, such Party shall promptly pay the Taxes due and then seek and receive reimbursement from the other for such Taxes.

5.2 **Cooperation**. Each Party shall use reasonable efforts to implement the provisions of and administer this Agreement in accordance with the intent of the Parties to minimize all Taxes, so long as no Party is materially adversely affected by such efforts. The Parties shall cooperate to minimize Tax exposure; *provided, however*, that neither Party shall be obligated to incur any financial or operational burden to reduce Taxes for which the other Party is responsible hereunder without receiving due compensation therefor from the other Party. All Product delivered by Seller to Buyer hereunder shall be a sale made at wholesale, with Buyer reselling such Product.

**ARTICLE 6
OPERATIONS AND MAINTENANCE OF THE FACILITY**

6.1 Operation and Maintenance of the Facility.

(a) Seller shall comply with Law and Prudent Operating Practice, and to the extent applicable the CAISO Tariff and the Interconnection Agreement, relating to the operation and maintenance of the Facility and the generation and sale of Product. Seller shall be responsible for maintenance of the Facility, and Buyer shall have no responsibility or liability for the maintenance of the Facility. Seller shall be responsible for the operation of the Facility, and Buyer shall have no responsibility or liability for the operation of the Facility other than with respect to its role as Scheduling Coordinator. Seller will maintain 24-7 remote monitoring of the Facility. This includes advanced alarm management, data analytics, emergency response, scheduling of preventative and corrective maintenance, troubleshooting, remote resets and dispatch of on-site resources.

(b) Seller shall, if applicable, obtain in its own name and at its own expense all pollution or environmental credits or offsets necessary to operate the Facility in compliance with any requirement of Law; *provided* for the avoidance of doubt, Seller shall not use any Green Attributes to satisfy the foregoing obligations, if any.

(c) Without regard to whether or not there is any applicable Law requiring decommissioning or demolition of the Facility or any environmental or other liability associated with the decommissioning or demolition of the Facility, Buyer shall not be responsible for any cost of decommissioning or demolition of the Facility or any environmental or other liability associated with the decommissioning or demolition of the Facility without regard to the timing or cause of the decommissioning or demolition.

6.2 Maintenance of Health and Safety. Seller shall take reasonable safety precautions with respect to the operation, maintenance, repair and replacement of the Facility. If Seller becomes aware of any circumstances relating to the Facility that create an imminent risk of damage or injury to any Person or any Person's property, Seller shall take prompt, reasonable action to prevent such damage or injury and shall give Notice to Buyer's emergency contact identified on Exhibit N of such condition. Such action may include, to the extent reasonably necessary, disconnecting and removing all or a portion of the Facility, or suspending the supply of Energy to Buyer.

6.3 Shared Facilities. The Parties acknowledge and agree that certain of the Shared Facilities and Interconnection Facilities, and Seller's rights and obligations under the Interconnection Agreement, may be subject to certain shared facilities or co-tenancy agreements to be entered into among Seller, the Participating Transmission Owner, Seller's Affiliates, or other third parties pursuant to which certain Shared Facilities and Interconnection Facilities may be subject to joint ownership and shared maintenance and operation arrangements; *provided* that such agreements (i) shall permit Seller to perform or satisfy, and shall not purport to limit, its obligations hereunder, including providing the Dedicated Interconnection Capacity for the Facility in an amount not less than (and not greater than) the Guaranteed Capacity for Buyer's sole use, (ii) provide for separate metering of the Facility, (iii) provide that any other generating or energy

storage facilities not included in the Facility but using Shared Facilities shall not be included within the Facility's CAISO Resource ID, and (iv) provide that any curtailment of the Shared Facilities that is ordered by Transmission Provider that Seller and its Affiliates have discretion to allocate across generating or energy storage facilities using the Shared Facilities shall not be allocated to the Facility in an amount that is higher than Buyer's pro rata portion of the total capacity of all generating or energy storage facilities using the Shared Facilities.

ARTICLE 7 METERING

7.1 Metering.

(a) Seller shall measure the amount of Facility Energy using the Facility Meter, which Facility Meter shall be dedicated exclusively to the Facility. Subject to meeting any applicable CAISO requirements, the Facility Meter shall be programmed to adjust for Electrical Losses and Station Use from the Facility to the Delivery Point in a manner subject to Buyer's prior written approval, not to be unreasonably withheld. Seller shall arrange and bear all costs associated with the installation of the Facility Meter needed for the registration, recording and transmission of information regarding the Facility Energy. Seller hereby agrees to provide a mutually agreed set of meter data to Buyer in a format to be reasonably agreed to by the Parties. If the CAISO makes any adjustment to any CAISO meter data for a given time period, it will be addressed by the Parties consistent with Section 8.4 of this Agreement. The Facility Meter will be operated pursuant to applicable CAISO-approved calculation methodologies and maintained at Seller's cost, and in accordance with the requirements of the MSA. The Parties intend as of the Effective Date that the applicable MSA will be a CAISO Metered Entity; provided, however, Seller may decide that the Facility should be a Scheduling Coordinator Metered Entity or the CAISO may require the Facility to be a Scheduling Coordinator Metered Entity, and in either case Seller, with the reasonable cooperation of Buyer, shall be responsible for the retention of a third-party qualified meter data management agent to perform any such required activities and functions on behalf of the Scheduling Coordinator including in connection with the development of a SQMD Plan and the collection, validation and submission of meter data to the CAISO in accordance with the CAISO Tariff. If Seller decides that the Facility should be a Scheduling Coordinator Metered Entity, or if CAISO requires the Facility to be a Scheduling Coordinator Metered Entity, Buyer or Buyer's agent, in its role as Scheduling Coordinator for the Facility, shall reasonably cooperate with Seller and any meter data management agent retained by Seller to perform functions on behalf of the Scheduling Coordinator to enable Seller or such meter data management agent to submit the SQMD Plan and Facility Settlement Quality Meter Data to the CAISO, including granting Seller or any meter data management agent retained by Seller access to applicable CAISO system for such purpose (e.g., the CAISO Market Results Interface – Settlements or successor system) to comply with applicable Scheduling Coordinator Metered Entity requirements as set forth in the CAISO Tariff. Seller shall obtain and maintain a single CAISO resource ID dedicated exclusively to the Facility. Seller shall not obtain additional CAISO resource IDs for the Facility without the prior written consent of Buyer, which shall not be unreasonably withheld. Metering shall be consistent with the Metering Diagram set forth as Exhibit R. Each meter shall be kept under seal, such seals to be broken only when the meters are to be tested, adjusted, modified or relocated. In the event Seller breaks a seal, Seller shall notify Buyer as soon as practicable. In addition, Seller hereby agrees to provide all Facility Meter data to Buyer in a form reasonably acceptable to Buyer,

and consents to Buyer obtaining from CAISO the CAISO meter data directly relating to the Facility and all inspection, testing and calibration data and reports. Seller and Buyer, or Buyer's Scheduling Coordinator, shall cooperate to allow both Parties to retrieve the meter reads from the CAISO Market Results Interface – Settlements (MRI-S) (or its successor) or directly from the CAISO meter(s) at the Facility.

(b) Section 7.1(a) is based on the Parties' mutual understanding as of the Effective Date that (i) the CAISO requires the configuration of the Facility to include as the sole meter for the Facility, the Facility Meter, and (ii) the CAISO requires the Facility Meter to be programmed for Electrical Losses as set forth in the definition of Electrical Losses in this Agreement. If any of the foregoing mutual understandings in (i) or (ii) between the Parties become incorrect during the Delivery Term, the Parties shall cooperate in good faith to make any amendments and modifications to the Facility and this Agreement as are reasonably necessary to conform this Agreement to the CAISO Tariff and avoid, to the maximum extent practicable, any CAISO charges, costs or penalties that may be imposed on either Party due to non-conformance with the CAISO Tariff, such agreement not to be unreasonably delayed, conditioned or withheld.

7.2 **Meter Verification**. Annually, if Seller has reason to believe there may be a meter malfunction, or upon Buyer's reasonable request, Seller shall test the meter. The tests shall be conducted by independent third parties qualified to conduct such tests. Buyer shall be notified at least seven (7) days in advance of such tests and have a right to be present during such tests. If a meter is inaccurate it shall be promptly repaired or replaced.

ARTICLE 8 INVOICING AND PAYMENT; CREDIT

8.1 **Invoicing**. Seller shall make good faith efforts to deliver an invoice to Buyer for Product within fifteen (15) Business Days after the end of the prior monthly billing period. Each invoice shall reflect (a) records of metered data, including CAISO metering and transaction data sufficient to document and verify the amount of Product delivered by the Facility for any Settlement Period during the preceding month and any other payment amounts under this Agreement, including the amount of Energy produced by the Facility as read by the Facility Meter, the calculation of Facility Energy, Deemed Delivered Energy, and Adjusted Energy Production, the LMP prices at the Delivery Point for each Settlement Period, and the Contract Price applicable to such Product in accordance with Exhibit C; (b) any records, including invoices or settlement data from the CAISO, necessary to verify the accuracy of any amount; and (c) be in a format reasonably specified by Buyer, covering the services provided in the preceding month determined in accordance with the applicable provisions of this Agreement. Buyer shall, and shall cause its Scheduling Coordinator to, provide Seller with all reasonable access (including, in real time, to the maximum extent reasonably possible) to any records, including invoices or settlement data from the CAISO, forecast data and other information, all as may be necessary from time to time for Seller to prepare and verify the accuracy of all invoices; provided, in the event the Facility is Scheduled in a scheduling coordinator portfolio that includes load and assets that are not directly related to the Facility, Buyer may provide such information to Seller in a format that is necessary to protect the confidentiality of settlement and market data that is not directly associated with the Facility.

8.2 **Payment.** Buyer shall make payment to Seller for Product by wire transfer or ACH payment to the bank account designated by Seller in Exhibit N, which may be updated by Seller by Notice hereunder. Buyer shall pay undisputed invoice amounts within thirty (30) days after receipt of the invoice or the end of the prior monthly billing period, whichever is later. If such due date falls on a weekend or legal holiday, such due date shall be the next Business Day. Payments made after the due date will be considered late and will bear interest on the unpaid balance. If the amount due is not paid on or before the due date or if any other payment that is due and owing from one Party to another with respect to this Agreement is not paid on or before its applicable due date, a late payment charge shall be applied to the unpaid balance and shall be added to the next billing statement. Such late payment charge shall be calculated based on the prime rate published on the date of the invoice in The Wall Street Journal, or, if The Wall Street Journal is not published on that day, the next succeeding date of publication, [REDACTED] (the “**Interest Rate**”). If the due date occurs on a day that is not a Business Day, the late payment charge shall begin to accrue on the next succeeding Business Day.

8.3 **Books and Records.** To facilitate payment and verification, each Party shall maintain all books and records necessary for billing and payments, including copies of all invoices under this Agreement, for a period of at least two (2) years or as otherwise required by Law. Upon ten (10) Business Days’ Notice to the other Party, either Party shall be granted reasonable access to the accounting books and records within the possession or control of the other Party pertaining to all invoices generated pursuant to this Agreement. Seller acknowledges that in accordance with California Government Code Section 8546.7, Seller may be subject to audit by the California State Auditor with regard to Seller’s performance of this Agreement because the compensation under this Agreement exceeds Ten Thousand Dollars (\$10,000).

8.4 **Payment Adjustments; Billing Errors.** Payment adjustments shall be made if Buyer or Seller discovers there have been good faith inaccuracies in invoicing that are not otherwise disputed under Section 8.5 or an adjustment to an amount previously invoiced or paid is required due to a correction of data by the CAISO; *provided, however*, that there shall be no adjustments to prior invoices based upon meter inaccuracies except to the extent that such meter adjustments are accepted by CAISO for revenue purposes. If the required adjustment is in favor of Buyer, Buyer’s next monthly payment shall be credited in an amount equal to the adjustment. If the required adjustment is in favor of Seller, Seller shall add the adjustment amount to Buyer’s next monthly invoice. Adjustments in favor of either Buyer or Seller shall bear interest, until settled in full, in accordance with Section 8.2, accruing from the date on which the adjusted amount should have been due.

8.5 **Billing Disputes.** A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within five (5) Business Days of such resolution along with interest accrued at the Interest Rate from and including the original due date to but excluding the date paid. Inadvertent

overpayments shall be returned via adjustments in accordance with Section 8.4. Any dispute with respect to an invoice is waived if the other Party is not notified in accordance with this Section 8.5 within twelve (12) months after the invoice is rendered or subsequently adjusted, except to the extent any misinformation was from a third party not affiliated with any Party and such third party corrects its information after the twelve-month period. If an invoice is not rendered within twelve (12) months after the close of the month during which performance occurred, the right to payment for such performance is waived.

8.6 **Netting of Payments**. The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other with respect to this Agreement on the same date through netting, in which case all amounts owed by each Party to the other Party for the purchase and sale of Product during the monthly billing period under this Agreement or otherwise arising out of this Agreement, including any related damages calculated pursuant to Exhibits B and G, interest, and payments or credits, shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it.

8.7 **Seller's Development Security**. To secure its obligations under this Agreement, Seller shall deliver the Development Security to Buyer within thirty (30) days after the Effective Date. Seller shall maintain the Development Security in full force and effect. Upon the earlier of (i) Seller's delivery of the Performance Security, or (ii) sixty (60) days after termination of this Agreement, Buyer shall return the Development Security to Seller, less the amounts drawn (if any) in accordance with this Agreement. If the Development Security is a Letter of Credit and the issuer of such Letter of Credit (i) fails to maintain the minimum Credit Rating specified in the definition of Acceptable Issuer, (ii) indicates its intent not to renew such Letter of Credit and such Letter of Credit expires prior to the Commercial Operation Date, or (iii) fails to honor Buyer's properly documented request to draw on such Letter of Credit by such issuer, Seller shall have ten (10) Business Days to either post cash or deliver a substitute Letter of Credit in the amount of the Development Security and that otherwise meets the requirements set forth in the definition of Development Security. For avoidance of doubt, and notwithstanding anything to the contrary in this Section 8.7 or elsewhere in this Agreement, Seller shall have no replenishment obligation with respect to the Development Security.

8.8 **Seller's Performance Security**. To secure its obligations under this Agreement, Seller shall deliver the Performance Security to Buyer on or before the Commercial Operation Date. If the Performance Security is not in the form of cash or Letter of Credit, it shall be substantially in the form of Guaranty set forth in Exhibit L. Seller shall maintain the Performance Security in full force and effect, subject to any draws made by Buyer in accordance with this Agreement, until the following have occurred: (A) the Delivery Term has expired or terminated early; and (B) all payment obligations of the Seller then due and payable under this Agreement, including compensation for penalties, Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting). Following the occurrence of both events, Buyer shall promptly return to Seller the unused portion of the Performance Security. If the Performance Security is a Letter of Credit and the issuer of such Letter of Credit (i) fails to maintain the minimum Credit Rating set forth in the definition of Acceptable Issuer, (ii) indicates its intent not to renew such Letter of Credit and such Letter of Credit expires prior to the end of the Delivery Term, or (iii) fails to honor Buyer's properly documented request to draw on such Letter of Credit by such issuer, Seller shall have ten (10)

Business Days to either post cash or deliver a substitute Letter of Credit that meets the requirements set forth in the definition of Performance Security. For avoidance of doubt, and notwithstanding anything to the contrary in this Section 8.8 or elsewhere in this Agreement, Seller's replenishment obligation with respect to the Performance Security shall be limited such that the total amount of any replenishments of the Performance Security shall not exceed two (2) times the amount of the original Performance Security [REDACTED]. Seller may at its option (a) exchange one permitted form of Development Security or Performance Security for another permitted form of Development Security or Performance Security, as applicable, as well as (b) change the issuer of Letter of Credit for any such Development Security or Performance Security.

8.9 Buyer Credit Support. If Buyer loses its Investment Grade Credit Rating and if Buyer fails to maintain an ADLH of at least sixty (60) days, then within ten (10) Business Days of such events occurring, Buyer shall provide and maintain for the benefit of Seller credit support in the form of cash or a letter of credit substantially in the form of set forth in Exhibit Q (the "**Buyer Credit Support**") in the amount of [REDACTED] if prior to the Commercial Operation Date and the Installed Capacity if on or after the Commercial Operation Date. Buyer shall maintain the Buyer Credit Support in full force and effect; *provided, however,* that if after posting the Buyer Credit Support, Buyer demonstrates compliance with the requirements set forth in Section 8.9 then Buyer shall no longer be required to post the Buyer Credit Support and Seller shall return the Buyer Credit Support to Buyer. Return of any Buyer Credit Support shall not prejudice or diminish Seller's rights or Buyer's obligations with respect to any subsequent failure by Buyer to comply with the requirements of Section 8.9, which subsequent failure shall trigger the requirement for Buyer to repost the Buyer Credit Support in accordance with the terms of this Section 8.9. Subject to this Section 8.9 and the other terms of this Agreement governing the Buyer Credit Support requirements, Buyer may change the type and/or issuer (as applicable) of the Buyer Credit Support from time to time and at any time. If the Buyer Credit Support is a Letter of Credit and the issuer of such Letter of Credit (i) fails to maintain the minimum Credit Rating set forth in the definition of Acceptable Issuer, (ii) indicates its intent not to renew such Letter of Credit and such Letter of Credit expires prior to the end of the Contract Term, or (iii) fails to honor Seller's properly documented request to draw on such Letter of Credit by such issuer, Buyer shall have ten (10) Business Days to either post cash or deliver a substitute Letter of Credit that meets the requirements set forth in the definition of Buyer Credit Support. For avoidance of doubt, and notwithstanding anything to the contrary in this Section 8.9 or elsewhere in this Agreement, Buyer shall have no replenishment obligation with respect to the Buyer Credit Support.

8.10 First Priority Security Interest in Cash or Cash Equivalent Collateral. To secure its obligations under this Agreement, and until released as provided herein, each Party (the "**Posting Party**") hereby grants to the other Party (the "**Secured Party**") a present and continuing first-priority security interest ("**Security Interest**") in, and lien on (and right to net against), and assignment of the Development Security, Performance Security, Buyer Credit Support, or any other cash collateral and cash equivalent collateral posted by the Posting Party pursuant to Sections 8.7, 8.8, and/or 8.9, as applicable, and any and all interest thereon or proceeds resulting therefrom or from the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of the Secured Party, and the Posting Party agrees to take all action as the Secured Party reasonably requires in order to perfect the Secured Party's Security Interest in, and lien on (and

right to net against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence of an Event of Default caused by the Posting Party, an Early Termination Date resulting from an Event of Default caused by the Posting Party, or an occasion provided for in this Agreement where the Secured Party is authorized to retain all or a portion of the Development Security, Performance Security, or Buyer Credit Support, as applicable, the Secured Party may do any one or more of the following (in each case subject to the final sentence of this Section 8.10):

(a) Exercise any of its rights and remedies with respect to the Development Security, Performance Security, and Buyer Credit Support, including any such rights and remedies under Law then in effect;

(b) Draw on any outstanding Letter of Credit issued for its benefit and retain any cash held by the Secured Party as Development Security, Performance Security, or Buyer Credit Support; and

(c) Liquidate all Development Security, Performance Security, or Buyer Credit Support (as applicable) then held by or for the benefit of the Secured Party free from any claim or right of any nature whatsoever of the Posting Party, including any equity or right of purchase or redemption by the Posting Party.

The Secured Party shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Posting Party's obligations under this Agreement; *provided*, that the Posting Party shall remain liable for any amounts owing to the Secured Party after such application, except to the extent limited in this Agreement, subject to the Secured Party's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

8.11 **Financial Statements.**

(a) From the Effective Date, Buyer shall provide to Seller unaudited quarterly financial statements within sixty (60) days of the end of each quarter and audited financial statements within one hundred eighty (180) days after the end of each fiscal year; *provided, however*, that this requirement shall be satisfied if such financial statements are publicly available by such applicable dates on Buyer's website. Buyer's annual financial statements shall have been prepared in accordance with generally accepted accounting principles in the United States, consistently applied.

(b) In the event a Guaranty is provided as Performance Security in lieu of cash or a Letter of Credit, Seller shall provide to Buyer, or cause the Guarantor to provide to Buyer, unaudited quarterly and annual audited financial statements of the Guarantor or Guarantor's ultimate parent (including a balance sheet and statements of income and cash flows), all prepared in accordance with generally accepted accounting principles in the United States, consistently applied, and if applicable, as posted on the website of the Guarantor's ultimate parent or the Securities Exchange Commission.

ARTICLE 9 NOTICES

9.1 **Addresses for the Delivery of Notices.** Except as provided in Exhibit D-1, any Notice required, permitted, or contemplated hereunder shall be in writing, shall be addressed to the Party to be notified at the address set forth on Exhibit N or at such other address or addresses as a Party may designate for itself from time to time by Notice hereunder.

9.2 **Acceptable Means of Delivering Notice.** Each Notice required, permitted, or contemplated hereunder shall be deemed to have been validly served, given or delivered as follows: (a) if sent by United States mail with proper first class postage prepaid, three (3) Business Days following the date of the postmark on the envelope in which such Notice was deposited in the United States mail; (b) if sent by a regularly scheduled next Business Day delivery carrier with delivery fees either prepaid or an arrangement with such carrier made for the payment of such fees, the next Business Day after the same is delivered by the sending Party to such carrier; (c) if sent by electronic communication (including electronic mail or other electronic means) at the time indicated by the time stamp upon delivery and, if after 5 pm prevailing Pacific Time, on the next Business Day, *provided* that notice by electronic communication will not be deemed effective until confirmed by return electronic communication from the recipient; or (d) if delivered in person, upon receipt by the receiving Party. Notwithstanding the foregoing, Notices of outages or other scheduling or dispatch information or requests may be sent by electronic communication and shall be considered delivered upon successful completion of such transmission.

ARTICLE 10 FORCE MAJEURE

10.1 **Definition.**

(a) **“Force Majeure Event”** means any act or event that delays or prevents a Party from timely performing all or a portion of its obligations under this Agreement or from complying with all or a portion of the conditions under this Agreement if such act or event, despite the exercise of reasonable efforts, cannot be avoided by and is beyond the reasonable control (whether direct or indirect) of and without the fault or negligence of the Party relying thereon as justification for such delay, nonperformance, or noncompliance.

(b) Without limiting the generality of the foregoing, so long as the following events, despite the exercise of reasonable efforts, cannot be avoided by, and are beyond the reasonable control (whether direct or indirect) of and without the fault or negligence of the Party relying thereon as justification for such delay, nonperformance or noncompliance, a Force Majeure Event may include: an act of God or the elements, such as flooding, lightning, hurricanes, tornadoes, or ice storms (including hail); explosion; fire; volcanic eruption; flood; epidemic or pandemic ((including COVID-19) and the efforts of any Governmental Authority to combat such events including any quarantine related to any such epidemic or pandemic); any temporary restraint or restriction imposed by applicable Law or any directive from a governmental authority; landslide; mudslide; sabotage; cyberattack; terrorism; earthquake; or other cataclysmic events; an act of public enemy; war; blockade; civil insurrection; riot; civil disturbance; strikes or other labor

difficulties caused or suffered by a Party or any third party; or a failure of any final step-up transformer used by the Facility.

(c) Notwithstanding the foregoing, the term “**Force Majeure Event**” does not include (i) economic conditions or changes in Law that render a Party’s performance of this Agreement at the Contract Price unprofitable or otherwise uneconomic (including Buyer’s ability to buy electric energy at a lower price, or Seller’s ability to sell the Product, or any component thereof, at a higher price, than under this Agreement); (ii) Seller’s inability to obtain permits or approvals of any type for the construction, operation, or maintenance of the Facility, except to the extent such inability is caused by a Force Majeure Event; (iii) the inability of a Party to make payments when due under this Agreement, unless the cause of such inability is an event that would otherwise constitute a Force Majeure Event as described above; (iv) a Curtailment Order; (v) Seller’s inability to obtain sufficient labor, equipment, materials, or other resources to build or operate the Facility, except to the extent such inability is caused by a Force Majeure Event; (vi) any equipment failure, except if such equipment failure is caused by a Force Majeure Event or with respect to the failure of any final step-up transformer used by the Facility as set forth above in Section 10.1(b); or (vii) Seller’s inability to achieve Construction Start of the Facility following the Guaranteed Construction Start Date or achieve Commercial Operation of the Facility following the Guaranteed Commercial Operation Date unless the cause of such inability is an event that would otherwise constitute a Force Majeure Event as described above; it being understood and agreed, for the avoidance of doubt, that the occurrence of a Force Majeure Event may give rise to a Development Cure Period.

10.2 **No Liability If a Force Majeure Event Occurs**. Neither Seller nor Buyer shall be liable to the other Party in the event it is prevented from performing its obligations hereunder in whole or in part due to a Force Majeure Event. The Party rendered unable to fulfill any obligation by reason of a Force Majeure Event shall take reasonable actions necessary to remove such inability. The obligation to use due speed and diligence shall not be interpreted to require resolution of labor disputes by acceding to demands of the opposition when such course is inadvisable in the discretion of the Party having such difficulty. Nothing herein shall be construed as permitting that Party to continue to fail to perform after said cause has been removed, *provided* the suspension of performance due to a claim of Force Majeure Event shall include any reasonable time period for mobilization/re-mobilization. Neither Party shall be considered in breach or default of this Agreement if and to the extent that any failure or delay in the Party’s performance of one or more of its obligations hereunder is caused by a Force Majeure Event. Notwithstanding the foregoing, the occurrence and continuation of a Force Majeure Event shall not (a) suspend or excuse the obligation of a Party to make any payments due hereunder, (b) suspend or excuse the Guaranteed Construction Start Date or the Guaranteed Commercial Operation Date beyond the extensions provided in Exhibit B, or (c) limit Buyer’s right to declare an Event of Default pursuant to Section 11.1(b)(ii) subject to Section 4 of Exhibit B, and receive a Damage Payment upon exercise of Buyer’s rights pursuant to Section 11.2.

