

**Needles Public Financing Authority**  
**Annual Financial Report with Required Supplementary Information**  
*As of and for the Year Ended June 30, 2024*  
*with Independent Auditor's Report*



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## Independent Auditor's Report

**The Board of Directors  
Needles Public Financing Authority  
Needles, California**

### Opinion

We have audited the financial statements of Needles Public Financing Authority (the Authority), a component unit of the City of Needles, California (the City), as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2024, and the changes in financial position and its cash flows 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 (GAAS). 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 Authority 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 opinion.

### Emphasis of Matters

#### Relationship to the City's Financial Statements

As discussed in Note 1, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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 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 Authority'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 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 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, 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 Authority'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 Authority'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 analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

*Vasquez & Company LLP*

**Glendale, California  
January 28, 2026**

Within this section of the financial statements, the Authority's management presents this discussion and analysis of the Authority's financial performance for the fiscal year ended June 30, 2024. The financial statements and footnotes follow this section and should be read in conjunction with this discussion and analysis.

### **Financial Highlights**

- The Authority's net position (excess of assets over liabilities) remained at \$0 in FY 2023-24.
- The Authority's total liabilities decreased from \$10,216,490 in FY 2022-23 to \$9,102,134 in FY 2023-24.
- During the year, the Authority's change in net position was \$0, compared to the FY 2022-23 change in net position of \$(11,777).

### **Overview of the Financial Statements**

*Management's Discussion and Analysis* serves as an introduction to the Authority's basic financial statements. The basic financial statements include the financial statements and notes to the basic financial statements. The Authority is a self-supporting entity and follows the enterprise fund reporting. Accordingly, the basic financial statements are presented using the accrual basis of accounting.

The Authority's reporting package includes the following three financial statements:

- (1) The *Statement of Net Position* presents all of the Authority's assets and liabilities, with the difference presented as net position. The evaluation of whether the Authority's financial status is improving or not improving can be measured by changes in net position over time. Increases in net position represent an improvement in the financial position.
- (2) The *Statement of Activities* reflects the change in the Authority's net position during the current fiscal year. This statement includes all revenues and expenses for the year, regardless of when the cash is received or paid.
- (3) The *Statement of Cash Flows* provides insight into the Authority's cash inflows and outflows during the fiscal year. This statement helps assess the Authority's ability to generate cash, meet financial obligations, and fund future projects. It complements the Statement of Net Position and Statement of Activities by providing a detailed view of liquidity and financial sustainability.

The Authority itself is considered a component unit of the City of Needles, California (the City). The Authority is legally separate from the City but is governed by the same individuals who govern the City. Other component units of the City include: (1) the Needles Public Utility Authority, (2) Needles Redevelopment Agency, and (3) Housing Authority of the City of Needles. All of these component units are blended into the City's financial statements.

**Needles Public Financing Authority  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024**

**Financial Analysis of the Authority**

One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities will help answer this question. Net position remained at \$0 because the Authority's revenues equaled the expenses.

The following table shows summarized information of the Authority's Statements of Net Position as of the fiscal years ended June 30, 2024 and 2023, and the related changes:

|                                 | <b>Fiscal Year<br/>2024</b> | Fiscal Year<br>2023 | Dollar<br>Change | Percent<br>Change |
|---------------------------------|-----------------------------|---------------------|------------------|-------------------|
| Accrued interest receivable     | \$ 328,030                  | \$ 369,830          | \$ (41,800)      | 100%              |
| Installment contract receivable | <b>8,774,104</b>            | 9,846,660           | (1,072,556)      | -11%              |
| Total Assets                    | <b>9,102,134</b>            | 10,216,490          | (1,114,356)      | -11%              |
| Current liabilities             |                             |                     |                  |                   |
| Interest payable                | <b>328,030</b>              | 369,830             | (41,800)         | 100%              |
| Long-term liabilities           |                             |                     |                  |                   |
| Due within one year             | <b>1,114,355</b>            | 1,072,556           | 41,799           | 4%                |
| Due in more than one year       | <b>7,659,749</b>            | 8,774,104           | (1,114,355)      | -13%              |
| Total Liabilities               | <b>9,102,134</b>            | 10,216,490          | (1,114,356)      | -11%              |
| Total Net Position              | <b>\$ -</b>                 | \$ -                | \$ -             | 0%                |

