

NEEDLES PUBLIC FINANCING AUTHORITY

Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Together with

Independent Auditor's Report

And

Supplementary Information

NEEDLES PUBLIC FINANCING AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Needles Public Financing Authority

I have audited the accompanying financial statements of the Needles Public Financing Authority (NPFA), a component unit of the City of Needles, California as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the NPFA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

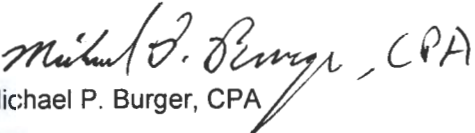
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Needles Public Financing Authority as of June 30, 2015, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–8 and 24–25 be presented to supplement the basic financial statements. Such information, 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.

I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.


Michael P. Burger, CPA

Needles, CA 92363
September 21, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the financial statements, the Authority's management presents this discussion and analysis of the Authority's financial performance for the fiscal year ended June 30, 2015. The financial statements and footnotes follow this section, and should be read in conjunction with this discussion and analysis.

Financial Highlights

- The Authority's net assets (excess of assets over liabilities) decreased from \$696,106 in 2014 to \$696,100 in 2015.
- During the year, the Authority had expenditures that exceeded revenues by \$6. This represents a change of 0.00%.
- Total net assets comprise the following:
 - (1) Capital assets, net of related debt, of \$363,750 including land, and
 - (2) Net assets of \$332,350 that are restricted as to their use by outside factors such as debt covenants, grantors, laws, or regulations
- The Authority's governmental funds reflect fund balances totaling \$3,638,240 at June 30, 2015. This represents a decrease of \$144,799 for the fiscal year.
- The Authority's total liabilities decreased from \$3,495,356 to \$3,349,457. No new debt obligations were issued during the fiscal year.

Overview of the Financial Statements

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

Government-wide Financial Statements

The Authority's reporting package includes two financial statements at the government-wide level: (1) a *Statement of Net Assets*, and (2) a *Statement of Activities*. These financial statements present the Authority'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 Assets* presents all of the Authority's assets and liabilities, with the difference presented as *net assets*. The evaluation of whether the Authority's financial status is improving or not can be measured by changes in net assets over time. Increases in net assets represent improvement in financial position.

The *Statement of Activities* reflects the change in the Authority's net assets 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 Authority'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 Authority's general revenues.

Both of the above statements report governmental activities of the Authority that are funded by investment earnings. Governmental activities include debt service. Financial statements for fiduciary activities (such as a pension plan) are not included in the government-wide financial statements, as the assets of those activities are not available to fund the Authority's programs and activities.

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

Fund Financial Statements

Fund level financial statements are intended to present the financial position and activities of individual funds within the Authority. 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 (governmental, proprietary, and fiduciary), of which the Authority only has one (governmental).

Governmental funds are reported in fund level financial statements, and include the governmental types of activities previously mentioned. The Authority's governmental funds include the 1992 Tax Allocation Bonds and 1998 Certificates of Participation debt service funds.

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 Authority. 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.

The basic financial statements include budgetary information for the Authority. This supplemental information is included to reflect the Authority's compliance with the approved budget.

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 Authority and its financial position and performance.

Financial Analysis of the Authority'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 expendable resources. Authority officials compare these available resources to the upcoming financial obligations. The ending fund balance for governmental funds at June 30, 2015 was \$3,638,240. Of this total, all is reserved and nothing is available to fund any Authority requirements other than debt service.

Governmental fund balances decreased by \$144,798 from the previous year.

Major Governmental Funds

The Authority has only two funds – one for each debt issued. The 1992 Tax Allocation Bonds fund balance decreased by \$85,000. The 1998 Certificates of Participation fund balance decreased by \$59,793.

The Authority exists to service various long-term obligations. The Authority collects interest income, and makes principal and interest payments.

One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities will help answer this question. Net assets decreased during the year because the Authority's expenditures exceeded revenues by \$6.