10.3 **Notice**. Within five (5) Business Days of becoming aware of the commencement and effect of a Force Majeure Event, the claiming Party shall provide the other Party with oral notice of the Force Majeure Event, and within two (2) weeks of becoming aware of the commencement and effect of a Force Majeure Event the claiming Party shall provide the other Party with notice in the form of a letter describing in detail the particulars of the occurrence giving

rise to the Force Majeure claim, including the nature, cause, estimated date of commencement thereof, and the anticipated extent of any delay or interruption in performance. Failure of the claiming Party to provide written notice as required in the preceding sentence constitutes a waiver of a Force Majeure claim for all periods prior to other Party's receipt of such written notice to the extent the non-claiming Party is materially adversely affected by the claiming Party's failure to provide timely notice. Upon written request from Buyer, Seller shall provide documentation demonstrating to Buyer's reasonable satisfaction that the claimed delay was the result of a Force Majeure Event and did not result from Seller's actions or failure to take reasonable actions. The claiming Party shall promptly notify the other Party in writing of the cessation or termination of such Force Majeure Event, all as known or estimated in good faith by the affected Party. The suspension of performance due to a claim of a Force Majeure Event must be of no greater scope and of no longer duration than is reasonably required by the Force Majeure Event.

10.4 **Termination Following Force Majeure Event.** If a Force Majeure Event has occurred after the Commercial Operation Date that has caused either Party to be wholly or partially unable to perform its obligations hereunder, and the impacted Party has claimed and received relief from performance of its obligations for a consecutive twelve (12)-month period, then the non-claiming Party may terminate this Agreement upon written Notice to the other Party; provided, however, that Seller shall be entitled to up to an additional six (6) months to remedy the Force Majeure Event if (a) Seller has been unable to remedy the Force Majeure Event within the original twelve (12)-month period despite exercising diligent efforts, and (b) Seller provides to Buyer prior to the expiration of the original twelve (12)-month period (i) a detailed plan reasonably acceptable to an independent, professional engineer selected by Seller and reasonably acceptable to Buyer, with such acceptance not to be unreasonably withheld, conditioned or delayed, licensed in the State of California, that explains how Seller will restore the Facility; (ii) a certificate from a Licensed Professional Engineer attesting that the Facility could not reasonably have been restored to operational status within the original twelve (12)-month period but is reasonably likely to be restored to operational status within the additional six (6)-month period by Seller's execution of the plan described in this Section 10.4; (iii) detailed monthly reports (due no later than the 15th day of each month) describing the progress of Seller's efforts to remedy the Force Majeure Event during the prior month; and (iv) Seller continues to make reasonable progress in implementing the detailed plan provided to Buyer or in otherwise resolving the Force Majeure Event. Upon any such termination, neither Party shall have any liability to the other Party, save and except for those obligations specified in Section 2.1(b) and this Section 10.4, and Buyer shall promptly return to Seller any Performance Security then held by Buyer and Seller shall promptly return to Buyer any Buyer Credit Support then held by Seller, each less any amounts drawn in accordance with this Agreement.

ARTICLE 11 DEFAULTS; REMEDIES; TERMINATION

11.1 **Events of Default.** An "**Event of Default**" shall mean,
(a) with respect to a Party (the "**Defaulting Party**") that is subject to the Event of Default the occurrence of any of the following:

(i) the failure by such Party to make, when due, any payment required pursuant to this Agreement and such failure is not remedied within ten (10) Business Days after Notice thereof;

(ii) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof (or such longer additional period, not to exceed an additional sixty (60) days, if the Defaulting Party is unable to remedy such default within such initial thirty (30) day period despite exercising commercially reasonable efforts);

(iii) the failure by such Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default set forth in this Section 11.1; and except for (A) failures to curtail the Facility the exclusive remedies for which are set forth in Section 4.4(c), (B) failures to achieve the Guaranteed Energy Production that do not trigger the provisions of Section 11.1(b)(iii), the exclusive remedies for which are set forth in Section 4.6), and (C) failures related to the timely submission of Settlement Quality Meter Data consistent with the SQMD Plan, the exclusive remedies for which are set forth in the last sentence of Exhibit D, Section (i)), and such failure is not remedied within thirty (30) days after Notice thereof (or such longer additional period, not to exceed an additional ninety (90) days, if the Defaulting Party is unable to remedy such default within such initial thirty (30) days period despite exercising commercially reasonable efforts);

(iv) such Party becomes Bankrupt;

(v) such Party assigns this Agreement or any of its rights hereunder other than in compliance with Article 14, if applicable;

(vi) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of Law or pursuant to an agreement reasonably satisfactory to the other Party, other than in compliance with other provisions of this Agreement;

(vii) the failure by such Party to satisfy the collateral requirements pursuant to Section 8.7, Section 8.8, or Section 8.9, as applicable, within ten (10) Business Days after Notice from the other Party, including the failure to replenish the Performance Security amount or the Buyer Credit Support, as applicable, in accordance with this Agreement in the event such other Party draws against it for any reason other than to satisfy a Termination Payment; or

(viii) with respect to any outstanding Letter of Credit provided for the benefit of the other Party that is not then required under this Agreement to be canceled or returned, the failure by such Party to provide for the benefit of such other Party either cash or a substitute Letter of Credit from a different issuer meeting the criteria set forth in the definition of Letter of Credit, or, in the case of the Performance Security required to be provided by Seller, a Guarantor meeting the requirements of this Agreement, in each case, in the amount required hereunder within

ten (10) Business Days after such Party receives Notice of the occurrence of any of the following events:

(A) the issuer of the outstanding Letter of Credit shall fail to maintain a Credit Rating of [REDACTED];

(B) the issuer of such Letter of Credit becomes Bankrupt;

(C) the issuer of the outstanding Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit and such failure shall be continuing after the lapse of any applicable grace period permitted under such Letter of Credit;

(D) the issuer of the outstanding Letter of Credit shall fail to honor a properly documented request to draw on such Letter of Credit;

(E) the issuer of the outstanding Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit;

(F) such Letter of Credit fails or ceases to be in full force and effect at any time; or

(G) such Party shall fail to renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit and as provided in accordance with this Agreement, and in no event less than sixty (60) days prior to the expiration of the outstanding Letter of Credit.

(b) with respect to Seller as the Defaulting Party, the occurrence of any of the following:

(i) if at any time, Seller delivers or attempts to deliver electric energy to the Delivery Point for sale under this Agreement that was not generated or discharged by the Facility;

(ii) the failure by Seller to achieve Commercial Operation [REDACTED] after the Guaranteed Commercial Operation Date;

(iii) if, in any Performance Measurement Period during the Delivery Term, the Adjusted Energy Production amount is not [REDACTED] of the Expected Energy amount;

(iv) with respect to any Guaranty provided for the benefit of Buyer, the failure by Seller to provide for the benefit of Buyer either (1) cash, (2) a replacement Guaranty from a different Guarantor meeting the criteria set forth in the definition of Guarantor, or (3) a replacement Letter of Credit from an issuer meeting the criteria set forth in the definition of

Acceptable Issuer, in each case, in the amount required hereunder within ten (10) Business Days after Seller receives Notice of the occurrence of any of the following events:

- (A) if any representation or warranty made by the Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof;
- (B) the failure of the Guarantor to make any payment required in connection with this Agreement;
- (C) the Guarantor becomes Bankrupt;
- (D) the Guarantor shall fail to meet the criteria for an acceptable Guarantor as set forth in the definition of Guarantor;
- (E) the failure of the Guaranty to be in full force and effect (other than in accordance with its terms) prior to the indefeasible satisfaction of all obligations of Seller hereunder; or
- (F) the Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any Guaranty.

11.2 **Remedies; Declaration of Early Termination Date.** If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (“**Non-Defaulting Party**”) shall have the following rights:

- (a) to send Notice, designating a day, no earlier than the day such Notice is deemed to be received and no later than twenty (20) days after such Notice is deemed to be received, as an early termination date of this Agreement (“**Early Termination Date**”) that terminates this Agreement (the “**Terminated Transaction**”) and ends the Delivery Term effective as of the Early Termination Date;
- (b) to accelerate all amounts owing between the Parties, and to collect as liquidated damages (i) the Damage Payment (in the case of an Event of Default by Seller occurring before the Commercial Operation Date, including an Event of Default under Section 11.1(b)(ii) subject to the limitations in Section 11.7), or (ii) the Termination Payment calculated in accordance with Section 11.3 below (in the case of any other Event of Default by either Party);
- (c) to withhold any payments due to the Defaulting Party under this Agreement;
- (d) to suspend performance; or
- (e) to exercise any other right or remedy available at law or in equity, including specific performance or injunctive relief, except to the extent such remedies are expressly limited under this Agreement;

provided, payment by the Defaulting Party of the Damage Payment or Termination Payment, as applicable, shall constitute liquidated damages and the Non-Defaulting Party's sole and exclusive remedy for the Terminated Transaction and the Event of Default related thereto, and *further provided*, promptly upon Buyer's receipt of the Damage Payment or Termination Payment, as applicable, Buyer shall return to Seller the Development Security or the Performance Security to the extent either of them, as applicable, did not comprise (i.e., was not used as) the Damage Payment or the Termination Payment, as applicable, and *further provided*, promptly upon Seller's receipt of the Termination Payment, as applicable, Seller shall return to Buyer the Buyer Credit Support to the extent it did not comprise (i.e., was not used as) the Termination Payment.

11.3 **Termination Payment.** The Termination Payment ("**Termination Payment**") for the Terminated Transaction shall be the aggregate of all Settlement Amounts plus any or all other outstanding amounts due to or from the Non-Defaulting Party for Product delivered and any Deemed Delivered Energy as of the Early Termination Date, netted into a single amount. If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the net Settlement Amount shall be zero. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for the Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. The Settlement Amount shall not include consequential, incidental, punitive, exemplary, indirect or business interruption damages. Without prejudice to the Non-Defaulting Party's duty to mitigate, the Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount. Each Party agrees and acknowledges that (a) the actual damages that the Non-Defaulting Party would incur in connection with the Terminated Transaction would be difficult or impossible to predict with certainty, (b) the Damage Payment or Termination Payment described in Section 11.2 or this Section 11.3 (as applicable) is a reasonable and appropriate approximation of such damages, and (c) the Damage Payment or Termination Payment described in Section 11.2 or this Section 11.3 (as applicable) is the exclusive remedy of the Non-Defaulting Party in connection with the Terminated Transaction but shall not otherwise act to limit any of the Non-Defaulting Party's rights or remedies if the Non-Defaulting Party does not elect a Terminated Transaction as its remedy for an Event of Default by the Defaulting Party.

11.4 **Notice of Payment of Damage Payment or Termination Payment.** As soon as practicable after a Terminated Transaction, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Damage Payment or Termination Payment, as applicable and whether the Damage Payment or Termination Payment, as applicable, is due to or from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount and the sources for such calculation. The Damage Payment or Termination Payment, as applicable, shall be made to or from the Non-Defaulting Party, as applicable, within ten (10) Business Days after such Notice is effective.

11.5 **Disputes With Respect to Damage Payment or Termination Payment.** If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Damage Payment or the Termination Payment, as applicable, in whole or in part, the Defaulting Party shall, within ten (10) Business Days of receipt of the Non-Defaulting Party's calculation of the Damage Payment or the Termination Payment, as applicable, provide to the Non-Defaulting Party a detailed written

explanation of the basis for such dispute. Disputes regarding the Damage Payment or Termination Payment, as applicable, shall be determined in accordance with Article 15.

11.6 **Rights And Remedies Are Cumulative**. Except where an express and exclusive remedy or measure of liquidated damages is provided, the rights and remedies of a Party pursuant to this Article 11 shall be cumulative and in addition to the rights of the Parties otherwise provided in this Agreement. Any Non-Defaulting Party shall be obligated to use commercially reasonable efforts to mitigate its Costs, Losses and damages resulting from or arising out of any Event of Default of the other Party under this Agreement.

11.7 **Seller's Pre-COD Liability Limitation**. Notwithstanding any other provision of this Agreement, Seller's aggregate liability under this Agreement, including arising out of a termination of this Agreement, prior to the Commercial Operation Date shall not exceed an amount equal to the Damage Payment.

ARTICLE 12 LIMITATION OF LIABILITY AND EXCLUSION OF WARRANTIES.

12.1 **No Consequential Damages**. EXCEPT TO THE EXTENT PART OF AN EXPRESS REMEDY OR MEASURE OF DAMAGES HEREIN, OR INCLUDED IN A LIQUIDATED DAMAGES CALCULATION, OR ARISING FROM FRAUD, NEITHER PARTY SHALL BE LIABLE TO THE OTHER OR ITS INDEMNIFIED PERSONS FOR ANY SPECIAL, PUNITIVE, EXEMPLARY, INDIRECT, OR CONSEQUENTIAL DAMAGES, OR LOSSES OR DAMAGES FOR LOST REVENUE OR LOST PROFITS, WHETHER FORESEEABLE OR NOT, ARISING OUT OF, OR IN CONNECTION WITH THIS AGREEMENT, BY STATUTE, IN TORT OR CONTRACT.

12.2 **Waiver and Exclusion of Other Damages**. EXCEPT AS EXPRESSLY SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. ALL LIMITATIONS OF LIABILITY CONTAINED IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE PERTAINING TO SELLER'S LIMITATION OF LIABILITY AND THE PARTIES' WAIVER OF CONSEQUENTIAL DAMAGES, SHALL APPLY EVEN IF THE REMEDIES FOR BREACH OF WARRANTY PROVIDED IN THIS AGREEMENT ARE DEEMED TO "FAIL OF THEIR ESSENTIAL PURPOSE" OR ARE OTHERWISE HELD TO BE INVALID OR UNENFORCEABLE.

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS AND EXCLUSIVE REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY. THE

VALUE OF ANY RENEWABLE ENERGY INCENTIVES, DETERMINED ON AN AFTER-TAX BASIS, LOST DUE TO BUYER'S DEFAULT (WHICH SELLER HAS NOT BEEN ABLE TO MITIGATE AFTER USE OF REASONABLE EFFORTS) INCLUDING AMOUNTS DUE IN CONNECTION WITH THE LOSS OR RECAPTURE OF ANY RENEWABLE ENERGY INCENTIVES, IF ANY, SHALL BE DEEMED TO BE DIRECT DAMAGES.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, INCLUDING UNDER SECTIONS 4.4(c), 4.6, 11.2, 11.3 AND 11.7, AND AS PROVIDED IN EXHIBIT B AND EXHIBIT G THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, THAT OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, AND THAT THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE ANTICIPATED HARM OR LOSS. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. THE PARTIES HEREBY WAIVE ANY RIGHT TO CONTEST SUCH PAYMENTS AS AN UNREASONABLE PENALTY.

THE PARTIES ACKNOWLEDGE AND AGREE THAT MONEY DAMAGES AND THE EXPRESS REMEDIES PROVIDED FOR HEREIN ARE AN ADEQUATE REMEDY FOR THE BREACH BY THE OTHER OF THE TERMS OF THIS AGREEMENT, AND EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO SPECIFIC PERFORMANCE WITH RESPECT TO ANY OBLIGATION OF THE OTHER PARTY UNDER THIS AGREEMENT.

ARTICLE 13 REPRESENTATIONS AND WARRANTIES; AUTHORITY

13.1 **Seller's Representations and Warranties.** As of the Effective Date, Seller represents and warrants as follows:

(a) Seller is a limited liability company, duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and is or will be qualified to conduct business in the state of California and each jurisdiction where the failure to so qualify would have a material adverse effect on the business or financial condition of Seller.

(b) Seller has the power and authority to enter into and (subject to potential management, board, or board committee approvals as and when required for the applicable performance obligations) perform this Agreement and is not prohibited from entering into this Agreement or discharging and (subject to the foregoing parenthetical) performing all covenants and obligations on its part to be performed under and pursuant to this Agreement, except where such failure does not have a material adverse effect on Seller's performance under this Agreement. The execution, delivery and (subject to the foregoing parenthetical) performance of this Agreement by Seller has been duly authorized by all necessary limited liability company action on the part of Seller and does not and will not require the consent of any trustee or holder of any indebtedness or other obligation of Seller or any other party to any other agreement with Seller.

(c) The execution and delivery of this Agreement, consummation of the transactions contemplated herein, and fulfillment of and compliance by Seller with the provisions of this Agreement will not conflict with or constitute a breach of or a default under any Law presently in effect having applicability to Seller, subject to any permits that have not yet been obtained by Seller, the documents of formation of Seller or any outstanding trust indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which Seller is a party or by which any of its property is bound.

(d) This Agreement has been duly executed and delivered by Seller. This Agreement is a legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

(e) The Facility is located in the State of California.

13.2 **Buyer's Representations and Warranties.** As of the Effective Date, Buyer represents and warrants as follows:

(a) Buyer is a validly existing California joint powers authority, and has the legal power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement, and to carry out the transactions contemplated hereby, and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

(b) The execution, delivery and performance by Buyer of this Agreement (i) have been duly authorized by all necessary action, and does not and will not require any consent or approval of Buyer's regulatory or governing bodies, other than that which has been obtained; (ii) will not conflict with or constitute a breach of or a default under the documents of formation of Buyer, or any outstanding trust indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which Buyer is a party or by which any of its property is bound; and (iii) does not violate any federal, state, and local law, including the California Government Code and similar laws.

(c) This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(d) With respect to its contractual obligations under this Agreement, Buyer cannot claim immunity on the grounds of sovereignty or similar grounds with respect to itself or its revenues or assets from (1) suit, (2) jurisdiction of court, (3) relief by way of injunction, order for specific performance or recovery of property, (4) attachment of assets, or (5) execution or enforcement of any judgment (collectively, "**Sovereign Immunity**").

13.3 **General Covenants.** Each Party (unless otherwise specified) covenants that commencing on the Effective Date (unless otherwise specified) and continuing throughout the Contract Term:

(a) It shall continue to be duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and it is or shall be qualified to conduct business in each jurisdiction where the failure to so qualify would have a material adverse effect on its business or financial condition;

(b) It shall maintain (or obtain from time to time as required) all regulatory authorizations, approvals and permits necessary for the operation of the Facility and for it to legally perform its obligations under this Agreement; and

(c) It shall perform its obligations under this Agreement in compliance with all terms and conditions in its governing documents and in material compliance with any Law.

(d) Buyer will not claim immunity on the grounds of Sovereign Immunity

(e) Seller or its Affiliate as of the Commercial Operation Date shall have, and shall maintain during the Delivery Term, Site Control necessary to enable Seller to satisfy the obligations of the Seller under this Agreement.



ARTICLE 14 ASSIGNMENT

14.1 **General Prohibition on Assignments.** Except as provided below in this Article 14, neither Party may voluntarily assign this Agreement or its rights or obligations under this Agreement, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed. Any purported assignment made without the required written consent, or in violation of the conditions to assignment set out below, shall be null and void. Neither Party will have any obligation to provide any consent, or enter into any agreement, that materially and adversely affects any of such Party's rights, benefits, risks or obligations under this Agreement, or to modify the Agreement, except as set forth below. Buyer shall cooperate with Seller or any Lender or other financing party to execute or arrange for the delivery of any consents, estoppels, and other documents reasonably requested by Seller, Lender, or such other financing party, including the Collateral Assignment Agreement and Estoppel Certificate as provided in Section 14.2 (provided such agreements or consents do not materially and adversely affects any of Buyer's rights, benefits, risks or obligations under this Agreement), and to consummate any financing or refinancing, including in connection with a financing in which

the membership interests of Seller or its direct or indirect parent are collaterally assigned in lieu of an assignment of this Agreement.

14.2 **Collateral Assignment; Financing Cooperation.** Seller has the right to assign this Agreement as collateral for any financing or refinancing of all or a part of the Facility, including through equity or tax equity investments or Portfolio Financings, which may include cross-collateralization or similar arrangements. In connection with any financing or refinancing of the Facility by Seller, upon request of Seller, Buyer shall in good faith work with Seller and Lender to agree upon, execute, and deliver to Seller and Lender (i) a consent to collateral assignment of this Agreement in a form substantially similar to the consent to collateral assignment set forth in Exhibit O (“**Collateral Assignment Agreement**”) and (ii) an estoppel certificate in a form substantially similar to the estoppel certificate set forth in Exhibit P (“**Estoppel Certificate**”), such further consents, approvals and acknowledgments as may be reasonable and necessary to facilitate such transactions, provided that such agreement or certificate does not materially and adversely affect any of Buyer’s rights, benefits, risks or obligations under this Agreement. Seller shall be responsible for Buyer’s reasonable third-party costs, including reasonable attorneys’ fees, associated with the preparation, review, execution and delivery of documents in connection with any such Collateral Assignment Agreement or Estoppel Certificate.

14.3 **Other Permitted Assignments and Transfers by Seller.** In addition to assignments addressed in Section 14.2, Seller may, without the prior written consent of Buyer:

(a) engage in and consummate any transaction that results in a Permitted Transfer; or

(b) transfer or assign this Agreement or undergo a Change of Control in which the assignee or the entity that is the Seller following such Change of Control is a Permitted Transferee.

ARTICLE 15 DISPUTE RESOLUTION

15.1 **Governing Law.** This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of laws. **TO THE EXTENT ENFORCEABLE, AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.**

15.2 **Venue.** The Parties agree that any suit, action or other legal proceeding by or against any party (or its affiliates or designees) with respect to or arising out of this Agreement shall be brought in the federal courts of the United States or the courts of the State of California sitting in San Francisco County, California.

15.3 **Judicial Reference.** Each of the Parties hereto hereby consents to the adjudication of all claims pursuant to judicial reference as provided in California Code of Civil Procedure Section 638, and the judicial referee shall be empowered to hear and determine all issues in such reference, whether fact or law. Each of the Parties hereto represents that each has reviewed this

waiver and consent and each knowingly and voluntarily waives its jury trial rights and consents to judicial reference following consultation with legal counsel on such matters. In the event of litigation, a copy of this Agreement may be filed as a written consent to a trial by the court or to judicial reference under California Code of Civil Procedure Section 638 as provided herein.

15.4 **Dispute Resolution.** In the event of any dispute arising under this Agreement, within ten (10) days following the receipt of a written Notice from either Party identifying such dispute, the Parties shall meet, negotiate and attempt, in good faith, to resolve the dispute quickly and informally without significant legal costs. If the Parties are unable to resolve a dispute arising hereunder within thirty (30) days after Notice of the dispute, the Parties may pursue all remedies available to them at Law in or equity.

ARTICLE 16 INDEMNIFICATION

16.1 **Indemnification.** Seller agrees to indemnify, defend and hold harmless Buyer and its members, commissioners, officers, employees and agents from and against all third party claims, demands, losses, liabilities, penalties, and expenses (including reasonable attorneys' fees) for personal injury or death to Persons and damage to the property of any third party to the extent arising out of, resulting from, or caused by the negligent or willful misconduct of Seller, its Affiliates, or its directors, officers, employees, or agents. Nothing in this Section shall enlarge or relieve a Party of any liability to the other for any breach of this Agreement. Buyer shall not be indemnified for its damages resulting from its sole negligence, intentional acts or willful misconduct.

ARTICLE 17 INSURANCE

17.1 **Insurance.**

(a) **Policy Types.** Seller shall maintain, or cause to be maintained at its sole expense, policies of insurance in amounts and with coverage as set forth below in this Section 17.1(a) to the extent such policies are reasonably available (or alternative policies as close thereto as reasonably practicable if such policies as set forth in this Section 17.1(a) are not reasonably available):

(1) **General Liability.** (i) commercial general liability insurance, including products and completed operations and personal injury insurance, in a minimum amount [REDACTED], and an annual aggregate of not less than [REDACTED], endorsed to provide contractual liability in said amount, specifically covering Seller's obligations under this Agreement and including Buyer as an additional insured; and (ii) an umbrella insurance policy in a minimum limit of liability [REDACTED]. The amount of insurance required above may be satisfied by any combination of primary and excess insurance.

(2) **Employer's Liability Insurance.** Employers' Liability insurance shall not be [REDACTED] for injury or death occurring as a result of each

accident. With regard to bodily injury by disease, the [REDACTED] policy limit will apply to each employee.

(3) **Workers Compensation Insurance.** Seller, if it has employees, shall also maintain at all times during the Contract Term workers' compensation and employers' liability insurance coverage in accordance with applicable requirements of California Law.

(4) **Business Auto Insurance.** Seller shall maintain at all times during the Contract Term business auto insurance for bodily injury and property damage with limits [REDACTED]. Such insurance shall cover liability arising out of Seller's use of all owned (if any), non-owned and hired vehicles, including trailers or semi-trailers in the performance of the Agreement.

(5) **Construction All-Risk Insurance.** Seller shall maintain or cause to be maintained during the construction of the Facility, but only after major electrical generating equipment has arrived at the Facility, until the Commercial Operation Date, construction all-risk form property insurance covering the Facility during such construction periods.

(6) **Subcontractor Insurance.** Seller shall require all of its subcontractors to carry: (i) comprehensive general liability insurance with a combined single limit of coverage [REDACTED]; (ii) workers' compensation insurance and employers' liability coverage in accordance with applicable requirements of Law; and (iii) business auto insurance for bodily injury and property damage with limits of [REDACTED]. All subcontractors shall name Seller as an additional insured to insurance carried pursuant to clauses (6)(i) and (6)(iii). All subcontractors shall provide a primary endorsement and a waiver of subrogation to Seller for the required coverage pursuant to this Section 17.1(a).

(b) **Evidence of Insurance.** Within forty-five (45) days after execution of the Agreement and upon annual renewal thereafter, Seller shall deliver to Buyer certificates of insurance evidencing such coverage as is required to be in effect at the times specified above. Such certificates shall specify that Buyer shall be given at least thirty (30) days prior Notice by Seller in the event of any material modification, cancellation or termination of coverage. Such insurance shall be primary coverage without right of contribution from any insurance of Buyer. Any other insurance maintained by Seller is for the exclusive benefit of Seller and shall not in any manner inure to the benefit of Buyer.

ARTICLE 18 CONFIDENTIAL INFORMATION

18.1 **Definition of Confidential Information.** The following constitutes "**Confidential Information**," whether oral or written which is delivered or conveyed by one Party (the "**Disclosing Party**") to the other Party (the "**Receiving Party**"): (a) the terms and conditions of, and proposals and negotiations related to, this Agreement, and (b) information that either Seller or Buyer stamps or otherwise identifies as "confidential" or "proprietary" before disclosing it to the other. Confidential Information does not include (i) information that was publicly available at the time of the disclosure, other than as a result of a disclosure in breach of this Agreement; (ii) information that becomes publicly available through no fault of the recipient after the time of the

delivery; (iii) information that was rightfully in the possession of the recipient (without confidential or proprietary restriction) at the time of delivery or that becomes available to the recipient from a source not subject to any restriction against disclosing such information to the recipient; and (iv) information that the recipient independently developed without a violation of this Agreement.

