



CITY OF NEEDLES, CALIFORNIA

**Annual Financial Report and
Required Supplemental Information
*Fiscal Year Ended June 30, 2024
with Independent Auditor's Report***

	<u>PAGE</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited)	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Balance Sheet – Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Net Position – Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26
Statement of Fiduciary Net Position – Fiduciary Fund	27
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	28
Notes to Basic Financial Statements	29
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	65
Schedule of the City’s Proportionate Share of the Net Pension Liability and Schedule of Plan Contribution – Miscellaneous Plan	66
Schedule of the City’s Proportionate Share of the Net Pension Liability and Schedule of Plan Contribution – Safety Plan	67
Schedule of Changes in the Total OPEB Liability and Related Ratios	68
Supplementary Information	
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Other Governmental Funds	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds	74
Combining Statement of Net Position – Other Enterprise Funds	79
Combining Statement of Revenues, Expenses, and Change in Net Position – Other Enterprise Funds	80
Combining Statement of Cash Flows – Other Enterprise Funds	81
Combining Statement of Net Position – Internal Service Funds	82
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	84
Combining Statement of Cash Flows – Internal Service Funds	86

FINANCIAL SECTION



655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

213-873-1700
OFFICE

LOS ANGELES
SAN DIEGO
IRVINE
SACRAMENTO
FRESNO
PHOENIX
LAS VEGAS
MANILA, PH

Independent Auditor's Report

**The Honorable Mayor and the Members of the City Council
City of Needles, California**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Needles, California (the City), as of and for the year ended June 30, 2024, and the related notes to basic financial statements, which collectively comprise the City'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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Needles, California, as of June 30, 2024, 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.

We did not audit the financial statements of the Housing Authority of the City of Needles, a component unit of the City, which represent 24%, 64%, and 17%, respectively, of the assets, net position, and revenues of the other enterprise funds as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Housing Authority of the City of Needles, is based solely on the report of the other auditors.

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 (*Government Auditing Standards*). 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.



Emphasis of Matter

Restatements

As discussed in Note 13 to the financial statements, the 2023 financial statements have been restated to reflect changes within the financial reporting entity and to correct 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 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 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 GAAS 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 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 analysis on pages 5 through 17 and the required supplementary information on pages 65 through 68 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.

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 listed in 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 supplementary information is 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 January 28, 2026, 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 solely 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 the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

Vasquez & Company LLP

**Glendale, California
January 28, 2026**

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Within this section of the annual financial report, the City of Needles, California's management presents this discussion and analysis of the City'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.

The discussion below includes the City's governmental funds (the general fund and other nonmajor governmental funds), as well as the City's proprietary funds (the Public Utility, other enterprise funds, and internal service funds).

Financial Highlights

- The City's net position (excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources) increased from \$59.6 million, as restated, to \$74.4 million for the fiscal year ended June 30, 2024. Governmental activities experienced an increase of \$5.2 million, including transfers to business-type activities of \$180 thousand. The change in net position resulting from business-type activities for the fiscal year was an increase of \$9.6 million.
- Total net position comprises the following:
 1. Capital assets, net of related debt, of \$49.0 million, include capital assets, net of accumulated depreciation and amortization, reduced by outstanding debt related to the acquisition or construction of such capital assets.
 2. Net position of \$5.7 million that is restricted as to its use by outside factors such as debt covenants, grantors, laws, or regulations.
 3. Net position of \$19.7 million is not restricted as to its use and is available to fund the City's operations.
- The City's governmental funds reflect total fund balances of \$19.0 million at June 30, 2024. This represents an increase of \$1.4 million from the prior fiscal year.

Overview of the Financial Statements

Management's Discussion and Analysis serves as an introduction to the City's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to financial statements. In addition, there is certain supplemental information included with the financial statements and notes thereto.

Government-wide Financial Statements

The City's government-wide financial statements include: (1) a *Statement of Net Position*, and (2) a *Statement of Activities*.

These financial statements present the City's current and long-term financial information. At the government-wide level, the financial statements are similar to normal operating financial statements, using the full accrual basis of accounting and eliminating or reclassifying internal activities.

The *Statement of Net Position* presents all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference presented as *net position*. The evaluation of whether the City's financial status is improving or not can be measured by changes in net position over time. Increases in net position generally represent an improvement in financial position.

The *Statement of Activities* reflects the change in the City'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. The statement shows the costs of the City's functions and activities, then shows how much of those costs are funded by program revenues or grants, with the remaining amount dependent on the City's general revenues.

Both of the above statements report on governmental activities of the City that are funded by taxes and intergovernmental grants, and business-type activities that are funded primarily by charges to users. Governmental activities include general government, public safety, public works, parks and recreation, and community development. Business-type activities include power and water, wastewater, refuse collection, public transportation, and a municipal golf course. Financial statements for fiduciary activities are not included in the government-wide financial statements, as the assets of those activities are not available to fund the City's programs and activities.

The financial reporting entity includes the City's funds and organizations for which the City is accountable. The City itself is considered the primary government, and the organizations for which the City is accountable are considered component units. The component units are legally separate from the City but are governed by the same individuals who govern the City. There are three such component units: (1) the Needles Public Utility Authority, (2) the Housing Authority of the City of Needles, and (3) the Needles Public Financing Authority. All of these component units are blended into the City's financial statements. More comprehensive information about the City's component units can be found in the notes to the financial statements following this discussion and analysis.

Fund Financial Statements

Fund-level financial statements are intended to present the financial position and activities of individual funds within the City. A fund is a self-balancing set of accounts used to ensure that resources intended to fund specific activities or objectives are, in fact, properly utilized. Fund-level financial statements focus on significant funds, with major funds reported separately, and non-major funds aggregated into a single presentation.

There are three primary types of funds, as follows:

Governmental funds are reported in fund-level financial statements and include the governmental types of activities previously mentioned.

The City's major governmental fund is the General Fund.

The fund level statements differ significantly from the government-wide financial statements, as the fund level statements focus on current resources, uses of those resources, and resources remaining at the end of the fiscal year.

The government-wide financial statements include the current resources and use of those resources, as well as the long-term financial information for the City. A reconciliation of the fund level balance sheet and statement of revenues, expenditures, and changes in fund balance to the government-wide statements follows the fund level financial statements.

Proprietary funds are also reported in fund-level financial statements and include those activities for which the costs incurred are intended to be recovered through charges to the users of the services provided. Proprietary funds include *enterprise* funds and *internal service* funds. The functions of enterprise funds are the same as the business-type activities reported in the government-wide financial statements. Enterprise funds recover costs primarily through charges to external customers. The City's enterprise funds include the electric, water and wastewater utility, sanitation, public transportation, and the golf course.

Internal service funds provide services to other departments within the City and charge these departments for such services. Internal service funds include water, wastewater, electricity, utility office, admin facility, fleet maintenance, information systems and vehicle replacement. Because the public utility dominates the City's financial position, the internal service funds are included within the business-type activities in the government-wide financial statements.

Proprietary funds present their financial position and their activities similar to private companies. Accordingly, the fund-level financial statements utilize the same focus as that used for the government-wide financial statements. The major difference is that individual proprietary funds are only presented at the fund level. The City's major proprietary fund includes the Public Utility Fund. The remaining non-major proprietary funds are aggregated into a single presentation at the fund level.

Fund Financial Statements, continued

Fiduciary funds, such as custodial funds, are reported in fiduciary fund financial statements. Such statements are excluded from the government-wide financial statements. Fiduciary fund financial statements report on resources that are unavailable to finance City programs. The focus of fiduciary fund financial statements is similar to that for proprietary funds.

Notes to the Financial Statements

Following the government-wide and fund-level financial statements are various notes to such statements. These notes are critical to a reader's understanding of the City and its financial position and performance.

Financial Analysis for the City as a Whole

The accumulation of consistently presented financial information allows a reader to understand the City's financial position and determine whether there is improvement or deterioration.

One measure of continued improvement is the change in net position. The City's net position increased by about \$14.8 million, primarily because of continued positive results from utility revenues and cannabis tax revenues.

The following table shows summarized information regarding the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and the changes therein for the fiscal years ended June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Totals		Amount Change	Percent Change
	2023		2023		2023			
	2024	(As restated)	2024	(As restated)	2024	(As restated)		
Assets								
Current and other assets	\$ 23,466,971	\$ 20,605,937	\$ 14,852,003	\$ 13,000,711	\$ 38,318,974	\$ 33,606,648	\$ 4,712,326	14.0%
Capital assets, net	23,711,539	20,352,309	34,591,820	28,133,796	58,303,359	48,486,105	9,817,254	20.2%
Total assets	47,178,510	40,958,246	49,443,823	41,134,507	96,622,333	82,092,753	14,529,580	17.7%
Deferred outflows of resources	1,646,648	1,763,784	1,154,309	1,118,561	2,800,957	2,882,345	(81,388)	-2.8%
Liabilities								
Current and other liabilities	2,542,928	1,500,607	4,678,124	5,069,860	7,221,052	6,570,467	650,585	9.9%
Long-term liabilities	4,580,400	4,562,477	12,605,339	13,424,398	17,185,739	17,986,875	(801,136)	-4.5%
Total liabilities	7,123,328	6,063,084	17,283,463	18,494,258	24,406,791	24,557,342	(150,551)	-0.6%
Deferred inflows of resources	546,016	657,748	62,815	117,264	608,831	775,012	(166,181)	-21.4%
Net Position								
Net investment in capital assets	23,661,672	20,277,271	25,309,906	17,608,751	48,971,578	37,886,022	11,085,556	29.3%
Restricted	5,680,476	5,396,163	36,425	-	5,716,901	5,396,163	320,738	5.9%
Unrestricted	11,813,666	10,327,764	7,905,523	6,032,795	19,719,189	16,360,559	3,358,630	20.5%
Total net position	\$ 41,155,814	\$ 36,001,198	\$ 33,251,854	\$ 23,641,546	\$ 74,407,668	\$ 59,642,744	\$ 14,764,924	24.8%

City of Needles, California
Management's Discussion & Analysis (Unaudited)
June 30, 2024

Financial Analysis for the City as a Whole, continued

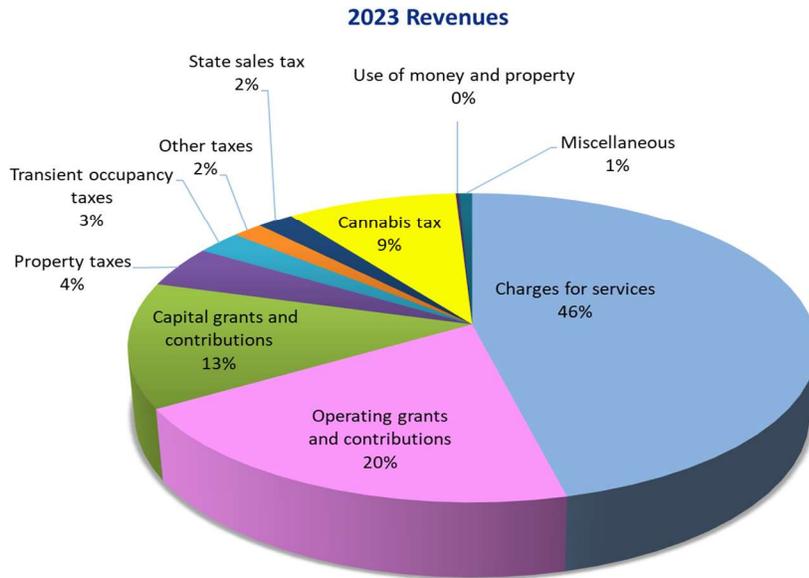
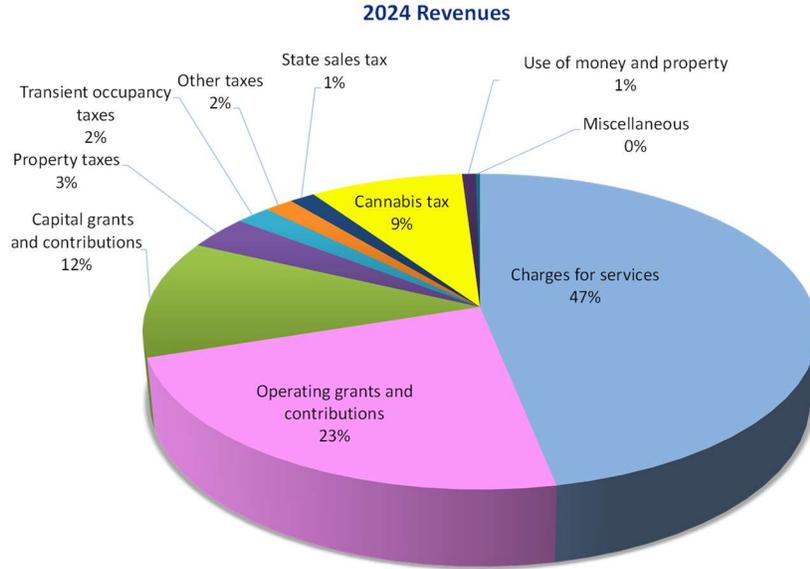
Net position was positive for both governmental activities and business-type activities in 2024 and 2023. Overall, the net governmental activities position increased by about \$5.2 million due to the current year's change in operations. The increase in net position from business-type activity operations was about \$9.6 million, primarily due to increases in grants and contributions received to support the City's operations and capital improvement plans.

Governmental activities' revenues increased by about \$1.8 million. Property taxes and transient occupancy taxes continued to play a significant role in the City's results, totaling about \$3.0 million in revenues for fiscal year 2024. However, the most significant governmental activity revenue was cannabis taxes, which reported a total of \$4.8 million in 2024. Governmental activities' expenses increased by about \$985 thousand due to increases in pension and OPEB expenses allocated to general government functions.

To assist in analyzing the City's operating results, comparative data is accumulated and presented. The following table summarizes the City's changes in net position for the years ended June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Totals		Amount Change	Percent Change
	2024	2023 (As restated)	2024	2023 (As restated)	2024	2023 (As restated)		
Revenues								
Program revenues								
Charges for services	\$ 1,138,678	\$ 1,175,821	\$ 25,133,693	\$ 19,349,552	\$ 26,272,371	\$ 20,525,373	\$ 5,746,998	28.0%
Operating grants and contributions	6,130,023	5,063,959	6,783,969	3,926,969	12,913,992	8,990,928	3,923,064	43.6%
Capital grants and contributions	-	-	6,778,399	5,816,021	6,778,399	5,816,021	962,378	16.5%
General revenues								
Property taxes	1,931,794	1,921,322	-	-	1,931,794	1,921,322	10,472	0.5%
Transient occupancy taxes	1,085,367	1,088,807	-	-	1,085,367	1,088,807	(3,440)	-0.3%
Fuel taxes	264,395	238,700	-	-	264,395	238,700	25,695	10.8%
State sales taxes	796,325	881,494	-	-	796,325	881,494	(85,169)	-9.7%
Franchise taxes	228,126	157,148	-	-	228,126	157,148	70,978	45.2%
Cannabis taxes	4,792,160	4,115,018	-	-	4,792,160	4,115,018	677,142	16.5%
Utility users taxes	415,037	343,007	-	-	415,037	343,007	72,030	21.0%
Use of money and property	268,803	10,790	163,921	68,123	432,724	78,913	353,811	448.4%
Miscellaneous	127,163	357,469	-	-	127,163	357,469	(230,306)	-64.4%
Total revenues	<u>17,177,871</u>	<u>15,353,535</u>	<u>38,859,982</u>	<u>29,160,665</u>	<u>56,037,853</u>	<u>44,514,200</u>	<u>11,523,653</u>	<u>25.9%</u>
Expenses								
General government	1,814,647	1,756,949	-	-	1,814,647	1,756,949	57,698	3.3%
Public safety	4,201,398	5,003,930	-	-	4,201,398	5,003,930	(802,532)	-16.0%
Public works	2,370,153	2,093,518	-	-	2,370,153	2,093,518	276,635	13.2%
Parks and recreation	3,269,585	1,600,328	-	-	3,269,585	1,600,328	1,669,257	104.3%
Community development	544,562	755,023	-	-	544,562	755,023	(210,461)	-27.9%
Interest on long-term debt	2,537	8,360	-	-	2,537	8,360	(5,823)	-69.7%
Public Utility Authority	-	-	25,014,602	22,527,383	25,014,602	22,527,383	2,487,219	11.0%
Sanitation	-	-	1,474,649	1,366,404	1,474,649	1,366,404	108,245	7.9%
Golf Course	-	-	1,103,759	883,792	1,103,759	883,792	219,967	24.9%
Transit	-	-	632,013	613,577	632,013	613,577	18,436	3.0%
Housing	-	-	845,025	(989,643)	845,025	(989,643)	1,834,668	-185.4%
Total expenses	<u>12,202,881</u>	<u>11,218,108</u>	<u>29,070,048</u>	<u>24,401,513</u>	<u>41,272,929</u>	<u>35,619,621</u>	<u>5,653,308</u>	<u>15.9%</u>
Increase in net position before transfers	4,974,990	4,135,427	9,789,934	4,759,152	14,764,924	8,894,579	5,870,345	66.0%
Transfers	179,626	142,335	(179,626)	(142,335)	-	-	-	100.0%
Change in net position	5,154,616	4,277,762	9,610,308	4,616,817	14,764,924	8,894,579	5,870,345	66.0%
Net position - beginning	36,001,198	31,723,436	23,641,546	19,024,729	59,642,744	50,748,165	8,894,579	17.5%
Ending net position	<u>\$ 41,155,814</u>	<u>\$ 36,001,198</u>	<u>\$ 33,251,854</u>	<u>\$ 23,641,546</u>	<u>\$ 74,407,668</u>	<u>\$ 59,642,744</u>	<u>\$ 14,764,924</u>	<u>24.8%</u>

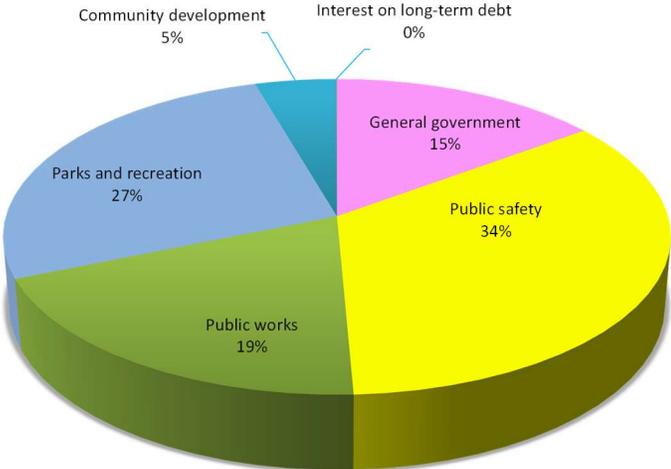
The following charts show graphic representations of the City's revenues for the fiscal years ended June 30, 2024 and 2023:



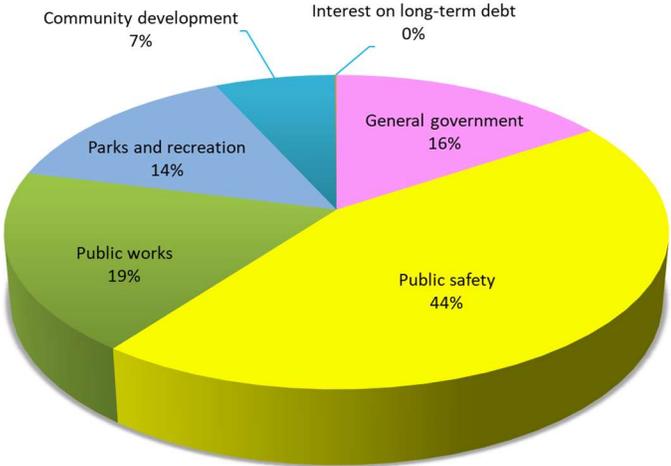
As displayed in the charts above, the revenues from charges for services comprise 45% and 46% of the City's revenues for 2024 and 2023, respectively. Most of the charges for services are attributed to the Public Utility Fund, which makes up approximately 38% of all revenues in 2024 and 35% of all revenues in 2023.