The following tables compare the current and prior fiscal period financial information:

Assets and Other Debits	<u>2014</u>	<u>2015</u>	<u>Change</u>	<u>Change</u>
Debt Service Fund	\$ 4,191,462	\$ 4,045,558	\$ (145,904)	-3.48%
Liabilities				
Debt Service Fund	\$ 3,495,356	\$ 3,349,457	\$ (145,899)	-4.17%
Net Assets				
Debt Service Fund	\$ 696,106	\$ 696,101	\$ (5)	0.00%

Statement of Revenues and Expenditures					
	<u>Actual</u>	<u>Actual</u>	<u>Dollar</u>	<u>Percent</u>	
Revenues	<u>2014</u>	<u>2015</u>	<u>Change</u>	<u>Change</u>	
Use of Money and Property	\$ 190,762	\$ 182,473	\$ (8,289)	-4.35%	
Expenditures					
Interest on long-term debt	\$ 190,768	\$ 182,479	\$ (8,289)	-4.35%	

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015 the Authority had \$363,750 invested in capital assets, all of which was in governmental activities. This is unchanged from 2014, as the lone capital asset is non-depreciable land.

Long-term debt

At the end of the fiscal year, the Authority's total long-term debt obligations were \$3,305,889. The governmental activities debt includes \$1.44 million in tax allocation bonds issued by the Authority, the proceeds of which were lent to the Needles Redevelopment Agency. Repayment is being made from the loan payments paid by the Redevelopment Agency to the Authority. The governmental activities debt also includes a certificate of participation, the proceeds of which were used to construct a wastewater treatment plant.

OUTSTANDING LONG-TERM OBLIGATIONS

		Governmental <u>Activities</u>	Amount <u>Change</u>	% <u>Change</u>
	<u>2014</u>	<u>2015</u>		
Tax allocation bonds	\$ 1,035,000	950,000	(85,000)	(8.21%)
Certificates of participation	<u>2,415,682</u>	<u>2,355,889</u>	<u>(59,793)</u>	(2.48%)
Total	\$ <u>3,450,682</u>	<u>3,305,889</u>	<u>(144,793)</u>	(4.20%)

Economic Conditions and Budgeting

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

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

The City rehabilitated an historic train station known as the El Garces Intermodal Transfer Station (EGITS), formerly known as one of the historic Harvey Houses. The building is listed on the National Register of Historic Places.

A new Chamber of Commerce office, a California Welcome Center, and a Railroad Museum will eventually be housed in the El Garces. An intermodal transportation center for Amtrak will also be housed there.

Contacting the Authority's Financial Management

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

You may also contact the City's Finance Department for the separately issued financial statements of the City of Needles, the Needles Public Utility Authority and the Needles Redevelopment Agency.

NEEDLES PUBLIC FINANCING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and investments with fiscal agents	\$ 332,352
Due from other funds	43,568
Loan to Needles Redevelopment Agency	950,000
Loan to Needles Public Utility Authority	2,355,888
Capital assets (Note 1):	
Land	<u>363,750</u>
Total assets	<u><u>\$ 4,045,558</u></u>
LIABILITIES	
Due to other governments	\$ 43,568
Long-term liabilities (Note 6):	
Due within one year	152,514
Due in more than one year	<u>3,153,375</u>
Total liabilities	<u><u>3,349,457</u></u>
NET POSITION	
Invested in capital assets, net of related debt	363,750
Restricted for:	
Debt service	<u>332,350</u>
Total net position	<u><u>\$ 696,100</u></u>

The accompanying notes are an integral part of these financial statements.