18.2 **Duty to Maintain Confidentiality**. Upon receiving or learning of Confidential Information, the Receiving Party will: (a) treat such Confidential Information as confidential and use reasonable care not to divulge such Confidential Information to any third party except as set forth in this Article 18; (b) restrict access to such Confidential Information to only those of its Affiliates and its and their employees, officers, directors, advisors (including legal and accounting advisors), agents, contractors, subcontractors, actual and potential lenders, equity investors (including tax equity), and other financing parties (including Lenders), and actual and potential acquirors and assignees, and with respect to Buyer as the Receiving Party Buyer's Participating Members, in each case who reasonably need to know it and are bound by confidentiality provisions no less stringent than those in this Article 18; and (c) use such Confidential Information for purposes of administering this Agreement and, in cases where Seller is the Receiving Party, for the purpose of developing, financing, owning, and operating the Facility. Confidential Information will retain its character as Confidential Information but may be disclosed by the Receiving Party if and to the extent such disclosure is required (a) to be made by any requirements of Law, (b) pursuant to an order of a court or (c) in order to enforce this Agreement; *provided*, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. If the Receiving Party becomes legally compelled (by interrogatories, requests for information or documents, subpoenas, summons, civil investigative demands, or similar processes or otherwise in connection with any litigation or to comply with any applicable Law, order, regulation, ruling, regulatory request, accounting disclosure rule or standard or any exchange, control area or independent system operator request or rule) to disclose any Confidential Information of the Disclosing Party, Receiving Party shall provide Disclosing Party with prompt notice so that Disclosing Party, at its sole expense, may seek an appropriate protective order or other appropriate remedy. If the Disclosing Party takes no such action after receiving the foregoing notice from the Receiving Party, the Receiving Party is not required to defend against such request and shall be permitted to disclose such Confidential Information of the Disclosing Party, with no liability for any damages that arise from such disclosure. Each Party hereto acknowledges and agrees that information and documentation provided in connection with this Agreement may be subject to the California Public Records Act (Government Code Section 6250 et seq.) and that any request made thereunder may be subject to an exception from disclosure.

18.3 **Irreparable Injury; Remedies**. Receiving Party acknowledges that its obligations hereunder are necessary and reasonable in order to protect Disclosing Party and the business of Disclosing Party, and expressly acknowledges that monetary damages would be inadequate to compensate Disclosing Party for any breach or threatened breach by Receiving Party of any covenants and agreements set forth in this Article 18. Accordingly, Receiving Party acknowledges that any such breach or threatened breach will cause irreparable injury to Disclosing Party and that, in addition to any other remedies that may be available except as otherwise limited under this Agreement, in law, in equity or otherwise, Disclosing Party will be entitled to obtain injunctive relief against the threatened breach of this Article 18 or the continuation of any such breach, without the necessity of proving actual damages or the posting of any bond.

18.4 **Disclosure to Lenders, Etc.** Notwithstanding anything to the contrary in this Article 18, Confidential Information may be disclosed by Seller to any actual or potential Lender or investor or any of their Affiliates, and Seller's actual or potential agents, consultants, contractors, or trustees, so long as the Person to whom Confidential Information is disclosed agrees in writing to be bound by the confidentiality provisions no less stringent than those in this Article 18.

18.5 **Public Announcements**. Except as may otherwise be required by applicable Law, neither Party will, nor will it allow its affiliates, contractors and vendors to, make any public announcement, press release or statement regarding this Agreement unless the public announcement, press release or statement is approved in advance by the other Party, in its sole discretion.

ARTICLE 19 MISCELLANEOUS

19.1 **Entire Agreement; Integration; Exhibits**. This Agreement, together with the Cover Sheet and Exhibits attached hereto constitutes the entire agreement and understanding between Seller and Buyer with respect to the subject matter hereof and supersedes all prior agreements relating to the subject matter hereof, which are of no further force or effect. The Exhibits attached hereto are integral parts hereof and are made a part of this Agreement by reference. The headings used herein are for convenience and reference purposes only. In the event of a conflict between the provisions of this Agreement and those of the Cover Sheet or any Exhibit, the provisions of first the Cover Sheet, and then this Agreement shall prevail, and such Exhibit shall be corrected accordingly. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other Party as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.

19.2 **Amendments**. This Agreement may only be amended, modified or supplemented by an instrument in writing executed by duly authorized representatives of Seller and Buyer; *provided*, for the avoidance of doubt, this Agreement may not be amended by electronic mail communications.

19.3 **No Waiver**. Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default.

19.4 **No Agency, Partnership, Joint Venture or Lease**. Seller and the agents and employees of Seller shall, in the performance of this Agreement, act in an independent capacity and not as officers or employees or agents of Buyer. Under this Agreement, Seller and Buyer intend to act as energy seller and energy purchaser, respectively, and do not intend to be treated as, and shall not act as, partners in, co-venturers in or lessor/lessee with respect to the Facility or any business related to the Facility. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement, and to the extent set forth herein, any Lender and/or indemnified party).

19.5 **Severability.** In the event that any provision of this Agreement is unenforceable or held to be unenforceable, the Parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby. The Parties shall, however, use their best endeavors to agree on the replacement of the void, illegal or unenforceable provision(s) with legally acceptable clauses which correspond as closely as possible to the sense and purpose of the affected provision and this Agreement as a whole.

19.6 **Mobile-Sierra.** Notwithstanding any other provision of this Agreement, neither Party shall seek, nor shall they support any third party seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior written agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956). Changes proposed by a non-Party or FERC acting *sua sponte* shall be subject to the most stringent standard permissible under applicable Law.

19.7 **Counterparts; Electronic Signatures.** This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original. The Parties may rely on electronic or scanned signatures as originals.

19.8 **Electronic Delivery.** Delivery of an executed signature page of this Agreement by electronic format (including portable document format (.pdf)) shall be the same as delivery of an original executed signature page.

19.9 **Binding Effect.** This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

19.10 **No Recourse to Members of Buyer.** Buyer is organized as a Joint Powers Agency in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to its Joint Powers Agreement and is a public entity separate from its constituent members. Buyer shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Seller shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Buyer’s constituent members, or the employees, directors, officers, consultants or advisors or Buyer or its constituent members, in connection with this Agreement.

19.11 **Forward Contract; Inapplicability/Waiver of Bankruptcy Code Section 366.**

(a) Each Party acknowledges, intends, and to the extent applicable agrees that (i) this Agreement and the transactions contemplated by this Agreement constitute a “forward contract” and at least one of the Parties is a “forward contract merchant” within the meaning of the United States Bankruptcy Code; (ii) all payments made or to be made by a Party pursuant to this Agreement, including the application by a Party of Performance Security or Buyer Credit

Support to any amounts due and owing to such Party, constitute “settlement payments” within the meaning of the United States Bankruptcy Code; and (iii) its rights under Section 11.2 of this Agreement constitute a “contractual right to liquidate, terminate or accelerate” or offset under a forward contract within the meaning of §§556, 561 of the Bankruptcy Code.

(b) Each Party acknowledges and agrees that, upon a Party becoming Bankrupt, the other Party shall be entitled to exercise its rights and remedies under this Agreement in accordance with the safe harbor provisions of the Bankruptcy Code set forth in, inter alia, Sections 362(b)(6), 362(b)(17), 362(b)(27), 546(e), 548(d)(2), 556, and 561 thereof.

(c) Each Party acknowledge and agrees that, for all purposes of this Agreement, that the provisions of 11 U.S.C. § 366 in any bankruptcy case or proceeding wherein such Party is a debtor are inapplicable, or if found to be applicable each Party waives and agrees not to assert the applicability of the provisions of 11 U.S.C. § 366 in any bankruptcy case or proceeding wherein such Party is a debtor. In any such bankruptcy case or proceeding, each Party further waives the right to assert that the other Party is a provider of last resort to the extent such term relates to 11 U.S.C. §366 or any other provision of 11 U.S.C. § 101-1532.

19.12 **Further Assurances**. Each of the Parties hereto agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, to give full effect to this Agreement and to carry out the intent of this Agreement.

19.13 **Change in Electric Market Design**. If a change in the CAISO Tariff renders this Agreement or any provisions hereof incapable of being performed or administered, then any Party may request that Buyer and Seller enter into negotiations to make the minimum changes to this Agreement necessary to make this Agreement capable of being performed and administered, while attempting to preserve to the maximum extent possible the benefits, burdens, and obligations set forth in this Agreement as of the Effective Date. Upon delivery of such a request, Buyer and Seller shall engage in such negotiations in good faith. If Buyer and Seller are unable, within sixty (60) days after delivery of such request, to agree upon changes to this Agreement or to resolve issues relating to changes to this Agreement, then any Party may submit issues pertaining to changes to this Agreement to the dispute resolution process set forth in Article 15. Notwithstanding the foregoing, (i) a change in cost shall not in and of itself be deemed to render this Agreement or any of the provisions hereof incapable of being performed or administered, and (ii) all of the unaffected provisions of this Agreement shall remain in full force and effect during any period of such negotiation or dispute resolution.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Effective Date.

**[SUBSIDIARY OF NEXTERA
ENERGY RESOURCES
DEVELOPMENT, LLC], a Delaware
limited liability company**

By: _____
Name: _____
Title: _____

**NORTHERN CALIFORNIA POWER
AGENCY, a California Joint Action Agency**

By: _____
Name: _____
Title: _____

EXHIBIT A

FACILITY DESCRIPTION

Name of Facility: Grace Orchard Energy Center, LLC facility re PPA with NCPA

Owner: Seller

Qualified Operator: Seller shall provide notice of the initial Qualified Operator(s) to Buyer at least thirty (30) days prior to Initial Synchronization

Site Name: Grace Orchard Energy Center, LLC site re PPA with NCPA (for clarification, the Facility will comprise only a portion of the entire Grace energy complex)

Site includes all or some of the following APNs: Seller to provide at least sixty (60) days prior to the Guaranteed Construction Start Date

County: Riverside

CEQA Lead Agency: Lead Agency

Type of Generating Facility: Solar Photovoltaic

Delivery Point: Facility PNode described as [State PNODE] in the CAISO Full Network Model.

P-node: To be established prior to the Commercial Operation Date at the Colorado River Substation bus. Seller shall promptly notify Buyer following the establishment of the P-node

Facility Meter: TBD

Facility Interconnection Point: Colorado River Substation

Participating Transmission Owner: Southern California Edison Company

EXHIBIT B

MAJOR PROJECT DEVELOPMENT MILESTONES AND COMMERCIAL OPERATION

1. Major Project Development Milestones.

(a) “**Construction Start**” will occur upon Seller’s execution of an engineering, procurement, and construction contract (or similar agreement) and issuance thereunder of a notice to proceed that authorizes the contractor to mobilize to Site and begin physical construction at the Site. The date of Construction Start will be evidenced by and subject to Seller’s delivery to Buyer of a certificate substantially in the form attached as Exhibit J hereto, and the date certified therein by Seller shall be the “**Construction Start Date**.” The Seller shall cause Construction Start to occur no later than the Guaranteed Construction Start Date.

(b) If Construction Start is not achieved by the Guaranteed Construction Start Date, Seller shall pay Construction Start Delay Damages to Buyer on account of such delay. Construction Start Delay Damages shall be payable to Buyer for each day for which Construction Start has not begun by the Guaranteed Construction Start Date until Seller reaches Construction Start of the Facility, up to 180 days. On or before the tenth (10th) day of each month, Buyer shall invoice Seller for Construction Start Delay Damages, if any, accrued during the prior month and, within thirty (30) days following Seller’s receipt of such invoice, Seller shall pay Buyer the amount of the Construction Start Delay Damages set forth in such invoice. Construction Start Delay Damages shall be refundable to Seller pursuant to Section 2(b) of this Exhibit B. The Parties agree that Buyer’s receipt of Construction Start Delay Damages shall be Buyer’s sole and exclusive remedy for Seller’s unexcused delay in achieving the Guaranteed Construction Start Date, but shall not be construed as Buyer’s declaration that an Event of Default has occurred under any provision of Section 11.1.

2. Commercial Operation of the Facility. “**Commercial Operation**” means the condition existing when (i) Seller has provided Notice to Buyer substantially in the form of Exhibit H (the “**COD Certificate**”), and (ii) Seller has notified Buyer in writing that Seller has met the conditions precedent in Section 2.2 for achieving Commercial Operation. The “**Commercial Operation Date**” shall be the date specified in the COD Certificate. Seller may achieve Commercial Operation prior to the Guaranteed Commercial Operation Date so long as Seller gives written notice thereof to Buyer not less than sixty (60) days prior to the Commercial Operation Date.

(a) Seller shall cause Commercial Operation for the Facility to occur by the Guaranteed Commercial Operation Date. Seller shall notify Buyer at least sixty (60) days before the anticipated Commercial Operation Date.

(b) If Seller achieves Commercial Operation on or prior to the Guaranteed Commercial Operation Date, all Construction Start Delay Damages paid by Seller shall be refunded to Seller. For the purpose of clarity, if Seller does not achieve Commercial Operation on or prior to the Guaranteed Commercial Operation Date, all Construction Start Delay Damages paid by Seller shall not be refunded to Seller. Seller shall include the request for refund of the Construction Start Delay Damages within an invoice to Buyer after Commercial Operation.

(c) If Seller does not achieve Commercial Operation by the Guaranteed Commercial Operation Date, Seller shall pay Commercial Operation Delay Damages to Buyer for each day after the Guaranteed Commercial Operation Date until the Commercial Operation Date, up to 180 days. On or before the tenth (10th) of each month, Buyer shall invoice Seller for Commercial Operation Delay Damages, if any, accrued during the prior month and, within ten (10) Business Days following Seller's receipt of such invoice, Seller shall pay Buyer the amount of the Commercial Operation Delay Damages set forth in such invoice. The Parties agree that Buyer's receipt of Commercial Operation Delay Damages shall be Buyer's sole and exclusive remedy for Seller's unexcused delay in achieving the Commercial Operation Date on or before the Guaranteed Commercial Operation Date, but shall (x) not be construed as Buyer's declaration that an Event of Default has occurred under any provision of Section 11.1 and (y) not limit Buyer's right to declare an Event of Default under Section 11.1(b)(ii) and receive a Damage Payment upon exercise of Buyer's rights pursuant to Section 11.2.

3. **Termination for Failure to Achieve Commercial Operation**. If the Facility has not achieved Commercial Operation by the deadline specified in Section 11.1(b)(ii), either Party may elect to terminate this Agreement in accordance with Sections 11.1(b)(ii), 11.2 and this Section 3 of Exhibit B.

4. **Extension of the Guaranteed Dates**. The Guaranteed Construction Start Date and the Guaranteed Commercial Operation Date shall both be automatically extended on a day-for-day basis (the "**Development Cure Period**") for the duration of any and all delays arising out of the following circumstances:

- (a) one or more Force Majeure Events;
- (b) despite the exercise of diligent and commercially reasonable efforts by Seller, a delay in the issuance of any permit or approval required to own, construct, interconnect, operate or maintain the Facility, or any Interconnection Facilities or Shared Facilities in order to achieve the Construction Start or Commercial Operation;
- (c) the Interconnection Facilities or Network Upgrades are not complete and ready for the Facility to connect and sell Product at the Delivery Point by at least four (4) months prior to the Guaranteed Operation Date (as in effect before an extension under this Section 4(c)), despite the exercise of diligent and commercially reasonable efforts by Seller; provided for clarification purposes, any such excused delay under this Section 4(c) will be limited only to the amount of such Interconnection Facilities or Network Upgrades delays, and not, for avoidance of doubt, delays of Seller, if any, which may extend beyond the time of such Interconnection Facilities or Network Upgrades delays; or
- (d) Buyer has not made all necessary arrangements to receive the Facility Energy at the Delivery Point by the Guaranteed Commercial Operation Date.

Notwithstanding anything in this Agreement to the contrary, the total cumulative Development Cure Period extensions granted under Sections 4(a) through 4(c) and extensions granted under

Section 2.5(a) shall not exceed [REDACTED] beyond the Guaranteed Commercial Operation Date set forth on the Cover Page, and for avoidance of doubt, there shall be no time limitation to the extent the delay is due to the reason set forth in Section 4(d) above. For clarity, the permitted extensions under the Development Cure Period extend each of the Guaranteed Construction Start Date and the Guaranteed Commercial Operation Date simultaneously on a day-for-day basis. Notwithstanding anything to the contrary herein, no extension shall be given under a Development Cure Period if, and to the extent that (A) the delay was the result of Seller's failure to take commercially reasonable actions to meet its requirements and deadlines, or (B) Seller failed to provide requested documentation as provided below. Seller shall provide prompt written notice to Buyer of a delay, but in no case more than thirty (30) days after Seller became aware of such delay, except that in the case of a delay occurring within sixty (60) days of the Guaranteed Commercial Operation Date, or after such date, Seller must provide written notice within five (5) Business Days of Seller becoming aware of such delay. Upon request from Buyer, Seller shall provide documentation demonstrating to Buyer's reasonable satisfaction that the delays described above did not result from Seller's actions or failure to take commercially reasonable actions.

5. **Failure to Reach Guaranteed Capacity.** If, at Commercial Operation, the Installed Capacity is less than one hundred percent (100%) of the Guaranteed Capacity, Seller shall have [REDACTED] after the Commercial Operation Date to install additional capacity such that the Installed Capacity is equal to (but not greater than) the Guaranteed Capacity, and Seller shall provide to Buyer a new certificate substantially in the form attached as Exhibit I hereto specifying the new Installed Capacity. If Seller fails to construct the Guaranteed Capacity by such date, Seller shall pay "**Capacity Damages**" to Buyer, in an amount equal to the product of (i) [REDACTED] and (ii) each MW (or portion thereof) that the Guaranteed Capacity exceeds the Installed Capacity, and the Guaranteed Capacity and other applicable portions of the Agreement shall be adjusted accordingly.

EXHIBIT C
COMPENSATION

Buyer shall compensate Seller for the Product in accordance with this Exhibit C.

(a) Contract Price. For each MWh of Facility Energy in each Settlement Period, Buyer shall pay Seller the Contract Price.

(b) Deemed Delivered Energy. For each Settlement Period, Buyer shall pay Seller the Contract Price plus the PTC Amount for each MWh of Deemed Delivered Energy.

(c) Excess Contract Year Deliveries Over [REDACTED] of Expected Energy.

(i) If, at any point in any Contract Year, the amount of Facility Energy plus the amount of Deemed Delivered Energy exceeds [REDACTED] of the Expected Energy for such Contract Year, the price to be paid for that additional Facility Energy or Deemed Delivered Energy shall be equal to [REDACTED] plus the PTC Amount for any Deemed Delivered Energy.

(ii) If, at any point in any Contract Year, the amount of Facility Energy plus the amount of Deemed Delivered Energy exceeds [REDACTED] of the Expected Energy for such Contract Year, the price to be paid for that additional Facility Energy or Deemed Delivered Energy shall be equal [REDACTED] plus the PTC Amount for any Deemed Delivered Energy.

(d) Excess Settlement Interval Deliveries. If during any Settlement Interval, Seller delivers Product amounts, as measured by the amount of Facility Energy, in excess of the product of the Guaranteed Capacity and the duration of the Settlement Interval, expressed in hours (“Excess MWh”), then the price applicable to all such Excess MWh in such Settlement Interval shall be [REDACTED] and if there is a Negative LMP during such Settlement Interval, Seller shall pay to Buyer an amount equal to the absolute value of the Negative LMP times such Excess MWh.

(e) No Payments in Violation of Any Curtailment Order. Seller shall receive no compensation from Buyer for Facility Energy provided in violation of a Curtailment Order.

(f) Negative LMP Strike Price. Buyer may change the Negative LMP Strike Price at its sole discretion by providing written notice to Seller at least two (2) Business Days prior to the effective date of such change, which notice must identify the new Negative LMP Strike Price and the effective date for the new Negative LMP Strike Price; *provided, however*, that the Negative LMP Strike Price identified by Buyer must be less than or equal to zero dollars per MWh [REDACTED]

(g) Test Energy. Test Energy is compensated at the Test Energy Rate in accordance with Section 3.6 of the Agreement.

(h) Tax Benefits. The Parties agree that neither the Contract Price nor the Test Energy Rate are subject to adjustment or amendment if Seller fails to receive any Tax Benefits, or if any Tax Benefits expire, are repealed or otherwise cease to apply to Seller or the Facility in whole or in part, or Seller or its investors are unable to benefit from any Tax Benefits. Seller shall bear all risks, financial and otherwise, throughout the Contract Term, associated with Seller's or the Facility's eligibility to receive Tax Benefits or to qualify for accelerated depreciation for Seller's accounting, reporting or Tax purposes. The obligations of the Parties hereunder, including those obligations set forth herein regarding the purchase and price for and Seller's obligation to deliver Facility Energy and Product, shall be effective regardless of whether the sale of Facility Energy is eligible for, or receives Tax Benefits during the Contract Term.

EXHIBIT D-1

SCHEDULING COORDINATOR RESPONSIBILITIES

(a) Buyer as Scheduling Coordinator for the Facility. Upon Initial Synchronization of the Facility to the CAISO Grid, Buyer shall be the Scheduling Coordinator or designate a qualified third party to provide Scheduling Coordinator services with the CAISO for the Facility for the delivery of Product at the Delivery Point. At least thirty (30) days prior to the Initial Synchronization of the Facility to the CAISO Grid, (i) Seller shall take all actions and execute and deliver to Buyer and the CAISO all documents necessary to authorize or designate Buyer (or Buyer's designee) as the Scheduling Coordinator for the Facility effective as of the Initial Synchronization of the Facility to the CAISO Grid, and (ii) Buyer shall, and shall cause its designee to, take all actions and execute and deliver to Seller and the CAISO all documents necessary to authorize or designate Buyer or its designee as the Scheduling Coordinator for the Facility effective as of the Initial Synchronization of the Facility to the CAISO Grid. On and after Initial Synchronization of the Facility to the CAISO Grid, Seller shall not authorize or designate any other party to act as the Facility's Scheduling Coordinator, nor shall Seller perform for its own benefit the duties of Scheduling Coordinator, and Seller shall not revoke Buyer's authorization to act as the Facility's Scheduling Coordinator unless agreed to by Buyer. Prior to the Commercial Operation Date, Buyer as Scheduling Coordinator shall reasonably assist with the need for the Facility to test, commission and to timely achieve the Commercial Operation Date, and Buyer shall not provide any scheduling instructions which interferes with those purposes. Buyer (as the Facility's Scheduling Coordinator) shall submit bids to the CAISO in accordance with this Agreement and the applicable CAISO Tariff, protocols and the Scheduling and operating procedures developed under Exhibit D-2 for Product on a day-ahead, hour-ahead, fifteen-minute market, real time or other market basis that may develop after the Effective Date, as determined by Buyer.

(b) Notices. Buyer (as the Facility's SC) shall provide Seller with access to a web-based system through which Seller shall submit to Buyer and the CAISO all notices and updates required under the CAISO Tariff regarding the Facility's status, including, but not limited to, all outage requests, forced outages, forced outage reports, clearance requests, or must offer waiver forms. Seller shall cooperate with Buyer to provide such notices, information and updates in accordance with the applicable requirements of the CAISO Tariff and the Scheduling and operating procedures developed under Exhibit D-2. If the web-based system is not available, Seller shall promptly submit such information to Buyer and the CAISO (in order of preference) telephonically or electronic mail to the personnel designated to receive such information.

(c) CAISO Costs and Revenues. Except as otherwise set forth below or elsewhere in this Agreement, Buyer (as Scheduling Coordinator for the Facility) shall be responsible for CAISO costs (including penalties, Imbalance Energy costs or revenues, and other charges) and shall be entitled to all CAISO revenues (including credits, Imbalance Energy revenues or costs, and other payments), including revenues associated with CAISO dispatches, bid cost recovery, Inter-SC Trade credits, or other credits in respect of the Product Scheduled or delivered from the Facility. Seller shall be liable for and reimburse Buyer for any and all CAISO costs and penalties incurred by Buyer in its role as Scheduling Coordinator under a CAISO settlement statement because of Seller's failure to perform any covenant or obligation set forth in this Agreement, or Seller's failure

to comply with applicable provisions of the CAISO Tariff or the outage notification requirements set forth in this Agreement (each except to the extent such non-compliance is caused by Buyer's failure to perform its duties as Scheduling Coordinator for the Facility). The Parties agree that any Availability Incentive Payments (as defined in the CAISO Tariff) are for the benefit of Seller and for Seller's account and that any Non-Availability Charges (as defined in the CAISO Tariff) are the responsibility of Seller and for Seller's account. In addition, if during the Delivery Term, the CAISO implements or has implemented any sanction or penalty related to scheduling, outage reporting, or generator operation, and any such sanctions or penalties are imposed upon the Facility or to Buyer as Scheduling Coordinator due to failure by Seller to abide by the CAISO Tariff or the outage notification requirements set forth in this Agreement, the cost of the sanctions or penalties shall be Seller's responsibility.

(d) CAISO Settlements. Buyer (as the Facility's Scheduling Coordinator) shall be responsible for all settlement functions with the CAISO related to the Facility. Buyer shall render a separate invoice to Seller for any CAISO payments, charges or penalties ("**CAISO Charges Invoice**") for which Seller is responsible under this Agreement. CAISO Charges Invoices shall be rendered after settlement information becomes available from the CAISO that identifies any CAISO charges. Notwithstanding the foregoing, Seller acknowledges that the CAISO will issue additional invoices reflecting CAISO adjustments to such CAISO charges. Buyer shall review, validate, and if requested by Seller under paragraph (e) below, dispute any charges that are the responsibility of Seller in a timely manner and consistent with Buyer's existing settlement processes for charges that are Buyer's responsibilities. Subject to Seller's right to dispute and to require Buyer to pursue the dispute of any such invoices, Seller shall pay the amount of CAISO Charges Invoices within ten (10) Business Days of Seller's receipt of the CAISO Charges Invoice. If Seller fails to pay such CAISO Charges Invoice within that period, Buyer may net or offset any amounts owing to it for such CAISO Charges Invoices against any future amounts it may owe to Seller under this Agreement. The obligations under this Section with respect to payment of CAISO Charges Invoices shall survive the expiration or termination of this Agreement.

(e) Dispute Costs. If requested by Seller, Buyer (as the Facility's SC) shall dispute CAISO settlements in respect of the Facility. Seller agrees to pay Buyer's costs and expenses (including reasonable attorneys' fees) associated with its involvement with such CAISO disputes to the extent they relate to CAISO charges payable by Seller with respect to the Facility that Seller has directed Buyer to dispute.