The following charts show graphic representations of the City's governmental functional expenses for the fiscal years ended June 30, 2024 and 2023:

2024 Governmental Expenses

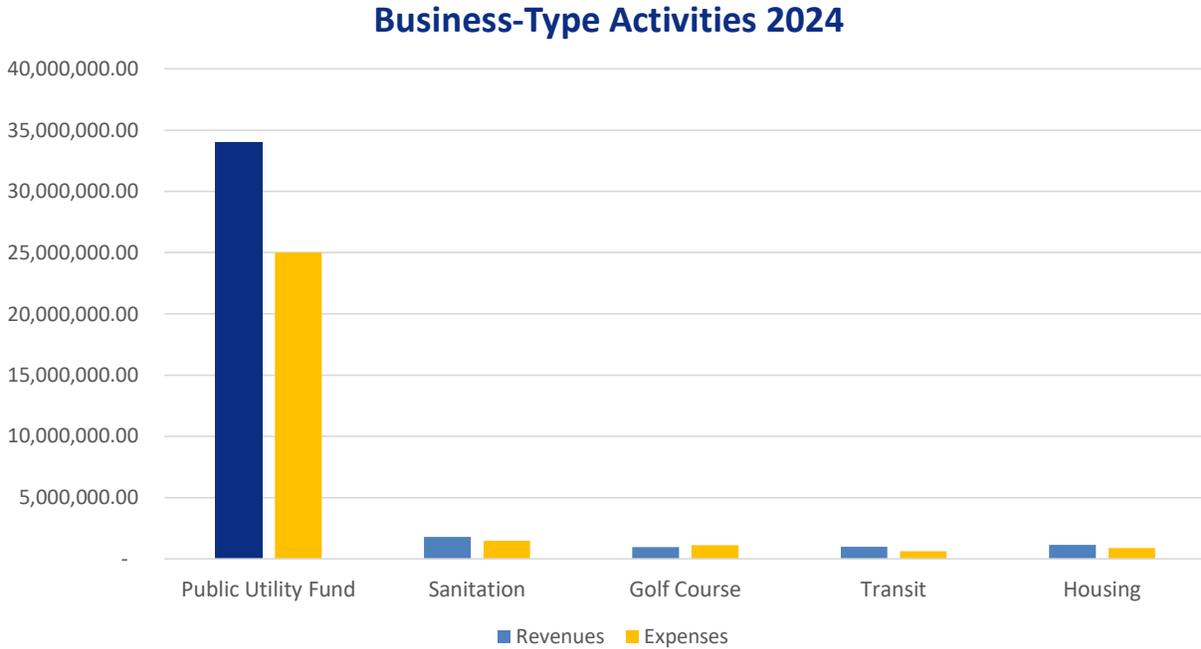


2023 Governmental Expenses



The City contracts with the County of San Bernardino for public safety services. These expenses are funded primarily through general revenues. Parks and recreation expenses are significant for the City, as it is the City's responsibility to maintain the marinas, public swimming pool, skate park, and cemetery.

The following chart depicts the revenues and expenses of the City's business-type activities for the year ended June 30, 2024:



The Public Utility Fund contributed most of the City's revenues and produced \$21.1 million in operating revenues. Interest expense of \$433 thousand on the revenue refinancing bonds, non-operating of \$5.5 million, and net capital contributions and transfers of about \$6.9 million contributed to the Public Utility Fund's increase in net position of about \$8.7 million for the fiscal year.

The City's business-type activities also include refuse collection, golf course, public transportation and housing authority. All business-type activities are designed to be self-supporting, and costs are expected to be fully recovered by user fees and other revenues. Refuse collection activities are contracted out to a private company. The sanitation fund increased its net position by \$110 thousand, the golf course fund increased its net position by \$113 thousand, the transit fund increased its net position by \$332 thousand, and the housing authority fund increased its net position by \$276 thousand.

Financial Analysis of the City's Funds

Governmental funds

Governmental funds focus on the availability of resources on a short-term basis, showing inflows and outflows, and resulting in an ending balance of spendable resources.

City officials compare these available resources to the upcoming financial obligations. The ending fund balance for governmental funds at June 30, 2024, was \$19.0 million. Of this total, \$6.6 million was unassigned and is available to fund any City requirements. Nonspendable fund balances of \$7.7 million represent assets that cannot be converted to cash, such as prepaid items and advances to other funds.

There are restricted fund balances totaling \$4.1 million, committed fund balances of \$350 thousand, and assigned fund balances of \$229 thousand.

Governmental fund balances increased by \$1.4 million from the previous year, as restated. Excess of revenues over expenditures of about \$1.2 million and a net transfer of approximately \$179 thousand contributed to the increase.

Major Governmental Funds

The City's General Fund is the primary governmental fund in use, and accounts for about 72% of governmental revenues and about 78% of governmental expenditures. The fund balance of General Fund increased by \$1.1 million from the previous year. General Fund revenues increased by \$1.2 million, and expenditures increased by about \$1.5 million from last year.

Other Governmental Funds

All other governmental funds are considered nonmajor funds. Such funds include special revenue funds, debt service fund, and capital projects funds. Together, these funds experienced an increase in fund balances of about \$281 thousand. The total ending fund balance for these funds was \$2.6 million.

Proprietary funds

Proprietary fund financial statements are similar to those prepared for private companies, with both short-term and long-term information included in the statements. Also, proprietary funds have the same focus as the government-wide financial statements.

Major Proprietary Funds

The Public Utility Fund is by far the most significant fund for the City, comprising 78% of total assets and about 55% of total revenues. Public Utility Fund provides power, water, and wastewater to the City's businesses and residents. All fixed assets of the utility are carried on the Public Utility Fund's books, as well as the revenue bonds issued to finance the acquisition of the utility.

General Fund Budgetary Highlights

The original budget adopted for the General Fund totaled \$13,788,989 in resources (inflows) and \$15,321,209 in charges to appropriations (outflows). The budget was amended once during the fiscal year, primarily to reflect increases in inflows of \$3,308,013 and a net increase in expenditures as follows: general government expenditures of \$833,826, public safety expenditures of \$112,717, public works of \$17,000, parks and recreation expenditures of \$(155,665), and transfers to other funds of \$2,438,229. The General Fund ended the fiscal year 2024 with \$2,602,411 budget surplus.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2024, the City had approximately \$58.3 million invested in capital assets, \$23.7 million of which was in governmental activities and \$34.6 million of which was in business-type activities.

The notes to the financial statements include more details about changes in capital assets, accumulated depreciation, ongoing construction, and commitments outstanding at the end of the fiscal year.

Capital assets, net of accumulated depreciation and amortization, are as follows:

	Governmental Activities		Business-Type Activities		Totals		Amount Change	Percent Change
	2024	2023 (As restated)	2024	2023 (As restated)	2024	2023 (As restated)		
Non-Depreciable Assets								
Land	\$ 424,042	\$ 340,403	\$ 3,394,088	\$ 3,211,934	\$ 3,818,130	\$ 3,552,337	\$ 265,793	7.5%
Construction in progress	4,040,708	1,896,821	6,349,554	5,481,354	10,390,262	7,378,175	3,012,087	40.8%
Total non-depreciable assets	4,464,750	2,237,224	9,743,642	8,693,288	14,208,392	10,930,512	3,277,880	30.0%
Depreciable and Amortizable Assets								
Structures and improvements	18,668,668	17,477,423	20,599,110	15,525,370	39,267,778	33,002,793	6,264,985	19.0%
Equipment and vehicles	527,187	564,195	1,545,951	1,111,429	2,073,138	1,675,624	397,514	23.7%
Right-of-use lease asset	35,684	54,057	285,260	352,556	320,944	406,613	(85,669)	-21.1%
SBITA assets	15,250	19,410	15,085	30,172	30,335	49,582	(19,247)	-38.8%
Intangible asset	-	-	2,402,772	2,420,981	2,402,772	2,420,981	(18,209)	-0.8%
Total depreciable and amortizable assets	19,246,789	18,115,085	24,848,178	19,440,508	44,094,967	37,555,593	6,539,374	17.4%
Total	\$ 23,711,539	\$ 20,352,309	\$ 34,591,820	\$ 28,133,796	\$ 58,303,359	\$ 48,486,105	\$ 9,817,254	20.2%

Long-term debt

At the end of the fiscal year, the City's total long-term debt obligations were \$17.2 million. Of this total, \$4.6 million is in governmental activities, and the remaining balance is in business-type activities.

The business-type activities debt consists of revenue bonds issued by the Needles Public Utility Authority. These bonds are being repaid from the utility's operating revenues. There is also a note payable in the sanitation fund resulting from an agreement with San Bernardino County related to a municipal landfill.

The following table depicts the City's outstanding long-term debt obligations at June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Totals		Amount Change	Percent Change
	2023		2023		2023			
	2024	(As restated)	2024	(As restated)	2024	(As restated)		
Compensated absences	\$ 192,085	\$ 236,068	\$ 251,212	\$ 259,409	\$ 443,297	\$ 495,477	(52,180)	-10.5%
Estimated claims liability	100,000	100,000	-	-	100,000	100,000	-	0.0%
Lease liability	37,535	55,628	296,548	360,064	334,083	415,692	(81,609)	-19.6%
SBITA liability	12,332	15,945	15,994	31,024	28,326	46,969	(18,643)	-39.7%
Net pension liability	3,550,222	3,418,332	2,533,522	2,196,678	6,083,744	5,615,010	468,734	8.3%
NPUA 2016 bonds	-	-	8,774,103	9,846,660	8,774,103	9,846,660	(1,072,557)	-10.9%
Notes payable	-	-	195,269	227,787	195,269	227,787	(32,518)	-14.3%
Other postemployment benefits liability	710,882	736,504	538,691	502,776	1,249,573	1,239,280	10,293	0.8%
Total	\$ 4,603,056	\$ 4,562,477	\$ 12,605,339	\$ 13,424,398	\$ 17,208,395	\$ 17,986,875	\$ (778,480)	-4.3%

Economic Activity Update – Fiscal Year 2024

City of Needles, California

The City of Needles experienced strong and measurable economic momentum during FY 2024, driven by private investment, rising property values, expanding tourism activity, and disciplined reinvestment of locally generated revenues into infrastructure and community services. Strategic fiscal management, voter-approved economic development policies, and strong state and federal partnerships continued to strengthen the City's financial position while laying the groundwork for long-term, sustainable growth.

Business & Industry Growth

Cannabis-related industrial development remained the City's primary economic driver in FY 2024. The sector generated approximately \$4.8 million in local cannabis tax revenue, representing roughly 36% of the City's operating budget, and has generated more than \$22.5 million in total revenue since voter approval of Measure S. Cannabis activity has resulted in nearly one million square feet of permitted facilities, with approximately 280,000–300,000 square feet currently in operation, and has created approximately 605 active jobs, including employment opportunities for Needles residents and the greater tri-state region.

Consistent with City policy, 10% of cannabis tax revenues were reinvested into the City's Economic Development Program to support non-cannabis business growth. This strategy has helped catalyze key projects such as the Hampton Inn & Suites, a 67,000-square-foot boat storage facility, and the redevelopment of underutilized commercial properties, including the Filter Change coffee and auto service center.

Beyond industrial activity, the City continued to attract and retain small businesses through streamlined permitting, competitive utility rates, and active recruitment efforts. New and expanding businesses during FY 2024 included US Cannabis Labs, 07 Boba Tea, and The Painted Butterfly, further diversifying the local economy and expanding services for residents and visitors.

Property Valuation & Household Income

The City's assessed property valuation increased to approximately \$563 million in 2024, reflecting a \$27 million year-over-year increase (5%) and an 81% increase since 2017. This sustained growth reflects strong investor confidence, reinvestment in existing properties, and new development activities throughout the community.

Median household income has increased by approximately 20% since 2017, driven in part by job creation and wage growth in the industrial, hospitality, and service sectors, reinforcing positive economic outcomes for residents.

Tourism, Hospitality & Sales Activity

Tourism remained a critical pillar of the City's economy in FY 2024. Over the past decade, hotel revenues have increased by approximately 86%, and by 23% since 2017, supported by Route 66 travel, river-based recreation, and regional visitation. While FY 2024 revenues moderated from the prior year's peak, lodging revenues remain well above pre-pandemic levels. The \$12 million Hampton Inn & Suites, which opened in 2023, significantly strengthened the City's hospitality offerings and visitor capacity.

Jack Smith Park and Boat Launch continued to serve as one of the City's strongest economic engines, welcoming more than 500,000 visitors annually. Since 2017, park-related activity has generated nearly \$2 million in additional General Fund revenue, supporting local lodging, dining, fuel sales, and small businesses.

Retail and visitor activity also drove continued growth in local sales tax revenues. Over the past decade, sales tax receipts increased by approximately 90%, representing a \$531,246 increase, supported by Interstate 40 traffic exposure of approximately 8.5 million travelers annually and strong performance by food, fuel, and service-oriented businesses.

Infrastructure & Capital Investment

In FY 2024, the City continued implementation of its 15-year Pavement Management Program, reinvesting locally generated revenues into critical street and water infrastructure. Since 2020, the City has invested more than \$8.5 million in roadway and utility improvements, rehabilitating approximately 39% of the City's roadway network, with an average annual investment of \$2 million.

During FY 2024, the City advanced Phase IV-A of the Pavement Management Program, utilizing a sequenced approach that addressed underground utilities prior to roadway paving. Water service replacement work was completed by Phillips Excavating at a cost of \$955,147.70, substantially completed in April 2024. Roadway paving followed in October 2024, with Vance Corporation completing paving work totaling \$1.33 million and United Paving completing additional paving improvements totaling \$972,000, supported in part by federal funding assistance secured through Congressman Obernolte.

Separately, paving improvements along Flip Mendez Parkway were completed for \$174,985, funded through Community Development Block Grant (CDBG) resources.

Beyond streets, the City successfully leveraged approximately \$15 million in infrastructure grants to modernize its water system, including major investments in the Well 11 Treatment Plant, booster stations, pump stations, transmission mains, and new water storage facilities—projects completed or underway at no cost to local ratepayers.

Public Services, Housing & Community Stability

Public services remained stable and accessible throughout FY 2024. The Needles Courthouse continued full-time operations, restoring local access to judicial services. The City's Housing Authority maintained full occupancy and expanded coordination with federal and county partners, supporting public housing units, Section 8 vouchers, and veteran housing programs, while completing long-overdue capital improvements to housing facilities.

The City also expanded access to healthcare and social services through partnerships with Tri-State Community Healthcare, IEHP, Palo Verde College, and workforce development providers, strengthening long-term community stability.

Grants, Planning & Economic Positioning

During FY 2024, the City leveraged more than \$4.5 million in general planning and infrastructure grants and more than \$7 million in parks and recreation grants, including major investments at Bob Belt's Beach Park, Duke Watkins Park, Jack Smith Walking Trail, and Rivers Edge Golf Course.

Needles' Prohousing Designation from the California Department of Housing and Community Development—earned as the first rural jurisdiction in San Bernardino County—positioned the city as a statewide leader in reducing development barriers and promoting housing production. This designation included a nearly \$445,000 award and strengthened the City's competitiveness for future state funding while supporting new residential development, including riverfront housing and infill opportunities.

Conclusion

Together, these efforts reflect the City of Needles' disciplined, strategic approach to economic development—balancing revenue growth, infrastructure reinvestment, housing expansion, and quality-of-life improvements. FY 2024 marked another year of tangible progress, positioning Needles for continued resilience, diversification, and long-term prosperity.

Closing Statement for the Audit Report

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances, to comply with finance-related laws and regulations, and to demonstrate the City's commitment to public accountability.