To assist in analyzing the Authority's operating results, comparative data is accumulated and presented. The following table summarizes the Authority's Statements of Activities for the years ended June 30, 2024 and 2023, and the respective changes:

|   | <b>Fiscal Year<br/>2024</b> | Fiscal Year<br>2023 | Dollar<br>Change | Percent<br>Change |
|---|-----------------------------|---------------------|------------------|-------------------|
| Nonoperating Revenues                         |                             |                     |                  |                   |
| Installment contract payments                 | \$ 369,830                  | \$ 410,062          | \$ (40,232)      | -10%              |
| Use of money and property                     | -                           | 332                 | (332)            | -100%             |
| Total program revenues                        | <b>369,830</b>              | 410,394             | (40,564)         | -10%              |
| Nonoperating Expenses                         |                             |                     |                  |                   |
| Interest expenses                             | <b>369,830</b>              | 415,687             | (45,857)         | -11%              |
| Transfers to the Needles Redevelopment Agency | -                           | 6,484               | (6,484)          | 100%              |
| Total expenses                                | <b>369,830</b>              | 422,171             | (52,341)         | -12%              |
| Change in net position                        | -                           | (11,777)            | 11,777           | -100%             |
| Net position, beginning of year               | -                           | 11,777              | (11,777)         | -100%             |
| Net position, end of year                     | <b>\$ -</b>                 | \$ -                | \$ -             | 0%                |

**Capital Asset and Debt Administration**

***Capital assets***

At June 30, 2024, the Authority had no capital assets.

***Long-term debt***

At the end of the fiscal year, the Authority's total long-term debt obligations were \$8,774,104. The following table summarizes the outstanding long-term obligations of the Authority as of June 30, 2024 and 2023, and the related changes:

| Description                   | Fiscal Year<br><b>2024</b> | Fiscal Year<br>2023 | Dollar<br>Change    | Percent<br>Change |
|-------------------------------|----------------------------|---------------------|---------------------|-------------------|
| 2016 Enterprise Revenue Bonds | \$ <u><b>8,774,104</b></u> | \$ <u>9,846,660</u> | \$ <u>1,072,556</u> | <u>11%</u>        |

**Economic Conditions and Budgeting**

The City of Needles is one of the oldest cities in San Bernardino County, founded in 1883 with the coming of the Railroad. Needles is a city with a rich and colorful history, providing a satisfying, less hurried way of life and a supportive business climate.

The City's population has been about the same (roughly 5,000) for many years. The relatively low cost of real property in Needles is attractive to people who are looking to retire and move to a smaller community, and to people looking for a vacation home with vast recreational facilities in the area.

The low cost of water and power within the City has attracted new businesses in the cultivation industry. As a result, the City faces promising growth by the addition of these businesses and the people employed to support them.

**Contacting the Authority's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances, comply with finance-related laws and regulations, and demonstrate the Authority's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department at 817 Third Street, Needles, California 92363.

You may also contact the City's Finance Department for the separately issued financial statements of the City of Needles.

**Needles Public Financing Authority**  
**Statement of Net Position**  
**June 30, 2024**

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ASSETS

|                                 |                  |
|---------------------------------|------------------|
| Accrued interest receivable     | \$ 328,030       |
| Installment contract receivable | <u>8,774,104</u> |
| Total assets                    | <u>9,102,134</u> |

LIABILITIES

|                           |                  |
|---------------------------|------------------|
| Current liabilities       |                  |
| Interest payable          | 328,030          |
| Long-term liabilities     |                  |
| Due within one year       | 1,114,355        |
| Due in more than one year | <u>7,659,749</u> |
| Total liabilities         | <u>9,102,134</u> |

NET POSITION

|                              |             |
|------------------------------|-------------|
| Restricted for loan payments | <u>-</u>    |
| Total net position           | <u>\$ -</u> |

*See notes to basic financial statements.*

**Needles Public Financing Authority**  
**Statement of Activities**  
**Year Ended June 30, 2024**

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|                                  |                |
|----------------------------------|----------------|
| NONOPERATING REVENUES            |                |
| Installment contract payments    | \$ 369,830     |
| Total revenues                   | <u>369,830</u> |
| NONOPERATING EXPENSES            |                |
| Interest expenses                | <u>369,830</u> |
| Total expenses                   | <u>369,830</u> |
| CHANGE IN NET POSITION           | <u>-</u>       |
| Net position - beginning of year | <u>-</u>       |
| Net position - end of year       | <u>\$ -</u>    |

*See notes to basic financial statements.*

**Needles Public Financing Authority**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                  |
|--|------------------|
| Receipts from installment contract                   | \$ 1,072,556     |
| Interest received on installment contract receivable | 41,800           |
| Cash provided by operating activities                | <u>1,114,356</u> |

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

|   |                    |
|---|--------------------|
| Principal paid on bonds payable                       | (1,072,556)        |
| Interest paid on bonds payable                        | (41,800)           |
| Cash used in capital and related financing activities | <u>(1,114,356)</u> |