(f) Terminating Buyer's Designation as Scheduling Coordinator. At least thirty (30) days prior to expiration of this Agreement or as soon as reasonably practicable upon an earlier termination of this Agreement, the Parties will take all actions necessary to terminate the designation of Buyer as Scheduling Coordinator for the Facility as of 11:59 p.m. on such expiration or earlier termination date.

(g) Master Data File and Resource Data Template. Seller shall provide the data to the CAISO (and to Buyer) that is required for the CAISO's Master Data File and Resource Data Template (or successor data systems) for the Facility consistent with this Agreement. Neither Party shall change such data without the other Party's prior written consent.

(h) NERC Reliability Standards. Buyer (as Scheduling Coordinator) shall cooperate

reasonably with Seller to the extent necessary to enable Seller to comply, and for Seller to demonstrate Seller's compliance with, NERC reliability standards. This cooperation shall include the provision of information in Buyer's possession that Buyer (as Scheduling Coordinator) has provided to the CAISO related to the Facility or actions taken by Buyer (as Scheduling Coordinator) related to Seller's compliance with NERC reliability standards. Buyer (as Scheduling Coordinator) shall be responsible for Buyer's compliance with NERC reliability standards related to Scheduling Coordinators. Unless otherwise specifically provided for herein, the Parties acknowledge that Buyer and Seller are both individually responsible for compliance with the WECC and NERC reliability standards and criteria applicable to the functions for which each Party is respectively registered with NERC. The reference to WECC and NERC reliability standards, if any, throughout this Agreement does not make any alteration to, or enlargement of, the requirements or standards applicable to each Party beyond their individual registrations with NERC; provided, however, each Party shall perform certain functions on behalf of, or in coordination with, the other Party, as further set forth in this Exhibit D-1.

(i) SQMD Reporting. If Seller elects, or is required by the CAISO, to register the Facility as a Scheduling Coordinator Metered Entity, and therefore is required to submit a SQMD Plan for the Facility, then for any time period covered by the CAISO-approved SQMD Plan, and pursuant to Section 7.1(a), Seller shall provide or cause to be provided to Buyer (or Buyer's designee including any Buyer Scheduling Coordinator) with respect to the Facility Meters, Settlement Quality Meter Data no later than eight (8) Business Days after the relevant flow date. In connection with any SQMD Plan or designation of the Facility as a Scheduling Coordinator Metered Entity (as defined in the CAISO Tariff), Buyer (as Scheduling Coordinator) shall reasonably cooperate with Seller and any meter data management agent retained by Seller to perform on behalf of the Scheduling Coordinator the SQMD Plan submission and approval process and the obligations required by the SQMD Plan or the CAISO Tariff applicable to a Scheduling Coordinator Metered Entity, including the submission of Settlement Quality Meter Data to the CAISO by the meter data management agent retained by Seller on behalf of Buyer, and such meter data management agent shall assist and support the Scheduling Coordinator with respect to any the submission of required affirmations and attestations by the Scheduling Coordinator (if any). To enable Seller or Seller's meter data management agent to submit Settlement Quality Meter Data to the CAISO, Buyer shall grant Seller or Seller's meter data management agent access to use the MRI-S System (or any alternate system designated by the CAISO) in accordance with the SQMD Plan and the CAISO Tariff; provided, Seller shall indemnify Buyer against any costs or penalties imposed on Buyer (as Scheduling Coordinator) as a result of the failure of Seller or any meter data management agent retained by Seller to submit or cause to be submitted Settlement Quality Meter Data consistent with the SQMD Plan to the CAISO, with respect to the Facility Meter(s).

EXHIBIT D-2

BUYER AND SELLER OPERATING COORDINATION

The Parties shall work together after the Effective Date to develop Scheduling and operating procedures, which the Parties shall finalize no later than thirty (30) days prior to the Commercial Operation Date, or such other date agreed to by the Parties. Procedures may be reviewed annually (date and time to be mutually agreed), or as needed to account for actual Scheduling and operating requirements, to optimize operations for both Parties. The Parties shall cooperate to integrate the systems and controls necessary to implement such procedures. Such procedures to be developed may pertain to the following subjects or as otherwise agreed by the Parties: (i) voice and data communications; (ii) outage management and operational reliability data; (iii) event reporting; (iv) operating instructions and emergency assistance; and (v) Scheduling and bidding.

EXHIBIT E

PROGRESS REPORTING FORM

Each Progress Report must include the following items:

1. Executive Summary.
2. Facility description.
3. Site plan of the Facility.
4. Gantt chart schedule showing progress on achieving each of the Milestones.
5. Description of any material planned changes to the Facility and the Site.
6. Summary of activities during the previous calendar quarter or month, as applicable.
7. Forecast of activities scheduled for the current calendar quarter.
8. Written description about the progress relative to Seller's Milestones, including whether Seller has met or is on target to meet the Milestones.
9. List of issues that are likely to potentially affect Seller's Milestones or the timing of permitting and interconnection/transmission as they may affect the timing development of the Facility.
10. A status report of start-up activities including a forecast of activities ongoing and after start-up, a report on Facility performance including performance projections for the next twelve (12) months.
11. Pictures, in sufficient quantity and of appropriate detail, in order to document construction and startup progress of the Facility, the interconnection into the Transmission System and all other interconnection utility services.

EXHIBIT F-1

FORM OF AVERAGE EXPECTED ENERGY REPORT

	1:00	2:00	3:00	4:00	5:00	6:00	7:00	8:00	9:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	24:00	
JAN																									
FEB																									
MAR																									
APR																									
MAY																									
JUN																									
JUL																									
AUG																									
SEP																									
OCT																									
NOV																									
DEC																									

The foregoing table is provided for informational purposes only, and it shall not constitute, or be deemed to constitute, an obligation of any of the Parties to this Agreement.

EXHIBIT F-2

FORM OF MONTHLY AVAILABLE GENERATING CAPACITY REPORT

Available Generating Capacity, MW Per Hour – [Insert applicable month]

	1:00	2:00	3:00	4:00	5:00	6:00	7:00	8:00	9:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	24:00
Day 1																								
Day 2																								
Day 3																								
Day 4																								
Day 5																								
[insert additional rows for each day in the month]																								
Day 29																								
Day 30																								
Day 31																								

The foregoing table is provided for informational purposes only, and it shall not constitute, or be deemed to constitute, an obligation of any of the Parties to this Agreement.

EXHIBIT G

GUARANTEED ENERGY PRODUCTION DAMAGES CALCULATION

In accordance with Section 4.6 of the Agreement, if Seller fails to achieve the Guaranteed Energy Production during any Performance Measurement Period, a liquidated damages payment shall be due from Seller to Buyer, calculated as follows:

$$[(A - B) * (C - D)]$$

where:

A = the Guaranteed Energy Production amount for the Performance Measurement Period, in MWh

B = the Adjusted Energy Production amount for the Performance Measurement Period, in MWh

C = The replacement price for the Performance Measurement Period, in \$/MWh, which is the sum of



D = the Contract Price for the Performance Measurement Period, in \$/MWh

“Adjusted Energy Production” shall mean the sum of the following: Facility Energy + Deemed Delivered Energy + Lost Output.

“Lost Output” has the meaning given in Section 4.6 of the Agreement. The Lost Output shall be calculated in the same manner as Deemed Delivered Energy is calculated, in accordance with the definition thereof.

“Replacement Green Attributes” means PCC1 Renewable Energy Credits of the same Portfolio Content Category (i.e., PCC1) as the Green Attributes portion of the Product and of the same timeframe for retirement as the PCC1 Renewable Energy Credits that would have been generated by the Facility during the Performance Measurement Period.

No payment shall be due if the calculation of (A - B) or (C - D) yields a negative number.

Within sixty (60) days after each Performance Measurement Period, Buyer will send Seller Notice of the amount of damages owing, if any, which shall be payable to Buyer before the later of (a) thirty (30) days of such Notice and (b) ninety (90) days after each Performance Measurement Period; *provided* the amount of damages owing shall be adjusted to account for Replacement Green Attributes, if any, delivered after each applicable Performance Measurement Period.

EXHIBIT H

FORM OF COMMERCIAL OPERATION DATE CERTIFICATE

This certification (“**Certification**”) of Commercial Operation is delivered by _____ [*licensed professional engineer*] (“**Engineer**”) to Northern California Power Agency, a California joint powers agency (“**Buyer**”) in accordance with the terms of that certain Renewable Power Purchase Agreement dated _____ (“**Agreement**”) by and between [SELLER ENTITY] and Buyer. All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

As of [DATE], Engineer hereby certifies and represents to Buyer the following:

1. The Facility is operational, interconnected, and synchronized with the Transmission System.

2. Seller has installed equipment for the Facility with a nameplate capacity of no less than ninety percent (90%) of the Guaranteed Capacity.

3. The Facility’s testing included a performance test, substantially in the form of Exhibit S to the Agreement, demonstrating peak electrical output of no less than ninety percent (90%) of the Guaranteed Capacity for the Facility at the Delivery Point, adjusted for ambient conditions on the date of the Facility testing, and such peak electrical output, as adjusted, was [*peak output in MW*].

4. The Transmission Provider has provided documentation supporting release for Commercial Operation on [DATE].

5. The CAISO has provided notification supporting Commercial Operation, in accordance with the CAISO Tariff on [DATE].

EXECUTED by [LICENSED PROFESSIONAL ENGINEER]

this _____ day of _____, 20__.

[LICENSED PROFESSIONAL ENGINEER]

By: _____

Its: _____

Date: _____

EXHIBIT I

FORM OF INSTALLED CAPACITY CERTIFICATE

This certification (“**Certification**”) of Installed Capacity is delivered by [licensed professional engineer] (“**Engineer**”) to Northern California Power Agency, a California joint powers agency (“**Buyer**”) in accordance with the terms of that certain Renewable Power Purchase Agreement dated _____ (“**Agreement**”) by and between [SELLER ENTITY] and Buyer. All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

I hereby certify the following:

The performance test, substantially in the form of Exhibit S to the Agreement, for the Facility demonstrated peak electrical output of ___ MW AC at the Delivery Point, as adjusted for ambient conditions on the date of the performance test (“**Installed Capacity**”).

[LICENSED PROFESSIONAL ENGINEER]

By: _____

Its: _____

Date: _____

EXHIBIT J

FORM OF CONSTRUCTION START DATE CERTIFICATE

This certification of Construction Start Date (“**Certification**”) is delivered by [SELLER ENTITY] (“**Seller**”) to Northern California Power Agency, a California joint powers agency (“**Buyer**”) in accordance with the terms of that certain Renewable Power Purchase Agreement dated _____ (“**Agreement**”) by and between Seller and Buyer. All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

Seller hereby certifies and represents to Buyer the following:

1. Construction Start (as defined in Exhibit B of the Agreement) has occurred, and a copy of the notice to proceed that Seller issued to its contractor as part of Construction Start is attached hereto;

2. the Construction Start Date occurred on _____ (the “**Construction Start Date**”); and

3. the precise Site on which the Facility is located is: _____ (such description shall amend the description of the Site in Exhibit A of the Agreement).

IN WITNESS WHEREOF, the undersigned has executed this Certification on behalf of Seller as of the ___ day of _____.

[SELLER ENTITY]

By: _____

Its: _____

Date: _____

EXHIBIT K

FORM OF LETTER OF CREDIT
(issued on behalf of Seller for the benefit of Buyer)

IRREVOCABLE AND UNCONDITIONAL STANDBY LETTER OF CREDIT NO. XXXXXXXX

ISSUING BANK:
CITIBANK, N.A.
ATTN: US STANDBY UNIT
3800 CITIBANK CENTER, BUILDING B, 1ST FLOOR
TAMPA, FL 33610
PHONE: 866-945-6284
FAX NO.: 609-681-2734

BENEFICIARY:
NORTHERN CALIFORNIA POWER AGENCY, A CALIFORNIA JOINT POWERS AGENCY
.....
.....
.....

APPLICANT:
.....
.....
.....

AMOUNT: USD (..... AND XX/100 UNITED STATES DOLLARS)

EXPIRY DATE:, 20..

LADIES AND GENTLEMEN:

BY THE ORDER OF (''APPLICANT''), WE, CITIBANK, N.A. AT 3800 CITIBANK CENTER, BUILDING B, 1ST FLOOR, TAMPA, FLORIDA 33610 ATTN: US STANDBY UNIT (''ISSUER'') HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. XXXXXXXX (THE ''LETTER OF CREDIT'') IN FAVOR OF NORTHERN CALIFORNIA POWER AGENCY, A CALIFORNIA JOINT POWERS AGENCY (''BENEFICIARY''), FOR AN AMOUNT NOT TO EXCEED THE AGGREGATE SUM OF USD (..... AND XX/100 UNITED STATES DOLLARS), PURSUANT TO THAT CERTAIN RENEWABLE POWER PURCHASE AGREEMENT DATED AS OF, 20.. AND AS AMENDED (THE ''AGREEMENT'') BETWEEN APPLICANT AND BENEFICIARY. THIS LETTER OF CREDIT SHALL BECOME EFFECTIVE IMMEDIATELY AND SHALL EXPIRE ON, 20.. WHICH IS ONE YEAR AFTER THE ISSUE DATE OF THIS LETTER OF CREDIT, OR ANY EXPIRATION DATE EXTENDED IN ACCORDANCE WITH THE TERMS HEREOF (THE ''EXPIRATION DATE'').

FUNDS UNDER THIS LETTER OF CREDIT ARE AVAILABLE TO BENEFICIARY BY PRESENTATION ON OR BEFORE THE EXPIRATION DATE OF A DATED STATEMENT PURPORTEDLY SIGNED BY YOUR DULY AUTHORIZED REPRESENTATIVE, IN THE FORM ATTACHED HERETO AS EXHIBIT A, CONTAINING ONE OF THE TWO ALTERNATIVE PARAGRAPHS SET FORTH IN PARAGRAPH 2 THEREIN, REFERENCING OUR LETTER OF CREDIT NO. XXXXXXXX (''DRAWING CERTIFICATE'').

THE ORIGINAL OF THIS LETTER OF CREDIT (AND ALL AMENDMENTS, IF ANY) IS NOT REQUIRED TO BE PRESENTED IN CONNECTION WITH ANY PRESENTMENT OF A DRAWING CERTIFICATE BY BENEFICIARY HEREUNDER IN ORDER TO RECEIVE PAYMENT.

ALTERNATIVELY, PRESENTATION OF SUCH DRAWING DOCUMENTS MAY BE MADE BY FAX TRANSMISSION TO 609-681-2734, OR SUCH OTHER FAX NUMBER IDENTIFIED BY CITIBANK, N.A. IN A WRITTEN NOTICE TO YOU. TO THE EXTENT A PRESENTATION IS MADE BY FAX TRANSMISSION, YOU SHOULD (I) PROVIDE TELEPHONE NOTIFICATION THEREOF TO CITIBANK, N.A. TO 866-945-6284 PRIOR TO OR SIMULTANEOUSLY WITH THE SENDING OF SUCH FAX TRANSMISSION AND (II) SEND THE ORIGINAL OF SUCH DRAWING DOCUMENT(S) TO CITIBANK, N.A., 3800 CITIBANK CENTER, BUILDING B, 1ST FLOOR, TAMPA, FL 33610 BY OVERNIGHT COURIER, PROVIDED, HOWEVER, THAT CITIBANK, N.A.'S RECEIPT OF SUCH TELEPHONE NOTICE OR ORIGINAL DOCUMENT(S) SHALL NOT BE A CONDITION TO PAYMENT HEREUNDER.

WE HEREBY AGREE WITH THE BENEFICIARY THAT UPON PRESENTATION ON OR BEFORE THE EXPIRATION DATE OF YOUR DRAWING DOCUMENTS IN CONFORMITY WITH THE FOREGOING, WE WILL ON [THE NEXT BUSINESS DAY] AFTER SUCH PRESENTATION, IRREVOCABLY AND WITHOUT RESERVE OR CONDITION MAKE PAYMENT HEREUNDER IN THE

AMOUNT SET FORTH IN THE DRAWING DOCUMENTS. ALL PAYMENTS MADE UNDER THIS LETTER OF CREDIT SHALL BE MADE WITH ISSUER'S OWN IMMEDIATELY AVAILABLE FUNDS BY MEANS OF WIRE TRANSFER IN IMMEDIATELY AVAILABLE UNITED STATES DOLLARS TO BENEFICIARY'S ACCOUNT AS INDICATED BY BENEFICIARY IN ITS DRAWING CERTIFICATE OR IN A COMMUNICATION ACCOMPANYING ITS DRAWING CERTIFICATE. WE AGREE THAT IF, ON THE EXPIRATION DATE, THE OFFICE SPECIFIED ABOVE IS NOT OPEN FOR BUSINESS BY VIRTUE OF AN INTERRUPTION OF THE NATURE DESCRIBED IN THE UNIFORM CUSTOMS ARTICLE 36, THIS LETTER OF CREDIT WILL BE DULY HONORED IF THE SPECIFIED DRAWING DOCUMENTS ARE PRESENTED BY YOU WITHIN THIRTY (30) DAYS AFTER SUCH OFFICE IS REOPENED FOR BUSINESS.

WE AGREE THAT THE TIME SET FORTH HEREIN FOR PAYMENT OF ANY DEMAND(S) FOR PAYMENT IS SUFFICIENT TO ENABLE US TO EXAMINE SUCH DEMAND(S) AND THE RELATED DOCUMENT(S) REFERRED TO ABOVE WITH CARE SO AS TO ASCERTAIN THAT ON THEIR FACE THEY APPEAR TO COMPLY WITH THE TERMS OF THIS LETTER OF CREDIT, AND THAT IF SUCH DEMAND(S) AND DOCUMENTS(S) ON THEIR FACE APPEAR TO SO COMPLY, FAILURE TO MAKE ANY SUCH PAYMENT WITHIN SUCH TIME SHALL CONSTITUTE DISHONOR OF SUCH DEMAND(S).

PARTIAL DRAWS ARE PERMITTED UNDER THIS LETTER OF CREDIT, AND THIS LETTER OF CREDIT SHALL REMAIN IN FULL FORCE AND EFFECT WITH RESPECT TO ANY CONTINUING BALANCE.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT THE EXPIRATION DATE SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AN AMENDMENT FOR A ONE YEAR PERIOD BEGINNING ON THE PRESENT EXPIRATION DATE HEREOF AND UPON EACH ANNIVERSARY FOR SUCH DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO ANY SUCH EXPIRATION DATE WE HAVE SENT TO YOU WRITTEN NOTICE BY OVERNIGHT COURIER SERVICE THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT, IN WHICH CASE IT WILL EXPIRE ON THE DATE SPECIFIED IN SUCH NOTICE. NO PRESENTATION MADE UNDER THIS LETTER OF CREDIT AFTER SUCH EXPIRATION DATE WILL BE HONORED.

NOTWITHSTANDING ANY REFERENCE IN THIS LETTER OF CREDIT TO ANY OTHER DOCUMENTS, INSTRUMENTS OR AGREEMENTS, THIS LETTER OF CREDIT CONTAINS THE ENTIRE AGREEMENT BETWEEN BENEFICIARY AND ISSUER RELATING TO THE OBLIGATIONS OF ISSUER HEREUNDER.

WE HEREBY ENGAGE WITH YOU THAT YOUR DEMAND(S) FOR PAYMENT IN CONFORMITY WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED AS SET FORTH ABOVE. ALL FEES AND OTHER COSTS ASSOCIATED WITH THE ISSUANCE OF ANY DRAWINGS(S) AGAINST THIS LETTER OF CREDIT SHALL BE FOR THE ACCOUNT OF THE APPLICANT. ALL OF THE RIGHTS OF THE BENEFICIARY SET FORTH ABOVE SHALL INURE TO THE BENEFIT OF YOUR SUCCESSORS BY OPERATION OF LAW.

EXCEPT AS FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS STANDBY LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY LETTERS OF CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600, AND AS TO MATTERS NOT GOVERNED BY THE UCP 600, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE U.S. FEDERAL LAW.

SHOULD YOU HAVE OCCASION TO COMMUNICATE WITH US REGARDING THIS LETTER OF CREDIT, PLEASE DIRECT YOUR CORRESPONDENCE TO OUR OFFICE, MAKING SPECIFIC MENTION OF THE LETTER OF CREDIT NUMBER INDICATED ABOVE.

THE U.S. GOVERNMENT (INCLUDING, WITHOUT LIMITATION, THE OFFICE OF FOREIGN ASSETS CONTROL OF THE U.S. DEPARTMENT OF THE TREASURY AND THE U.S. DEPARTMENT OF STATE) AND SANCTIONS AUTHORITIES IN OTHER RELEVANT JURISDICTIONS HAVE IN PLACE SANCTIONS AGAINST CERTAIN JURISDICTIONS, INDIVIDUALS, ENTITIES, AND VESSELS (INCLUDING SHIPS AND AIRCRAFT). ALL PARTIES ACKNOWLEDGE AND AGREE THAT CITIGROUP ENTITIES, INCLUDING BRANCHES AND SUBSIDIARIES (TOGETHER 'CITIBANK'), RESERVE THE RIGHT, AT CITIBANK'S REASONABLE DISCRETION, TO REFUSE PERFORMANCE UNDER THIS LETTER OF CREDIT, OR TAKE OTHER ACTION, WHERE CITIBANK DETERMINES THAT ANY PARTY OR ANY ACTIVITY RELATING, DIRECTLY OR INDIRECTLY, TO THE LETTER OF CREDIT ARE THE SUBJECT OF U.S. SANCTIONS OR SANCTIONS ISSUED BY ANY OTHER RELEVANT SANCTIONS AUTHORITY. ALL PARTIES ACKNOWLEDGE AND AGREE THAT CITIBANK WILL NOT BEAR ANY LIABILITY WHERE IT REFUSES PERFORMANCE UNDER THIS LETTER OF CREDIT OR TAKES OTHER ACTION IN SUCH CIRCUMSTANCES.

CITI'S GLOBAL PRIVACY NOTICE FOR INSTITUTIONAL CLIENTS AND ITS CALIFORNIA SUPPLEMENTAL PROVISION CAN BE ACCESSED ONLINE USING DIRECT LINKS ENTITLED 'PRIVACY' AND 'NOTICE AT COLLECTION', WHICH ARE PROMINENTLY DISPLAYED IN THE WEBSITE FOOTER OF WWW.ICG.CITI.COM.

EXHIBIT A

(DRAW REQUEST SHOULD BE ON BENEFICIARY'S LETTERHEAD)

DRAWING CERTIFICATE

TO:
ISSUING BANK:
CITIBANK, N.A.
ATTN: US STANDBY UNIT
3800 CITIBANK CENTER, BUILDING B, 1ST FLOOR
TAMPA, FL 33610
PHONE: 866-945-6284
FAX NO.: 609-681-2734

THE UNDERSIGNED, A DULY AUTHORIZED REPRESENTATIVE OF NORTHERN CALIFORNIA POWER AGENCY, A CALIFORNIA JOINT POWERS AGENCY, AS BENEFICIARY (THE 'BENEFICIARY') OF THE IRREVOCABLE LETTER OF CREDIT NO. XXXXXXXX (THE 'LETTER OF CREDIT') ISSUED BY CITIBANK, N.A. (THE 'BANK') BY ORDER OF (THE 'APPLICANT'), HEREBY CERTIFIES TO THE BANK AS FOLLOWS:

1. APPLICANT AND BENEFICIARY ARE PARTY TO THAT CERTAIN RENEWABLE POWER PURCHASE AGREEMENT DATED AS OF, 20.. (THE 'AGREEMENT').

2. BENEFICIARY IS MAKING A DRAWING UNDER THIS LETTER OF CREDIT IN THE AMOUNT OF USD (..... AND XX/100 UNITED STATES DOLLARS) BECAUSE A SELLER EVENT OF DEFAULT (AS SUCH TERM IS DEFINED IN THE AGREEMENT) HAS OCCURRED OR OTHER OCCASION PROVIDED FOR IN THE AGREEMENT WHERE BENEFICIARY IS AUTHORIZED TO DRAW ON THE LETTER OF CREDIT HAS OCCURRED.

OR

BENEFICIARY IS MAKING A DRAWING UNDER THIS LETTER OF CREDIT IN THE AMOUNT OF USD (..... AND XX/100 UNITED STATES DOLLARS), WHICH EQUALS THE FULL AVAILABLE AMOUNT UNDER THE LETTER OF CREDIT, BECAUSE APPLICANT IS REQUIRED TO MAINTAIN THE LETTER OF CREDIT IN FORCE AND EFFECT BEYOND THE EXPIRATION DATE OF THE LETTER OF CREDIT BUT HAS FAILED TO PROVIDE BENEFICIARY WITH A REPLACEMENT LETTER OF CREDIT OR OTHER ACCEPTABLE INSTRUMENT WITHIN THIRTY (30) DAYS PRIOR TO SUCH EXPIRATION DATE.

3. THE UNDERSIGNED IS A DULY AUTHORIZED REPRESENTATIVE OF NORTHERN CALIFORNIA POWER AGENCY AND IS AUTHORIZED TO EXECUTE AND DELIVER THIS DRAWING CERTIFICATE ON BEHALF OF BENEFICIARY.

YOU ARE HEREBY DIRECTED TO MAKE PAYMENT OF THE REQUESTED AMOUNT TO NORTHERN CALIFORNIA POWER AGENCY BY WIRE TRANSFER IN IMMEDIATELY AVAILABLE FUNDS TO THE FOLLOWING ACCOUNT:

.....
(SPECIFY ACCOUNT INFORMATION)

NORTHERN CALIFORNIA POWER AGENCY, A CALIFORNIA JOINT POWERS AGENCY

.....
NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

DATE:, 20..

EXHIBIT L
FORM OF GUARANTY

This Guaranty (this "**Guaranty**") is entered into as of [_____] (the "**Effective Date**") by and between [_____] a [_____] ("**Guarantor**"), and Northern California Power Agency, a California joint powers agency (together with its successors and permitted assigns, "**Buyer**").

