



City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA ☐ HACN

☒ Regular ☐ Special

Meeting Date: October 28, 2025

Title: September 2025 Treasurer's Report

Background: Pursuant to California Government Code Section 53607, the City Treasurer is required to make a monthly report of the investment portfolio to the legislative body.

Attached is the September 2025 Treasurer's Report that contains information on the cash and investments held in the portfolio by the City of Needles, Needles Public Utility Authority, and Housing Authority of the City of Needles.

In September, there were no investments made in LAIF since the City bank balance was needed to meet current financial obligations and ensure minimum compensating balances required to offset fees charged to the various bank accounts.

The LAIF quarterly apportionment rate for the September quarter was down slightly (6 basis points, or 0.06 percent) to 4.34 percent. At its September meeting, the Federal Open Market Committee (the "Fed") lowered the Fed Funds Rate by 0.25 percent to a range of 4.00-4.25 percent, based on the weak U.S. labor market. An additional 0.25% reduction is widely expected at the upcoming Fed meeting at the end of October. As such, the rate on the investment in LAIF will continue to decline. However, the current LAIF rate far exceeds the return of other allowable investments under the City's Annual Statement of Investment Policy. LAIF continues to be the most attractive investment with a very favorable rate of return, given current market conditions, and virtually no risk to the portfolio.

Page 2 of the Treasurer's Report shows the cash held by fiscal agents related to the All American Canal Trust Fund and the NPUA 2016 Refunding Revenue Bonds. The All American Canal Trust Fund was created by the US Bureau of Reclamation, the City of Needles and the Metropolitan Water District for the maintenance, capital and operation of the All American Canal. In exchange, Needles received a local water allotment from the Colorado River since it has no formal water rights. The canal is owned by the US Bureau of Reclamation and operated and maintained by NPUA. The trust funds, managed by NPUA in its fiduciary capacity, are held at Zions Bank as the third-party trustee, for canal capital and maintenance. The market value of the funds held at Zion Bank on September 30 was \$12,138,755.

US Bank acts as the trustee for the NPUA 2016 Revenue Refunding Bonds. The balances in the accounts at US Bank are usually small, unless funds have been sent to cover upcoming bond payments. These various bond accounts are used simply to receive scheduled bond payments from the NPUA, and then the payments to bondholders are made by US Bank; the NPUA does not repay bondholders directly. The total residual cash held by US Bank was only \$188, since the next semi-annual debt service payments are not due again until February 2026.

The City's investment portfolio conforms to the City's Investment Policy in all respects. The City Treasurer certifies that the City has sufficient funds to meet its expenditure obligations during the next six months.

Fiscal Impact: LAIF interest is paid quarterly. For the September quarter, interest earned on LAIF balances was \$154,321, apportioned at a 4.34 percent interest rate. During the March quarter, prior to efforts to actively invest the City's idle cash, LAIF interest was only \$53,448, despite a slightly higher interest apportionment rate of 4.48 percent. The September quarter earnings represent a \$100,873 increase over the March quarter.

For the month of September only, LAIF accounts earned \$55,300. The interest earned on interest-bearing bank accounts was \$420.

Total portfolio income in September 2025 was \$55,720, compared to \$60,091 in August 2025. This is a decrease of \$4,371 in portfolio income compared to the prior month entirely due to the lower LAIF rate.

Environmental Impact: None.

Recommended Action: Accept and file the September 2025 Treasurer's Report.

Submitted By: Jill Taura, Interim Finance Director

City Manager Approval: _____

Date: _____

Other Department Approval (when required): _____

Date: _____