For questions or additional information, please contact the City of Needles Finance Department at 817 Third Street, Needles, California 92363. You may also request the separately issued financial statements of the Needles Public Utility Authority, the Needles Public Financing Authority, and the Housing Authority of the City of Needles.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Needles, California
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 7,158,380	\$ 15,142,115	\$ 22,300,495
Restricted cash	2,216,792	-	2,216,792
Accounts receivable, net	650,267	4,099,253	4,749,520
Due from other governments	1,952,596	2,748,814	4,701,410
Internal balances	10,923,028	(10,923,028)	-
Inventory	-	1,047,832	1,047,832
Prepaid items	163,074	2,568,576	2,731,650
Notes receivable	-	168,441	168,441
Lease receivables	402,834	-	402,834
Capital assets, net	23,711,539	34,591,820	58,303,359
TOTAL ASSETS	47,178,510	49,443,823	96,622,333
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	1,610,596	1,126,989	2,737,585
Deferred outflows of resources related to OPEB	36,052	27,320	63,372
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,646,648	1,154,309	2,800,957
LIABILITIES			
Accounts payable	1,316,551	1,763,087	3,079,638
Accrued payroll	286,850	45,916	332,766
Deposits payable	295,339	2,719,296	3,014,635
Accrued interest	-	141,117	141,117
Unearned revenues	621,532	3,890	625,422
Other liabilities	-	4,818	4,818
Long-term liabilities			
Due within one year	22,656	1,280,531	1,303,187
Due in more than one year	319,296	8,252,595	8,571,891
Net pension liability	3,550,222	2,533,522	6,083,744
Other postemployment benefits liability	710,882	538,691	1,249,573
TOTAL LIABILITIES	7,123,328	17,283,463	24,406,791
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	159,879	62,815	222,694
Deferred inflows of resources related to leases	386,137	-	386,137
TOTAL DEFERRED INFLOWS OF RESOURCES	546,016	62,815	608,831
NET POSITION			
Net investment in capital assets	23,661,672	25,309,906	48,971,578
Restricted for			
Community development projects	5,680,476	-	5,680,476
Housing authority	-	36,425	36,425
Unrestricted	11,813,666	7,905,523	19,719,189
TOTAL NET POSITION	\$ 41,155,814	\$ 33,251,854	\$ 74,407,668

See accompanying Notes to Basic Financial Statements.

City of Needles, California
Statement of Activities
Year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$ 1,814,647	\$ 1,091,197	\$ 82,786	\$ -	\$ (640,664)	\$ -	\$ (640,664)
Public safety	4,201,398	-	878,511	-	(3,322,887)	-	(3,322,887)
Public works	2,370,153	607	1,860,258	-	(509,288)	-	(509,288)
Parks and recreation	3,269,585	46,874	2,825,715	-	(396,996)	-	(396,996)
Community development	544,562	-	482,753	-	(61,809)	-	(61,809)
Interest on long-term debt	2,537	-	-	-	(2,537)	-	(2,537)
Total governmental activities	<u>12,202,881</u>	<u>1,138,678</u>	<u>6,130,023</u>	<u>-</u>	<u>(4,934,180)</u>	<u>-</u>	<u>(4,934,180)</u>
Business-type activities							
Public utility	25,014,602	21,540,299	5,547,624	6,754,487	-	8,827,808	8,827,808
Sanitation	1,474,649	1,776,084	-	-	-	301,435	301,435
Golf course	1,103,759	650,044	324,685	-	-	(129,030)	(129,030)
Transit	632,013	49,620	911,660	23,554	-	352,821	352,821
Housing	845,025	1,117,646	-	358	-	272,979	272,979
Total business-type activities	<u>29,070,048</u>	<u>25,133,693</u>	<u>6,783,969</u>	<u>6,778,399</u>	<u>-</u>	<u>9,626,013</u>	<u>9,626,013</u>
Total primary government	<u>\$ 41,272,929</u>	<u>\$ 26,272,371</u>	<u>\$ 12,913,992</u>	<u>\$ 6,778,399</u>	<u>(4,934,180)</u>	<u>9,626,013</u>	<u>4,691,833</u>
General revenues:							
Taxes:							
Property taxes					1,931,794	-	1,931,794
Transient occupancy taxes					1,085,367	-	1,085,367
Fuel taxes					264,395	-	264,395
State sales taxes					796,325	-	796,325
Franchise taxes					228,126	-	228,126
Cannabis taxes					4,792,160	-	4,792,160
Utility users taxes					415,037	-	415,037
Use of money and property					268,803	163,921	432,724
Miscellaneous					127,163	-	127,163
Transfers					179,626	(179,626)	-
Total general revenues					<u>10,088,796</u>	<u>(15,705)</u>	<u>10,073,091</u>
Change in net position					<u>5,154,616</u>	<u>9,610,308</u>	<u>14,764,924</u>
Net position - beginning, as previously reported					35,945,023	22,647,895	58,592,918
Restatements (Note 13)					56,175	993,651	1,049,826
Net position - beginning, as restated					<u>36,001,198</u>	<u>23,641,546</u>	<u>59,642,744</u>
Net position - ending					<u>\$ 41,155,814</u>	<u>\$ 33,251,854</u>	<u>\$ 74,407,668</u>

See accompanying Notes to Basic Financial Statements.

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

City of Needles, California
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 3,998,016	\$ 3,160,364	\$ 7,158,380
Restricted cash	1,864,545	352,247	2,216,792
Accounts receivable, net	648,308	1,959	650,267
Due from other funds	3,633,316	-	3,633,316
Due from other governments	1,744,665	207,931	1,952,596
Prepaid items	33,271	129,803	163,074
Lease receivables	402,834	-	402,834
Advances to other funds	7,576,966	-	7,576,966
TOTAL ASSETS	\$ 19,901,921	\$ 3,852,304	\$ 23,754,225
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 909,570	\$ 406,981	\$ 1,316,551
Accrued liabilities	281,444	5,406	286,850
Deposits	295,339	-	295,339
Due to other funds	-	287,254	287,254
Unearned revenues	48,386	573,146	621,532
Total liabilities	1,534,739	1,272,787	2,807,526
Deferred inflows of resources			
Unavailable revenues	1,592,175	7,391	1,599,566
Leases	386,137	-	386,137
Total deferred inflows of resources	1,978,312	7,391	1,985,703
Fund balances (deficit)			
Nonspendable	7,610,237	129,803	7,740,040
Restricted	1,864,545	2,216,365	4,080,910
Committed	350,000	-	350,000
Assigned	-	229,102	229,102
Unassigned	6,564,088	(3,144)	6,560,944
Total fund balances	16,388,870	2,572,126	18,960,996
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 19,901,921	\$ 3,852,304	\$ 23,754,225

See accompanying Notes to Basic Financial Statements.

City of Needles, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024

Fund balances - total governmental funds \$ 18,960,996

Amounts reported for governmental activities in the Statement of Net Position are different because:

Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. 1,599,566

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet.

Governmental capital assets	\$ 40,194,874	
Less: Accumulated depreciation	(16,534,269)	
Governmental right-of-use lease assets	84,754	
Less: Accumulated amortization	(49,070)	
Governmental SBITA assets	20,796	
Less: Accumulated amortization	<u>(5,546)</u>	23,711,539

Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances as of June 30, 2024 are:

Compensated absences	(192,085)	
Estimated claims liability	(100,000)	
Lease liability	(37,535)	
SBITA liability	<u>(12,332)</u>	(341,952)

Pension and OPEB related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:

Deferred outflows of resources related to OPEB	36,052	
Net OPEB Liability	(710,882)	
Deferred outflows of resources related to pension	1,610,596	
Deferred inflows of resources related to pension	(159,879)	
Net pension liability	<u>(3,550,222)</u>	<u>(2,774,335)</u>

Net position of governmental activities \$ 41,155,814

See accompanying Notes to Basic Financial Statements.

City of Needles, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2024

	General Fund	State Recreation Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 9,020,683	\$	\$ 211,772	\$ 9,232,455
Licenses, permits, and fees	547,680		-	547,680
Intergovernmental	726,722		3,479,655	4,206,377
Charges for services	1,013,344		1,052,201	2,065,545
Fines and forfeitures	292,686		-	292,686
Use of money and property	258,569		10,234	268,803
Other revenues	124,138		3,025	127,163
Total revenues	11,983,822		4,756,887	16,740,709
EXPENDITURES				
Current				
General government	2,174,497		-	2,174,497
Public safety	5,005,030		224,074	5,229,104
Public works	1,283,767		1,055,070	2,338,837
Parks and recreation	3,475,221		198,035	3,673,256
Community development	146,852		120,774	267,626
Capital outlay	-		1,799,371	1,799,371
Debt service				
Principal retirement	21,706		-	21,706
Interest and fiscal charges	2,537		-	2,537
Total expenditures	12,109,610		3,397,324	15,506,934
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(125,788)		1,359,563	1,233,775
OTHER FINANCING SOURCES (USES)				
Transfers in	2,161,565		248,979	2,410,544
Transfers out	(903,680)		(1,327,237)	(2,230,917)
Total other financing sources (uses)	1,257,885		(1,078,258)	179,627
CHANGES IN FUND BALANCES	1,132,097		281,305	1,413,402
FUND BALANCES (DEFICITS)				
Fund balances (deficits) - beginning, as previously reported	15,256,773	(1,038,863)	3,273,509	17,491,419
Restatements (Note 13)	-	1,038,863	(982,688)	56,175
Fund balances - beginning, as restated	15,256,773	-	2,290,821	17,547,594
Fund balances - ending	\$ 16,388,870	\$ -	\$ 2,572,126	\$ 18,960,996

See accompanying Notes to Basic Financial Statements.

City of Needles, California
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of the Governmental Funds to the Statement of Activities
Year ended June 30, 2024

Net change in fund balances - total governmental funds		\$ 1,413,402
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues reported as unavailable revenues in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activities.		437,161
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation and amortization expense.		
Capital outlay	\$ 4,641,467	
Depreciation and amortization expenses, net of deletions of \$85,669	<u>(1,262,827)</u>	3,378,640
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
SBITA adjustment		(15,945)
Lease liability repayments		18,093
SBITA liability repayments		3,613
Net change in compensated absences		43,983
OPEB expense reported in the governmental funds includes the insurance premiums paid. In the Statement of Activities, OPEB expense includes the changes in the net OPEB liability, and related changes in OPEB amounts for deferred outflows of resources and deferred inflows of resources.		15,786
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the changes in the net pension liability, and related changes in pension amounts for deferred outflows of resources and deferred inflows of resources.		(140,117)
		<hr/>
Change in net position of governmental activities		<u>\$ 5,154,616</u>

See accompanying Notes to Basic Financial Statements.

City of Needles, California
Statement of Net Position
Proprietary Funds
June 30, 2024

	Public Utility Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets				
Cash and investments	\$ 7,312,421	\$ 2,146,215	\$ 9,458,636	\$ 5,683,479
Accounts receivable, net	3,806,926	289,137	4,096,063	3,190
Notes receivable	168,441	-	168,441	-
Due from other funds	5,044,547	-	5,044,547	30,246
Due from other governments	2,203,274	545,540	2,748,814	-
Inventory	1,039,089	8,743	1,047,832	-
Prepaid items	-	13,722	13,722	2,554,854
Total current assets	<u>19,574,698</u>	<u>3,003,357</u>	<u>22,578,055</u>	<u>8,271,769</u>
Non-current assets				
Right of use assets, net	114,417	-	114,417	-
SBITA assets, net	-	15,085	15,085	-
Capital assets, net	31,269,952	2,401,830	33,671,782	790,536
Total non-current assets	<u>31,384,369</u>	<u>2,416,915</u>	<u>33,801,284</u>	<u>790,536</u>
TOTAL ASSETS	<u>50,959,067</u>	<u>5,420,272</u>	<u>56,379,339</u>	<u>9,062,305</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	1,102,416	24,573	1,126,989	-
Deferred outflows of resources related to OPEB	26,724	596	27,320	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,129,140</u>	<u>25,169</u>	<u>1,154,309</u>	<u>-</u>
LIABILITIES				
Current liabilities				
Accounts payable	1,179,035	390,038	1,569,073	194,014
Accrued payroll	-	5,146	5,146	40,770
Deposits	2,709,596	9,700	2,719,296	-
Due to other funds	953,185	2,653,816	3,607,001	4,813,854
Unearned revenues	-	3,890	3,890	-
Accrued interest	141,117	-	141,117	-
Compensated absences - current	-	1,851	1,851	-
Advance payable - current	157,719	-	157,719	-
Lease liability - current	51,101	46,198	97,299	16,508
SBITA liability - current	-	15,994	15,994	-
Bonds/note payable - current	1,114,355	34,524	1,148,879	-
Other liabilities	-	4,818	4,818	-
Total current liabilities	<u>6,306,108</u>	<u>3,165,975</u>	<u>9,472,083</u>	<u>5,065,146</u>
Noncurrent liabilities				
Net pension liability	2,478,280	55,242	2,533,522	-
Other postemployment benefits liability	526,945	11,746	538,691	-
Compensated absences - noncurrent	230,122	7,405	237,527	11,834
Advance payable - noncurrent	7,419,247	-	7,419,247	-
Lease liability - noncurrent	68,966	79,874	148,840	33,901
Bonds/note payable - noncurrent	7,659,749	160,744	7,820,493	-
Total noncurrent liabilities	<u>18,383,309</u>	<u>315,011</u>	<u>18,698,320</u>	<u>45,735</u>
TOTAL LIABILITIES	<u>24,689,417</u>	<u>3,480,986</u>	<u>28,170,403</u>	<u>5,110,881</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflows of resources related to pensions	61,445	1,370	62,815	-
TOTAL DEFERRED INFLOW OF RESOURCES	<u>61,445</u>	<u>1,370</u>	<u>62,815</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	22,490,198	2,079,581	24,569,779	740,127
Restricted	-	36,425	36,425	-
Unrestricted (deficit)	4,847,147	(152,921)	4,694,226	3,211,297
TOTAL NET POSITION	<u>\$ 27,337,345</u>	<u>\$ 1,963,085</u>	<u>29,300,430</u>	<u>\$ 3,951,424</u>
Internal service fund allocated to enterprise funds			3,951,424	
Net Position, Business-Type Activities			<u>\$ 33,251,854</u>	

See accompanying Notes to Basic Financial Statements.

City of Needles, California
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year ended June 30, 2024

	Public Utility Fund	Sanitation	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 19,946,047	\$ -	\$ 2,417,618	\$ 22,363,665	\$ 14,583,483
Operating grants and subsidies	-	-	870,448	870,448	-
Other fees and sales	-	-	286,318	286,318	-
Other revenues	1,129,464	-	19,010	1,148,474	1,999
Total operating revenues	21,075,511		3,593,394	24,668,905	14,585,482
OPERATING EXPENSES					
Personnel costs	-	-	322,102	322,102	3,016,987
Contractual services	-	-	1,771,896	1,771,896	488,924
Power and utilities	-	-	289,662	289,662	6,819,493
Maintenance and operations	23,041,681	-	1,037,171	24,078,852	2,938,440
Administrative and management	-	-	357,538	357,538	512,400
Insurance	-	-	22,965	22,965	155,131
Depreciation and amortization	1,539,937	-	230,682	1,770,619	185,868
Total operating expenses	24,581,618		4,032,016	28,613,634	14,117,243
Operating income (loss)	(3,506,107)		(438,622)	(3,944,729)	468,239
NON-OPERATING REVENUES (EXPENSES)					
Interest revenue	142,214	-	5,135	147,349	16,572
Government grants	5,547,624	-	1,236,345	6,783,969	-
Loss on sale of asset	-	-	(1,610)	(1,610)	-
Interest expense and fiscal charges	(432,984)	-	(21,820)	(454,804)	(3,451)
Total non-operating revenues (expenses)	5,256,854		1,218,050	6,474,904	13,121
Income (loss) before capital contributions and transfers	1,750,747		779,428	2,530,175	481,360
Capital contributions - AB 2766	-	-	15,000	15,000	-
Capital contributions - State of good repair	-	-	8,554	8,554	-
Capital contributions	6,748,792	-	358	6,749,150	5,695
Transfers in	198,054	-	241,481	439,535	417,240
Transfers out	-	-	(214,598)	(214,598)	(821,803)
Net capital contributions and transfers	6,946,846		50,795	6,997,641	(398,868)
Changes in net position	8,697,593		830,223	9,527,816	82,492
Net position (deficit) - beginning, as previously reported	18,639,752	(1,118,334)	1,262,410	18,783,828	3,864,067
Restatements (Note 13)	-	1,118,334	(129,548)	988,786	4,865
Net position - beginning, as restated	18,639,752		1,132,862	19,772,614	3,868,932
Net position - ending	\$ 27,337,345	\$ -	\$ 1,963,085	\$ 29,300,430	\$ 3,951,424
Change in net position of internal service fund allocated to enterprise funds				\$ 82,492	
Change in net position of enterprise funds				9,527,816	
Change in net position of business-type activities				\$ 9,610,308	

See accompanying Notes to Basic Financial Statements.

City of Needles, California
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2024

	Public Utility Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities				
Cash collected from customers	\$ 19,538,822	\$ 3,234,299	\$ 22,773,121	\$ 15,343,056
Cash payments to suppliers for goods and services	(23,846,195)	(3,585,224)	(27,431,419)	(11,008,850)
Cash payments to employees for services	276,084	(363,325)	(87,241)	(3,016,987)
Net cash provided by (used in) operating activities	<u>(4,031,289)</u>	<u>(714,250)</u>	<u>(4,745,539)</u>	<u>1,317,219</u>
Cash Flows From Noncapital Financing Activities				
Operating grants received	5,547,624	1,236,345	6,783,969	-
Increase in due from other funds	(927,790)	-	(927,790)	(10,789)
Increase (decrease) in due to other funds/advances	785,934	(440,114)	345,820	936,859
Operating transfers in	198,054	241,481	439,535	1,369,416
Operating transfers out	-	(214,598)	(214,598)	(1,773,979)
Net cash provided by noncapital financing activities	<u>5,603,822</u>	<u>823,114</u>	<u>6,426,936</u>	<u>521,507</u>
Cash Flows from Capital and Financing Activities				
Acquisition and construction of capital assets	(6,874,624)	(1,217,997)	(8,092,621)	(353,672)
Principal paid on bonds/note payable	(1,072,556)	(32,519)	(1,105,075)	-
Capital grants received	6,748,792	23,912	6,772,704	5,695
Payments of leases	(48,925)	(44,946)	(93,871)	30,355
Payments of subscriptions	-	15,140	15,140	-
Interest paid	(450,234)	(21,820)	(472,054)	(3,451)
Net cash used in capital and related financing activities	<u>(1,697,547)</u>	<u>(1,278,230)</u>	<u>(2,975,777)</u>	<u>(321,073)</u>
Cash Flows from Investing Activities				
Collection of notes receivable	340,175	(1,911)	338,264	-
Interest on investments	142,214	5,135	147,349	16,572
Net cash provided by investing activities	<u>482,389</u>	<u>3,224</u>	<u>485,613</u>	<u>16,572</u>
Net increase (decrease) in cash and investments	357,375	(1,166,142)	(808,767)	1,534,225
Cash and investments, beginning of year	6,955,046	3,312,357	10,267,403	4,149,254
Cash and cash investments, end of year	<u>\$ 7,312,421</u>	<u>\$ 2,146,215</u>	<u>\$ 9,458,636</u>	<u>\$ 5,683,479</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (3,506,107)	\$ (438,622)	\$ (3,944,729)	\$ 468,239
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	1,539,937	230,682	1,770,619	185,868
Changes in assets and liabilities				
Decrease (increase) in:				
Accounts receivable	(1,536,689)	(52,061)	(1,588,750)	(3,190)
Due from other governments	(303,893)	(460,858)	(764,751)	-
Inventory	(209,539)	784	(208,755)	-
Prepaid expenses	-	7,864	7,864	760,764
Deferred outflows	(40,356)	4,608	(35,748)	-
Increase (decrease) in:				
Accounts payable	(252,820)	100,081	(152,739)	(95,460)
Accrued liabilities	-	-	-	700
Deposits payable	(38,262)	(1,500)	(39,762)	-
Unearned revenues	-	(105,717)	(105,717)	-
Net pension liability	340,079	(3,235)	336,844	-
OPEB liability	37,553	(1,638)	35,915	-
Deferred inflows	(52,697)	(1,752)	(54,449)	-
Compensated absences payable	(8,495)	7,114	(1,381)	298
Net cash provided by (used in) operating activities	<u>\$ (4,031,289)</u>	<u>\$ (714,250)</u>	<u>\$ (4,745,539)</u>	<u>\$ 1,317,219</u>

See accompanying Notes to Basic Financial Statements.