Recitals

- A. Buyer and [SELLER ENTITY] ("**Seller**"), entered into that certain Renewable Power Purchase Agreement (as amended, restated or otherwise modified from time to time, the "**PPA**") dated as of [____], 20____.
- B. Guarantor is entering into this Guaranty as Performance Security to secure Seller's obligations under the PPA, as required by Section 8.8 of the PPA.
- C. It is in the best interest of Guarantor to execute this Guaranty inasmuch as Guarantor will derive substantial direct and indirect benefits from the execution and delivery of the PPA.
- D. Initially capitalized terms used but not defined herein have the meaning set forth in the PPA.

Agreement

1. **Guaranty.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor does hereby unconditionally, absolutely and irrevocably guarantee, as primary obligor and not as a surety, to Buyer the full and prompt payment by Seller when due of any and all amounts and payment obligations now or hereafter owing from Seller to Buyer under the PPA (the "**Obligations**"), including, without limitation, compensation for penalties, the Termination Payment, indemnification payments or other damages, as and when required pursuant to the terms of the PPA; *provided*, that the Guarantor's aggregate liability under or arising out of this Guaranty for payment of the Obligations shall not exceed _____ Dollars (\$_____) (the "**Guaranteed Amount**"). The Parties understand and agree that any payment by Guarantor or Seller of any portion of the Guaranteed Amount shall thereafter reduce Guarantor's maximum aggregate liability hereunder on a dollar-for-dollar basis. This Guaranty is an irrevocable, absolute, unconditional and continuing guarantee of the punctual payment, and not of collection, of the Guaranteed Amount and, except as otherwise expressly addressed herein, is in no way conditioned upon any requirement that Buyer first attempt to collect the payment of the Guaranteed Amount from Seller, any other guarantor of the Guaranteed Amount or any other Person or entity or resort to any other means of obtaining payment of the Guaranteed Amount. In the event Seller shall fail to duly, completely or punctually pay any Guaranteed Amount as required pursuant to the PPA, Guarantor shall promptly pay such amount as required herein.
2. **Demand Notice.** For avoidance of doubt, a payment shall be due for purposes of this Guaranty only when and if a payment is due and payable by Seller to Buyer under the terms and

conditions of the PPA. If Seller fails to pay any Guaranteed Amount as required pursuant to the PPA for five (5) Business Days following Seller's receipt of Buyer's written notice of such failure (the "**Demand Notice**"), then Buyer may elect to exercise its rights under this Guaranty and may make a demand upon Guarantor (a "**Payment Demand**") for such unpaid Guaranteed Amount. A Payment Demand shall be in writing and shall reasonably specify in what manner and what amount Seller has failed to pay and an explanation of why such payment is due and owing, with a specific statement that Buyer is requesting that Guarantor pay under this Guaranty. A Payment Demand satisfying the foregoing requirements shall be deemed sufficient notice to Guarantor that it must pay such Guaranteed Amount and Guarantor shall, within five (5) Business Days following its receipt of the Payment Demand, pay the Guaranteed Amount to Buyer. A single written Payment Demand shall be effective as to any specific payment failure by Seller under the PPA that is susceptible of being cured by the payment of money by Guarantor and additional written demands shall not be required until such payment is made.

3. Scope and Duration of Guaranty. This Guaranty applies only to the Guaranteed Amount. This Guaranty shall continue in full force and effect from the Effective Date until the earlier of the following: (x) all Guaranteed Amounts have been paid in full (whether directly or indirectly through set-off or netting of amounts owed by Buyer to Seller), (y) replacement Performance Security is provided in an amount and form required by the terms of the PPA, or (z) the expiration of the Delivery Term (provided that any such expiration shall not affect Guarantor's liability hereunder as to obligations incurred or arising under this Guaranty prior to such date. Further, this Guaranty (a) shall remain in full force and effect without regard to, and shall not be affected or impaired by any invalidity, irregularity or unenforceability in whole or in part of this Guaranty, and (b) subject to the preceding sentence, shall be discharged only by complete performance of the undertakings herein. Without limiting the generality of the foregoing, the obligations of the Guarantor hereunder shall not be released, discharged, or otherwise affected and this Guaranty shall not be invalidated or impaired or otherwise affected for the following reasons:

- (i) the extension of time for the payment of any Guaranteed Amount, or
- (ii) any amendment, modification or other alteration of the PPA, or
- (iii) any indemnity agreement Seller may have from any party, or
- (iv) any insurance that may be available to cover any loss, except to the extent insurance proceeds are used to satisfy the Guaranteed Amount, or
- (v) any voluntary or involuntary liquidation, dissolution, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, Seller or any of its assets, including but not limited to any rejection or other discharge of Seller's obligations under the PPA imposed by any court, trustee or custodian or any similar official or imposed by any law, statute or regulation, in each such event in any such proceeding, or
- (vi) the release, modification, waiver or failure to pursue or seek relief with respect to any other guaranty, pledge or security device whatsoever, or

(vii) any payment to Buyer by Seller that Buyer subsequently returns to Seller pursuant to court order in any bankruptcy or other debtor-relief proceeding, or

(viii) those defenses based upon (A) the legal incapacity or lack of power or authority of any Person, including Seller and any representative of Seller to enter into the PPA or perform its obligations thereunder, (B) lack of due execution, delivery, validity or enforceability, including of the PPA, or (C) Seller's inability to pay any Guaranteed Amount or perform its obligations under the PPA, or

(ix) any other event or circumstance that may now or hereafter constitute a defense to payment of the Guaranteed Amount, including, without limitation, statute of frauds and accord and satisfaction;

provided that Guarantor reserves the right to assert for itself any defenses, setoffs or counterclaims that Seller is or may be entitled to assert against Buyer and which have also been available to Guarantor if Guarantor had been in the same contractual position as Seller under the PPA (except for such defenses, setoffs or counterclaims that may be asserted by Seller with respect to the PPA, but that are expressly waived under any provision of this Guaranty).

4. Waivers by Guarantor. Guarantor hereby unconditionally waives as a condition precedent to the performance of its obligations hereunder, with the exception of the requirements in Paragraph 2, (a) notice of acceptance, presentment or protest with respect to the Guaranteed Amounts and this Guaranty, (b) notice of any action taken or omitted to be taken by Buyer in reliance hereon, (c) any requirement that Buyer exhaust any right, power or remedy or proceed against Seller under the PPA, and (d) any event, occurrence or other circumstance which might otherwise constitute a legal or equitable discharge of a surety. Without limiting the generality of the foregoing waiver of surety defenses, it is agreed that the occurrence of any one or more of the following shall not affect the liability of Guarantor hereunder:

(i) at any time or from time to time, without notice to Guarantor, the time for payment of any Guaranteed Amount shall be extended, or such performance or compliance shall be waived;

(ii) the obligation to pay any Guaranteed Amount shall be modified, supplemented or amended in any respect in accordance with the terms of the PPA;

(iii) subject to Paragraph 9, any (a) sale, transfer or consolidation of Seller into or with any other entity, (b) sale of substantial assets by, or restructuring of the corporate existence of, Seller or (c) change in ownership of any membership interests of, or other ownership interests in, Seller; or

(iv) the failure by Buyer or any other Person to create, preserve, validate, perfect or protect any security interest granted to, or in favor of, Buyer or any Person.

5. Subrogation. Notwithstanding any payments that may be made hereunder by the Guarantor, Guarantor hereby agrees that until the earlier of payment in full of all Guaranteed Amounts or expiration of the Guaranty in accordance with Paragraph 3, it shall not be entitled to, nor shall it seek to, exercise any right or remedy arising by reason of its payment of any Guaranteed Amount under this Guaranty, whether by subrogation or otherwise, against Seller or seek

assigns and shall inure to the benefit of Buyer and its successors and permitted assigns pursuant to the PPA. No provision of this Guaranty may be amended or waived except by a written instrument executed by Guarantor and Buyer. This Guaranty is not assignable by Guarantor without the prior written consent of Buyer. No provision of this Guaranty confers, nor is any provision intended to confer, upon any third party (other than Buyer's successors and permitted assigns) any benefit or right enforceable at the option of that third party. This Guaranty embodies the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements and understandings of the parties hereto, verbal or written, relating to the subject matter hereof. If any provision of this Guaranty is determined to be illegal or unenforceable (i) such provision shall be deemed restated in accordance with applicable Laws to reflect, as nearly as possible, the original intention of the parties hereto and (ii) such determination shall not affect any other provision of this Guaranty and all other provisions shall remain in full force and effect. This Guaranty may be executed in any number of separate counterparts, each of which when so executed shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Guaranty may be executed and delivered by electronic means with the same force and effect as if the same was a fully executed and delivered original manual counterpart.

[Signature on next page]

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be duly executed and delivered by its duly authorized representative on the date first above written.

GUARANTOR:

[_____]

By:_____

Printed Name:_____

Title:_____

BUYER:

[_____]

By:_____

Printed Name:_____

Title:_____

By:_____

Printed Name:_____

Title:_____

EXHIBIT M
[RESERVED]

EXHIBIT N

NOTICES

<p>[Subsidiary of NextEra Energy Resources Development, LLC] ("Seller")</p>	<p>Northern California Power Agency ("Buyer")</p>
<p>[REDACTED]</p>	<p>All Notices:</p> <p>Street: 651 Commerce Drive City: Roseville, CA 95678 Attn: Contract Administration Phone: 916-781-4229 Email: tony.zimmer@ncpa.com Email: mike.whitney@ncpa.com</p>
<p>[REDACTED]</p>	<p>Reference Numbers:</p> <p>Duns: To be provided separately Federal Tax ID Number: To be provided separately</p>
<p>[REDACTED]</p>	<p>Invoices:</p> <p>Attn: Accounts Payable Phone: 916-781-4221 / 4230 Email: AcctsPayable@ncpa.com Facsimile: 916-781-4255</p>
<p>[REDACTED]</p>	<p>Scheduling:</p> <p>Attn: NCPA Scheduling Desk Phone: (DA CAISO Desk) 916-781-4290 Phone: (Real Time Desk) 916-781-4237 Email: Preschedulers@ncpa.com</p>

<p>[Subsidiary of NextEra Energy Resources Development, LLC] ("Seller")</p>	<p>Northern California Power Agency ("Buyer")</p>
<p>[REDACTED]</p>	<p>Confirmations: Attn: Tony Zimmer Phone: 916-781-4229 Email: tony.zimmer@ncpa.com</p>
<p>[REDACTED]</p>	<p>Payments: Attn: See Invoices Phone: See Invoices Email: See Invoices</p>
<p>[REDACTED]</p>	<p>Wire Transfer: BNK: Information provided upon request ABA: ACCT:</p>
<p>[REDACTED]</p>	<p>Notices of an Event of Default to:</p> <p>Attn: Jane Luckhardt, General Counsel Phone: 916-781-4268 Facsimile: 916-781-7693 Email: jane.luckhardt@ncpa.com</p> <p>With copy to: Attn: Tony Zimmer Phone: 916-781-4229 Email: tony.zimmer@ncpa.com</p> <p>And</p> <p>Attn: Mike Whitney Phone: 916-781-4205 Email: mike.whitney@ncpa.com</p>

[Subsidiary of NextEra Energy Resources Development, LLC] ("Seller")	Northern California Power Agency ("Buyer")
[REDACTED]	Emergency Contact: Attn: Dispatch and Scheduling Phone: 916-781-4281 / 4237 Email: Dispatch&Scheduling@ncpa.com

EXHIBIT O

FORM OF CONSENT AND AGREEMENT ([NAME OF CONTRACTING PARTY]) ([NAME OF ASSIGNED AGREEMENT])

This **CONSENT AND AGREEMENT** (this “Consent”), dated as of _____, 20[], is executed by and among NORTHERN CALIFORNIA POWER AGENCY, a public entity and joint powers agency organized under the laws of the State of California (the “Contracting Party”), [_____] , a [_____] (the “Project Owner”), and [_____] , in its capacity as collateral agent (together with its successors and permitted assigns in such capacity, the “Collateral Agent”) for various financial institutions named from time to time as Lenders under the Credit Agreement (as defined below) and any other parties (or any of their agents) who hold any other secured indebtedness permitted to be incurred under the Credit Agreement (the Collateral Agent and all such parties collectively, the “Secured Parties”).

RECITALS

A. The Project Owner owns, operates and maintains [_____] (the “Project”).

B. The Contracting Party and the Project Owner have entered into the agreement specified in Schedule I hereto (as further amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and hereof, the “Assigned Agreement”).

C. [_____] , as the “Borrower”, the Project Owner and certain other affiliates of the Borrower as “Guarantors”, various financial institutions named therein from time to time as Lenders, [_____] , as the “Administrative Agent” and Collateral Agent, have entered into a Credit Agreement, dated as of [_____] (as amended, modified or supplemented from time to time, the “Credit Agreement”), providing for the extension of the credit facilities described therein to be used, *inter alia*, to finance the Project Owner’s [development, construction, ownership, operation, and maintenance] of the Project.

D. As security for the payment and performance by the Project Owner of its obligations under the Credit Agreement and the other Financing Documents (as defined below) and for other obligations owing to the Secured Parties, the Project Owner has collaterally assigned all of its right, title and interest in, to and under, and granted a security interest in, the Assigned Agreement to the Collateral Agent, as collateral for the credit facilities under the Credit Agreement, pursuant to the Assignment and Security Agreement, dated as of [_____] between the Project Owner and the Collateral Agent (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “Security Agreement”, and, together with the Credit Agreement and any other financing documents relating to the credit extensions thereunder, the “Financing Documents”).

E. It is a requirement under the Credit Agreement that the Project Owner cause the Contracting Party to execute and deliver this Consent.

F. Accordingly, pursuant to Section 14.2 of the Assigned Agreement, the Project Owner has requested that Contracting Party enter into this Consent to provide its consent to the collateral assignment by the Project Owner of its interest in the Assigned Agreement to the Collateral Agent pursuant to the Security Agreement and certain other agreements and undertakings as set forth herein.

NOW, THEREFORE to effectuate the foregoing, and intending to be legally bound, the parties hereto hereby agree as follows:

AGREEMENT

1. Consent to Assignment. The Contracting Party hereby acknowledges and consents to the pledge and assignment of all right, title and interest of the Project Owner in, to and under (but not its obligations, liabilities or duties with respect to) the Assigned Agreement by the Project Owner to the Collateral Agent pursuant to the Security Agreement.

2. Estoppel Certificate; Additional Representations and Warranties.

(a) The Contracting Party agrees to deliver to the Collateral Agent a customary estoppel certificate, substantially in the form of Exhibit P to the Assigned Agreement, on the date hereof in accordance with Section 14.2 of the Assigned Agreement.

(b) In addition, the Contracting Party, the Collateral Agent, and the Project Owner each hereby represents and warrants, solely with respect to itself, to each other party hereto, as of the date hereof, as follows:

(i) It is an entity duly organized and validly existing under the laws of the jurisdiction of its organization and has the full legal right, power and authority to conduct its business, to own its properties and to execute, deliver and perform its obligations under this Consent. Its execution and delivery of, and performance of its obligations under, this Consent have been duly authorized by all necessary company action.

(ii) This Consent constitutes its legal, valid and binding obligation and is enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally and except as the enforceability of this Consent is subject to the application of (A) general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (B) concepts of materiality, reasonableness, good faith and fair dealing.

(c) The Collateral Agent hereby further represents and warrants, as of the date hereof, that it is duly authorized, on behalf of the Secured Parties it represents, to enter into and perform its obligations under this Consent.

3. Right to Cure.

(a) Upon the occurrence of any event or condition, including an Event of Default (as defined in the Assigned Agreement) by the Project Owner under the Assigned Agreement, that would, either immediately or with the passage of time or giving of notice, or both, entitle the Contracting Party to terminate the Assigned Agreement or suspend the performance of its obligations under the Assigned Agreement (a “Termination Event”), the Contracting Party shall not terminate the Assigned Agreement, suspend the performance of any of its obligations under the Assigned Agreement, or exercise any other remedies with respect to such Termination Event unless and until the Contracting Party first gives Collateral Agent written notice of and the opportunity to cure such Termination Event as provided in Section 3(b). The Contracting Party acknowledges and agrees that: (i) the Collateral Agent shall have the right, but not the obligation, to cure such Termination Event, including by the payment of all sums due under the Assigned Agreement by the Project Owner and the performance of any other act, duty or obligation required of the Project Owner thereunder, in each case as described in Section 3(b), and (ii) the Contracting Party shall accept such cure by the Collateral Agent; provided, that such cure by the Collateral Agent shall be in compliance with the Assigned Agreement (except as expressly provided herein) and this Consent. The Contracting Party further agrees that it shall not, without the prior consent of the Collateral Agent (which consent shall not be unreasonably withheld, delayed or conditioned), assign any obligation under the Assigned Agreement, other than (i) subcontracting such obligations to other parties as permitted by and in accordance with the Assigned Agreement and (ii) as otherwise permitted pursuant to Section 7 hereof.

(b) If the Collateral Agent elects to exercise its right to cure a Termination Event as herein provided, it shall have a period to effect such cure of (i) if such Termination Event consists of a payment default, thirty (30) days after the later of (x) receipt by it of the notice from the Contracting Party referred to in Section 3(a) and (y) expiration of the Project Owner’s applicable cure period, if any, under the Assigned Agreement, or (ii) if such Termination Event is an event other than a failure to pay amounts due and owing by the Project Owner (a “Non-monetary Event”), sixty (60) days after the later of (x) receipt by it of the notice from the Contracting Party referred to in Section 3(a) and (y) expiration of the Project Owner’s applicable cure period, if any, under the Assigned Agreement (in each case, or such longer additional period, not to exceed sixty (60) days, as is required to cure such Termination Event so long as the Collateral Agent has commenced and is diligently pursuing appropriate action to cure such Termination Event); provided, however, that (i) if possession of the Project is necessary to cure such Non-monetary Event and the Collateral Agent has commenced and is diligently pursuing such foreclosure proceedings, the Collateral Agent will be allowed a reasonable additional period of time, not to exceed one hundred eighty (180) days in the aggregate with the otherwise applicable cure period, to complete such proceedings and cure such Termination Event, and (ii) if the Collateral Agent is prohibited from curing any such Non-monetary Event by any process, stay or injunction issued by any governmental authority or pursuant to any bankruptcy or insolvency proceeding or other similar proceeding involving the Project Owner, then the time periods specified herein for curing a Termination Event shall be extended for the period of such prohibition, so long as Collateral Agent has diligently pursued removal of such process, stay or injunction, but in no event shall such time period be extended more than one hundred eighty (180) days in the aggregate.

(c) Any curing of or attempt to cure any Termination Event shall not be construed as an assumption by the Collateral Agent or the other Secured Parties of any covenants, agreements or obligations of the Project Owner under or in respect of the Assigned Agreement.

(d) Following a Termination Event by the Project Owner under the Assigned Agreement and commencement of the applicable cure period provided for the Collateral Agent set forth in Section 3(b), the Contracting Party may require the Collateral Agent, if the Collateral Agent has elected to cure such Termination Event in accordance with this Section 3, to provide to Contracting Party a report concerning:

- (i) The status of efforts by Collateral Agent to develop a plan to cure the Termination Event;
- (ii) Impediments to the cure plan or its development;
- (iii) If a cure plan has been adopted, the status of the cure plan's implementation (including any modifications to the plan as well as the expected timeframe within which any cure is expected to be implemented); and
- (iv) Any other information which Contracting Party may reasonably require related to the development, implementation and timetable of the cure plan.

Collateral Agent must provide the report to Contracting Party within twenty (20) Business Days after Notice from Contracting Party requesting the report. Contracting Party will have no further right to require the report with respect to a particular Termination Event after that Termination Event has been cured.

4. Replacement Agreements. Notwithstanding any provision in the Assigned Agreement to the contrary, in the event the Assigned Agreement is rejected or otherwise terminated as a result of any bankruptcy, insolvency, reorganization or similar proceedings affecting the Project Owner, at the Collateral Agent's request, the Contracting Party will enter into a new agreement with the Collateral Agent or the Collateral Agent's designee, provided such entity meets the definition of "Permitted Transferee" as defined in the Assigned Agreement and is an entity that the Contracting Party is permitted to contract with under applicable law, for the remainder of the originally scheduled term of the Assigned Agreement, effective as of the date of such rejection, with the same covenants, agreements, terms, provisions and limitations as are contained in the Assigned Agreement.

5. Substitute Owner. The Contracting Party acknowledges that in connection with the exercise of remedies following a default under the Financing Documents, the Collateral Agent may (but shall not be obligated to) assume, or cause any purchaser at any foreclosure sale or any assignee or transferee under any instrument of assignment or transfer in lieu of foreclosure to assume, all of the interests, rights and obligations of the Project Owner thereafter arising under the Assigned Agreement. Such sale or transfer may be made only to an entity that (i) meets the definition of "Permitted Transferee" as defined in the Assigned Agreement and (ii) is an entity that the Contracting Party is permitted to contract with under applicable law. If the interest of the Project Owner in the Assigned Agreement shall be assumed, sold or transferred as provided above, the assuming party shall agree in a written instrument, executed and delivered and in form and substance reasonably acceptable to the Contracting Party, to be bound by and to assume the terms and conditions of the Assigned Agreement and any and all obligations, covenants and agreements of the Project Owner arising or accruing thereunder from and after the date of such assumption,

and the Contracting Party shall, from and after the date of such assumption, continue to perform its obligations under the Assigned Agreement in favor of the assuming party as if such party had thereafter been named as the “Seller” under the Assigned Agreement; provided that if the Collateral Agent or its designee (or any entity acting on behalf of the Collateral Agent, the Collateral Agent’s designee or any of the other Secured Parties) assumes the Assigned Agreement as provided above, it shall be personally liable for the performance of the obligations thereunder solely to the extent of all of its right, title and interest in and to the Project.

6. Payments. Without limiting the rights of the Contracting Party under the Assigned Agreement to any applicable payment offset, recoupment, abatement, withholding, reduction or defense, the Contracting Party shall make all payments due to the Project Owner under the Assigned Agreement directly into the account specified on Schedule II hereto, or to such other person or account as shall be specified from time to time by the Collateral Agent to the Contracting Party in writing. All parties hereto agree that each payment by the Contracting Party as specified in the preceding sentence of amounts due to the Project Owner from the Contracting Party under the Assigned Agreement shall satisfy the Contracting Party’s corresponding payment obligation under the Assigned Agreement.

7. No Amendments or Waivers of Assigned Agreement. The Contracting Party acknowledges that the Financing Documents restrict the right of the Project Owner to amend or modify the Assigned Agreement, or to waive or provide consents with respect to certain provisions of the Assigned Agreement, unless certain conditions specified in the Financing Documents are met. The Contracting Party shall not, without the prior written consent of the Collateral Agent, which consent shall not be unreasonably withheld, delayed or conditioned, amend or modify the Assigned Agreement in any material respect, or accept any waiver or consent with respect to a material provision of the Assigned Agreement, unless the Contracting Party has received from the Borrower or Project Owner (as applicable under the Financing Documents) a copy of a certificate delivered by the Project Owner to the Collateral Agent to the effect that such amendment, modification, waiver, or consent is being made in accordance with the terms and conditions of the Financing Documents, which may in certain circumstances require the Borrower or Project Owner (as applicable under the financing documents) to have obtained the prior written consent of the Collateral Agent, Lenders, or other parties thereto.

8. Additional provisions.

(a) Project Owner and Collateral Agent acknowledge that the Contracting Party has not made and does not hereby make any representation or warranty, express or implied, that Project Owner has any right, title or interest in the collateral secured by the Financing Documents (the “Collateral”). Collateral Agent acknowledges that it is responsible for satisfying itself as to the existence and extent of Project Owner’s right, title and interest in the Collateral.

(b) Except for the representations, warranties, agreements and obligations of Contracting Party expressly provided in this Consent or in any estoppel delivered to the Collateral Agent in accordance with Section 2 hereof, the Collateral Agent acknowledges that (i) the Contracting Party shall not have any contractual obligations to the Collateral Agent, and (ii) the Collateral Agent has not relied upon any representations of the Contracting Party in connection with its lending arrangements with the Project Owner.

(c) Except with respect to the Contracting Party's representations and warranties and performance of its obligations hereunder and under any estoppel delivered to the Collateral Agent in accordance with Section 2 hereof, the Project Owner and the Collateral Agent acknowledge that the Contracting Party shall have no liability to the Project Owner or the Collateral Agent resulting from or relating to this Consent, or for consenting to any future assignments of the Collateral or any interest of Project Owner or Collateral Agent therein.

(d) Project Owner agrees that it shall indemnify and hold Contracting Party harmless from and against any claims, losses, liabilities, damages, judgments, fines, penalties, costs or expenses (including, without limitation, any direct, indirect or consequential claims, losses, liabilities, damages, costs or expenses, including legal fees) in connection with or arising out of this Consent or any of the transactions or transaction documents related to the Financing Documents.

(e) Except as otherwise expressly set forth in this Consent, (i) this Consent does not amend, modify, terminate or waive any of the terms of the Assigned Agreement, and (ii) as between the Contracting Party and the Project Owner, nothing herein shall be construed to amend, modify, terminate or waive their respective rights, obligations, or liabilities thereunder.

9. Notices. Notice to any party hereto shall be in writing and shall be deemed to be delivered on the earlier of: (a) the date of personal delivery, (b) postage prepaid, registered or certified mail, return receipt requested, or sent by express courier, in each case addressed to such party at the address indicated below (or at such other address as such party may have theretofore specified by written notice delivered in accordance herewith), upon delivery or refusal to accept delivery, or (c) if transmitted by facsimile, the date when sent and facsimile confirmation is received; provided that any facsimile communication shall be followed promptly by a hard copy original thereof by express courier:

The Collateral Agent: [_____]
[_____]
Attn: [_____]
Telephone No.: [_____]
Facsimile No.: [_____]

The Project Owner:

The Contracting Party:

10. Amendment; Waiver. Neither this Consent nor any of the terms hereof may be amended, supplemented, waived or modified except by an instrument in writing signed by the Contracting Party, the Project Owner and the Collateral Agent.

11. Successors and Assigns. This Consent shall be binding upon each party hereto and its successors, transferees and assigns and shall inure to the benefit of the parties hereto and their respective successors, transferees and assigns permitted under and in accordance with this Consent.

12. Counterparts. This Consent may be executed in one or more counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

13. Governing Law. This Consent shall be governed by and construed in accordance with the laws of the State of California, without regard to principles of conflicts of laws thereunder.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Consent as of the date first written above.

