



City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA ☐ HACN

☒ Regular ☐ Special

Meeting Date: August 12, 2025

Title: June 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 June 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.

During June, the City invested \$5 million of the idle cash in LAIF, the State of California's Local Agency Investment Fund, from the balance in the City's Wells Fargo bank account. The cash was not immediately needed to meet obligations and, therefore, was invested to provide an additional income for the City. Interest income earned on the LAIF account balances is apportioned by the State on a quarterly basis, and the rate for each quarter fluctuates based on current financial market conditions. The June quarterly apportionment rate on LAIF investments was 4.40 percent, down slightly (0.08 percent, or 8 basis points) from the March rate of 4.48 percent.

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 for Needles receiving a local water allotment from the Colorado River. The canal is owned by the US Bureau of Reclamation and operated and maintained by the 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 trust funds held at Zion Bank were \$12,369,595 on June 30.

US Bank acts as the trustee for the NPUA 2016 Revenue Refunding Bonds. The balances in the accounts at US Bank are small. Those 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. NPUA does not repay bondholders directly. The total cash held by US Bank was \$187 at month end.

The investment portfolio conforms to the City's Investment Policy, except for one investment held by the Housing Authority of the City of Needles (HACN), as reported last month. As background, the City's independent Housing Authority was assumed by the City of Needles in February 2023. At that time, the former Housing Authority's investment portfolio was not reviewed. The Invesco investment in shares of a mutual fund that is not allowable under the City's Investment Policy. The value of mutual fund shares fluctuates with market conditions and, therefore, presents a level of risk to the principal that is prohibited.

The value of HACN's mutual fund shares on June 30 was \$99,042. While this is a \$1,791 improvement in market value from the end of May, the Housing Authority has lost \$27,019 overall when comparing current market value to the cost basis of the investment. The Housing Authority Chairperson and the Interim Finance Director worked with Invesco in June to fully divest of this investment and receive the funds. The mutual fund redemption will be reported on the July 2025 Treasurer's Report.



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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. The interest earned at LAIF for the June quarter was \$69,401, apportioned at a 4.40 percent interest rate. During the March quarter, interest earned was only \$53,448, despite a slightly higher interest apportionment rate of 4.48 percent. This is \$15,950 increase over the prior quarter is due the \$5 million deposit in June.

For the month of June only, the LAIF accounts earned \$33,996. The interest earned on interest-bearing bank accounts was \$421. \$177 was earned on the certificates of deposit held by NPUA at Arrowhead Credit Union.

Total portfolio income in June 2025 was \$34,594, compared to \$18,324 in May 2025. This is an increase of \$16,270 in portfolio income compared to the prior month.

Environmental Impact: None.

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

Submitted By: Jill Taura, Interim Finance Director

City Manager Approval: Patrick J. Martinez

Date: 8/7/2025

Other Department Approval (when required): _____

Date: _____

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