City of Needles, California
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2024

	Custodial Fund
	Water Quality
	Maintenance Fund
ASSETS	
Cash and investments	\$ 10,673,202
Total assets	10,673,202
FIDUCIARY NET POSITION	
Restricted for other organizations	\$ 10,673,202

City of Needles, California
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year ended June 30, 2024

	Custodial Fund
	Water Quality Maintenance Fund
ADDITIONS	
Deposits	\$ 1,358,194
Investment earnings	487,290
Total revenues	1,845,484
DEDUCTIONS	
Distributions	521,664
Total expenses	521,664
CHANGE IN FIDUCIARY NET POSITION	1,323,820
Fiduciary net position - beginning, as previously reported	-
Restatement (Note 13)	9,349,382
Fiduciary net position - beginning, as restated	9,349,382
FIDUCIARY NET POSITION - END OF YEAR	\$ 10,673,202

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of the City of Needles, California (City) are discussed in subsequent sections of this Note. The remaining Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2024.

B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

Description of the Reporting Entity

The City was incorporated on October 30, 1913, as a General Law City. The City became a Charter City on January 28, 1959, and operates under a Council-Manager form of government. The City Council consists of seven members elected by the citizens of the City. The City provides the following services to its citizens: public safety (police and fire), highways and streets, electricity, water, wastewater, sanitation, public transportation, health and social services, cemetery, culture-recreation, public improvements, community development (planning, building, zoning), and general administrative services.

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City, as distinct from legal relationships. Blended component units, although legally separate entities, are in substance part of the City's operations and so data from these units are combined with data of the primary government.

Each blended component unit has a June 30, 2024 fiscal year-end and issues separate audited financial statements. The City has no discretely presented component units.

Management has determined that the following component units should be blended: Needles Public Financing Authority, Housing Authority of the City of Needles, and Needles Public Utility Authority. Additional detailed financial information for each of these entities can be obtained from the City of Needles Finance Department at 817 Third Street, Needles, California, 92363.

Needles Public Financing Authority

The Needles Public Financing Authority (NPFA) was formed on March 7, 1992, for the sole purpose of providing financing for various City capital projects. The Financing Authority is governed by a seven-member board, which consists of members of the City Council.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (CONTINUED)

Housing Authority of the City of Needles

The Housing Authority of the City of Needles (Housing Authority) was established in 1942, under the U.S. Housing Act of 1937 and the State of California Housing Authority Law of 1938. The Housing Authority is a nonprofit government agency that is chartered by the State of California to administer the development, rehabilitation or financing of affordable housing programs. During the fiscal year 2024, the City assumed administrative and operational responsibility for the Housing Authority. Accordingly, the Housing Authority is reported as a blended component unit within the City's financial statements.

Needles Public Utility Authority

The Needles Public Utility Authority (NPUA) was formed on January 6, 1997, for the purpose of owning, operating, and maintaining the Utility Enterprise. The Utility Enterprise consists of the Water, Sewer, and Electric Enterprise Funds serving the City and the surrounding area. A seven-member Board that consists of members of the City Council governs the Utility Authority.

Other Governmental Agencies

Other governmental agencies providing various levels of service to the City include the State of California, the County of San Bernardino (County), as well as various special districts and school districts. Each of the above agencies has an independent elected governing board or is dependent on an independently elected governing board other than the City Council. Accordingly, financial data and transactions of these agencies are not included within the scope of this financial report.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report on financial information for the City as a whole, excluding fiduciary activities such as employee pension plans. Individual funds are not displayed, but the statements distinguish governmental activities, which are generally supported by taxes and City general revenues, from business-type activities, generally financed as a whole or in part by fees charged to external customers.

The Statement of Activities reports the expenses of a given function, offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (CONTINUED)

Government-Wide Financial Statements (Continued)

Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions on the specified program purposes. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns, with composite columns for nonmajor funds.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Proprietary and fiduciary fund financial statements and financial statements of City component units also report using this same focus and basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported as expenditures in the year due.

Major revenue sources subject to accrual include cannabis taxes, property taxes, sales taxes, transient occupancy taxes, franchise taxes, intergovernmental revenues, and use of money and property.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as necessary. Restricted assets and liabilities payable from restricted assets that are considered current are reported as current assets and liabilities in the financial statements.

Assets that are restricted for the acquisition or construction of noncurrent assets, or are restricted for the liquidation of long-term debt, are considered noncurrent.

D. FUND TYPES AND MAJOR FUNDS

Governmental Funds

The City reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources not reported in other funds.

Proprietary Funds

The City reports the following major enterprise fund:

Public Utility Fund – This fund accounts for the operating activities of the City's public utility operations. NPUA transactions roll up to this fund.

Other Fund Types

The City also reports the following fund types:

Internal Service Funds – These funds are used to account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. These include fleet maintenance, business office, and information technology. These are proprietary funds reported with business-type activities in the government-wide statements, as the majority of the activities are charged to other proprietary funds.

Fiduciary Fund – Custodial Fund – This fund accounts for the restricted trust fund for Water Quality Maintenance of the All-American Canal. The trust funds for canal capital maintenance and improvements are held by the Trustee, Zions Bank. The City is responsible for the annual operation of the canal under the contract with the Bureau of Reclamation (BOR) and the Metropolitan Water District of Southern California (MWD).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION

Cash and Investments

The City maintains and controls one major cash and investment pool. Each fund's portion of the pool is displayed on its respective balance sheet as "cash and investments".

In addition, non-pooled cash and investments are separately held and reflected in respective funds or component units as "cash with fiscal agents" or "restricted cash".

For purposes of the accompanying statement of cash flows, the City considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The fair value of the State Treasurer's Investment Pool is based on the stated fair value represented by the Pool.

Cash deposits are reported at the carrying amount, which reasonably approximates fair value.

Inventory of Supplies

Inventories in governmental funds consist of expendable supplies held for consumption stated on an average cost basis. They are reported at cost, which is recorded as an expenditure at the time the inventory items are used. Proprietary fund inventories and similar component unit inventories are recorded at the lower of cost or market value on an average cost basis. Inventories are reported similarly in the fund financial statements and the government-wide financial statements.

Prepaid Items

Prepaid items represent payments made to vendors that benefit future reporting periods and are reported on a consumption basis. Prepaid items are reported similarly in the fund financial statements and the government-wide financial statements.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements.

Proprietary and component unit capital assets are also reported in their respective funds and component unit financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION (CONTINUED)

Capital Assets, Depreciation, and Amortization (Continued)

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives for depreciable assets are as follows:

Buildings	20 – 30 years
Improvements, other than buildings	5 – 15 years
Mobile equipment	5 – 7 years
Furniture, machinery, and equipment	5 – 7 years

Long-term Debt and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as a liability. Bond issuance costs, bond discounts and premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

Governmental fund financial statements recognize debt proceeds and premiums as other financing sources of the current fiscal period. Issuance costs are reported as expenditures of the current fiscal period.

Unavailable Revenues

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized in the current period. Revenue must also be available to finance expenditures of the current period. Governmental funds report revenues in connection with receivables for revenues not considered available to liquidate as deferred inflows of resources in the current period. Unavailable revenues in the current year represent revenues not collected within the availability period of 60 days.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees up to specified maximums. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide, proprietary, and component unit financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION (CONTINUED)

Fund Balances

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund types report fund equity in one of five categories, as follows:

Nonspendable – Fund balances that cannot be spent because they are either:

- Not in Spendable Form – generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts. This classification also includes some long-term amounts, such as property acquired for resale or the long-term portion of loans receivable.
- Legally or Contractually Required to be Maintained Intact – amounts that are required to be maintained intact, such as the principal of a permanent fund.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – This is the residual classification for the general fund (i.e., everything that is not in another classification or another fund).

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION (CONTINUED)

Net Position

The net position represents the residual interest in the City's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. In accordance with GASB Statement No. 63, the fund equity section on the Statement of Net Position was combined to report the total net position and present it in three broad components:

Net investment in capital assets – The amount consists of capital assets, including infrastructure, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted – Amount consists of net position restricted by external creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabled legislature.

Unrestricted – Amount consists of all net position that do not meet the definition of "net investment in capital assets" or "restricted" net position.

When both restricted and unrestricted net position are available, restricted resources are depleted first before unrestricted resources are used.

F. REVENUES, EXPENDITURES, AND EXPENSES

Utility Billings

The Public Utility Fund bills individuals and businesses for electric, water, and sewer services monthly. The billings are considered delinquent when they are not paid by the due date indicated on the billing, which is generally 20 days after the billing date. The City reserves an amount as uncollectible based on historical collection rates. The amount of the estimated uncollectible billings as of June 30, 2024 was \$396,547.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. REVENUES, EXPENDITURES, AND EXPENSES (CONTINUED)

Property Tax Revenues

All property taxes are collected and allocated by the County to the various taxing entities. Property taxes are determined annually as of March 1 and attach as an enforceable lien on real property as of July 1. Taxes are due November 30 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when available and measurable. The City considers property tax as available if it is received within 60 days after the year-end.

Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) plans (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.

G. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

Released GASB Statements to be implemented in future financial statements are as follows:

- GASB Statement No. 101 - *Compensated Absences*. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.
- GASB Statement No. 102 - *Certain Risk Disclosures*. The requirements of this statement are effective for reporting periods beginning after June 15, 2024.
- GASB Statement No. 103 - *Financial Reporting Model Improvements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.
- GASB Statement No. 104 - *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the market value no more than 2% per year. The City receives a share of this basic levy proportionate to what it received in the 1976 and 1978 periods. Property tax rates for bond debt service are determined by the City, with collections and allocations made by the County.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Deficit Fund Balance/Net Position – Primary Government

Deficit fund balances/net position as of June 30, 2024 are as follows:

State Recreation Grants Special Revenue Fund	\$ (227)
Safe Routes to School Special Revenue Fund	(2,479)
Hazard Mitigation Special Revenue Fund	(438)
Sanitation Enterprise Fund	(1,008,073)
Sewer Internal Service Fund	(87,715)

Budgets and Budgetary Accounting

The City prepared and adopted annual operating budgets for the General Fund, all Special Revenue funds, and all Capital Projects funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing on the following July 1. The budget includes proposed expenditures and the means of financing them.

2. The City Council reviews the proposed budget at a specially scheduled session, which is open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.

3. The budget is legally adopted through passage of a resolution.

4. The City Manager is authorized to transfer funds within departmental budgets between major object classifications and between capital projects in the same fund. The City Council must authorize transfers between funds, between departments, and from the fund balances reserved for specific purposes.

5. Annual budgets presented are legally adopted and amended as required for the General, Special Revenue, and Capital Projects funds. All budgets presented are prepared on a basis consistent with GAAP.

6. Budgeted amounts are reflected after all applicable amendments and revisions.

7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the department level. The legal level of budgetary control is at the level called "department". A "department" for legal appropriation purposes may be a single organization (i.e., City Attorney), or an entire department having multiple organizations (i.e., Parks and Recreation), or an entire fund (i.e., Special Fund for Capital Outlay). All departments and funds should complete the year within legally authorized expenditures.

NOTE 3 CASH AND INVESTMENTS

Cash and Investments

As of June 30, 2024, cash and investments were reported in the accompanying financial statements as follows:

	Unrestricted	Restricted	Total
Governmental Activities	\$ 7,158,380	\$ 2,216,792	\$ 9,375,172
Business-Type Activities	15,142,115	-	15,142,115
Fiduciary Fund	-	10,673,202	10,673,202
Total Cash and Investments	\$ 22,300,495	\$ 12,889,994	\$ 35,190,489

Cash and investments held by the City at June 30, 2024 consisted of the following:

Petty cash and cash drawers	\$	4,717
Cash in banks		22,969,502
Investments		12,216,270
Total Cash and Investments	\$	35,190,489

The City maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the financial statements as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

Disclosures Relating to Custodial Risk

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a failure of the financial institution, the City's deposits will not be returned or the City will not be able to obtain collateral securities pledged by the financial institutions.

Custodial credit risk is not covered by bond indentures, although the indentures usually require the issuer to maintain reserve accounts with the trustee bank named in the indenture.

The City's policy, in accordance with the State of California Government Code, is to require financial institutions to collateralize the City's deposits at 110% of the deposit amount with U.S. government securities in the City's name.

California law allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total deposit. The City, at management's discretion, may waive the 110% collateral requirements for deposits that are federally insured up to \$100,000. Federal insurance provides up to \$250,000 of coverage for each depositor.

At June 30, 2024, the book balance of the City's deposits was \$35.2 million, and the bank balance was \$37.3 million, which is insured and collateralized under California law. The difference of \$2.1 million represents outstanding checks and other reconciling items. The City's deposits were covered by FDIC insurance or collateralized as required by California law.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair values by limiting the maximum maturity length of investments to five years.

As of June 30, 2024, the City had the following investments:

Investment Type	Remaining Maturity (in Years)
	Less Than 1 Year
LAIF	\$ 1,543,068
Cash with Fiscal Agents:	
Money Market Mutual Funds	10,673,202
Total Investments	\$ 12,216,270

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of security or a counterparty to the investment will not be able to fulfill its obligations with respect to the investment. The City does not have a formal policy with respect to credit risk.

Instead, the City follows State of California law, which authorizes the City to invest in obligations of U.S. Government agencies and U.S. Government securities, certificates of deposit, municipal securities, and the Local Agency Investment Fund (LAIF) of the State of California. As of June 30, 2024, the City's investments in external investment pools are unrated, and money market mutual funds are rated AAA.

Disclosures Relating to Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to a concentration of funds in a single issue or issuer. With respect to concentration risk, as of June 30, 2024, the City has not invested more than 5% of its total investments in any one issuer. Investments guaranteed by the U.S. government and investments in money market mutual funds and external investment pools are excluded from this requirement.

Fair Value Measurement

The City categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements), inputs are quoted prices of similar assets in active markets (Level 2 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The City's investments in LAIF are not subject to the fair value hierarchy. The City's investments in money market mutual funds are actively traded and therefore, measured using level 1 inputs.

City of Needles, California
Notes to Basic Financial Statements
Year ended June 30, 2024

NOTE 4 CAPITAL ASSETS

A summary of the changes in capital assets is as follows:

	Balance July 1, 2023, as restated	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 340,403	\$ 83,639	\$ -	\$ 424,042
Construction in progress	1,896,821	3,675,439	(1,531,552)	4,040,708
Total capital assets, not being depreciated	<u>2,237,224</u>	<u>3,759,078</u>	<u>(1,531,552)</u>	<u>4,464,750</u>
Capital assets being depreciated and amortized				
Structures and improvements	31,953,807	2,254,139	-	34,207,946
Equipment	1,381,787	226,060	(85,669)	1,522,178
Right-of-use lease assets	84,754	-	-	84,754
SBITA assets	20,796	-	-	20,796
Total capital assets being depreciated and amortized	<u>33,441,144</u>	<u>2,480,199</u>	<u>(85,669)</u>	<u>35,835,674</u>
Less accumulated depreciation and amortization for				
Structures and improvements	(14,476,384)	(1,062,894)	-	(15,539,278)
Equipment	(817,592)	(263,068)	85,669	(994,991)
Right-of-use lease assets	(30,697)	(18,373)	-	(49,070)
SBITA assets	(1,386)	(4,160)	-	(5,546)
Total accumulated depreciation and amortization	<u>(15,326,059)</u>	<u>(1,348,495)</u>	<u>85,669</u>	<u>(16,588,885)</u>
Total capital assets being depreciated and amortized, net	<u>18,115,085</u>	<u>1,131,704</u>	<u>-</u>	<u>19,246,789</u>
Capital assets, net	<u>\$ 20,352,309</u>	<u>\$ 4,890,782</u>	<u>\$ (1,531,552)</u>	<u>\$ 23,711,539</u>
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 3,211,934	\$ 182,154	\$ -	\$ 3,394,088
Construction in progress	5,481,354	4,949,813	(4,081,613)	6,349,554
Total capital assets, not being depreciated	<u>8,693,288</u>	<u>5,131,967</u>	<u>(4,081,613)</u>	<u>9,743,642</u>
Capital assets being depreciated and amortized				
Structures and improvements	46,525,557	6,656,968	(86,536)	53,095,989
Equipment	3,279,289	663,393	(143,201)	3,799,481
Right-of-use lease assets	499,987	45,406	-	545,393
SBITA assets	45,255	-	-	45,255
Water rights	2,662,807	-	-	2,662,807
Canal construction cost sharing	728,366	-	-	728,366
Total capital assets being depreciated and amortized	<u>53,741,261</u>	<u>7,365,767</u>	<u>(229,737)</u>	<u>60,877,291</u>
Less accumulated depreciation and amortization for				
Structures and improvements	(31,000,187)	(1,581,618)	84,926	(32,496,879)
Equipment	(2,167,860)	(228,871)	143,201	(2,253,530)
Right-of-use lease assets	(147,431)	(112,702)	-	(260,133)
SBITA assets	(15,083)	(15,087)	-	(30,170)
Water rights	(490,687)	-	-	(490,687)
Canal construction cost sharing	(479,505)	(18,209)	-	(497,714)
Total accumulated depreciation and amortization	<u>(34,300,753)</u>	<u>(1,956,487)</u>	<u>228,127</u>	<u>(36,029,113)</u>
Total capital assets being depreciated and amortized, net	<u>19,440,508</u>	<u>5,409,280</u>	<u>(1,610)</u>	<u>24,848,178</u>
Capital assets, net	<u>\$ 28,133,796</u>	<u>\$ 10,541,247</u>	<u>\$ (4,083,223)</u>	<u>\$ 34,591,820</u>

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation Expense

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities		Business-Type Activities	
Public safety	\$ 76,757	Public Utility Fund	\$ 1,539,937
Public works	522,104	Golf course	105,250
Parks and recreation	403,953	Transit	79,460
Community development	345,681	Housing	45,972
	<u>\$ 1,348,495</u>	Internal service funds	185,868
			<u>\$ 1,956,487</u>

NOTE 5 LEASE RECEIVABLES

The City leases its property to other agencies in the course of making services available to the community. The material leases that fall under the scope of GASB 87 include the City subleasing Bureau of Land Management land to the County to operate the Marina, RV park, and other recreational services. It also leases the Needles Chamber of Commerce building to the Needles Area Chamber of Commerce nonprofit corporation for operating the Chamber of Commerce and Visitor’s Center. The lease with the County first commenced in 1960 and has since been amended to extend through June 2048, while the lease with the Needles Area Chamber of Commerce expires in April 2026.