[NAME OF CONTRACTING PARTY] [Note that NCPA is not “Collateral Agent”, so the signature blocks need to reflect three signatures, Contracting Party (NCPA), Collateral Agent (someone for the Lenders), and Project Owner per Paragraph 2 (b) [“In addition, the Contracting Party, the Collateral Agent, and the Project Owner each hereby represents and warrants, solely with respect to itself, to each other party hereto, as of the date hereof, as follow:”]

By:

Name:

Title:

[_____]

as Collateral Agent

By:

Name:

Title:

Acknowledged and Agreed:

[_____]

By:

Name:

Title:

Assigned Agreement

Payment Instructions
(Section 6)

All payments due to the Project Owner pursuant to the Assigned Agreement shall be made to [INSERT REVENUE ACCOUNT INFORMATION].

EXHIBIT P

FORM OF ESTOPPEL CERTIFICATE

ESTOPPEL CERTIFICATE

(Renewable Power Purchase Agreement)

This ESTOPPEL CERTIFICATE (this "Estoppel Certificate"), dated as of _____, 202_, is provided by Northern California Power Agency, a joint powers agency of the State of California ("Buyer").

RECITALS

A. Buyer and _____, a Delaware limited liability company (the "Seller") are parties to that certain Renewable Power Purchase Agreement, dated as of _____, 202_ (the "Power Purchase Agreement"), in connection with the Grace Orchard solar project ("Solar Project"). A true and complete copy of the Power Purchase Agreement is attached hereto as Exhibit A. Terms used herein but not defined herein shall have the same meanings as in the Power Purchase Agreement.

B. Buyer has been advised by the Seller that Seller is a party to that certain [describe Lender financing agreement].

C. Buyer has been advised by the Seller that pursuant to Section [__] of the [Lender financing agreement], Seller is required to obtain from Buyer to deliver [to Lender] this Estoppel Certificate as a condition precedent to the consummation of the transactions described therein.

NOW, THEREFORE, in consideration of the foregoing recitals, Buyer hereby certifies and agrees, solely to and for the benefit of [Lender], as of the date hereof as follows:

1. No Event of Default of Buyer exists under the Power Purchase Agreement, and, to the Buyer's knowledge, no facts or circumstances exist which, with the passage of time and/or giving of notice would constitute an Event of Default of Buyer under the Power Purchase Agreement or which would allow the Seller to terminate the Power Purchase Agreement or suspend performance of Seller's obligations thereunder.

2. To the Buyer's knowledge, no Event of Default of Seller exists under the Power Purchase Agreement, and no facts or circumstances exist which, with the passage of time and/or giving of notice would constitute an Event of Default of Seller under the Power Purchase Agreement or which would allow the Buyer to terminate the Power Purchase Agreement or suspend performance of Buyer's obligations thereunder.
3. To Buyer's knowledge, no event, act, circumstance or condition constituting a Force Majeure Event, or which, with the passage of time and/or giving of notice would constitute a Force Majeure Event, under the Power Purchase Agreement has occurred and is continuing.
4. All representations and warranties made by Buyer in Section 13.2 of the Power Purchase Agreement were complete, true and correct as of the effective date of the Power Purchase Agreement and continue to be complete, true and correct as of the date hereof.
5. As of the date hereof, (i) the Power Purchase Agreement represents the entire agreement between the Buyer and the Seller with respect to the subject matter thereof, is in full force and effect, and has not been amended, supplemented or modified, and (ii) Buyer has not transferred or assigned all or any part of its right, title, or interest in, to or under the Power Purchase Agreement and has not consented to or received notice of any transfer or assignment of all or any part of Seller's right, title, or interest in, to or under the Power Purchase Agreement.
6. Except as set forth on Schedule __ hereto, (i) there are no pending, or to Buyer's knowledge threatened, disputes or legal proceedings between Buyer and the Project Company, and (ii) there is no pending or, to the knowledge of Buyer, threatened action or proceeding involving or relating to Buyer before any court, tribunal, governmental authority or arbitrator which purports to affect the legality, validity or enforceability of the Power Purchase Agreement.
7. Except as set forth on Schedule __ hereto, Buyer has not made any indemnity claims against Seller, and there are no indemnity payments due and owing from Seller, under the Power Purchase Agreement.
8. Except as set forth on Schedule __ hereto, to Buyer's knowledge, (i) all payments, costs, expenses and other amounts that are required to have been made or paid by Seller to or on behalf of Buyer under the Power Purchase Agreement have been made or paid, (ii) Buyer has no existing counterclaims, offsets, or defenses against Seller under the Power Purchase Agreement, and (iii) no facts or circumstances presently exist entitling Buyer to any material claim (including any indemnity claim or claim for liquidated damages), counterclaim or offset against Seller under or in respect of the Power Purchase Agreement.
9. The execution, delivery and performance by Buyer of this Estoppel Certificate

have been duly authorized by all necessary action on the part of Buyer and do not require any approval or consent of any other person or entity and do not violate any provision of any law, regulation, order, judgment, injunction or similar matters or breach any agreement presently in effect with respect to or binding on Buyer.

10. [This paragraph is only included when the estoppel is being delivered to tax equity investors] Buyer agrees that any notices required to be delivered to Seller under Section 11.1 of the Power Purchase Agreement, including notices of an Event of Default, shall be delivered by Buyer to [Lender] at their respective notice addresses set forth on Schedule [] hereto, and Buyer agrees that [Lender] shall have the right (but not the obligation) to cure the defaults listed in any notice of default in accordance with Section 11.2 of the Power Purchase Agreement within a cure period that is the same length as the cure period afforded to Seller under the Power Purchase Agreement with respect to such event (but in no event less than 30 days in case of monetary defaults and which starts on the later of (i) the same date that the Seller's cure period expires under the Power Purchase Agreement or (ii) the date that [Lender] receives such notice that lists the default or defaults of the Seller under the Power Purchase Agreement.

[Signature page follows]

IN WITNESS WHEREOF, Buyer has caused this Estoppel Certificate to be executed by its undersigned authorized officer as of the date first set forth above.

By: _____

Name:

EXHIBIT Q

FORM OF LETTER OF CREDIT (issued on behalf of Buyer for the benefit of Seller)

DATE OF ISSUANCE:

[Date of issuance]

[Subsidiary of NextEra Energy Resources Development, LLC] (“**Beneficiary**”)
700 Universe Blvd.
Juno Beach, FL 33408
Attention: Business Management

Re: [ISSUING BANK] Irrevocable Standby Letter of Credit No. _____

Sirs/Mesdames:

We hereby establish in favor of Beneficiary (sometimes alternatively referred to herein as “**you**”) this Irrevocable Standby Letter of Credit No. _____ (the “**Letter of Credit**”) for the account of [[_____] on behalf of] [Buyer name and address] (“**Applicant**”), effective immediately and expiring on the date determined as specified in numbered paragraphs 5 and 6 below.

We have been informed that this Letter of Credit is issued pursuant to the terms of that certain Renewable Power Purchase Agreement dated as of [_____], as amended from time to time (the “**Agreement**”).

1. Stated Amount. The maximum amount available for drawing by you under this Letter of Credit shall be [*written dollar amount*] United States Dollars (US\$[*dollar amount*]) (such maximum amount referred to as the “**Stated Amount**”).

2. Drawings. A drawing hereunder may be made by you on any Business Day on or prior to the date this Letter of Credit expires by delivering to [ISSUING BANK], at any time during its business hours on such Business Day, at [*bank address*] (or at such other address as may be designated by written notice delivered to you as contemplated by numbered paragraph 9 hereof), a copy of this Letter of Credit together with (i) a Draw Certificate executed by an authorized person substantially in the form of Attachment A hereto (the “**Draw Certificate**”), appropriately completed and signed by your authorized officer (signing as such) and (ii) your draft substantially in the form of Attachment B hereto (the “**Draft**”), appropriately completed and signed by your authorized officer (signed as such). Funds may be drawn under this Letter of Credit, from time to time, in one or more drawings, in an aggregate amount not exceeding the Stated Amount specified above. Draw Certificates and Drafts under this Letter of Credit may be presented by Beneficiary by means of facsimile or original documents sent by overnight delivery or courier to [ISSUING BANK] at our address set forth above, Attention: _____ (or at such other address as may be designated by written notice delivered to you as contemplated by numbered paragraph 9 below). If presentation is made by facsimile transmission, you must contact us at [**insert phone number**] to confirm our receipt of the transmission. In the event of a presentation by facsimile transmission, the original of such documents need not be sent to us.

3. Time and Method for Payment. We hereby agree to honor a drawing hereunder made in compliance with this Letter of Credit by transferring in immediately available funds the amount specified

in the Draft delivered to us in connection with such drawing to such account at such bank in the United States as you may specify in your Draw Certificate. If the Draw Certificate is presented to us at such address by 12:00 noon, [_____] time on any Business Day, payment will be made not later than our close of business on third succeeding business day and if such Draw Certificate is so presented to us after 12:00 noon, [_____] time on any Business Day, payment will be made on the fourth succeeding Business Day. We hereby engage with you that provided that the presentation under this Letter of Credit is made on or prior to the Expiration Date and the applicable documents as set forth above conform to the requirements of this Letter of Credit, payment hereunder shall be made.

4. Non-Conforming Demands. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice that the demand for payment was not effectuated in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefor and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effectuated in conformity with this Letter of Credit, you may correct any such non-conforming demand.

5. Expiration. This Letter of Credit shall terminate and expire on the earliest to occur of (i) the close of business on the date on which we receive a Cancellation Certificate in the form of *Attachment C* hereto executed by your authorized officer and sent along with the original of this Letter of Credit and all amendments (if any) or (ii) our close of business at our aforesaid office on the expiration date as extended in accordance with paragraph 6 below.

6. Initial Period and Automatic Rollover. The initial period of this Letter of Credit shall terminate on [*one year from the issuance date*] (the “**Initial Expiration Date**”). The Letter of Credit shall be automatically extended without amendment for one (1) year periods from the Initial Expiration Date or any future expiration date, unless at least sixty (60) days prior to any such expiration date we send you notice by registered mail or courier at your address first shown (or such other address as may be designated by you as contemplated by numbered *paragraph 9*) that we elect not to consider this Letter of Credit extended for any such additional one year period, in which case it will expire on the date specified in such notice.

7. Business Day. As used herein, “**Business Day**” shall mean any day on which commercial banks are not authorized or required to close in the State of New York, and inter-bank payments can be effected on the Fedwire system.

8. Governing Law. THIS LETTER OF CREDIT IS GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AND, EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, TO THE INTERNATIONAL STANDBY PRACTICES, ICC PUBLICATION NO. 590 (THE “ISP98”), AND IN THE EVENT OF ANY CONFLICT, THE LAWS OF THE STATE OF NEW YORK WILL CONTROL, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

9. Notices. All communications to you in respect of this Letter of Credit shall be in writing and shall be delivered to the address first shown for you above or such other address as may from time to time be designated by you in a written notice to us. All documents to be presented to us hereunder and all other communications to us in respect of this Letter of Credit, which other communications shall be in writing, shall be delivered to the address for us indicated above, or such other address as may from time to time be designated by us in a written notice to you.

10. Irrevocability. This Letter of Credit is irrevocable.

11. Complete Agreement. This Letter of Credit sets forth in full our undertaking, and such

undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except for the ISP98 and Attachment A, Attachment B and Attachment C hereto and the notices referred to herein and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

Sincerely,

[ISSUING BANK]

By: _____
Title: _____
Address:

ATTACHMENT A

FORM OF DRAW CERTIFICATE

The undersigned hereby certifies to [ISSUING BANK] (“**Issuer**”), with reference to Irrevocable Letter of Credit No. _____ (the “**Letter of Credit**”) issued by Issuer in favor of the undersigned (“**Beneficiary**”), as follows:

- (1) The undersigned is the _____ of Beneficiary and is duly authorized by Beneficiary to execute and deliver this Certificate on behalf of Beneficiary.
- (2) Beneficiary hereby makes demand against the Letter of Credit by Beneficiary’s presentation of the draft accompanying this Certificate, for payment of _____ U.S. dollars (US\$_____), which amount, when aggregated together with any additional amount that has not been drawn under the Letter of Credit, is not in excess of the Stated Amount (as in effect of the date hereof).
- (3) Beneficiary and [Buyer name] (“**Applicant**”) are parties to that certain Renewable Power Purchase Agreement dated as of [_____], as amended from time to time (the “**Agreement**”).
- (4) Beneficiary is making a drawing under this Letter of Credit because a Buyer Event of Default (as such term is defined in the Agreement) has occurred.

Or

Beneficiary is making a drawing under this Letter of Credit because Applicant is required to maintain the Letter of Credit in force and effect beyond the expiration date of the Letter of Credit but has failed to provide Beneficiary with a replacement Letter of Credit instrument within thirty (30) days prior to such expiration date.

- (5) You are hereby directed to make payment of the requested drawing to: (insert wire instructions)

Beneficiary Name and Address:

By: _____

Title: _____

Date: _____

- (6) Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Letter of Credit.

[Buyer name]

By: _____

Title: _____

Date: _____

ATTACHMENT B

DRAWING UNDER IRREVOCABLE LETTER OF CREDIT NO. _____

Date:

PAY TO: [Subsidiary of NextEra Energy Resources Development, LLC]

U.S.\$ _____

FOR VALUE RECEIVED AND CHARGE TO THE ACCOUNT OF LETTER OF CREDIT NO.
_____.

[Buyer name and address]

By: _____

Title: _____

Date: _____

ATTACHMENT C

CANCELLATION CERTIFICATE

Irrevocable Letter of Credit No. _____

The undersigned, being authorized by the undersigned (“**Beneficiary**”), hereby certifies on behalf of Beneficiary to [ISSUING BANK] (“**Issuer**”), with reference to Irrevocable Letter of Credit No. _____ issued by Issuer to Beneficiary (the “**Letter of Credit**”), that all obligations of [Buyer] (“**Applicant**”), under the that certain Renewable Power Purchase Agreement dated as of [_____], as amended from time to time (the “**Agreement**”) have been fulfilled.

Pursuant to Section 5 thereof, the Letter of Credit shall expire upon Issuer’s receipt of this certificate.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Letter of Credit.

[Subsidiary of NextEra Energy Resources Development, LLC]

By: _____

Title: _____

Date: _____

EXHIBIT R

METERING DIAGRAM

Metering Diagram to be provided at least 60 days prior to the Commercial Operation Date.

EXHIBIT S
PERFORMANCE TEST

Solar Energy Center PV

Capacity Test Procedure

Prepared by [NextEra Energy Resources](#)

[xx/xx/2022](#)

Procedure preparer to edit blue text to make specific for the project.

Revision History

Revision Number	Description of Change	Date
A	Draft	xx/xx/2021
0	Execution Version	xx/xx/2022

Table of Contents

<u>1</u>	Scope & Purpose	4
<u>2</u>	Equipment	5
<u>3</u>	Pre-Test Meeting, Notifications & Check	7
<u>4</u>	Calculation Method	8
<u>5</u>	Data Exclusions	11
<u>6</u>	Capacity Test Execution	0
<u>8</u>	Capacity Test Report	1
<u>9</u>	Reference Documents	1

List of Acronyms

Acronym	Description
AC	Alternating Current
DAS	Data Acquisition System
DC	Direct Current
MET	Meteorology (MET Station)
MST	Module Surface Temperature (aka T_{BOM})
MW	Megawatt
NEER	NextEra Energy Resources “NextEra”
PF	Power Factor
POA	Plane of Array
PPA	Power Purchase Agreement
PPC	Power Plant Controller
RM	Reference Module
RTD	Resistive Temperature Device
SCADA	Supervisory Control and Data Acquisition
STC	Standard Test Conditions
W	Watt

1 Scope & Purpose

This document defines the Capacity Test procedure for xxxxxx Solar. It is intended to serve as a guide for performing the Capacity Test and may be subject to change.

The purpose of the Capacity Test is to determine the Tested Capacity of the PV Array at Standard Test Conditions (STC) as measured at the Revenue-Quality Meter at the Solar Collection Substation. The test is performed for a minimum of **3** consecutive days and is considered complete when at least **300** Valid Data Points have been obtained and at least 3 days have passed. Depending on weather conditions more than 3 days may be needed.

The test is deemed successful if the Tested Capacity is equal to or greater than the Guaranteed Capacity shown in **Table 1** below.

Guaranteed Capacity
xxx MW _{AC}

Table 1 – Array Capacity Value Per PPA

Note 1: A day is defined as continuous hours between Sunrise and Sunset.

2 Equipment

Table 2 describes the location and quantity of the Measurement Devices used for the test. NextEra will submit the calibration certificates with the Capacity Test Report. Please refer to the calibration certificates for details regarding an instrument’s range and accuracy/uncertainty.

Table 2 - Test Measurement Devices

Test Measurement Devices			
Measurement	Manufacturer/Model	Qty	Location
POA Irradiance	POA Pyranometer Hukseflux SR30	3	Tracker @ MET #1 (INVxxxxx) Tracker @ MET #2 (INVxxxxx) Tracker @ MET #3 (INVxxxxx)
POA Irradiance	POA Reference Cells Atonometrics RC18	3	Tracker @ MET #1 (INVxxxxx) Tracker @ MET #2 (INVxxxxx) Tracker @ MET #3 (INVxxxxx)
MST (Met Stations) “Back-Of-Module Temperature”	RTD (PT1000 Class A PRT) Campbell Scientific CS240	6	Tracker @ MET #1 (INVxxxxx) Tracker @ MET #2 (INVxxxxx) Tracker @ MET #3 (INVxxxxx)
POA Irradiance	POA Reference Cell IMT Solar Si-RS485 TC	13	(Qty 1 per 13 Array Locations) INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx, INVxxxxx

RPOA Irradiance (Reflected for Bifacial Modules)	RPOA Reference Cell IMT Solar Si-RS485 TC	13	(Qty 1 per 13 Array Locations) INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx, INVxxxxx
MST (Array) “Back-Of-Module Temperature”	RTD (PT1000 Class A PRT) Omega SA1-RTD	39	(Qty 3 per 13 Array Locations) INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx INVxxxxx, INVxxxxx, INVxxxxx
AC Power	Schneider Electric Power Logic, ION8650 Revenue-Grade Meter (M-161-1)	1	NEER Solar Collection Substation

3 Pre-Test Meeting, Notifications & Check

3.1 Pre-Test Meeting

Notification will be provided **10 days** prior to testing and a pre-test meeting may be held between relevant representatives from NextEra and Off-Taker Entities. If a meeting occurs, notes of the meeting will be taken by NextEra and submitted to the attendees.

3.2 Pre-functional checks

Pre-functional checks will be performed for all equipment and the corresponding functional check sheets will be reviewed by NextEra prior to the start of Performance Testing. Any functional issues that occur during Capacity Testing will be entered into the Commissioning Log by a NextEra representative and will be referenced in the Capacity Test Report. Capacity Testing will be performed when the following conditions are satisfied:

- Weather conditions required to support collection of appropriate range and quantity of test data
- Utility grid voltage is stable and within $\pm 5\%$ of design voltage
- There is grid connectivity at each inverter such that a Capacity Test can be accomplished under load
- The site is substantially complete and the systems are in automatic operation.

3.3 Data Acquisition

Prior to the start of the Capacity Test, NextEra will ensure that data points are being recorded by the historian in, at a minimum, 1 minute samples.

4 Calculation Method

The method to calculate capacity is described as follows. This method will be used to determine both daily capacity (an estimate of the Tested Capacity) as well as the overall Tested Capacity of the Plant.

1. At a minimum, the PV plant AC power output, Reference Module irradiance levels, and module surface temperature measurements are collected and recorded.
2. Reference Module irradiance measurements are then averaged; module surface temperature measurements are also averaged.
3. Ideally the plant will operate at power factor of 1.0 during the test however the Transmission Owner or the System Operator may require otherwise for grid support. The Plant AC power output measurement, P_M , is corrected to a power factor of 1.0 according to the following equation:

$$P_{1PF} = P_M \times \frac{PF_{STC}}{PF_M}$$

P_{1PF} = AC Power corrected to power factor of 1.0
 P_M = measured AC power output at the Revenue Meter
 PF_M = measured power factor at the Revenue Meter
 PF_{STC} = power factor at standard test conditions (1.0pf)

4. Power factor-corrected AC power output, P_{1PF} , is corrected to 25 °C according to the following equation:

$$P_{STC} = \frac{P_{1PF}}{1 + C_t(T_M - 25^\circ\text{C})}$$

P_{1PF} = AC Power corrected to 1.0pf
 P_{STC} = AC Power corrected to 25°C
 C_t = module power temperature coefficient (-0.xxx% /°C, Weighted Average)
 T_M = mean module surface temperature (°C)

5. A plot of P_{STC} vs. mean Reference Module irradiance is created as shown in **Figure 1**.
6. A linear fit is then performed for all Valid Data Points (shown in **BLUE**) while all other data points (shown in **RED**) are excluded from the regression. These **RED** data points represent discrete times in the data set where one or more event is present as defined in Section 5 **Table 3** of this procedure. The coefficient of determination (R^2) for the capacity regression shall be at least **0.92**. The linear fit yields an equation of the following form:

$$y = N * x + b$$

y = P_{STC} power (temperature corrected)
 N = slope of the line
 x = mean Reference Module irradiance (W/m²)

b = y intercept

Note: A Valid Data Point is defined as an instantaneous, 1-minute sample of plant data which has not been excluded according the guidelines in Section 5.

7. The Tested Capacity is determined by evaluating the equation at 1,000 W/m²:

$$\text{Tested Capacity} = y(1000)$$

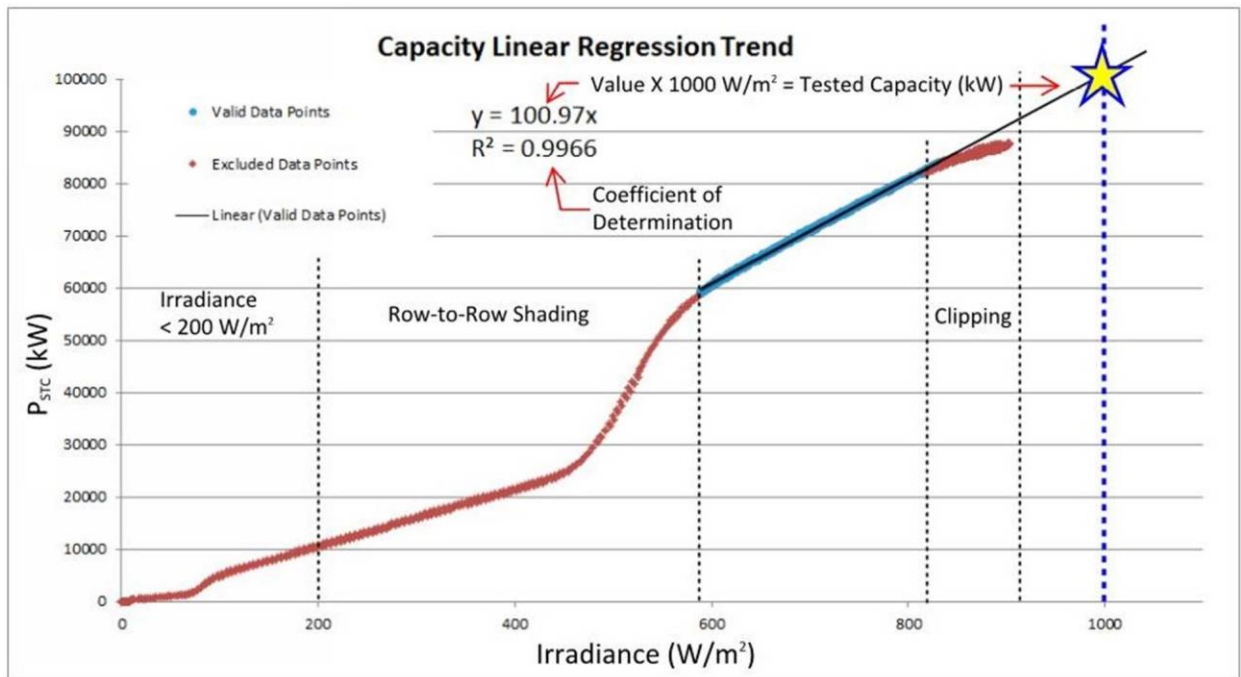


Figure 1 – Example linear fit to Temperature-Corrected Power vs. POA Irradiance

5 Data Exclusions

Data will be excluded from the linear fit if and when any of the following events in **Table 3** occur. Any point not excluded is considered to be a Valid Data Point.

Table 3 - Data Exclusion Events

Event	Definition
Low Irradiance	Mean Reference Module irradiance is less than 200 W/m ²
High Irradiance	Mean Reference Module irradiance is greater than 1200 W/m ²
Inverter(s) Offline	At least one inverter is offline or otherwise producing minimal power relative to the other inverters such that inverter generation is unable to reach nameplate capacity for site.
Grid Interruption	The Fault State of one or more inverters indicates a Grid Failure, or the Utility grid voltage is more than 5% different from the design voltage. The previous five minutes of data will be excluded the event of a Grid Interruption.
Negative Power Flow	The power meter records a net negative power output (power is flowing to the Plant)
Inverter Clipping	At least one inverter has reached the AC power set point OR at least one inverter is commanded to less than 100% output by the PPC.
Row-to-Row Shading	Direct beam row-to-row shading as confirmed by visual inspection
Erratic Irradiance	Erratic irradiance is observed
Snow or Frost	From visual inspection, there is snow or frost on the modules or critical sensors
Irradiance Sensor Failure	There are less than X Reference Modules reading correctly (50% of installed quantity and round up)
MST Sensor Failure	There are less than XX module surface temperature sensors reading correctly (50% of installed quantity and round up)
SCADA/DAS Failure	There is a system-wide failure to collect critical data, including: irradiance, MST and energy meter AC power. The previous five minutes of data will be excluded the event of a Grid Interruption.



6 Capacity Test Execution

6.1 Daily Capacity Test

A capacity value for each calendar day of the Capacity Test period will be calculated according to the procedure outlined in Section 4, using data points subjected to the exclusions described in Section 5.

For each calendar day of the test, the NextEra Test Manager will do the following:

- Confirm all inverters start up at approximately the same time
- Ensure that data is recorded in 1 minute intervals
- Review the Daily Alarm Log and other non-conformance items and ensure that they do not affect the test results

6.2 Tested Capacity

The Tested Capacity of the PV Power Plant will be determined using all Valid Data Points collected over the Capacity Test period. The Tested Capacity value will be calculated according to the procedure outlined in Section 4, using data points subjected to the exclusions described in Section 5. This value will be compared to Guaranteed Capacity shown in Section 1, **Table 1** to determine pass/fail.