**NEEDLES PUBLIC FINANCING AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

	<u>Debt Service Fund</u>
ASSETS	
Cash and investments with fiscal agents	\$ 332,352
Loan to Needles Redevelopment Agency	950,000
Loan to Needles Public Utility Authority	2,355,888
Due from other funds	<u>43,568</u>
Total assets	<u><u>\$ 3,681,808</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Due to other governments	<u>\$ 43,568</u>
Total liabilities	<u>43,568</u>
Fund balances:	
Reserved for loan to Needles Redevelopment Agency	950,000
Reserved for loan to Needles Public Utility Authority	2,355,888
Reserved for debt service	<u>332,352</u>
Total fund balances	<u>3,638,240</u>
Total liabilities and fund balances	<u><u>\$ 3,681,808</u></u>

The accompanying notes are an integral part of these financial statements.

**NEEDLES PUBLIC FINANCING AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Debt Service
REVENUES:	
Use of money and property	\$ 182,473
EXPENDITURES:	
Debt service:	
Principal	144,793
Interest and fiscal charges	182,479
Total expenditures	327,272
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(144,799)
FUND BALANCES - JULY 1, 2014	3,783,038
FUND BALANCES - JUNE 30, 2015	\$ 3,638,240

The accompanying notes are an integral part of these financial statements.

**NEEDLES PUBLIC FINANCING AUTHORITY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balances of governmental activities	\$ 3,638,240
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	363,750
The following long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Loan Payable to Needles Redevelopment Agency	(950,000)
Loan Payable to Needles Public Utility Authority	<u>(2,355,888)</u>
Total net position of governmental activities	<u>\$ 696,100</u>

The accompanying notes are an integral part of these financial statements.

**NEEDLES PUBLIC FINANCING AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds \$ (144,799)

Amounts reported for governmental activities in the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds differ from the amounts reported in the Statement of Activities because:

Repayment of bond principal is an expenditure in the governmental funds. The Statement of Net Assets reports the repayment as a reduction of long-term liabilities.

144,793

Change in net position of governmental activities

\$ (6)

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

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

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

Government Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Authority as a whole excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities.

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.

Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Authority’s services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. 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 for non-major funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Authority's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

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). 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. 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.

Governmental Funds

Debt Service Funds – Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt and related costs.

Account Groups

The General Long-term Debt Account Group is used to account for all of the unmatured principal of revenue bonds and other long-term obligations of the Authority.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

In accordance with Governmental Accounting Standards Board Statement No. 31, investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash and investments are maintained and administered by State Street Bank and Trust Company of California, acting as Trustees pursuant to Trust agreements created in connection with the issuance of the Authority's bonds.

Collateral for Deposits

Under the provisions of the California Government Code, California banks and savings and loan associations are required to secure the Authority's deposits by pledging government securities as collateral.

The market value of the pledged securities must equal at least 110% of the Authority's deposits. California law also allows financial institutions to secure the Authority's deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total deposits. The Authority, at the Treasurer's discretion, may waive the 110% collateral requirements for deposits that are insured up to \$250,000 by the FDIC. At June 30, 2015, the book balance of the Authority's deposits was \$332,352 and the bank balance was \$332,352. Of the bank balance, \$250,000 was covered by FDIC insurance.

Reserve Requirements

The Tax Allocation Revenue Bonds 1992 Series A agreement requires a minimum cash deposit of \$164,500 to be maintained in the Reserve Fund. At June 30, 2015 the Reserve Fund totaled \$164,500. The cash for the deposit was provided by the bond proceeds and is to be used for future debt service.

NOTE 3 – LOANS TO OTHER GOVERNMENTAL ENTITIES

Redevelopment Agency

The Tax Allocation Revenue Bonds 1992 Series A (1992 Bonds) were issued to provide monies to enable the Authority to make a loan to the Needles Redevelopment Agency (Agency) with respect to its Needles Redevelopment Project. A Loan Agreement dated May 1, 1992 among the Authority, the Agency and the Trustee secures the loan.