The City also entered into different lease agreements as follows:

- Commencing on April 23, 2020, the City entered into a 10-year lease agreement with Electrify America, LLC to lease the parking space owned by the City to build an electric vehicle charging station for monthly rent payments of \$400.
- Commencing on March 1, 2021, the City entered into a 5-year lease agreement with Inventory 19th Hole Bar & Grill to use a certain portion of the City-owned municipal golf course known as the Rivers Edge Golf Course for monthly rent payments of \$550.
- Commencing on October 25, 2022, the City entered into a 3-year lease agreement with the County to use a certain portion of the City-owned building known as Building C for monthly rent payments of \$4,052.
- Commencing on June 1, 2023, the City entered into a 3-year lease agreement with Parking Concepts, Inc. to lease the office space and garage space for monthly rent payments of \$728.

NOTE 5 LEASE RECEIVABLES (CONTINUED)

At June 30, 2024, the total operating lease receivables and deferred inflows of resources for the above leases were \$402,834 and \$386,137, respectively. Discount rates ranging from 0.712% to 3.378% were used to calculate the net present values of the leases. There were no significant variable payments received during the fiscal year ended June 30, 2024. The future minimum operating lease receivable payments as of June 30, 2024, were as follows:

Year Ending June 30	Amount
2025	\$ 78,236
2026	36,688
2027	14,986
2028	13,030
2029	14,709
2030-2034	60,223
2035-2039	60,720
2040-2044	66,504
2045-2047	57,738
Total	\$ 402,834

NOTE 6 BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY

In general, outstanding balances between funds are presented in the financial statements 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).

These balances include outstanding charges by one fund to another fund for goods or services or for other miscellaneous receivables/payables between funds. Balances between governmental funds and business-type funds are reflected in the government-wide financial statements as “internal balances”.

NOTE 6 BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY (CONTINUED)

Due To/From Other Funds

The composition of due to/from other funds as of June 30, 2024 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
Major Funds			
General Fund	Public Utility Fund	\$ 922,939	Temporary cash borrowing
	Other Governmental Funds		
	Department of Housing and Community Development Grant	17,544	Temporary cash borrowing
	Safe Routes to School Grant	2,479	Temporary cash borrowing
	Hazard Mitigation	438	Temporary cash borrowing
	Jack Smith Park Marina	36,100	Temporary cash borrowing
	Other Enterprise Fund		
	Sanitation	2,476,278	Temporary cash borrowing
	Golf Course	177,538	Temporary cash borrowing
Public Utility Fund	Internal Service Funds	4,813,854	Reimbursement of expenses
	Other Governmental Fund		
	All American Canal	230,693	Reimbursement of expenses
Internal Service Funds	Public Utility Fund	30,246	Reimbursement of expenses
		<u>\$ 8,708,109</u>	

Advances To/From Other Funds

The City entered into a Purchase Obligation with the NPUA in which the NPUA agreed to pay the City \$685,300 each February 1st, including interest imputed at 6.714% through February 2012. Starting February 2013, the annual payment was reduced to \$673,036 as a result of the \$400,000 prepayments made in 2012. The annual payment was further reduced to \$666,983 in fiscal year 2016 as a result of the additional prepayment made in 2013, amounting to \$350,000. The balance of the obligation as of June 30, 2024 was \$7,576,966.

Annual maturities of the Purchase Obligation are presented below:

Year Ending June 30:	Principal	Interest	Total
2025	\$ 157,719	\$ 508,717	\$ 666,436
2026	37,293	498,128	535,421
2027	39,797	495,624	535,421
2028	42,469	492,952	535,421
2029	45,320	490,101	535,421
2030 - 2034	276,538	2,400,567	2,677,105
2035 - 2039	382,703	2,294,402	2,677,105
2040 - 2044	529,625	2,147,480	2,677,105
2045 - 2049	732,952	1,944,153	2,677,105
2050 - 2054	1,014,338	1,662,767	2,677,105
2055 - 2059	1,403,750	1,273,355	2,677,105
2060 - 2064	1,942,660	734,445	2,677,105
2065 - 2066	971,802	98,925	1,070,727
	<u>\$ 7,576,966</u>	<u>\$ 15,041,616</u>	<u>\$ 22,618,582</u>

**NOTE 6 BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY
(CONTINUED)**

Transfers

Transfers and payments within the reporting entity are primarily to provide cash to meet operating and debt service needs or to fund the construction or purchase of capital assets. The government-wide statement of activities eliminates transfers reported within the segregated governmental and business-type activities columns. Only transfers *between* the two columns appear in this statement.

The following schedule reports transfers and payments within the reporting entity:

Transfer To	Transfer From	Amount	Purpose
Major Funds			
General Fund			
	Other Governmental Fund		
	Gas Tax	\$ 139,164	Gas tax
	Caltrans Grant	986,000	Grant reimbursement
	Other Enterprise Fund		
	Sanitation	191,174	Fund operations
	Transit	23,424	Fund operations
	Internal Service Funds	821,803	Fair share allocation
Public Utility Fund			
	General Fund	15,901	General fund reserves
	Other Governmental Fund		
	Redevelopment Agency	182,153	Fund operations
Nonmajor Funds			
Other Governmental Funds			
Cemetery	General Fund	127,752	Cemetery Fund from General Fund
Boating and Waterways Grant	General Fund	24,637	Fund operations
Redevelopment Agency	General Fund	96,589	Transfer of RDA debt payment
Other Enterprise Funds			
Golf	General Fund	241,481	Fund operations
Transit	Other Governmental Fund		
	Measure I Transit	1	Fund operations
Internal Service Funds			
	General Fund	397,320	Transfer of capital assets
	Other Governmental Fund		
	All American Canal	19,920	Fund operations
		<u>\$ 3,267,319</u>	

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions of the City for the year ended June 30, 2024:

Description and Purpose	Balance July 1, 2023, as restated	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Governmental Activities:					
Bonds and Direct Borrowings:					
Lease liability	\$ 55,628	\$ -	\$ (18,093)	\$ 37,535	\$ 18,801
SBITA liability	15,945	-	(3,613)	12,332	3,855
Subtotal	71,573	-	(21,706)	49,867	22,656
Other Long-term Liabilities					
Compensated absences, net	236,068	-	(43,983)	192,085	-
Estimated claims liability	100,000	-	-	100,000	-
Total Governmental Activities	407,641	-	(65,689)	341,952	22,656
Business-Type Activities:					
Bonds and Direct Borrowings:					
NPUA 2016 bonds	9,846,660	-	(1,072,557)	8,774,103	1,114,355
Notes Payable	227,787	-	(32,518)	195,269	34,524
Lease liability	360,064	45,406	(108,922)	296,548	113,807
SBITA liability	31,024	-	(15,030)	15,994	15,994
Subtotal	10,465,535	45,406	(1,229,027)	9,281,914	1,278,680
Other Long-term Liabilities					
Compensated absences	259,409	-	(8,197)	251,212	1,851
Total Business-Type Activities	10,724,944	45,406	(1,237,224)	9,533,126	1,280,531
Total Primary Government	\$ 11,132,585	\$ 45,406	\$ (1,302,913)	\$ 9,875,078	\$ 1,303,187

Bonds and Direct Borrowings

2016 Revenue Refunding Bonds (NPUA 2016 Bonds)

In December 2016, the Utility Authority issued \$15,488,000 in revenue bonds bearing interest at 3.86%. Principal payments in various amounts are due annually through February 2031. \$ 8,774,103

Debt service requirements for NPUA 2016 Bonds are as follows:

Year Ending June 30:	Principal	Interest	Total
2025	\$ 1,114,355	\$ 328,030	\$ 1,442,385
2026	1,157,784	284,600	1,442,384
2027	1,202,907	239,478	1,442,385
2028	1,249,787	192,598	1,442,385
2029	1,298,494	143,891	1,442,385
2030-2031	2,750,776	133,993	2,884,769
	<u>\$ 8,774,103</u>	<u>\$ 1,322,590</u>	<u>\$ 10,096,693</u>

NOTE 7 LONG TERM LIABILITIES (CONTINUED)

Obligation under agreement with the County of San Bernardino (Notes Payable)

The note payable in the Sanitation Enterprise Fund resulted from an agreement the City made with the County on January 30, 1996. The County agreed to accept the landfill into the County landfill system and to serve as the lead agency for the cleanup, closure, and post-closure activities for the landfill.

The City agreed to reimburse the County \$665,195 for its share of the cleanup, closure, and post-closure costs, to provide in-kind services for post-closure activities, to assist the County in obtaining approval from regulatory agencies for a “monolithic soil cover”, and in seeking recovery from other parties who may be responsible for the costs of cleanup, closure, and post-closure.

Per the agreement, interest shall accrue on the unpaid balance at 6% per annum compounded annually commencing on January 1 of the year following the year in which the landfill is deemed closed.

The landfill ceased accepting waste in 1994 and was closed in 2002. The Closure Agreement calls for annual principal payments of \$50,000 over 15 years.

The City settled this obligation with the County by agreeing to pay a principal amount of \$447,361 beginning on July 1, 2014. Payments are \$3,775 per month for 180 months ending on June 1, 2029. This debt bears interest at 6% per annum.

Future payments under this debt are as follows:

Year Ending June 30:	Principal	Interest	Total
2025	\$ 34,524	\$ 10,778	\$ 45,302
2026	36,654	8,647	45,301
2027	38,914	6,387	45,301
2028	41,314	3,987	45,301
2029	43,863	1,439	45,302
	<u>\$ 195,269</u>	<u>\$ 31,238</u>	<u>\$ 226,507</u>

Lease Liability

The City maintains several equipment operating leases that commenced during or before the fiscal year ended June 30, 2024. The City leases 7 vehicles serving the Code Enforcement, Public Works, Utility Office, Water, Wastewater, and Electric departments, which commenced in 2021 and will expire in the fiscal year ending June 30, 2028. Upon expiration, there is a \$400 processing fee for each vehicle, which has been included in the total lease obligation being amortized. There is also an ongoing lease for 60 golf carts utilized by the Golf Course, which began in August 2021 and will expire in August 2026. The City leased a copy machine in July 2021 for the administrative offices, which expires in July 2026 and automated mailroom machines in August 2023, which expires in July 2028. None of the lease agreements carries any residual value guarantees or includes any variable payments. The discount rates used to calculate the lease liability range from 2.62% to 7.65%.

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Lease Liability (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

Governmental Activities

Year Ending June 30:	Principal	Interest	Total Payments
2025	\$ 18,801	\$ 1,350	\$ 20,151
2026	11,932	671	12,603
2027	6,802	204	7,006
Total	\$ 37,535	\$ 2,225	\$ 39,760

Business-Type Activities

Year Ending June 30:	Principal	Interest	Total Payments
2025	\$ 113,807	\$ 10,699	\$ 124,506
2026	94,857	6,761	101,618
2027	70,537	2,986	73,523
2028	16,439	655	17,094
2029	908	6	914
Total	\$ 296,548	\$ 21,107	\$ 317,655

Other Long-term Liabilities

SBITA Liability

The City has entered into IT software subscription agreements with various SBITA vendors with subscription terms ranging from 3 – 5 years. Subscription payable is measured at the present value of the subscription payments expected to be made during the subscription term. These SBITAs qualify as capital assets for accounting purposes and have been recorded at the present values of their future subscription payments as of their commencement dates using a discount of 3.16%. As a result of these SBITAs, the City has recorded these SBITA assets with a net book value of \$30,335 as of June 30, 2024.

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the notes to financial statements. The outstanding balance at June 30, 2024, was \$443,297.

Estimated Claims Payable

See Note 10 regarding the City's risk management. The claims payable is normally liquidated by the General Fund. The outstanding balance at June 30, 2024, was \$100,000.

NOTE 8 UTILITY ENTERPRISE

As disclosed in Note 1, the Needles Public Utility Authority (NPUA) was formed on January 6, 1997, to own, operate, and maintain the Utility Enterprise. On March 6, 1997, NPUA purchased the Utility Enterprise (consisting of the Water, Sewer, and Electric Funds) from the City for \$65,000,000.

To fund the acquisition, NPUA issued 1997 revenue bonds totaling \$21,145,000, of which \$17,941,092 was used as an initial down payment for the acquisition. These bonds were fully paid during the year ended June 30, 2017, with the proceeds of 2016 revenue refunding bonds issued by the NPUA. The 2016 Revenue Refunding bonds were issued in the face amount of \$15,488,000 and are more fully described in Note 7.

The balance of \$47,058,908 was financed by the City and evidenced by an advance from the City to the NPUA. This is being repaid with an annual purchase payment of \$685,300 through the year 2065. As a component unit, the NPUA is included as part of the City's reporting entity (see Note 1). Accordingly, the Utility Enterprise assets and liabilities acquired by NPUA are included in the financial statements at net book value rather than fair market value (acquisition price) and the note, which approximates the step-up to the fair market value, is shown as an interfund advance from the general fund to the NPUA (see Note 6).

The City and NPUA entered into a separate agreement wherein the City has agreed to continue to manage and administer the utility operations. As a result, the City performs the customer billing and collection function and pays the expenses related to the utility operations. NPUA reimburses the City monthly for expenses incurred.

Section 1202 of the Needles Municipal Code states, "Each utility shall be operated as a separate unit and all accounting respecting such utility shall be on that basis. All personal services of officers or employees and all costs incurred for the joint benefit of any such utility and any other office, department or agency of the city shall be prorated between them. Charges shall be made by the utility for all service, property or other things of value supplied or rendered by it to any other office, department or agency of the City."

The City acts as the manager and operator of NPUA's Enterprises under a Management Agreement. The City receives a management fee equal to its actual costs and direct overhead incurred in connection with the management and operation of the Enterprises. Such costs include, but are not limited to, salaries, insurance, and retirement benefits of City employees providing services to Enterprises. Each July 1, the Management Agreement is extended for one year, unless either party notifies the other that it does not intend to extend the term of the Agreement. Total payments made to the City for operating the Enterprises for the year ended June 30, 2024 amounted to \$16,139,611. This amount includes payment of Fair Share Allocation (FSA) and purchase of electric power and capital assets.

NOTE 8 UTILITY ENTERPRISE (CONTINUED)

In exchange for the City providing rights of way and rights of access to all real property owned by the City and necessary for NPUA to operate the Enterprises, the City collected an annual franchise fee from NPUA. The amount of the franchise fee was determined by the City, the payment of which is subordinate to NPUA's annual debt service. In August 2010, NPUA's Board approved the increase in franchise fee from 5% of gross revenues to 7.5% of gross revenues for two years, and then 5% thereafter. In November 2012, the voters of the City of Needles approved Measure T, eliminating 2.5% of the franchise fee that the City of Needles charges NPUA and establishing a utility user tax of up to 2.5% to be applied to electric, water, and sewer charges. In fiscal year 2017, the City underwent a study to determine the utilities' actual usage of rights of way and rights of access to all real property owned by the City. After the study, the City eliminated the franchise fee and created the Fair Share Allocation (FSA). The FSA and utility user taxes amounted to \$1,209,644 for the year ended June 30, 2024.

NOTE 9 RESTRICTED FUND BALANCES AND NET POSITION

The fund balances of the governmental funds have been classified into the five categories of fund balance specified in GASB Statement No. 54. The City's fund balances at June 30, 2024 are as follows:

	General Fund	Other Governmental Funds	Total
Nonspendable			
Prepaid items	\$ 33,271	\$ 129,803	\$ 163,074
Advances to other funds	7,576,966	-	7,576,966
Subtotal	<u>7,610,237</u>	<u>129,803</u>	<u>7,740,040</u>
Restricted			
Debt service	1,864,545	-	1,864,545
Public safety	-	310,791	310,791
Public works	-	1,463,385	1,463,385
Parks and recreation	-	274,675	274,675
Community development	-	167,514	167,514
Subtotal	<u>1,864,545</u>	<u>2,216,365</u>	<u>4,080,910</u>
Committed			
General government	350,000	-	350,000
Subtotal	<u>350,000</u>	<u>-</u>	<u>350,000</u>
Assigned			
Capital projects	-	229,102	229,102
Subtotal	<u>-</u>	<u>229,102</u>	<u>229,102</u>
Unassigned	6,564,088	(3,144)	6,560,944
Total	<u>\$ 16,388,870</u>	<u>\$ 2,572,126</u>	<u>\$ 18,960,996</u>

NOTE 10 LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 126 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

**NOTE 10 LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE
(CONTINUED)**

B. Primary Self-Insurance Programs of the Authority (Continued)

Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For Fiscal Year 2023-24, the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City property currently has all-risk property insurance protection in the amount of \$59,870,184. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

**NOTE 10 LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE
(CONTINUED)**

C. Purchased Insurance (Continued)

Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City property currently has earthquake protection in the amount of \$37,854,370. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2023-24.