6.3 Site Specific Test Configuration (Optional)

Site Pre-Test Assumptions:

1. Xxx
2. Xxx
3. Xxx

Site Testing Configuration:

1. Xxx
2. Xxx

-
-
-
-
-
-
-
-
-

7 Capacity Test Report

Following the conclusion of the Capacity Test, NextEra will issue a Capacity Test Report within **five (5)** business days of the successful completion of the Capacity Test to all relevant parties. The report will include the following:

- Executive summary of testing (e.g., Tested Capacity value, R² value, Daily Capacity Values)
- Instrument calibration certificates
- Test data
- Field notes including non-conformance events (See “Daily Log”)
- Capacity calculations
- Conclusions

NextEra will provide the raw test data (consisting of both Valid Data Points and excluded values) and instrument calibration certificates to relevant parties as a separate attachment. This procedure will be appended to the submitted report.

8 Reference Documents

- SCADA Design Drawings – [xxxxxxxxxxxxxxxxxxxxxxxx](#)
- Substation Functional Single Line Diagram – [xxxxxxxxxxxxxxxxxxxxxxxx](#)

City Council Agenda Item #10
Staff Report

X	Regular
	Special
	Closed
	Emergency

Date: July 15, 2024

To: Mayor and City Council

From: Elisa Arteaga, City Administrator

Subject: Renewable Power Purchase Agreement between Northern California Power Agency (NCPA) and Grace Orchard Energy Center, LLC (PPA), and (ii) the Third Phase Agreement for Renewable Power Purchase Agreement with Grace Orchard Energy Center, LLC (Third Phase Agreement)

RECOMMENDATION:

Authorize the adoption of the Renewable Power Purchase Agreement between Northern California Power Agency (NCPA) and Grace Orchard Energy Center, LLC (PPA), and (ii) the Third Phase Agreement for Renewable Power Purchase Agreement with Grace Orchard Energy Center, LLC (Third Phase Agreement) and allow the Mayor to execute all required agreements on behalf of Gridley.

BACKGROUND:

The Grace Solar Project under consideration would allow the city's project participation share (2%/MW1) further permitting the city to have the opportunity to cover some of the regulatory and legal requirements relating to the Renewable Portfolio Obligation Standards. Recently, city staff met with NCPA staff to review the diversification of the portfolio and discuss required standards that are required under law, eligible renewable resources, current resources under portfolio and market conditions.

On March 25, 2020, Northern California Power Agency (NCPA), acting on behalf of its Members, issued a Request for Proposals for Renewable Energy Resources, Carbon Free Energy Resources, and Energy Storage Solutions (RFP), as subsequently amended on April 1, 2022, to solicit competitive proposals for renewable energy projects and products consistent with the Renewable Energy Resources Program (Public Resources Code sec. 25740 et seq.) and the California Renewables Portfolio Standard Program (Public Utilities Code sec. 399.11 et seq.), including amendments enacted by passage of Senate Bill 100 (De Leon 2018), and carbon free energy resources. In response to the RFP, NCPA received multiple proposals for the supply of renewable energy sourced from different technologies, including a proposal from Grace Orchard Energy Center LLC, to sell renewable energy produced from a 50 MW solar facility located in Riverside County, California (Grace Solar Facility). NCPA, in direct coordination with those Members who expressed an interest in purchasing renewable energy produced by the Grace Solar Facility (Participants), determined that the offer was competitive and met the needs and requirements of the Participants.

As a result of this determination, NCPA, acting on behalf of the Participants, engaged in active negotiations with Grace Orchard Energy Center, LLC to develop the PPA, pursuant to which NCPA, acting on behalf of the Participants, will purchase Facility Energy and Green Attributes (collectively the Product) produced and delivery from the Grace Solar Facility. The following are key terms contained in the PPA: Product includes Facility Energy and Green Attributes, Delivery Term is 20 years, Guaranteed Commercial Operation Date is December 1, 2027, and Contract Price is stated in the PPA. The Grace Solar Facility is required to: (i) be certified by the California Energy Commission (CEC) as an Eligible Renewable Energy

Resource, and (ii) satisfy the requirements of Section 399.16(b)(1)(A) of the California Public Utilities Code by having a first point of interconnection with the California Independent System Operator (CAISO) Balancing Authority, and the renewable energy Products purchased and delivered in accordance with the PPA will be delivered to the Participants and can be used by the Participants to satisfy their renewable energy requirements. *A copy of the PPA is attached to this staff report for your reference.*

To enable NCPA to enter into the PPA on behalf of the Participants, pursuant to the terms and conditions of the Amended and Restated Facilities Agreement, NCPA and the Participants shall enter into the Third Phase Agreement to provide all means necessary for NCPA to fulfill obligations incurred on behalf of NCPA and the Participants pursuant to the PPA, and to enable and obligate the Participants to take delivery of and pay for such electric capacity and energy and to pay NCPA for all costs it incurs for undertaking the foregoing activities. Upon full execution of the Third Phase Agreement, NCPA will enter into the PPA on behalf of the Participants, and such PPA shall be deemed a NCPA Project by the Commission.

As further described in Exhibit A of the Third Phase Agreement, on the effective date of the Third Phase Agreement the Initial Participant will hold the full Project Participation Percentage share of the project, but prior to the Transfer Completion Deadline, certain Members who are listed in Table 2 of Exhibit A of the Third Phase Agreement, may exercise a right to accept a transfer of a portion of the Initial Project Participation Percentage of the Initial Participant, in an amount no greater than the amount set forth in Table 2 of Exhibit A of the Third Phase Agreement, by providing written notice of its intent to accept the transfer and by executing the Third Phase Agreement, and therefore becoming a Participant. After the Transfer Completion Deadline, NCPA shall prepare a Table 3 to be included in Exhibit A of the Third Phase Agreement, to account for the Final Project Participation Percentages of each Participant, including any amount of the Initial Project Participation Percentage that is retained by the Initial Participant due to a Member listed in Table 2 of Exhibit A not exercising its right to accept a transfer by the Transfer Completion Deadline.

Pursuant to the terms and conditions of the Third Phase Agreement, the City acknowledges and agrees to be bound by the terms and conditions of the Third Phase Agreement, and that the Third Phase Agreement is written as a “take-or-pay” agreement, and any Products delivered to NCPA under the PPA shall be delivered to each Participant in proportion to such Participant’s Project Participation Percentage as set forth in Exhibit A of the Third Phase Agreement, and each Participant shall accept and pay for its respective percentage of such Products. *A copy of the Third Phase Agreement is attached to this staff report for your reference.*

FISCAL IMPACT:

City budget will incorporate allocate costs associated with the project in accordance with the Third Phase Agreement, the Power Management and Administrative Services Agreement, the Amended and Restated Facilities Agreement, and approved cost allocation methodologies as described in the NCPA annual budget.

Compliance with City Council Strategic Plan or Budget Goals

This plan is consistent with the Council's goals of compliance with State Law and providing a safe working environment for all City employees.

Attachments (2):

Grace Orchard Energy Center, LLC Renewable Power Purchase Agreement

Third Phase Agreement for Renewable Power Purchase Agreement with Grace Orchard Energy Center, LLC

**THIRD PHASE AGREEMENT
FOR
RENEWABLE POWER PURCHASE AGREEMENT
WITH
GRACE ORCHARD ENERGY CENTER, LLC**

TABLE OF CONTENTS

Section 1. Definitions	3
Section 2. Purpose	10
Section 3. Sale and Purchase of Product	10
Section 4. Billing and Payments	11
Section 5. Security Deposit Administration.....	14
Section 6. Cooperation and Further Assurances.....	19
Section 7. Participant Covenants and Defaults	19
Section 8. Administration of Agreement	23
Section 9. Transfer of Rights by Participants.....	25
Section 10. Term and Termination.....	26
Section 11. Withdrawal of Participants	27
Section 12. Settlement of Disputes and Arbitration	27
Section 13. Miscellaneous.....	27
EXHIBIT A. Project Participation Percentages.....	41
EXHIBIT B. PPA.....	44

This THIRD PHASE AGREEMENT (“this Agreement”) is dated as of _____, 20__ by and among the Northern California Power Agency, a joint powers agency of the State of California (“NCPA”), and the signatories to this Agreement other than NCPA (“Participants”). NCPA and the Participants are referred to herein individually as a “Party” and collectively as the “Parties”.

RECITALS

A. NCPA has heretofore been duly established as a public agency pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California and, among other things, is authorized to acquire, construct, finance, and operate buildings, works, facilities, and improvements for the generation and transmission of electric capacity and energy for resale.

B. Each of the Participants is a signatory to the Joint Powers Agreement which created NCPA and therefore is a Member.

C. Each of the Participants to this Agreement have executed the Amended and Restated Facilities Agreement, dated October 1, 2014, which establishes the framework under which Project Agreements are created for the development, design, financing, construction, and operation of specific NCPA Projects.

D. The Participants desire NCPA to enter into a Renewable Power Purchase Agreement (“PPA”) with Grace Orchard Energy Center, LLC (“Seller”), to purchase Product produced by the Facility for the benefit of the Participants’ customers.

E. Each Participant is authorized by its Constitutive Documents to obtain the Product for its present or future requirements, through contracts with NCPA or otherwise.

F. To enable NCPA to enter into the Renewable Power Purchase Agreement on behalf of the Participants, pursuant to the terms and conditions of the Amended and Restated Facilities Agreement, NCPA and the Participants wish to enter into this Agreement to provide all means necessary for NCPA to fulfill obligations incurred on behalf of NCPA and the Participants pursuant to the Renewable Power Purchase Agreement, and to enable and obligate the Participants to take delivery of and pay for the Product and to pay NCPA for all costs it incurs for undertaking the foregoing activities.

G. Upon full execution of this Agreement, NCPA will enter into the Renewable Power Purchase Agreement on behalf of the Participants, and such Renewable Power Purchase Agreement shall be deemed a NCPA Project by the Commission.

H. Each of the Parties intends to observe the provisions of this Agreement in good faith and shall cooperate with all other Parties in order to achieve the full benefits of joint action.

I. The Parties desire to equitably allocate costs of NCPA’s provision of services under this Agreement among the Participants.

J. The Participants further desire, insofar as possible, to insulate other Members who are not Participants, from risks inherent in the services and transactions undertaken on behalf of the Participants pursuant to this Agreement.

NOW, THEREFORE, the Parties agree as follows:

Section 1. Definitions.

1.1 Definitions. Whenever used in this Agreement (including the Recitals hereto), the following terms shall have the following respective meanings, provided, capitalized terms used in this Agreement (including the Recitals hereto) that are not defined in Section 1 of this Agreement shall have the meaning indicated in Section 1 of the Power Management and Administrative Services Agreement, dated October 1, 2014:

1.1.1 "Administrative Services Costs" means that portion of the NCPA administrative, general and occupancy costs and expenses, including those costs and expenses associated with the operations, direction and supervision of the general affairs and activities of NCPA, general management, treasury operations, accounting, budgeting, payroll, human resources, information technology, facilities management, salaries and wages (including retirement benefits) of employees, facility operation and maintenance costs, taxes and payments in lieu of taxes (if any), insurance premiums, fees for legal, engineering, financial and other services, power management services, general settlement and billing services and general risk management costs, that are charged directly or apportioned to the provision of services under this Agreement.

Administrative Services Costs as separately defined herein and used in the context of this Agreement is different and distinct from the term Administrative Services Costs as defined in Section 1 of the Power Management and Administrative Services Agreement.

1.1.2 "Agreement" means this Third Phase Agreement, including all Exhibits attached hereto.

1.1.3 "All Resources Bill" has the meaning set forth in the Power Management and Administrative Services Agreement.

1.1.4 "CAISO" means the California Independent System Operator Corporation, or its functional successor.

1.1.5 "CAISO Tariff" means the duly authorized tariff, rules, protocols and other requirements of the CAISO, as amended from time to time.

1.1.6 "Capacity Damages" is defined in the PPA, Section 1.1; that definition is hereby incorporated by reference.

1.1.7 "Commission" has the meaning set forth in the Power Management and Administrative Services Agreement.

1.1.8 "Commercial Operation Date" is defined in the PPA, Section 1.1; that definition is hereby incorporated by reference.

1.1.9 "Constitutive Documents" means, with respect to NCPA, the Joint Powers Agreement and any resolutions or bylaws adopted thereunder with respect to

the governance of NCPA, and with respect to each Participant, the California Government Code and other statutory provisions applicable to such Participant, any applicable agreements, charters, contracts, or other documents concerning the formation, operation or decision making of such Participant, including, if applicable, its city charter, and any codes, ordinances, bylaws, and resolutions adopted by such Participant's governing body.

1.1.10 "Defaulting Participant" has the meaning set forth in Section 7.2.

1.1.11 "Electric System" has the meaning set forth in the Power Management and Administrative Services Agreement.

1.1.12 "Event of Default" has the meaning set forth in Section 7.2.

1.1.13 "Facility" is defined in the PPA, Section 1.1; that definition is hereby incorporated by reference.

1.1.14 "Guaranteed Capacity" is defined in the PPA, Section 1.1; that definition is hereby incorporated by reference.

1.1.15 "Guaranteed Commercial Operation Date" is defined in the PPA, Section 1.1; that definition is hereby incorporated by reference.

1.1.16 "Guaranteed Construction Start Date" is defined in the PPA, Section 1.1; that definition is hereby incorporated by reference.

1.1.17 "General Operating Reserve" means the NCPA General Operating Reserve created through resolution of the Commission, as the same may be amended from time to time.

1.1.18 "Installed Capacity" is defined in the PPA, Section 1.1; that definition is hereby incorporated by reference.

1.1.19 "MW" means megawatt.

1.1.20 "MWh" means megawatt hour.

1.1.21 "NCPA" has the meaning set forth in the Recitals hereto.

1.1.22 "New PV Trade Measure Event" is defined in the PPA, Section 1.1; that definition is hereby incorporated by reference.

1.1.23 "Participant" has the meaning set forth in the recitals of this Agreement.

1.1.24 "Party" or "Parties" has the meaning set forth in the preamble hereto; provided that "Third Parties" are entities that are not Party to this Agreement.

1.1.25 "Power Management and Administrative Services Agreement" means the NCPA Power Management and Administrative Services Agreement, dated as of October 1, 2014 between NCPA and the Members who are signatories to that agreement by which NCPA provides Power Management and Administrative Services.

1.1.26 "Product" is defined in the PPA, Section 1.1; "Products" and that definition is hereby incorporated by reference. For the purpose of clarity, Product shall

include (i) Facility Energy, and (ii) Green Attributes, including but not limited to, Portfolio Content Category 1 Renewable Energy Credits, as such terms are defined in the PPA, Section 1.1.

1.1.27 "Project" or "PPA" means the Renewable Power Purchase Agreement, dated as of _____, 20__ between NCPA and Seller, under which NCPA, on behalf of the Participants, purchases Product from the Facility located in Riverside County, California, consisting of a separately metered 50 MW_{AC} section of a larger solar photovoltaic generating facility commonly known as the Grace Solar Project. Upon final execution of the PPA, the Project shall be deemed a NCPA Project in accordance with the Amended and Restated Facilities Agreement. The PPA has been attached to this Agreement as Exhibit B.

1.1.28 "Project Costs" means all costs charged to and paid by NCPA pursuant to the PPA.

1.1.29 "Project Participation Percentage" has the meaning set forth in the Power Management and Administrative Services Agreement, and are set forth in Exhibit A of this Agreement.

1.1.30 "Revenue" means , with respect to each Participant, all income, rents, rates, fees, charges, and other moneys derived by the Participant from the ownership or operation of its Electric System, including, without limiting the generality of the foregoing: (a) all income, rents, rates, fees, charges or other moneys derived from

the sale, furnishing and supplying of electric capacity and energy and other services, facilities, and commodities sold, furnished, or supplied through the facilities of its Electric System; (b) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or pursuant to law to its Electric System; (c) the proceeds derived by the Participant directly or indirectly from the sale, lease or other disposition of all or a part of the Electric System; and (d) the proceeds derived by Participant directly or indirectly from the consignment and sale of freely allocated greenhouse gas compliance instruments into periodic auctions administered by the State of California under the California Cap-and-Trade Program, provided that such proceeds are a permitted use of auction proceeds, but the term Revenues shall not include (i) customers' deposits or any other deposits subject to refund until such deposits have become the property of the Participant or (ii) contributions from customers for the payment of costs of construction of facilities to serve them.

1.1.31 "Scheduling Protocols" means the applicable provisions of the Amended and Restated Scheduling Coordination Program Agreement, and any other contractual or other arrangements between NCPA and the Participants concerning the scheduling, delivery and metering of the Renewable Power Purchase Agreement.

1.1.32 "Security Deposit" means the account established by NCPA and funded by the Participants in accordance with Section 5, the funds of which are available for use by NCPA in accordance with the terms and conditions hereof.

1.1.33 "Seller" means Grace Orchard Energy Center, LLC, as set forth in Recital D of this Agreement, or as otherwise set forth in the PPA.

1.1.34 "Term" has the meaning set forth in Section 10.

1.1.35 "Third Party" means an entity (including a Member) that is not Party to this Agreement.

1.1.36 "UFLPA/WRO Restraint" is defined in the PPA, Section 1.1; that definition is hereby incorporated by reference.

1.2 Rules of Interpretation. As used in this Agreement (including the Recitals hereto), unless in any such case the context requires otherwise: The terms "herein," "hereto," "herewith" and "hereof" are references to this Agreement taken as a whole and not to any particular provision; the term "include," "includes" or "including" shall mean "including, for example and without limitation;" and references to a "Section," "subsection," "clause," "Appendix", "Schedule", or "Exhibit" shall mean a Section, subsection, clause, Appendix, Schedule or Exhibit of this Agreement, as the case may be. All references to a given agreement, instrument, tariff or other document, or law, regulation or ordinance shall be a reference to that agreement, instrument, tariff or other document, or law, regulation or ordinance as such now exists and as may be amended

from time to time, or its successor. A reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having a separate legal personality and includes its successors and permitted assigns. A reference to a “day” shall mean a Calendar Day unless otherwise specified. The singular shall include the plural and the masculine shall include the feminine, and *vice versa*.

Section 2. Purpose. The purpose of this Agreement is to: (i) set forth the terms and conditions under which NCPA shall enter into the PPA on behalf of the Participants, (ii) authorize NCPA, acting on behalf of the Participants, to engage in all activities related to that basic purpose, and (iii) specify the rights and obligations of NCPA and the Participants with respect to the PPA.

Section 3. Sale and Purchase of Products. By executing this Agreement, each Participant acknowledges and agrees to be bound by the terms and conditions of the Agreement, and that the Agreement is written as a “take-or-pay” agreement. Any Product delivered to NCPA under the PPA shall be delivered to each Participant in proportion to such Participant’s Project Participation Percentage as set forth in Exhibit A, and each Participant shall accept and pay for its respective percentage of such Product. To the extent a Participant is unable to accept such deliveries in full, NCPA shall dispose of such surplus in its sole discretion, in such a manner to attempt to maximize Participant value and that Participant shall reimburse to NCPA any costs incurred by NCPA in doing so.

Notwithstanding the above, NCPA may allocate Product procured through the PPA among the Participants in such percentages as NCPA may, in its reasonable discretion, determine are necessary, desirable, or appropriate, in order to accommodate Participant transfer rights pursuant to Section 9.

3.1 Scheduling. Products delivered from Seller shall be scheduled for and to the Participants in accordance with Scheduling Protocols, and the terms and conditions of the PPA.

Section 4. Billing and Payments

4.1 Participant Payment Obligations. Each Participant agrees to pay to NCPA each month its respective portion of the Project Costs, Administrative Services Costs, scheduling coordination costs, and all other costs for services provided in accordance with this Agreement and the Amended and Restated Facilities Agreement. In addition to the aforementioned monthly payment obligations, each Participant is obligated to fund: (i) any and all required Security Deposits calculated in accordance with Section 5, and (ii) any working capital requirements for the Project maintained by NCPA as determined, collected and set forth in the Annual Budget.

4.2 Invoices. NCPA will issue an invoice to each Participant for its share of Project Costs, Administrative Services Costs, scheduling coordination costs, and all other costs for services provided in accordance with this Agreement and the Amended and Restated Facilities Agreement. Such invoice may be either the All Resources Bill or

separate special invoice, as determined by NCPA. At NCPA's discretion, invoices may be issued to Participants using electronic media or physical distribution.

4.3 Payment of Invoices. All invoices delivered by NCPA (including the All Resources Bill) are due and payable thirty (30) Calendar Days after the date thereof; provided, however, that any amount due on a day other than a Business Day may be paid on the following Business Day.

4.4 Late Payments. Any amount due and not paid by a Participant in accordance with Section 4.3 shall be considered late and bear interest computed on a daily basis until paid at the lesser of (i) the per annum prime rate (or reference rate) of the Bank of America NT&SA then in effect, plus two percent (2%) or (ii) the maximum rate permitted by law.

4.5 Billing Disputes. A Participant may dispute the accuracy of any invoice issued by NCPA under this Agreement by submitting a written dispute to NCPA, within thirty (30) Calendar Days after the date of such invoice; nonetheless the Participant shall pay the full amount billed when due. If a Participant does not timely question or dispute the accuracy of any invoice in writing, then the invoice shall be deemed to be correct. Upon review of a submitted dispute, if an invoice is determined by NCPA to be incorrect, then NCPA shall issue a corrected invoice and refund any amounts that may be due to the Participant. If NCPA and the Participant fail to agree on the accuracy of an invoice within thirty (30) Calendar Days after the Participant has disputed it, then the General Manager shall promptly submit the dispute to the Commission for resolution. If the Commission

and the Participant fail to agree on the accuracy of a disputed invoice within sixty (60) Calendar Days after its submission to the Commission, then the dispute may then be resolved under the mediation and arbitration procedures set forth in Section 12 of this Agreement; provided, however, that prior to resorting to either mediation or arbitration proceedings, the full amount of the disputed invoice must be paid by the Participant.

4.6 Billing/Settlement Data and Examination of Books and Records.

4.6.1 Settlement Data. NCPA shall make billing and settlement data available to the Participants in the All Resources Bill, or other invoice, or upon request. NCPA may also, at its sole discretion, make billing and settlement support information available to Participants using electronic media (e.g. electronic data portal).

Procedures and formats for the provision of such electronic data submission may be established by the Commission from time to time. Without limiting the generality of the foregoing, NCPA may, in its reasonable discretion, require the Participants to execute a non-disclosure agreement prior to providing access to the NCPA electronic data portal.

4.6.2 Examination of Books and Records. Any Participant to this Agreement shall have the right to examine the books and records created and maintained by NCPA pursuant to this Agreement at any reasonable, mutually agreed upon time.

Section 5. Security Deposit Administration

5.1 Security Deposit Requirements. Each Participant agrees that any funds deposited at NCPA to satisfy Participant's Security Deposit requirements pursuant to this Agreement shall be irrevocably committed and held by NCPA in the General Operating Reserve, and that such funds may be used by NCPA in accordance with Section 5.1.3. Each Participant's Security Deposit will be accounted separately from and in addition to any other security accounts or deposits maintained pursuant to any other agreement between NCPA and the Participant, or any other such security account or deposits required of Members. In connection with fulfilling the Security Deposit requirements of this Agreement, Participant may elect to use its uncommitted funds held in the General Operating Reserve to satisfy in whole or in part its Security Deposit required under Section 5. If Participant chooses to satisfy in whole or in part its security requirements using its uncommitted funds held in the General Operating Reserve, then Participant is required to execute and deliver to NCPA an Irrevocable Letter of Direction, directing NCPA to utilize Participant's uncommitted General Operating Reserve funds for such purposes, and the designated funds will thereafter be irrevocably committed and held by NCPA to satisfy the requirements of this Agreement.

5.1.1 Initial Amounts. No later than June 1, 2027, each Participant shall ensure that sufficient Security Deposit funds have been deposited with and are held by NCPA in an amount not greater than the highest three (3) months of estimated Project

Costs, as estimated by NCPA. Such Security Deposit requirement may be satisfied by Participant in whole or part either in cash, through irrevocable commitment of its uncommitted funds held in the General Operating Reserve in accordance with Section 5.1, or through a clean, irrevocable letter of credit satisfactory to NCPA's General Manager.

5.1.2 Subsequent Deposits. Periodically, and at least quarterly, NCPA shall review and revise its estimate of Project Costs for which Participant shall be obligated to pay under this Agreement. Following such review, NCPA shall determine whether each Participant has a sufficient Security Deposit balance at NCPA. To the extent that any Participant's Security Deposit balance is greater than one hundred and ten percent (110%) of the amount required herein, NCPA shall credit such amount as soon as practicable to the Participant's next following All Resources Bill, or by separate special invoice. To the extent that any Participant's Security Deposit balance is less than ninety percent (90%) of the amount required herein, NCPA shall add such amount as soon as practicable to such Participant's next All Resources Bill, or as necessary, to a special invoice to be paid by Participant upon receipt. Credits or additions shall not be made to Participants who satisfy these Security Deposit requirements in whole through the use of a letter of credit; provided, that the amount of the letter of credit shall be adjusted, as required from time to time, in a like manner to assure an amount not to

exceed the highest three (3) months of estimated Project Costs is available to NCPA, as determined by NCPA.

5.1.3 Use of Security Deposit Funds. NCPA may use any and all Security Deposit funds held by NCPA (or utilize a letter of credit provided in lieu thereof) to pay any costs it incurs hereunder, including making payments to Seller, without regard to any individual Participant's Security Deposit balance or proportionate share of Project Costs, and irrespective of whether NCPA has issued an All Resources Bill or special invoice for such costs to the Participants or whether a Participant has made timely payments of All Resources Bills or special invoices. Should Participant have satisfied its Security Deposit requirements in whole or part through a letter of credit, NCPA may draw on such letter of credit to satisfy Participant's obligations hereunder at NCPA's sole discretion. Notwithstanding the foregoing, if any Participant fails to pay any costs incurred by NCPA pursuant to this Agreement, NCPA shall first use that non-paying Participant's Security Deposit and shall not use any other Participants' Security Deposit until such non-paying Participant's Security Deposit has been exhausted.

5.1.4 Accounting. If Security Deposit funds or a letter of credit are used by NCPA to pay any costs it incurs hereunder as described in Section 5.1.3, then NCPA will maintain a detailed accounting of each Participant's shares of funds withdrawn, and upon the collection of all or a part of such withdrawn funds, NCPA will credit

back to each non-defaulting Participant the funds collected in proportion to such non-defaulting Participant's share of funds initially withdrawn.

