



City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA ☐ HACN

☒ Regular ☐ Special

Meeting Date: August 12, 2025 **AMENDED**

Title: July 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 July 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 July, the City invested \$6 million of its idle cash in LAIF, the State of California's Local Agency Investment Fund, from the City and NPUA bank accounts at Wells Fargo. The cash was not immediately needed to meet obligations and, therefore, was invested to provide an additional income to the City and NPUA. Interest income on the LAIF balances is apportioned by the State on a quarterly basis, and the rate for each quarter fluctuates based on current financial market conditions. The most recent quarterly apportionment rate for the June quarter end was 4.40 percent. At its July meeting, the Federal Open Market Committee (the "Fed") decided to leave the fed funds rate unchanged at the current range of 4.25 percent to 4.50 percent; as such, we expect this favorable interest rate at LAIF to continue over the next quarter. Since July is not the end of a calendar quarter, no interest was apportioned (i.e., paid) by LAIF in July; however, interest continues to accrue on the balances each month. Interest is paid on the 15th of the month following the end of a calendar quarter.

There were several other investment transactions during the month as the Interim Finance Director works to rebalance the portfolio and increase earnings on the city's idle cash balances. The Housing Authority mutual fund investment was redeemed in the amount of \$97,937.64 (including \$133 of residual dividend cash in the account) at a final investment loss of \$28,237. The mutual fund investment was held by the Housing Authority before management of the Authority was transferred to the City. However, the City was required to redeem it because it was not in compliance with the City's Investment Policy. The cash will be invested in LAIF as soon as the Housing Authority's new LAIF account is established in August.

Other transactions included maturities of two certificates of deposits at Arrowhead Credit Union and a third certificate of deposit was withdrawn early. The CDs were earning 0.35 percent interest vs. the LAIF rate of 4.40 percent. After factoring in the \$350 early withdrawal penalty, staff estimates that an additional \$4,535 in interest income will be realized on that third CD alone by reinvesting the funds in LAIF rather than holding it to maturity. As discussed above, these funds were invested in LAIF at the end of July, along with other idle cash in the bank accounts.

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 June 30 was \$12,410,784.



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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 an upcoming bond payment, as was the case in July. 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. NPUA does not repay bondholders directly. The total cash held by US Bank was \$722,379 at month end.

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 so no interest was paid in July 2025. However, the accrued interest on the LAIF balances was \$39,330 compared to \$33,996 last month. This is an increase of \$5,334 due primarily to the \$6 million deposit at the end of July.

Total portfolio income in July 2025 was \$39,765, including both LAIF and the small amount of interest received on balances held in interest-bearing bank accounts.

Environmental Impact: None.

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

Submitted By: Jill Taura, Interim Finance Director

City Manager Approval: Patrick J. Martinez

Date: 8/11/2025

Other Department Approval (when required): _____

Date: _____

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