NOTE 11 DEFINED BENEFIT PENSION PLANS

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Employee Pension Plan, a cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State Statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website. The plan in existence for employees hired before January 1, 2013, ("Classic" plan) is closed to new entrants.

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: 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.

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Plans' provisions and benefits in effect at June 30, 2024 reporting year, are summarized as follows:

	Miscellaneous Plan	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Benefits as a % of annual salary	2.00%	2.00%
Required employee contribution rates	7.00%	7.75%
Required employer contribution rates	11.84%	7.68%

	Safety Plan
	Prior to January 1, 2013
Hire date	
Benefit formula	3% @ 50
Benefit vesting schedule	5 years of service
Benefit payments	monthly for life
Retirement age	50
Benefits as a % of annual salary	3.00%
Required employee contribution rates	0.00%
Required employer contribution rates	0.00%

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 both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is 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, 2024, the contributions recognized as part of pension expense for each Plan were \$821,311.

Net Pension Liability

As of June 30, 2024, the City reported a net pension liability of \$5,876,877 for its proportionate share of the net pension liability of the Miscellaneous Plan and \$206,867 for its proportionate share of the net pension liability of the Safety Plan.

NOTE 11 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

The City's net pension liability for the Miscellaneous Plan and the Safety Plan (the Plans) is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2023, 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, 2022, rolled forward to June 30, 2023, 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 plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plans as of June 30, 2024 and 2023 was as follows:

	Miscellaneous Plan	Safety Plan	Total
Proportion June 30, 2024	0.11753%	0.00277%	0.12030%
Proportion June 30, 2023	0.11571%	0.00292%	0.11863%
Change	0.00182%	-0.00015%	0.00167%

Actuarial Assumptions

The total pension liabilities on June 30, 2022 actuarial valuations was determined using the following actuarial assumptions:

	Miscellaneous Plan	Safety Plan
Valuation date	June 30, 2022	June 30, 2022
Measurement date	June 30, 2023	June 30, 2023
Actuarial cost method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount rate	6.90%	6.90%
Inflation	2.30%	2.30%
Projected salary increase	Varies by entry age and service	
Mortality ¹	Derived using CalPERS' membership data for all funds	
Post retirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter	

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

NOTE 11 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

Long-term expected rate of return

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 return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

Asset Class ¹	Assumed Asset Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.00 %	4.54 %
Global Equity - Non Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.5
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

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for each plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan as of the reporting year June 30, 2024 are as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Pension Liability/ (Asset)</u>
<u>Miscellaneous Plan</u>			
Balance at June 30, 2023	\$ 21,945,392	\$ 16,530,852	\$ 5,414,540
Changes in the Year:			
Service cost	540,524	-	540,524
Interest on the total pension liability	1,525,998	-	1,525,998
Changes in benefit terms	177	-	177
Difference between expected and actual experience	312,218	-	312,218
Change in proportion	3,445,448	3,351,772	93,676
Net plan to plan resource movement	-	20	(20)
Contributions - employer	-	726,919	(726,919)
Contributions - employee	-	227,483	(227,483)
Net investment income	-	1,023,974	(1,023,974)
Benefits payments, including refunds of employee contributions	(1,098,821)	(1,054,847)	(43,974)
Administrative expense	-	(12,114)	12,114
Net Changes	<u>4,725,544</u>	<u>4,263,207</u>	<u>462,337</u>
Balance at June 30, 2024	<u>\$ 26,670,936</u>	<u>\$ 20,794,059</u>	<u>\$ 5,876,877</u>
<u>Safety Plan</u>			
Balance at June 30, 2023	\$ 1,148,313	\$ 947,843	\$ 200,470
Changes in the Year:			
Service cost	22,108	-	22,108
Interest on the total pension liability	75,443	-	75,443
Changes in benefit terms	5	-	5
Difference between expected and actual experience	24,385	-	24,385
Change in proportion	(61,769)	(48,772)	(12,997)
Net plan to plan resource movement	-	5,808	(5,808)
Contributions - employer	-	37,634	(37,634)
Contributions - employee	-	9,642	(9,642)
Net investment income	-	55,590	(55,590)
Benefits payments, including refunds of employee contributions	(57,212)	(62,682)	5,470
Administrative expense	-	(657)	657
Net Changes	<u>2,960</u>	<u>(3,437)</u>	<u>6,397</u>
Balance at June 30, 2024	<u>\$ 1,151,273</u>	<u>\$ 944,406</u>	<u>\$ 206,867</u>

NOTE 11 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability (Continued)

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 Miscellaneous and Safety 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:

	Discount Rate Minus 1%	Current Discount Rate	Discount Rate Plus 1%
Employer's Net Pension Liability/(Asset)			
Miscellaneous Plan	\$ 9,036,591	\$ 5,876,877	\$ 3,276,160
Safety Plan	364,801	206,867	77,745
Total	\$ 9,401,392	\$ 6,083,744	\$ 3,353,905

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

Annual Pension Cost

For 2024, the City recognized net pension expense of \$1,204,070. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 366,887	\$ -
Differences between expected and actual experience	315,411	47,872
Differences between projected and actual earnings on plan investments	979,829	-
Differences between the employer's contributions and the employer's proportionate share of contributions	46,726	167,440
Change in employer's proportion	207,421	7,382
Pension contributions subsequent to the measurement date	821,311	-
Total	\$ 2,737,585	\$ 222,694

NOTE 11 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Annual Pension Cost (Continued)

The \$821,311 deferred outflow of resources related to pension contributions made subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Miscellaneous	Safety	Total
2024	\$ 533,243	\$ 1,402	\$ 534,645
2025	370,803	975	371,778
2026	746,316	12,748	759,064
2027	27,303	790	28,093
	\$ 1,677,665	\$ 15,915	\$ 1,693,580

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY

General Information about the OPEB Plan

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. The City has elected to use the GASB 75 “lookback” method, where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023

Plan Description

In addition to providing pension benefits, the City provides certain health care benefits for retired employees. Classified employees retiring after 20 or more years of service and after having reached age 58 or older are provided medical insurance coverage until the retiree becomes eligible for Medicare. Unclassified employees retiring at age 55 or later with 20 or more years of service are paid \$300 per month for medical insurance coverage until the retiree becomes eligible for Medicare.

Contributions

The contribution requirements of the City are established and may be amended by the City Council. While GASB Statement 75 requires that the liability for all post-employment benefits be measured, it does not require that an agency “pre-fund” the accrued liability. The City will pay for the post-employment healthcare cost on a “pay-as-you-go” basis. The provisions of GASB Statement 75 determine the amount that must be presented as an annual expense and accrued liability on the City’s financial statements. The contributions made on behalf of the plan members for the year ended June 30, 2024 were \$63,372.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (CONTINUED)

General Information about the OPEB Plan (Continued)

Employees Covered

Participants eligible for OPEB were as follows:

	Valuation Date <u>6/30/2023</u>
Active employees electing coverage	44
Active employees waiving coverage	7
Retirees electing coverage	<u>3</u>
Total	<u><u>54</u></u>

Total OPEB Liability

Actuarial Assumptions

Significant assumptions are as follows:

Discount rate	3.86%
Expected return on plan assets	N/A
Inflation rate	2.50%
Mortality	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of scale MP-2020
Health care cost trend rate	7.60% for fiscal year 2024, gradually decreasing over several decades to an ultimate rate of 3.90% in fiscal year 2076 and later years.

Discount

The discount rate used to measure the total OPEB liability is the 20-year municipal bond rate of 3.86%. This discount rate approach is necessary as the City funds the OPEB benefit on a pay-as-you-go basis. The municipal bond rate is the assumed rate of return on general funds, and the assumption is that the City will use general funds to pay benefits.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (CONTINUED)

Changes in the Total OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB liability during the measurement period ended on June 30, 2023, for the City's reporting date of June 30, 2024:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2023	\$ 1,239,280	\$ -	\$ 1,239,280
Changes recognized for the measurement period:			
Service cost	69,124	-	69,124
Interest	46,838	-	46,838
Differences between expected and actual experience	(49,674)	-	(49,674)
Change of assumptions	22,174	-	22,174
Benefit payments	(78,169)	-	(78,169)
Net changes	10,293	-	10,293
Balance at June 30, 2024	<u>\$ 1,249,573</u>	<u>\$ -</u>	<u>\$ 1,249,573</u>

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB 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 discount rate:

	1% Decrease 2.86%	Discount Rate 3.86%	1% Increase 4.86%
Total OPEB liability	\$ 1,342,378	\$ 1,249,573	\$ 1,162,252

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 1,130,112	\$ 1,249,573	\$ 1,388,777

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the City's deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Deferred Outflows of Resources ⁽¹⁾	Deferred Inflows of Resources
Contributions between measurement date and reporting date	\$ 63,372	\$ -

⁽¹⁾ Includes estimated implicit rate subsidy of \$33,979.

Deferred outflows from contributions between measurement date and reporting date will be recognized as OPEB expense in the year ended June 30, 2025.

OPEB Expense

For the year ended June 30, 2024, the City's OPEB expense was \$88,462. Details of the expense are shown below:

Service cost	\$ 69,124
Interest cost	46,838
Differences between expected and actual experience	(49,674)
Changes of assumptions	22,174
OPEB Expense	\$ 88,462

NOTE 13 ADJUSTMENTS AND RESTATEMENTS OF BEGINNING BALANCES

Changes to or Within the Financial Reporting Entity

The State Recreation Grants Special Revenue Fund and the Sanitation Fund were reported as major funds in the City's 2023 Annual Financial Report. For the current year, changes in size criteria altered the presentation of these funds. In addition, the City established a new fund, the Hazard Mitigation Special Revenue Fund, and introduced a new component unit, the Housing Authority of the City of Needles. Starting in Fiscal Year 2024, the City Council of the City of Needles served as the governing board of the Housing Authority. The Housing Authority is included among the other enterprise funds blended into the City's Annual Financial Report.

**NOTE 13 ADJUSTMENTS AND RESTATEMENTS OF BEGINNING BALANCES
(CONTINUED)**

Correction of Errors in Previously Issued Financial Statements

During the fiscal year 2024, the City determined:

- a. that the payment of \$13,125 made by the Measure I Transit Fund to the vendor was not applied to reduce its liability, and the City did not recognize the Cemetery Endowment revenue of \$43,050 for the Cemetery Fund. Collectively, these omissions resulted in an understatement of both the Other Governmental Fund Balances and Governmental Activities' Net Position by \$56,175.
- b. that the City has failed to recognize a SBITA in the prior year for the TransTrack of the Transit Fund. This resulted in an understatement of both the Other Enterprise Funds and Business-Type Activities' Net Position by \$854.
- c. that the City did not reduce the 1997 Bonds Payable balance. This resulted in an understatement of both Internal Service Funds and Business-Type Activities' net position by \$4,865.
- d. that the City did not report the Water Quality Maintenance Fund as a custodial fund in the prior year, even though it met the criteria for fiduciary reporting. This resulted in an understatement of the Fiduciary Net Position by \$9,349,382.

The effects of the above changes within the financial reporting entity and correcting the above errors are shown in the table below.

	Changes to or within the Financial Reporting Entity (A)						Error Corrections (B)	June 30, 2023, As Restated
	June 30, 2023, As Previously Reported	Adjustment - Hazard Mitigation SRF as new fund	Adjustment - Housing Authority of the City of Needles as new component unit	Adjustment - State Recreation Grants SRF as nonmajor fund	Adjustment - Sanitation Fund as nonmajor fund			
Government-wide								
Government Activities	\$ 35,945,023	\$ -	\$ -	\$ -	\$ -	\$ 56,175	\$ 36,001,198	
Business-Type Activities	22,647,895	-	989,640	-	-	4,011	23,641,546	
Total Primary Government	\$ 58,592,918	\$ -	\$ 989,640	\$ -	\$ -	\$ 60,186	\$ 59,642,744	
Governmental Funds								
Major Funds								
General Fund	\$ 15,256,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,256,773	
State Recreation Grants								
Special Revenue Fund	(1,038,863)	-	-	1,038,863	-	-	-	
Nonmajor Funds								
Other Governmental Funds	3,273,509	-	-	(1,038,863)	-	56,175	2,290,821	
Total Governmental Funds	\$ 17,491,419	\$ -	\$ -	\$ -	\$ -	\$ 56,175	\$ 17,547,594	
Proprietary Funds								
Major Funds								
Public Utility Authority	\$ 18,639,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,639,752	
Sanitation Fund	(1,118,334)	-	-	-	1,118,334	-	-	
Nonmajor Funds								
Other Enterprise Funds	1,262,410	-	989,640	-	(1,118,334)	(854)	1,132,862	
Internal Service Funds	3,864,067	-	-	-	-	4,865	3,868,932	
Total Proprietary Funds	\$ 22,647,895	\$ -	\$ 989,640	\$ -	\$ -	\$ 4,011	\$ 23,641,546	
Fiduciary Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,349,382	\$ 9,349,382	

NOTE 14 CONTINGENCIES AND COMMITMENTS

As a result of the normal course of operations, the City is involved in a number of legal matters. The accompanying financial statements reflect management's reasonable estimate of the potential liability associated with these matters, although the actual liability may be more or less than the estimate.

NOTE 15 SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 28, 2026 the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

City of Needles, California
Budgetary Comparison Schedule
General Fund
Year ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Budgetary fund balance July 1, 2023	\$ 15,256,773	\$ 15,256,773	\$ 15,256,773	\$ -
Resources (inflows):				
Taxes	8,447,884	8,244,884	9,020,683	775,799
Licenses, permits, and fees	536,616	541,400	547,680	6,280
Intergovernmental	2,181,581	2,239,080	726,722	(1,512,358)
Charges for services	1,071,482	1,071,662	1,013,344	(58,318)
Fines and forfeitures	272,000	282,250	292,686	10,436
Use of money and property	164,438	219,238	258,569	39,331
Transfers from other funds	1,104,388	4,482,388	2,161,565	(2,320,823)
Other revenues	10,600	16,100	124,138	108,038
	<u>29,045,762</u>	<u>32,353,775</u>	<u>29,402,160</u>	<u>(2,951,615)</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
General government:				
City attorney	80,000	180,000	82,315	97,685
City manager	200,572	223,712	209,117	14,595
Finance and administration	922,557	1,597,823	1,178,088	419,735
City clerk	300,509	312,509	269,733	42,776
Planning and zoning	367,266	371,851	132,017	239,834
Engineer	402,783	406,383	303,227	103,156
Community development	103,945	106,045	79,022	27,023
Senior center	62,202	75,337	67,830	7,507
Parks and recreation:				
Aquatics	246,913	261,913	223,721	38,192
Parks	2,902,214	2,916,706	2,734,241	182,465
Jack Smith Park Marina	115,646	115,646	96,068	19,578
Recreation	386,397	469,622	421,191	48,431
Public safety:				
Police	3,759,034	3,777,034	3,753,813	23,221
Animal control	257,830	317,901	331,542	(13,641)
Building and safety	484,342	473,271	293,308	179,963
Code enforcement	794,178	744,178	626,367	117,811
Public works:				
Streets	3,145,063	2,989,398	1,217,375	1,772,023
Sanitation	68,907	68,907	66,392	2,515
Nondepartmental:				
Principal retirement	-	-	21,706	(21,706)
Interest and fiscal charges	-	-	2,537	(2,537)
Transfers to other funds	720,851	3,159,080	903,680	2,255,400
	<u>15,321,209</u>	<u>18,567,316</u>	<u>13,013,290</u>	<u>5,554,026</u>
Total charges to appropriations				
Budgetary fund balance June 30, 2024	\$ 13,724,553	\$ 13,786,459	\$ 16,388,870	\$ 2,602,411

City of Needles, California
Schedule of the City's Proportionate Share of the Net Pension Liability
and Schedule of Plan Contribution
Miscellaneous Plan
Last Ten Fiscal Years

Measurement Date	June 30				
	2014	2015	2016	2017	2018
City's proportion of the net pension liability	0.03%	0.08%	0.10%	0.10%	0.10%
City's proportionate share of the net pension liability	\$ 2,054,707	\$ 2,283,923	\$ 3,417,806	\$ 3,947,484	\$ 3,782,261
City's covered payroll	\$ 2,347,411	\$ 2,129,947	\$ 2,150,169	\$ 2,183,340	\$ 2,366,448
City's proportionate share of the net pension liability as a percentage of its covered payroll	87.53%	107.23%	158.96%	180.80%	159.83%
City's proportionate share of the fiduciary net position as a percentage of the total pension liability	87.06%	85.73%	79.32%	78.17%	79.63%

Measurement Date	June 30				
	2019	2020	2021	2022	2023
City's proportion of the net pension liability	0.10%	0.11%	0.10%	0.10%	0.10%
City's proportionate share of the net pension liability	\$ 4,139,617	\$ 4,520,208	\$ 2,311,158	\$ 5,414,540	\$ 5,876,877
City's covered payroll	\$ 2,366,583	\$ 2,566,584	\$ 2,921,443	\$ 3,726,896	\$ 3,849,699
City's proportionate share of the net pension liability as a percentage of its covered payroll	174.92%	176.12%	79.11%	145.28%	152.66%
City's proportionate share of the fiduciary net position as a percentage of the total pension liability	78.47%	77.34%	77.34%	75.33%	74.85%

CalPERS - Schedule of City's contributions:

Fiscal Year End	June 30				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 174,760	\$ 357,824	\$ 363,108	\$ 386,723	\$ 448,179
Contributions in relation to the actuarially determined contribution	174,760	357,824	363,108	386,723	448,179
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,129,947	\$ 2,150,169	\$ 2,183,340	\$ 2,366,448	\$ 2,366,583
Contributions as a percentage of covered payroll	7.44%	16.80%	16.89%	17.71%	18.94%

Fiscal Year End	June 30				
	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 500,300	\$ 583,707	\$ 690,883	\$ 790,332	\$ 790,843
Contributions in relation to the actuarially determined contribution	500,300	583,707	690,883	790,332	790,843
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,566,584	\$ 2,921,443	\$ 3,214,748	\$ 3,726,896	\$ 4,084,885
Contributions as a percentage of covered payroll	21.14%	22.74%	22.78%	21.21%	20.54%

City of Needles, California
Schedule of the City's Proportionate Share of the Net Pension Liability
and Schedule of Plan Contribution
Safety Plan
Last Ten Fiscal Years

Measurement Date	June 30				
	2014	2015	2016	2017	2018
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ 10,757	\$ 99,001	\$ 130,042	\$ 131,962
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary net position as a percentage of the total pension liability	N/A	99.23%	92.89%	91.21%	90.91%

Measurement Date	June 30				
	2019	2020	2021	2022	2023
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ 153,418	\$ 173,792	\$ 21,535	\$ 200,470	\$ 206,867
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary net position as a percentage of the total pension liability	86.96%	85.17%	98.15%	82.54%	82.03%

CalPERS - Schedule of City's contributions:

Fiscal Year End	June 30				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

Fiscal Year End	June 30				
	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	30,468
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (30,468)
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

City of Needles, California
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Fiscal Year End	June 30				
	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 45,161	\$ 42,518	\$ 44,458	\$ 50,497	\$ 60,909
Interest	37,348	44,070	45,273	35,320	29,150
Differences between expected and actual experience	-	-	127,243	-	196,696
Change in assumptions	(59,030)	(5,315)	(266,725)	54,488	21,133
Benefit payments	(53,510)	(70,393)	(70,629)	(92,163)	(80,726)
Total change in Net OPEB liability	(30,031)	10,880	(120,380)	48,142	227,162
Total OPEB liability - beginning	1,260,633	1,230,602	1,241,482	1,121,102	1,169,244
Total OPEB liability - ending	\$ <u>1,230,602</u>	\$ <u>1,241,482</u>	\$ <u>1,121,102</u>	\$ <u>1,169,244</u>	\$ <u>1,396,406</u>
Covered-employee payroll	\$ 2,433,924	\$ 2,767,083	\$ 2,713,144	\$ 2,767,083	\$ 2,921,443
Total OPEB liability (asset) as a percentage of covered-employee payroll	50.60%	44.90%	41.30%	42.30%	47.80%
Plan fiduciary net position as a % of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%

Fiscal Year End	June 30,	
	2023	2024
Total OPEB liability		
Service cost	\$ 92,786	\$ 69,124
Interest	27,713	46,838
Differences between expected and actual experience	2,121	(49,674)
Change in assumptions	(188,098)	22,174
Benefit payments	(91,648)	(78,169)
Total change in Net OPEB liability	(157,126)	10,293
Total OPEB liability - beginning	1,396,406	1,239,280
Total OPEB liability - ending	\$ <u>1,239,280</u>	\$ <u>1,249,573</u>
Covered-employee payroll	\$ 3,737,513	\$ 4,308,476
Total OPEB liability (asset) as a percentage of covered-employee payroll	33.20%	29.00%
Plan fiduciary net position as a % of the total OPEB liability	0.00%	0.00%

*Fiscal year ended June 30, 2018 was the first year of implementation.