**CHANGE IN CASH WITH FISCAL AGENTS**

-

**Cash with fiscal agents - Beginning of Year**

-

**CASH WITH FISCAL AGENTS - END OF YEAR**

\$ -

**RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES**

|   |                     |
|---|---------------------|
| Operating income  | \$ -                |
| Adjustments to reconcile operating income to cash provided by operating activities: |                     |
| Changes in operating assets and liabilities:  |                     |
| Decrease in accrued interest receivable   | 41,800              |
| Decrease in installment contract receivable   | 1,072,556           |
| Cash provided by operating activities   | <u>\$ 1,114,356</u> |

*See notes to basic financial statements.*

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Reporting Entity**

The City of Needles (the “City”), pursuant to Resolution No. 3-16-92 adopted on March 16, 1992, and the City of Needles Redevelopment Agency (the “Agency”), pursuant to Resolution No. 92-2 adopted on March 16, 1992, formed the Needles Public Financing Authority (the “Authority”) by the execution of a joint exercise of powers agreement (the “Joint Powers Agreement”) dated March 17, 1992. Pursuant to the Joint Powers Agreement, the Authority is authorized to issue revenue bonds to provide funds to acquire public obligations and to make loans to public entities.

A seven-member Board of Directors, of which all are also members of the City Council, governs the Authority. The Authority is a blended component unit of the City, and its financial statements are included in the financial statements of the City.

**Financial Statements**

The financial statements include the Statement of Net Position, the Statement of Activities and the Statement of Cash Flows. These statements report on financial information for the Authority as a whole, excluding fiduciary activities such as employee pension plans. Individual funds are not displayed, but the statements distinguish governmental activities.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Authority’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The Authority’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The financial statements report using the economic resources measurement focus and the accrual basis of accounting, which generally report all (both current and noncurrent) economic resources and obligations under the Statement of Net Position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Use of Estimates**

The presentation of financial statements, in conformity with US 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 2      LOANS TO OTHER GOVERNMENTAL ENTITIES**

**Needles Public Utility Authority (NPUA)**

NPUA issued 2016 Enterprise bonds to purchase the 1997 Revenue Bonds. The Authority entered into an Installment Agreement with the NPUA on December 1, 2016. The bonds were issued to provide money to purchase the 1997 NPUA bonds. The bonds are secured by an Indenture of Trust dated December 1, 2016, between the Authority and U.S. Bank National Association, the Trustee.

Under the Installment Agreement, NPUA is to make payments to the Authority sufficient to meet the debt service requirements of the 2016 Enterprise Bonds. The installment agreement calls for semi-annual payments of \$721,193, including interest at 3.86% per annum, beginning August 1, 2017, and ending on February 1, 2031. The principal balance of the bonds payable as of June 30, 2024, is \$8,774,104.

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2024:

| Description     | Balance<br>July 1, 2023 | Additions | Deletions      | Balance<br>June 30, 2024 | Current<br>Portion |
|-----------------|-------------------------|-----------|----------------|--------------------------|--------------------|
| 2016 Enterprise |                         |           |                |                          |                    |
| Revenue Bonds   | \$ 9,846,660            | \$ -      | \$ (1,072,556) | \$ 8,774,104             | \$ 1,114,355       |

The date of issue, maturity, interest rates, and original amounts authorized for the long-term debt are as follows:

| Description     | Date of<br>Issue | Years of<br>Maturity | Rate of<br>Interest | Amount<br>Amortized |
|-----------------|------------------|----------------------|---------------------|---------------------|
| 2016 Enterprise |                  |                      |                     |                     |
| Revenue Bonds   | 12/29/2016       | 2017 - 2031          | 3.86%               | \$ 15,488,000       |

Debt service requirements are summarized as follows:

| Year Ending<br>June 30 | Principal    | Interest     |
|------------------------|--------------|--------------|
| 2025                   | \$ 1,114,355 | \$ 328,030   |
| 2026                   | 1,157,784    | 284,600      |
| 2027                   | 1,202,907    | 239,479      |
| 2028                   | 1,249,787    | 192,598      |
| 2029                   | 1,298,494    | 143,891      |
| 2030-2031              | 2,750,777    | 133,993      |
| Total                  | \$ 8,774,104 | \$ 1,322,591 |

**NOTE 3      SUBSEQUENT EVENTS**

The Authority has evaluated events or transactions subsequent to June 30, 2024, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through January 28, 2026 the date the financial statements were available to be issued, and determined that no subsequent events required recognition or disclosure in the accompanying financial statements.



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