5.1.5 Emergency Additions. In the event that funds are withdrawn pursuant to Section 5.1.3, or if the Security Deposit held by NCPA is otherwise insufficient to allow for NCPA to pay any invoice, demand, request for further assurances by Seller, or claims, NCPA shall notify all Participants of the deficiency. In conjunction with such notice, NCPA shall send a special or emergency assessment invoice to the Participant or Participants that caused or are otherwise responsible for the deficiency. Each Participant of such an invoice shall pay to NCPA such assessment when and if assessed by NCPA within two (2) Business Days of the invoice date of the assessment, or shall consent to and direct NCPA to draw on any existing letter of credit Participant has established for such purposes. In the event that the Participant or Participants that caused or are otherwise responsible for the deficiency cannot, does not or will not pay to NCPA the special or emergency assessment within two (2) Business Days after the invoice date, NCPA shall immediately submit a special or emergency invoice to all remaining Participants, and such remaining Participants shall pay to NCPA such assessment within two (2) Business Days after the invoice date of the assessment, or shall consent to and direct NCPA to draw on any existing letter of credit that Participant has established for such purposes.

5.1.6 Security Deposit Interest. NCPA shall maintain a detailed accounting of each Participant's Security Deposits, and withdrawals of such funds, held by NCPA. Security Deposits held by NCPA shall be invested by NCPA in accordance with the General Operating Reserve policies and investment policies adopted by the NCPA Commission. Interest earned on the Security Deposit funds shall be proportionately credited to the Participants in accordance with their weighted average balances held therein. Any Security Deposit losses caused by early termination of investments shall be allocated among the Participants in accordance with the General Operating Reserve provisions and guidelines approved by the Commission, as the same may be amended from time to time; provided, however, to the extent that either the General Operating Reserve provisions and guidelines do not apply or the Security Deposit is not adequate to cover the losses, then such losses shall be allocated among the Participants in accordance with their proportionate Security Deposit balances.

5.1.7 Return of Funds. Upon termination or a permitted withdrawal of a Participant in accordance with this Agreement, the affected Participant may apply to NCPA for the return of their share of Security Deposit funds ninety (90) days after the effective date of such termination or withdrawal. However, NCPA shall, in its sole but reasonable discretion, as determined by the NCPA General Manager, estimate the then outstanding liabilities of the Participant, including any estimated contingent liabilities

and shall retain all such funds, if any, until all such liabilities have been fully paid or otherwise satisfied in full. After all such liabilities have been satisfied in full, as determined by NCPA's General Manager, any remaining balance of the Participant's share of the Security Deposit will be refunded to the Participant within sixty (60) days thereafter.

Section 6. Cooperation and Further Assurances. Each of the Parties agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by any other Party which are consistent with the provisions of this Agreement and which do not involve the assumption of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry out the intent of this Agreement. The Parties agree to cooperate and act in good faith in connection with obtaining any credit support required in order to satisfy the requirements of this Agreement.

Section 7. Participant Covenants and Defaults

7.1 Each Participant covenants and agrees: (i) to make payments to NCPA, from its Electric System Revenues, of its obligations under this Agreement as an operating expense of its Electric System; (ii) to fix the rates and charges for services provided by its Electric System, so that it will at all times have sufficient Revenues to meet the obligations of this Agreement, including the payment obligations; (iii) to make all such payments due NCPA under this Agreement whether or not there is an interruption in, interference with,

or reduction or suspension of services provided under this Agreement, such payments not being subject to any reduction, whether by offset or otherwise, and regardless of whether any reasonable dispute exists; and (iv) to operate its Electric System, and the business in connection therewith, in accordance with Good Utility Practices.

7.2 Events of Default. An Event of Default under this Agreement shall exist upon the occurrence of any one or more of the following by a Participant (the “Defaulting Participant”):

(i) the failure of any Participant to make any payment in full to NCPA when due;

(ii) the failure of a Participant to perform any covenant or obligation of this Agreement where such failure is not cured within thirty (30) Calendar Days following receipt of a notice from NCPA demanding cure; provided, that this subsection shall not apply to any failure to make payments specified by subsection 7.2 (i));

(iii) if any representation or warranty of a Participant material to the services provided hereunder shall prove to have been incorrect in any material respect when made and the Participant does not cure the facts underlying such incorrect representation or warranty so that the representation or warranty becomes true and correct within thirty (30) Calendar Days after the date of receipt of notice from NCPA demanding cure; or

(iv) if a Participant is in default or in breach of any of its covenants or obligations under any other agreement with NCPA and such default or breach is not cured within the time periods specified in such agreement.

7.3 Uncontrollable Forces. A Party shall not be considered to be in default in respect of any obligation hereunder if prevented from fulfilling such obligation by reason of Uncontrollable Forces; provided, that in order to be relieved of an Event of Default due to Uncontrollable Forces, a Party affected by an Uncontrollable Force shall:

(i) first provide oral notice to the General Manager using telephone communication within two (2) Business Days after the onset of the Uncontrollable Force, and provide subsequent written notice to the General Manager and all other Parties within ten (10) Business Days after the onset of the Uncontrollable Force, describing its nature and extent, the obligations which the Party is unable to fulfill, the anticipated duration of the Uncontrollable Force, and the actions which the Party will undertake so as to remove such disability and be able to fulfill its obligations hereunder; and

(ii) use due diligence to place itself in a position to fulfill its obligations hereunder and if unable to fulfill any obligation by reason of an Uncontrollable Force such Party shall exercise due diligence to remove such disability with reasonable dispatch; provided, that nothing in this subsection shall require a Party to settle or compromise a labor dispute.

7.4 Cure of an Event of Default. An Event of Default shall be deemed cured only if such default shall be remedied or cured within the time periods specified in Section 7.2 above, as may be applicable, provided, however, upon request of the Defaulting Participant the Commission may waive the default at its sole discretion, where such waiver shall not be unreasonably withheld.

7.5 Remedies in the Event of Uncured Default. Upon the occurrence of an Event of Default which is not cured within the time limits specified in Section 7.2, without limiting other rights or remedies available under this Agreement, at law or in equity, and without constituting or resulting in a waiver, release or estoppel of any right, action or cause of action NCPA may have against the Defaulting Participant, NCPA may take any or all of the following actions:

(i) suspend the provision of services under this Agreement to such Defaulting Participant; or

(ii) demand that the Defaulting Participant provide further assurances to guarantee the correction of the default, including the collection of a surcharge or increase in electric rates, or such other actions as may be necessary to produce necessary Revenues to correct the default.

7.6 Effect of Suspension.

7.6.1 Generally. The suspension of this Agreement will not terminate, waive, or otherwise discharge any ongoing or undischarged liabilities, credits or

obligations arising from this Agreement until such liabilities, credits or obligations are satisfied in full.

7.6.2 Suspension. If performance of all or any portion of this Agreement is suspended by NCPA with respect to a Participant in accordance with subsection 7.5(i), then such Participant shall pay any and all costs incurred by NCPA as a result of such suspension including reasonable attorney's fees, the fees and expenses of other experts, including auditors and accountants, or other reasonable and necessary costs associated with such suspension and any portion of the Project Costs, scheduling and dispatch costs, and Administrative Services Costs that were not recovered from such Participant as a result of such suspension.

Section 8. Administration of Agreement

8.1 Commission. The Commission is responsible for the administration of this Agreement. Each Participant shall be represented by its Commissioner or their designated alternate Commissioner ("Alternate") pursuant to the Joint Powers Agreement. Each Commissioner shall have authority to act for the Participant represented with respect to matters pertaining to this Agreement.

8.2 Forum. Whenever any action anticipated by this Agreement is required to be jointly taken by the Participants, such action shall be taken at regular or special meetings of the NCPA Commission.

8.3 Quorum. For purposes of acting upon matters that relate to administration of this Agreement, a quorum of the Participants shall consist of those Commissioners, or their designated Alternate, representing a numerical majority of the Participants.

8.4 Voting. Each Participant shall have the right to cast one vote with respect to matters pertaining to this Agreement. A unanimous vote of all Participants shall be required for action regarding: (i) any transfer of rights to a Third Party as described in Section 9 of this Agreement; and (ii) for matters related to any of the following actions as provided for in the PPA: (a) exercising any early termination provisions as set forth in the PPA, and (b) exercising any assignment rights as set forth in the PPA. For all other matters pertaining to this Agreement, a majority vote of the Participants shall be required for action.

8.5 New PV Trade Measure Events. Section 2.5 of the PPA permits the Seller to extend both the Guaranteed Construction Start Date and Guaranteed Commercial Operation Date if there is a New PV Trade Measure Event or UFLPA/WRO Restraint; provided, however, either Seller or NCPA may terminate the PPA in the event the extension of time exceeds the time limits set forth in Section 2.5 and Exhibit B of the PPA. Section 2.5 of the PPA also provides Seller the right to submit a Proposed Contract Price Increase to NCPA to keep Seller whole with respect to any actual cost increases that Seller incurs as a result of a New PV Trade Measure Event. If the Proposed Contract Price Increase is less than or equal to \$8.50/MWh in aggregate, or the extension of the

Guaranteed Construction Start Date or Guaranteed Commercial Operation Date is less than three hundred and sixty-five (365) days in aggregate, the NCPA General Manager is hereby delegated authority by the Participants to approve the price increase based on their determination that (1) the Independent Report provided by the Seller supports the Proposed Contract Price Increase, and (2) the PPA with the Proposed Contract Price Increase is still favorable when compared to current market conditions for similar products. The NCPA General Manager shall notify the Commission of the acceptable Proposed Contract Price Increase and associated modifications to the PPA with the foregoing findings, if any, at the next available Commission meeting. If the Proposed Contract Price Increase is greater than \$8.50/MWh in aggregate, or the extension of the Guaranteed Construction Start Date or Guaranteed Commercial Operation Date is longer than three hundred and sixty-five (365) days in aggregate, the proposed modifications to the PPA will be brought to the Commission for discussion and further action.

Section 9. Transfer of Rights by Participants

9.1 A Participant has the right to make transfers, sales, assignments and exchanges (collectively “transfers(s)”) of any portion of its Project Participation Percentage and rights thereto, subject to the approval provisions in Section 8.4 of this Agreement, provided that the transferee satisfies all applicable criterion in the PPA. If a Participant desires to transfer a portion or its entire share of the Project for a specific time interval, or

permanently, then NCPA will, if requested by such Participant, use its best efforts to transfer that portion of the Participant's share of the Project.

9.2 Unless otherwise set forth in this Agreement, before a Participant may transfer an excess Project share pursuant to Section 9.1 to any person or entity other than a Participant, it shall give all other Participants the right to purchase the share on the same terms and conditions. Before a Participant may transfer an excess Project share pursuant to section 9.1 to any person or entity other than a Member, it shall give all Members the right to purchase the share on the same terms and conditions. Such right shall be exercised within thirty (30) days of receipt of notice of said right.

No transfer shall relieve a Participant of any of its obligations under this Agreement except to the extent that NCPA receives payment of these obligations from a transferee.

9.3 The provisions of this Section 9 do not apply to the Exhibit A, unless expressly set forth therein.

Section 10. Term and Termination. This Agreement shall become effective when it has been duly executed by all Participants, and delivered to and executed by NCPA (the "Effective Date"). NCPA shall notify all Participants in writing of the Effective Date. The Term of this Agreement shall be coterminous with the PPA, and shall commence on the Effective Date, and shall continue through the term of the PPA.

Section 11. Withdrawal of Participants. No Participant may withdraw from this Agreement except as otherwise provided for herein.

Section 12. Settlement of Disputes and Arbitration. The Parties agree to make best efforts to settle all disputes among themselves connected with this Agreement as a matter of normal business under this Agreement. The procedures set forth in Section 10 of the Power Management and Administrative Services Agreement shall apply to all disputes that cannot be settled by the Participants themselves; provided, that the provisions of Section 4.5 shall first apply to all disputes involving invoices prepared by NCPA.

Section 13. Miscellaneous

13.1 **Confidentiality.** The Parties will keep confidential all confidential or trade secret information made available to them in connection with this Agreement, to the extent possible, consistent with applicable laws, including the California Public Records Act. Confidential or trade secret information shall be marked or expressly identified as such.

If a Party (“Receiving Party”) receives a request from a Third Party for access to, or inspection, disclosure or copying of, any other Party’s (the “Supplying Party”) confidential data or information, which the Receiving Party has possession of (“Disclosure Request”), then the Receiving Party shall provide notice and a copy of the Disclosure Request to the Supplying Party within three (3) Business Days after receipt of the Disclosure Request. Within three (3) Business Days after receipt of such notice, the Supplying Party shall provide notice to the Receiving Party either:

(i) that the Supplying Party believes there are reasonable legal grounds for denying or objecting to the Disclosure Request, and the Supplying Party requests the Receiving Party to deny or object to the Disclosure Request with respect to identified confidential information. In such case, the Receiving Party shall deny the Disclosure Request and the Supplying Party shall defend the denial of the Disclosure Request at its sole cost, and it shall indemnify the Receiving Party for all costs associated with denying or objecting to the Disclosure Request. Such indemnification by the Supplying Party of the Receiving Party shall include all of the Receiving Party's costs reasonably incurred with respect to denial of or objection to the Disclosure Request, including but not limited to costs, penalties, and the Receiving Party's attorney's fees; or

(ii) that the Receiving Party may grant the Disclosure Request without any liability by the Receiving Party to the Supplying Party.

13.2 Indemnification and Hold Harmless. Subject to the provisions of Section 13.4, each Participant agrees to indemnify, defend and hold harmless NCPA and its Members, including their respective governing boards, officials, officers, agents, and employees, from and against any and all claims, suits, losses, costs, damages, expenses and liability of any kind or nature, including reasonable attorneys' fees and the costs of litigation, including experts, to the extent caused by any acts, omissions, breach of contract, negligence (active or passive), gross negligence, recklessness, or willful

misconduct of that Participant, its governing officials, officers, employees, subcontractors or agents, to the maximum extent permitted by law.

13.3 Several Liabilities. No Participant shall, in the first instance, be liable under this Agreement for the obligations of any other Participant or for the obligations of NCPA incurred on behalf of other Participants. Each Participant shall be solely responsible and liable for performance of its obligations under this Agreement, except as otherwise provided for herein. The obligation of each Participant under this Agreement is, in the first instance, a several obligation and not a joint obligation with those of the other Participants.

Notwithstanding the foregoing, the Participants acknowledge that any debts or obligations incurred by NCPA under this Agreement on behalf of any of them shall be borne solely by such Participants in proportion to their respective Project Participation Percentages, and not by non-Participant Members of NCPA, pursuant to Article IV, Section 3(b) of the Joint Powers Agreement.

In the event that a Participant should fail to pay its share of the debts or obligations incurred by NCPA as required by this Agreement, the remaining Participants shall, in proportion to their Project Participation Percentages, pay such unpaid amounts and shall be reimbursed by the Participant failing to make such payments.

13.4 No Consequential Damages. FOR ANY BREACH OF ANY PROVISION OF THIS AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES

IS PROVIDED IN THIS AGREEMENT, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER DAMAGES OR REMEDIES ARE HEREBY WAIVED. IF NO REMEDY OR MEASURE OF DAMAGE IS EXPRESSLY PROVIDED, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED TO ACTUAL DAMAGES ONLY AND ALL OTHER DAMAGES AND REMEDIES ARE HEREBY WAIVED. IN NO EVENT SHALL NCPA OR ANY PARTICIPANT OR THEIR RESPECTIVE SUCCESSORS, ASSIGNS, REPRESENTATIVES, DIRECTORS, OFFICERS, AGENTS, OR EMPLOYEES BE LIABLE FOR ANY LOST PROFITS, CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, PUNITIVE, OR INCIDENTAL LOSSES OR DAMAGES, INCLUDING LOSS OF USE, LOSS OF GOODWILL, LOST REVENUES, LOSS OF PROFIT OR LOSS OF CONTRACTS EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NCPA AND EACH PARTICIPANT EACH HEREBY WAIVES SUCH CLAIMS AND RELEASES EACH OTHER AND EACH OF SUCH PERSONS FROM ANY SUCH LIABILITY.

The Parties acknowledge that California Civil Code section 1542 provides that: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." The Parties waive the provisions of section 1542, or other similar provisions of law, and intend that the waiver

and release provided by this Section of this Agreement shall be fully enforceable despite its reference to future or unknown claims.

13.5 Waiver. No waiver of the performance by a Party of any obligation under this Agreement with respect to any default or any other matter arising in connection with this Agreement shall be effective unless given by the Commission or the governing body of a Participant, as applicable. Any such waiver by the Commission in any particular instance shall not be deemed a waiver with respect to any subsequent performance, default or matter.

13.6 Amendments. Except where this Agreement specifically provides otherwise, this Agreement may be amended only by written instrument executed by the Parties with the same formality as this Agreement.

13.7 Assignment of Agreement.

13.7.1 Binding Upon Successors. This Agreement shall inure to the benefit of and shall be binding upon the respective successors and assignees of the Parties to this Agreement.

13.7.2 No Assignment. Neither this Agreement, nor any interest herein, shall be transferred or assigned by a Party hereto except with the consent in writing of the other Parties hereto, which consent shall not be unreasonably withheld.

13.8 Severability. In the event that any of the terms, covenants or conditions of this Agreement or the application of any such term, covenant or condition, shall be held

invalid as to any person or circumstance by any court having jurisdiction, all other terms, covenants or conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect unless the court holds that such provisions are not severable from all other provisions of this Agreement.

13.9 Governing Law. This Agreement shall be interpreted, governed by, and construed under the laws of the State of California.

13.10 Headings. All indices, titles, subject headings, section titles and similar items are provided for the purpose of convenience and are not intended to be inclusive, definitive, or affect the meaning of the contents of this Agreement or the scope thereof.

13.11 Notices. Any notice, demand or request required or authorized by this Agreement to be given to any Party shall be in writing, and shall either be personally delivered to a Participant's Commissioner or Alternate, and to the General Manager, or shall be transmitted to the Participant and the General Manager at the addresses shown on the signature pages hereof. The designation of such addresses may be changed at any time by written notice given to the General Manager who shall thereupon give written notice of such change to each Participant. All such notices shall be deemed delivered when personally delivered, two (2) Business Days after deposit in the United States mail first class postage prepaid, or on the first Business Day following delivery through electronic communication.

13.12 Warranty of Authority. Each Party represents and warrants that it has been duly authorized by all requisite approval and action to execute and deliver this Agreement and that this Agreement is a binding, legal, and valid agreement enforceable in accordance with its terms. Upon execution of this Agreement, each Participant shall deliver to NCPA a resolution of the governing body of such Participant evidencing approval of and authority to enter into this Agreement.

13.13 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all the signatories to all of the counterparts had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

13.14 Venue. In the event that a Party brings any action under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

13.15 Attorneys' Fees. If a Party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, then

each Party shall bear its own fees and costs, including attorneys' fees, associated with the action.

13.16 Counsel Representation. Pursuant to the provisions of California Civil Code Section 1717 (a), each of the Parties were represented by counsel in the negotiation and execution of this Agreement and no one Party is the author of this Agreement or any of its subparts. Those terms of this Agreement which dictate the responsibility for bearing any attorney's fees incurred in arbitration, litigation or settlement in a manner inconsistent with the provisions of Section 13.2 were intentionally so drafted by the Parties, and any ambiguities in this Agreement shall not be interpreted for or against a Party by reason of that Party being the author of the provision.

13.17 No Third Party Beneficiaries. Nothing contained in this Agreement is intended by the Parties, nor shall any provision of this Agreement be deemed or construed by the Parties, by any third person or any Third Parties, to be for the benefit of any Third Party, nor shall any Third Party have any right to enforce any provision of this Agreement or be entitled to damages for any breach by the Parties of any of the provisions of this Agreement.

IN WITNESS WHEREOF, NCPA and each Participant have, by the signature of its duly authorized representative shown below, executed and delivered a counterpart of this Agreement.

NORTHERN CALIFORNIA
POWER AGENCY
651 Commerce Drive
Roseville, CA 95678

CITY OF SANTA CLARA
1500 Warburton Avenue
Santa Clara, CA 95050

By: Randy S. Howard
Title: General Manager
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: Jane E. Luckhardt
Its: General Counsel
Date: _____

By: _____
Its: City Attorney
Date: _____

Attestation (if applicable):

Attestation (if applicable):

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

CITY OF BIGGS
465 C Street
Biggs, CA 95917

CITY OF GRIDLEY
685 Kentucky Street
Gridley, CA 95948

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____
Its: City Attorney
Date: _____

By: _____
Its: City Attorney
Date: _____

Attestation (if applicable)

Attestation (if applicable)

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

CITY OF HEALDSBURG
401 Grove Street
Healdsburg, CA 95448

CITY OF LODI
221 W. Pine Street
Lodi, CA 95240

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____
Its: City Attorney
Date: _____

By: _____
Its: City Attorney
Date: _____

Attestation (if applicable)

Attestation (if applicable)

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

CITY OF LOMPOC
100 Civic Center Plaza
Lompoc, CA 93436

CITY OF OAKLAND, acting
by and through its
Board of Port Commissioners
530 Water Street
Oakland, CA 94607

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____
Its: City Attorney
Date: _____

By: _____
Its: City Attorney
Date: _____

Attestation (if applicable)

Attestation (if applicable)

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

PLUMAS-SIERRA RURAL
ELECTRIC COOPERATIVE
73233 State Highway 70
Portola, CA 96122

CITY OF SHASTA LAKE
4477 Main Street
Shasta Lake, CA 96019

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____
Its: City Attorney
Date: _____

By: _____
Its: City Attorney
Date: _____

Attestation (if applicable)

Attestation (if applicable)

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

CITY OF UKIAH
300 Seminary Avenue
Ukiah, CA 95482

By: _____
Title: _____
Date: _____

Approved as to form:

By: _____
Its: City Attorney
Date: _____

Attestation (if applicable)

By: _____
Its: _____
Date: _____

EXHIBIT A
PROJECT PARTICIPATION PERCENTAGES

1. On the Effective Date of the Agreement the initial Participants (“Initial Participants”) who are signatory to this Agreement, and their respective initial Project Participation Percentage share of the Project is set forth in Table 1 of this Exhibit A (“Initial Project Participation Percentages”). The process set forth below is not subject to the requirements of Section 9 of this Agreement, except as set forth below.

Table 1
Initial Project Participation Percentages

Participant	Project Participation Percentage (%)	Project Participation Share (MW)
City of Healdsburg	5.20%	2.60
City of Lodi	30.00%	15.00
City of Lompoc	10.00%	5.00
Port of Oakland	16.00%	8.00
City of Santa Clara	32.80%	16.40
City of Ukiah	6.00%	3.00
Total	100.00%	50.00

2. Thereafter, a Member listed in Table 2 of this Exhibit A and who is not an Initial Participant (“Eligible Member”) may exercise a right to accept a transfer of a portion of the Initial Project Participation Percentages of the Initial Participants in an amount no greater than the amount set forth in Table 2 of this Exhibit A (“Transfer Right”, no later than 180 day after the Effective Date (the “Transfer Completion Deadline”), unless an Initial Participant otherwise agrees in writing to extend the Transfer Completion Deadline. Only

the City of Santa Clara may transfer their Initial Project Participation Percentages as long as their project share does not fall below the amounts set forth in Table 2 of this Exhibit A.

3. In order for an Eligible Member to exercise their Transfer Rights, that Member shall do the following no later than the Transfer Completion Deadline: (i) notify NCPA and Santa Clara of its intention to exercise their right to accept their Table 2 share, and (ii) execute this Agreement. For avoidance of doubt, an Eligible Member must exercise their Transfer Right for their full Table 2 share; any exercise of any lesser portion shall be invalid.

4. For purposes of this Exhibit A only, a Member who becomes a Participant pursuant to Section 3 of this Exhibit A shall be referred to as a "Table 2 Participant." Notwithstanding the foregoing, the Transfer Completion Deadline applies only to the intended assumption of the Project Participation Percentage described in Table 2 of this Exhibit A, and shall not limit or reduce a Participant's rights set forth in Section 9 of this Agreement. Upon written notice and execution of this Agreement as set forth above in Section 3 of Exhibit A, the Table 2 Participant will assume all rights and obligations set forth in this Agreement for the portion of the Project Participation Percentage share of the Project as set forth in Table 2 of this Exhibit A.

5. NCPA shall prepare Table 3 after the Transfer Completion Deadline to reflect the Final Project Participation Percentages of each Participant, and such Table 3 will be added to this Exhibit A as an amendment to this Agreement once adopted by the Commission. In the event an intended Table 2 Participant does not become a Table 2 Participant by the

Transfer Completion Deadline, the City of Santa Clara shall retain the Project Participation

6. Percentage of the intended Table 2 Participant as described in Table 2 of this Exhibit A, and such will be reflected in Table 3.

Table 2
Draft Final Project Participation Percentages

Participant	Project Participation Percentage (%)	Project Participation Share (MW)
City of Biggs	0.80%	0.40
City of Gridley	2.00%	1.00
City of Healdsburg	5.20%	2.60
City of Lodi	30.00%	15.00
City of Lompoc	10.00%	5.00
Port of Oakland	16.00%	8.00
Plumas-Sierra REC	2.00%	1.00
City of Santa Clara	18.00%	9.00
City of Shasta Lake	10.00%	5.00
City of Ukiah	6.00%	3.00
Total	100.00%	50.00

Pursuant to Section 5 of Exhibit B of the PPA, if the Facility Installed Capacity is less than one hundred percent (100%) of the Guaranteed Capacity, Seller shall have one hundred fifty (150) days after the Commercial Operation Date to install additional capacity such that the Installed Capacity is equal to (but not greater than) the Guaranteed Capacity. If Seller fails to construct the Guaranteed Capacity by such date, Seller shall pay NCPA Capacity Damages, and each MW (or portion thereof) that the Guaranteed Capacity exceeds the Installed Capacity, the Project Participation Share for the Participants shall be automatically adjusted and reduced, on a pro rata basis, to equal to actual amount of Facility Installed Capacity.

EXHIBIT B

Renewable Power Purchase Agreement

The Renewable Power Purchase Agreement between Grace Orchard Energy Center, LLC and Northern California Power Agency has been attached to this Agreement as Exhibit B.