**The City's OPEB Plan is not funded, thus, Schedule of Contribution to Plan is not presented.

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

City of Needles, California
Combining Balance Sheet
Other Governmental Funds
June 30, 2024

	Special Revenue				Housing & CD Grant
	CDBG	Cemetery	Caltrans grant (bridge project)	Special Gas Tax	
ASSETS					
Cash and investments	\$ 4,846	\$ 126,452	\$ 50,332	\$ 301,041	\$ -
Restricted cash	-	261,957	-	-	-
Accounts receivable, net	-	1,563	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	49,835	22,281	52,544
Prepaid items	-	2,019	127,682	-	-
TOTAL ASSETS	\$ 4,846	\$ 391,991	\$ 227,849	\$ 323,322	\$ 52,544
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 1,479	\$ 49,835	\$ -	\$ -
Accrued liabilities	-	3,681	-	-	-
Due to other funds	-	-	-	-	17,544
Unearned revenues	-	45,425	-	-	-
Total liabilities	-	50,585	49,835	-	17,544
DEFERRED INFLOW OF RESOURCES					
Unavailable revenues	-	-	-	-	6,953
Total deferred inflow of resources	-	-	-	-	6,953
FUND BALANCES (DEFICITS)					
Nonspendable	-	2,019	127,682	-	-
Restricted	4,846	339,387	50,332	323,322	28,047
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	4,846	341,406	178,014	323,322	28,047
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 4,846	\$ 391,991	\$ 227,849	\$ 323,322	\$ 52,544

(Continued)

City of Needles, California
Combining Balance Sheet
Other Governmental Funds (Continued)
June 30, 2024

	Special Revenue			
	New Sanbag Meas. I	Measure I Transit	COPS - AB 3229 Supplemental	I/S Commerce I40/J Street Project
ASSETS				
Cash and investments	\$ 708,973	\$ 10,718	\$ 261,966	\$ 2,140
Restricted cash	-	-	-	-
Accounts receivable, net	-	-	396	-
Due from other funds	-	-	-	-
Due from other governments	46,610	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	\$ 755,583	\$ 10,718	\$ 262,362	\$ 2,140
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 71,259	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	-	-	71,259	-
DEFERRED INFLOW OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflow of resources	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	755,583	10,718	191,103	2,140
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	755,583	10,718	191,103	2,140
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 755,583	\$ 10,718	\$ 262,362	\$ 2,140

(Continued)

City of Needles, California
Combining Balance Sheet
Other Governmental Funds (Continued)
June 30, 2024

	Special Revenue				
	State Recreation Grants	Ca. Conserv. Recycle Grant	Safe Routes to School	Redevelopment Agency	All American Canal
ASSETS					
Cash and investments	\$ 810,845	\$ 15,117	\$ -	\$ 113,203	\$ 614,964
Restricted cash	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	102
TOTAL ASSETS	\$ 810,845	\$ 15,117	\$ -	\$ 113,203	\$ 615,066
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 283,351	\$ -	\$ -	\$ -	\$ 704
Accrued liabilities	-	-	-	-	1,725
Due to other funds	-	-	2,479	-	230,693
Unearned revenues	527,721	-	-	-	-
Total liabilities	811,072	-	2,479	-	233,122
DEFERRED INFLOW OF RESOURCES					
Unavailable revenues	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	102
Restricted	-	15,117	-	113,203	381,842
Assigned	-	-	-	-	-
Unassigned	(227)	-	(2,479)	-	-
Total fund balances	(227)	15,117	(2,479)	113,203	381,944
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 810,845	\$ 15,117	\$ -	\$ 113,203	\$ 615,066

(Continued)

City of Needles, California
Combining Balance Sheet
Other Governmental Funds (Continued)
June 30, 2024

	Special Revenue		Capital Projects		
	Active Transportation Program	Hazard Mitigation	Redevelopment Agency	North Needles	South Needles
ASSETS					
Cash and investments	\$ 725	\$ -	\$ -	\$ 45,996	\$ 93,046
Restricted cash	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	438	-	-	-
Prepaid items	-	-	-	-	-
TOTAL ASSETS	\$ 725	\$ 438	\$ -	\$ 45,996	\$ 93,046
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 273	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	438	-	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	-	438	-	273	-
DEFERRED INFLOW OF RESOURCES					
Unavailable revenues	-	438	-	-	-
Total deferred inflow of resources	-	438	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	725	-	-	-	-
Assigned	-	-	-	45,723	93,046
Unassigned	-	(438)	-	-	-
Total fund balances	725	(438)	-	45,723	93,046
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 725	\$ 438	\$ -	\$ 45,996	\$ 93,046

(Continued)

City of Needles, California
Combining Balance Sheet
Other Governmental Funds (Continued)
June 30, 2024

	Capital Projects Boating and Waterways Grant	Total Nonmajor Funds
ASSETS		
Cash and investments	\$ -	\$ 3,160,364
Restricted cash	90,290	352,247
Accounts receivable, net	-	1,959
Due from other funds	-	-
Due from other governments	36,223	207,931
Prepaid items	-	129,803
TOTAL ASSETS	\$ 126,513	\$ 3,852,304
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 80	\$ 406,981
Accrued liabilities	-	5,406
Due to other funds	36,100	287,254
Unearned revenues	-	573,146
Total liabilities	36,180	1,272,787
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	-	7,391
Total deferred inflow of resources	-	7,391
FUND BALANCES		
Nonspendable	-	129,803
Restricted	-	2,216,365
Assigned	90,333	229,102
Unassigned	-	(3,144)
Total fund balances	90,333	2,572,126
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 126,513	\$ 3,852,304

(Concluded)

This page intentionally left blank.

City of Needles, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
Year ended June 30, 2024

	Special Revenue				Housing & CD Grant
	CDBG	Cemetery	Caltrans grant (bridge project)	Special Gas Tax	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,900	-	100,115	264,395	45,592
Charges for services	-	35,131	-	-	-
Use of money and property	-	8,163	-	-	-
Other revenues	-	3,025	-	-	-
Total revenues	7,900	46,319	100,115	264,395	45,592
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
Public works	7,996	-	49,925	-	-
Parks and recreation	-	198,035	-	-	-
Community development	-	-	-	-	34,780
Capital outlay	-	-	23,330	-	-
Total expenditures	7,996	198,035	73,255	-	34,780
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(96)	(151,716)	26,860	264,395	10,812
OTHER FINANCING SOURCES (USES)					
Transfers in	-	127,753	-	-	-
Transfers out	-	-	(986,000)	(139,164)	-
Total other financing sources (uses)	-	127,753	(986,000)	(139,164)	-
CHANGES IN FUND BALANCES	(96)	(23,963)	(959,140)	125,231	10,812
FUND BALANCES (DEFICITS)					
Fund balances (deficits) - beginning as previously reported	4,942	322,319	1,137,154	198,091	17,235
Restatements (Note 13)	-	43,050	-	-	-
Fund balances - beginning, as restated	4,942	365,369	1,137,154	198,091	17,235
Fund balances (deificts) - ending	<u>\$ 4,846</u>	<u>\$ 341,406</u>	<u>\$ 178,014</u>	<u>\$ 323,322</u>	<u>\$ 28,047</u>

(Continued)

City of Needles, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds (Continued)
Year ended June 30, 2024

	Special Revenue			
	New Sanbag Meas. I	Measure I Transit	COPS - AB 3229 Supplemental	I/S Commerce I40/J Street Project
REVENUES				
Taxes	\$ 211,772	\$ -	\$ -	\$ -
Intergovernmental	-	-	231,177	91
Charges for services	-	-	-	-
Use of money and property	-	-	2,071	-
Other revenues	-	-	-	-
Total revenues	<u>211,772</u>	<u>-</u>	<u>233,248</u>	<u>91</u>
EXPENDITURES				
Current				
Public safety	-	-	224,074	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>224,074</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>211,772</u>	<u>-</u>	<u>9,174</u>	<u>91</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	<u>211,772</u>	<u>-</u>	<u>9,174</u>	<u>91</u>
FUND BALANCES				
Fund balances - beginning as previously reported	530,686	10,718	181,929	2,049
Restatements (Note 13)	13,125	-	-	-
Fund balances - beginning, as restated	<u>543,811</u>	<u>10,718</u>	<u>181,929</u>	<u>2,049</u>
Fund balances - ending	<u>\$ 755,583</u>	<u>\$ 10,718</u>	<u>\$ 191,103</u>	<u>\$ 2,140</u>

(Continued)

City of Needles, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds (Continued)
Year ended June 30, 2024

	Special Revenue				
	State Recreation Grants	Ca. Conserv. Recycle Grant	Safe Routes to School	Redevelopment Agency	All American Canal
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,644,599	-	-	-	-
Charges for services	-	-	-	-	1,017,070
Use of money and property	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	2,644,599	-	-	-	1,017,070
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
Public works	-	-	-	-	997,149
Parks and recreation	-	-	-	-	-
Community development	-	17,915	-	32,089	-
Capital outlay	1,605,963	-	-	-	-
Total expenditures	1,605,963	17,915	-	32,089	997,149
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,038,636	(17,915)	-	(32,089)	19,921
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(19,920)
Total other financing sources (uses)	-	-	-	-	(19,920)
CHANGES IN FUND BALANCES	1,038,636	(17,915)	-	(32,089)	1
FUND BALANCES					
Fund balances - beginning as previously reported	-	33,032	(2,479)	145,292	381,943
Restatements (Note 13)	(1,038,863)	-	-	-	-
Fund balances - beginning, as restated	(1,038,863)	33,032	(2,479)	145,292	381,943
Fund balances - ending	\$ (227)	\$ 15,117	\$ (2,479)	\$ 113,203	\$ 381,944

(Continued)

City of Needles, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds (Continued)
Year ended June 30, 2024

	Special Revenue		Capital Projects		
	Active Transportation Program	Hazard Mitigation	Redevelopment Agency	North Needles	South Needles
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	4,670	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	-	4,670	-	-	-
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Community development	-	5,108	3,398	26,056	1,428
Capital outlay	-	-	-	-	-
Total expenditures	-	5,108	3,398	26,056	1,428
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(438)	(3,398)	(26,056)	(1,428)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	96,589	-	-
Transfers out	-	-	(182,153)	-	-
Total other financing sources (uses)	-	-	(85,564)	-	-
CHANGES IN FUND BALANCES	-	(438)	(88,962)	(26,056)	(1,428)
FUND BALANCES					
Fund balances - beginning as previously reported	725	-	88,962	71,779	94,474
Restatements (Note 13)	-	-	-	-	-
Fund balances - beginning, as restated	725	-	88,962	71,779	94,474
Fund balances - ending	\$ 725	\$ (438)	\$ -	\$ 45,723	\$ 93,046

(Continued)

City of Needles, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds (Continued)
Year ended June 30, 2024

	Capital Projects	
	Boating and Waterways Grant	Total Nonmajor Funds
REVENUES		
Taxes	\$ -	\$ 211,772
Intergovernmental	181,116	3,479,655
Charges for services	-	1,052,201
Use of money and property	-	10,234
Other revenues	-	3,025
	<u>181,116</u>	<u>4,756,887</u>
EXPENDITURES		
Current		
Public safety	-	224,074
Public works	-	1,055,070
Parks and recreation	-	198,035
Community development	-	120,774
Capital outlay	170,078	1,799,371
	<u>170,078</u>	<u>3,397,324</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		
	<u>11,038</u>	<u>1,359,563</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	24,637	248,979
Transfers out	-	(1,327,237)
	<u>24,637</u>	<u>(1,078,258)</u>
CHANGES IN FUND BALANCES		
	<u>35,675</u>	<u>281,305</u>
FUND BALANCES		
Fund balances - beginning as previously reported	54,658	3,273,509
Restatements (Note 13)	-	(982,688)
	<u>54,658</u>	<u>2,290,821</u>
Fund balances - beginning, as restated	<u>54,658</u>	<u>2,290,821</u>
Fund balances - ending	<u>\$ 90,333</u>	<u>\$ 2,572,126</u>
		(Concluded)

City of Needles, California
Combining Statement of Net Position
Other Enterprise Funds
June 30, 2024

	Sanitation	Golf Course	Transit	Housing	Total Other Enterprise Funds
ASSETS					
Current assets					
Cash and investments	\$ 1,488,036	\$ -	\$ 71,274	\$ 586,905	\$ 2,146,215
Accounts receivable, net	274,875	-	343	13,919	289,137
Due from other governments	-	322,214	223,326	-	545,540
Inventory	-	8,743	-	-	8,743
Prepaid items	7,550	1,064	-	5,108	13,722
Total current assets	1,770,461	332,021	294,943	605,932	3,003,357
Non-current assets					
SBITA assets, net	-	-	15,085	-	15,085
Capital assets, net	-	1,027,195	668,565	706,070	2,401,830
Total non-current assets	-	1,027,195	683,650	706,070	2,416,915
TOTAL ASSETS	1,770,461	1,359,216	978,593	1,312,002	5,420,272
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions	-	24,573	-	-	24,573
Deferred outflows of resources related to OPEB	-	596	-	-	596
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	25,169	-	-	25,169
LIABILITIES					
Current liabilities					
Accounts payable	106,988	220,160	44,405	18,485	390,038
Accrued payroll	-	-	-	5,146	5,146
Compensated absences - current	-	-	-	1,851	1,851
Deposits	-	-	-	9,700	9,700
Due to other funds	2,476,278	177,538	-	-	2,653,816
Deferred revenue	-	-	-	3,890	3,890
Bonds/note payable - current	34,524	-	-	-	34,524
Lease liability - current	-	46,198	-	-	46,198
SBITA liability - current	-	-	15,994	-	15,994
Other liabilities	-	4,818	-	-	4,818
Total current liabilities	2,617,790	448,714	60,399	39,072	3,165,975
Noncurrent liabilities					
Net pension liability	-	55,242	-	-	55,242
Other postemployment benefits liability	-	11,746	-	-	11,746
Compensated absences - noncurrent	-	-	-	7,405	7,405
Lease liability - noncurrent	-	79,874	-	-	79,874
Bonds/note payable - noncurrent	160,744	-	-	-	160,744
Total noncurrent liabilities	160,744	146,862	-	7,405	315,011
TOTAL LIABILITIES	2,778,534	595,576	60,399	46,477	3,480,986
DEFERRED INFLOW OF RESOURCES					
Deferred inflows of resources related to pensions	-	1,370	-	-	1,370
TOTAL DEFERRED INFLOW OF RESOURCES	-	1,370	-	-	1,370
NET POSITION					
Net investment in capital assets	(195,268)	901,123	667,656	706,070	2,079,581
Restricted	-	-	-	36,425	36,425
Unrestricted	(812,805)	(113,684)	250,538	523,030	(152,921)
TOTAL NET POSITION	\$ (1,008,073)	\$ 787,439	\$ 918,194	\$ 1,265,525	\$ 1,963,085

City of Needles, California
Combining Statement of Revenues, Expenses, and Changes in Net Position
Other Enterprise Funds
Year ended June 30, 2024

	Sanitation	Golf Course	Transit	Housing	Total Other Enterprise Funds
OPERATING REVENUES					
Charges for services	\$ 1,776,084	\$ 599,414	\$ 42,120	\$ -	\$ 2,417,618
Operating grants and subsidies	-	-	-	870,448	870,448
Other fees and sales	-	48,507	-	237,811	286,318
Other revenues	-	2,123	7,500	9,387	19,010
Total operating revenues	<u>1,776,084</u>	<u>650,044</u>	<u>49,620</u>	<u>1,117,646</u>	<u>3,593,394</u>
OPERATING EXPENSES					
Personnel costs	-	17,648	-	304,454	322,102
Contractual services	1,258,779	513,117	-	-	1,771,896
Power and utilities	-	181,266	-	108,396	289,662
Maintenance and operations	191,173	201,008	549,093	95,897	1,037,171
Administrative and management	11,902	63,466	1,729	280,441	357,538
Insurance	12	13,501	1,197	8,255	22,965
Depreciation and amortization	-	105,250	79,460	45,972	230,682
Total operating expenses	<u>1,461,866</u>	<u>1,095,256</u>	<u>631,479</u>	<u>843,415</u>	<u>4,032,016</u>
Operating income (loss)	<u>314,218</u>	<u>(445,212)</u>	<u>(581,859)</u>	<u>274,231</u>	<u>(438,622)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	-	-	2,229	2,906	5,135
Government grants	-	324,685	911,660	-	1,236,345
Loss on sale of asset	-	-	-	(1,610)	(1,610)
Interest expense and fiscal charges	(12,783)	(8,503)	(534)	-	(21,820)
Total nonoperating revenues (expenses)	<u>(12,783)</u>	<u>316,182</u>	<u>913,355</u>	<u>1,296</u>	<u>1,218,050</u>
Income (Loss) before capital contributions and transfers	<u>301,435</u>	<u>(129,030)</u>	<u>331,496</u>	<u>275,527</u>	<u>779,428</u>
Capital contributions - AB 2766	-	-	15,000	-	15,000
Capital contributions - State of good repair	-	-	8,554	-	8,554
Capital contributions	-	-	-	358	358
Transfers in	-	241,481	-	-	241,481
Transfers out	(191,174)	-	(23,424)	-	(214,598)
Net capital contributions and transfers	<u>(191,174)</u>	<u>241,481</u>	<u>130</u>	<u>358</u>	<u>50,795</u>
Changes in net position	110,261	112,451	331,626	275,885	830,223
Net position - beginning as previously reported	-	674,988	587,422	-	1,262,410
Restatements (Note 13)	(1,118,334)	-	(854)	989,640	(129,548)
Net position - beginning, as restated	<u>(1,118,334)</u>	<u>674,988</u>	<u>586,568</u>	<u>989,640</u>	<u>1,132,862</u>
Net position - ending	<u>\$ (1,008,073)</u>	<u>\$ 787,439</u>	<u>\$ 918,194</u>	<u>\$ 1,265,525</u>	<u>\$ 1,963,085</u>

City of Needles, California
Combining Statement of Cash Flows
Other Enterprise Funds
Year ended June 30, 2024

	Sanitation	Golf Course	Transit	Housing	Total Other Enterprise Funds
Cash Flows from Operating Activities					
Cash collected from customers	\$ 1,722,838	\$ 344,199	\$ 49,277	\$ 1,117,985	\$ 3,234,299
Cash payments to suppliers for goods and services	(1,559,251)	(793,737)	(811,917)	(420,319)	(3,585,224)
Cash payments to employees for services	-	(19,665)	-	(343,660)	(363,325)
Net cash provided by (used in) operating activities	<u>163,587</u>	<u>(469,203)</u>	<u>(762,640)</u>	<u>354,006</u>	<u>(714,250)</u>
Cash Flows From Noncapital Financing Activities					
Operating grants received	-	324,685	911,660	-	1,236,345
Increase (decrease) in due to other funds/advances	(617,652)	177,538	-	-	(440,114)
Operating transfers in	-	241,481	-	-	241,481
Operating transfers out	(191,174)	-	(23,424)	-	(214,598)
Net cash provided by (used in) noncapital financing activities	<u>(808,826)</u>	<u>743,704</u>	<u>888,236</u>	<u>-</u>	<u>823,114</u>
Cash Flows from Capital and Financing Activities					
Acquisition and construction of capital assets	-	(427,080)	(325,414)	(465,503)	(1,217,997)
Principal paid on bonds/note payable	(32,519)	-	-	-	(32,519)
Capital grants received	-	-	23,554	358	23,912
Payments of leases	-	(44,946)	-	-	(44,946)
Payments of subscriptions	-	-	15,140	-	15,140
Interest paid	(12,783)	(8,503)	(534)	-	(21,820)
Adjustment to subscriptions	-	-	-	-	-
Net cash used in noncapital related financing activities	<u>(45,302)</u>	<u>(480,529)</u>	<u>(287,254)</u>	<u>(465,145)</u>	<u>(1,278,230)</u>
Cash Flows from Investing Activity:					
Purchase of certificates of deposit	-	-	-	(1,911)	(1,911)
Interest on investments	-	-	2,229	2,906	5,135
Net cash provided by investing activity	<u>-</u>	<u>-</u>	<u>2,229</u>	<u>995</u>	<u>3,224</u>
Net decrease in cash and investments	<u>(690,541)</u>	<u>(206,028)</u>	<u>(159,429)</u>	<u>(110,144)</u>	<u>(1,166,142)</u>
Cash and investments, beginning of year	<u>2,178,577</u>	<u>206,028</u>	<u>230,703</u>	<u>697,049</u>	<u>3,312,357</u>
Cash and cash investments, end of year	<u>\$ 1,488,036</u>	<u>\$ -</u>	<u>\$ 71,274</u>	<u>\$ 586,905</u>	<u>\$ 2,146,215</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 314,218	\$ (445,212)	\$ (581,859)	\$ 274,231	\$ (438,622)
Adjustments to reconcile operating income (loss) to net cash used in operating activities					
Depreciation and amortization	-	105,250	79,460	45,972	230,682
Changes in assets and liabilities					
Decrease (increase) in:					
Accounts receivable	(53,246)	-	(343)	1,528	(52,061)
Due from other governments	-	(306,488)	(154,370)	-	(460,858)
Inventory	-	784	-	-	784
Prepaid expenses	-	(141)	-	8,005	7,864
Deferred outflows	-	4,608	-	-	4,608
Increase (decrease) in:					
Accounts payable	(97,385)	178,658	500	18,308	100,081
Deposits payable	-	-	-	(1,500)	(1,500)
Unearned revenues	-	-	(106,028)	311	(105,717)
Net pension liability	-	(3,235)	-	-	(3,235)
OPEB liability	-	(1,638)	-	-	(1,638)
Deferred inflows	-	(1,752)	-	-	(1,752)
Compensated absences payable	-	(37)	-	7,151	7,114
Net cash provided by (used in) operating activities	<u>\$ 163,587</u>	<u>\$ (469,203)</u>	<u>\$ (762,640)</u>	<u>\$ 354,006</u>	<u>\$ (714,250)</u>

City of Needles, California
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

	Water	Sewer	Electric	Utility Office	Admin Facility
ASSETS					
Current assets					
Cash and investments	\$ 401,794	\$ 251,500	\$ 3,298,558	\$ 351,468	\$ 131,687
Accounts receivable, net	682	599	1,909	-	-
Due from other funds	-	-	30,246	-	-
Prepaid items	5,683	2,446	2,541,678	3,665	-
Total current assets	<u>408,159</u>	<u>254,545</u>	<u>5,872,391</u>	<u>355,133</u>	<u>131,687</u>
Noncurrent assets					
Capital assets, net	-	-	-	96,863	274,598
Total noncurrent assets	-	-	-	96,863	274,598
TOTAL ASSETS	<u>408,159</u>	<u>254,545</u>	<u>5,872,391</u>	<u>451,996</u>	<u>406,285</u>
LIABILITIES					
Accounts payable	27,152	5,549	140,925	1,131	4,045
Accrued payroll	11,580	3,229	18,655	5,048	-
Compensated absences	-	-	-	6,647	-
Due to other funds	341,828	333,482	4,138,544	-	-
Lease liability, current portion	-	-	-	5,586	10,922
Lease liability, noncurrent portion	-	-	-	945	32,956
TOTAL LIABILITIES	<u>380,560</u>	<u>342,260</u>	<u>4,298,124</u>	<u>19,357</u>	<u>47,923</u>
NET POSITION					
Net investment in capital assets	-	-	-	90,332	230,720
Unrestricted	27,599	(87,715)	1,574,267	342,307	127,642
TOTAL NET POSITION	<u>\$ 27,599</u>	<u>\$ (87,715)</u>	<u>\$ 1,574,267</u>	<u>\$ 432,639</u>	<u>\$ 358,362</u>

(Continued)

City of Needles, California
Combining Statement of Net Position
Internal Service Funds (Continued)
June 30, 2024

	Fleet Maintenance	Information Systems	Vehicle Replacement	Total Internal Service Fund
ASSETS				
Current assets				
Cash and investments	\$ 638,355	\$ 148,276	\$ 461,841	\$ 5,683,479
Accounts receivable, net	-	-	-	3,190
Due from other funds	-	-	-	30,246
Prepaid items	1,382	-	-	2,554,854
Total current assets	639,737	148,276	461,841	8,271,769
Noncurrent assets				
Capital assets, net	5,356	30,314	383,405	790,536
Total noncurrent assets	5,356	30,314	383,405	790,536
TOTAL ASSETS	645,093	178,590	845,246	9,062,305
LIABILITIES				
Accounts payable	3,821	4,545	6,846	194,014
Accrued payroll	2,258	-	-	40,770
Compensated absences	5,187	-	-	11,834
Due to other funds	-	-	-	4,813,854
Lease liability, current portion	-	-	-	16,508
Lease liability, noncurrent portion	-	-	-	33,901
TOTAL LIABILITIES	11,266	4,545	6,846	5,110,881
NET POSITION				
Net investment in capital assets	5,356	30,314	383,405	740,127
Unrestricted	628,471	143,731	454,995	3,211,297
TOTAL NET POSITION	\$ 633,827	\$ 174,045	\$ 838,400	3,951,424

(Concluded)

City of Needles, California
Combining Statement of Revenues, Expenses, and Change in Net Position
Internal Service Funds
Year ended June 30, 2024

	Water	Sewer	Electric	Utility Office	Admin Facility
OPERATING REVENUES					
Charges for services	\$ 1,829,976	\$ 1,209,678	\$ 11,523,825	\$ -	\$ -
Other revenues	-	-	-	-	-
Total operating revenues	1,829,976	1,209,678	11,523,825	-	-
OPERATING EXPENSES					
Personnel	876,752	265,002	1,375,631	343,047	-
Contractual services	-	342,011	318	2,734	-
Power and utilities	83,589	105,788	6,583,236	-	46,880
Maintenance and operations	189,676	59,661	2,416,185	3,994	56,610
Administrative and management	181,722	145,431	31,930	30,011	70,478
Insurance	37,326	46,365	66,261	5,179	-
Depreciation and amortization	-	-	-	14,286	31,533
Total operating expenses	1,369,065	964,258	10,473,561	399,251	205,501
Operating income (loss)	460,911	245,420	1,050,264	(399,251)	(205,501)
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	3,456	2,796	9,976	-	-
Interest expense and fiscal charges	-	-	-	(260)	(3,191)
Total nonoperating revenues (expenses)	3,456	2,796	9,976	(260)	(3,191)
Income (loss) before capital contributions, and transfers	464,367	248,216	1,060,240	(399,511)	(208,692)
Capital contributions	-	-	-	5,695	-
Transfers in	-	-	-	496,836	244,392
Transfers out	(460,912)	(245,421)	(1,050,150)	(17,496)	-
Net capital contributions and transfers	(460,912)	(245,421)	(1,050,150)	485,035	244,392
Changes in net position	3,455	2,795	10,090	85,524	35,700
Net position - beginning	24,144	(91,188)	1,559,990	347,115	322,662
Restatements (Note 13)	-	678	4,187	-	-
Net position - beginning, as restated	24,144	(90,510)	1,564,177	347,115	322,662
Net position - ending	\$ 27,599	\$ (87,715)	\$ 1,574,267	\$ 432,639	\$ 358,362

(Continued)

City of Needles, California
Combining Statement of Revenues, Expenses, and Change in Net Position
Internal Service Funds (Continued)
Year ended June 30, 2024

	Fleet Maintenance	Information Systems	Vehicle Replacement	Eliminations	Total Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ -	\$ -	\$ 20,004	\$ -	\$ 14,583,483
Other revenues	1,999	-	-	-	1,999
Total operating revenues	1,999	-	20,004	-	14,585,482
OPERATING EXPENSES					
Personnel	156,555	-	-	-	3,016,987
Contractual services	-	123,711	20,150	-	488,924
Power and utilities	-	-	-	-	6,819,493
Maintenance and operations	74,375	75,921	62,018	-	2,938,440
Administrative and management	-	52,828	-	-	512,400
Insurance	-	-	-	-	155,131
Depreciation and amortization	670	17,908	121,471	-	185,868
Total operating expenses	231,600	270,368	203,639	-	14,117,243
Operating income (loss)	(229,601)	(270,368)	(183,635)	-	468,239
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	-	-	344	-	16,572
Interest expense and fiscal charges	-	-	-	-	(3,451)
Total nonoperating revenues (expenses)	-	-	344	-	13,121
Income (loss) before capital contributions, and transfers	(229,601)	(270,368)	(183,291)	-	481,360
Capital contributions	-	-	-	-	5,695
Transfers in	278,484	273,096	76,608	(952,176)	417,240
Transfers out	-	-	-	952,176	(821,803)
Net capital contributions and transfers	278,484	273,096	76,608	-	(398,868)
Changes in net position	48,883	2,728	(106,683)	-	82,492
Net position - beginning	584,944	171,317	945,083	-	3,864,067
Restatements (Note 13)	-	-	-	-	4,865
Net position - beginning, as restated	584,944	171,317	945,083	-	3,868,932
Net position - ending	\$ 633,827	\$ 174,045	\$ 838,400	\$ -	\$ 3,951,424

(Concluded)

City of Needles, California
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2024

	Water	Sewer	Electric	Utility Office	Admin Facility
Cash Flows from Operating Activities					
Cash collected from customers	\$ 1,828,080	\$ 1,209,624	\$ 12,283,408	\$ 69	\$ -
Cash payments to suppliers for goods and services	(490,932)	(720,515)	(9,110,921)	(43,597)	(236,407)
Cash payments to employees for services	(876,752)	(265,002)	(1,375,631)	(343,047)	-
Net cash provided by (used in) operating activities	460,396	224,107	1,796,856	(386,575)	(236,407)
Cash Flow From Noncapital Financing Activities					
Operating transfers in	-	-	-	496,836	244,392
Operating transfers out	(460,912)	(245,421)	(1,050,150)	(17,496)	-
Increase in due from other funds	-	-	(10,789)	-	-
Increase in due to other funds/advances	106,024	73,386	757,449	-	-
Net cash provided by (used in) noncapital financing activities	(354,888)	(172,035)	(303,490)	479,340	244,392
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets	-	-	-	-	(86,893)
Capital contribution	-	-	-	5,695	-
Payments of leases	-	-	-	(5,435)	35,790
Interest paid	-	-	-	(260)	(3,191)
Net cash used in capital and related financing activities	-	-	-	-	(54,294)
Cash Flow From Investing Activities					
Interest on investments	3,456	2,796	9,976	-	-
Net cash provided by investing activities	3,456	2,796	9,976	-	-
Net increase (decrease) in cash and investments	108,964	54,868	1,503,342	92,765	(46,309)
Cash and investments, beginning of year	292,830	196,632	1,795,216	258,703	177,996
Cash and cash investments, end of year	\$ 401,794	\$ 251,500	\$ 3,298,558	\$ 351,468	\$ 131,687
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 460,911	\$ 245,420	\$ 1,050,264	\$ (399,251)	\$ (205,501)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	-	-	-	14,286	31,533
Changes in assets and liabilities:					
Decrease (increase) in:					
Accounts receivable	(682)	(599)	(1,909)	-	-
Prepaid expenses	(1,214)	545	761,492	69	-
Increase (decrease) in:					
Accounts payable	1,263	(20,648)	(13,584)	(938)	(62,439)
Accrued liabilities	118	(611)	593	265	-
Compensated absences	-	-	-	(1,006)	-
Net cash provided by (used in) operating activities	\$ 460,396	\$ 224,107	\$ 1,796,856	\$ (386,575)	\$ (236,407)

(Continued)

City of Needles, California
Combining Statement of Cash Flows
Internal Service Funds (Continued)
Year ended June 30, 2024

	Fleet Maintenance	Information Systems	Vehicle Replacement	Total Internal Service Fund
Cash Flows from Operating Activities				
Cash collected from customers	\$ 1,871	\$ -	\$ 20,004	\$ 15,343,056
Cash payments to suppliers for goods and services	(72,882)	(258,274)	(75,322)	(11,008,850)
Cash payments to employees for services	(156,555)	-	-	(3,016,987)
Net cash provided by (used in) operating activities	(227,566)	(258,274)	(55,318)	1,317,219
Cash Flow From Noncapital Financing Activities				
Operating transfers in	278,484	273,096	76,608	1,369,416
Operating transfers out	-	-	-	(1,773,979)
Increase in due from other funds	-	-	-	(10,789)
Increase in due to other funds/advances	-	-	-	936,859
Net cash provided by (used in) noncapital financing activities	278,484	273,096	76,608	521,507
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	-	(266,779)	(353,672)
Capital contribution	-	-	-	5,695
Payments of leases	-	-	-	30,355
Interest paid	-	-	-	(3,451)
Net cash used in capital and related financing activities	-	-	(266,779)	(321,073)
Cash Flow From Investing Activities				
Interest on investments	-	-	344	16,572
Net cash provided by investing activities	-	-	344	16,572
Net increase (decrease) in cash and investments	50,918	14,822	(245,145)	1,534,225
Cash and investments, beginning of year	587,437	133,454	706,986	4,149,254
Cash and cash investments, end of year	<u>\$ 638,355</u>	<u>\$ 148,276</u>	<u>\$ 461,841</u>	<u>\$ 5,683,479</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (229,601)	\$ (270,368)	\$ (183,635)	\$ 468,239
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	670	17,908	121,471	185,868
Changes in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	-	-	-	(3,190)
Prepaid expenses	(128)	-	-	760,764
Increase (decrease) in:				
Accounts payable	(146)	(5,814)	6,846	(95,460)
Accrued liabilities	335	-	-	700
Compensated absences	1,304	-	-	298
Net cash provided by (used in) operating activities	\$ (227,566)	\$ (258,274)	\$ (55,318)	\$ 1,317,219

(Concluded)



www.vasquez.cpa

655 N Central Avenue, Suite 1550 • Glendale, California 91203-1437 • +1.213.873.1700