Repayment of the Loan is secured by tax increment revenues of the Agency and by the Reserve Fund held by the Trustee under the Loan Agreement. Payments from the Agency are to be sufficient to cover debt service on the 1992 Bonds enabling the City and Authority, in turn, to pay bondholders. Principal payments in the amounts of \$10,000 to \$150,000 are due annually from 1994 to 2022, with semi-annual interest payments at rates ranging from 5.40% to 7.50%. The principal balance of the loan as of June 30, 2015 is \$950,000.

Needles Public Utility Authority

The Needles Public Utility Authority (NPUA) constructed a new wastewater treatment plant. The plant is being financed by a grant from the United States Department of Agriculture (USDA) and by a loan guaranteed by the USDA. The Authority is paying for the costs of constructing the wastewater treatment plant to the extent they exceed the grant amount, and has sold the plant to the Needles Public Utility Authority (NPUA).

The Authority issued a “Certificate of Participation” to evidence the debt to the USDA (note 7).

The Authority entered into an Installment Agreement with the Needles Public Utility Authority (NPUA) on October 21, 1998. Under the Installment Agreement, NPUA is to make payments to the Authority sufficient to meet the debt service requirements of the certificate of participation. The installment agreement calls for semi-annual payments of \$83,917 including interest at 4.50% per annum, beginning February 1, 1999 and ending on August 1, 2038.

NOTE 4 – LAND

Land was donated to the Authority as part of the acquisition of land, present perfected water rights, easements, and improvements by the Authority from a third party. All assets acquired, except for the donated land, were then sold to the City Utility Enterprise Funds. The donated land retained by the Authority was valued at an appraised cost of \$363,750, which includes title and legal costs, determined by the City.

**NEEDLES PUBLIC FINANCING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 - FISCAL AGENTS CASH AND INVESTMENT TRANSACTIONS

<u>Tax Allocation Revenue Bond 1992 Series A</u>	<u>Interest Fund</u>	<u>Principal Fund</u>	<u>Reserve Fund</u>	<u>Revenue Fund</u>	<u>Ending Balance</u>
CASH AND INVESTMENTS -BEGINNING OF YEAR	\$ -	-	164,500	-	164,500
RECEIPTS:					
Interest	-	-	-	-	-
Principal and interest payment from the Agency	-	-	-	160,125	160,125
Transfers in	74,438	85,000	-	-	159,438
TOTAL RECEIPTS	<u>74,438</u>	<u>85,000</u>	<u>-</u>	<u>160,125</u>	<u>319,563</u>
DISBURSEMENTS:					
Interest and fiscal charges	74,438	-	-	-	74,438
Principal	-	85,000	-	-	85,000
Transfers out	-	-	-	160,125	160,125
TOTAL DISBURSEMENTS	<u>74,438</u>	<u>85,000</u>	<u>-</u>	<u>160,125</u>	<u>319,563</u>
CASH AND INVESTMENTS - END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>164,500</u>	<u>-</u>	<u>164,500</u>

**NEEDLES PUBLIC FINANCING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 - FISCAL AGENTS CASH AND INVESTMENT TRANSACTIONS - Continued

Certificates of Participation	Reserve Fund	Installment Fund	Ending Balance
CASH AND INVESTMENTS			
-BEGINNING OF YEAR	\$ 167,855	1	167,856
RECEIPTS:			
Interest	42	2	44
Principal and interest payment from borrower	-	167,785	167,785
Transfers in	-	46	46
TOTAL RECEIPTS	42	167,833	167,875
DISBURSEMENTS:			
Interest and fiscal charges	-	108,041	108,041
Principal	-	59,793	59,793
Transfers out	46	-	46
TOTAL DISBURSEMENTS	46	167,834	167,880
CASH AND INVESTMENTS			
- END OF YEAR	\$ 167,851	-	167,851

NOTE 6 – BONDS PAYABLE

Tax Allocation Revenue Bonds 1992 Series A

The bonds were issued to provide monies to fund a loan to the Needles Redevelopment Agency (RDA). The bonds were payable solely from the loan payments to be made to the Authority by RDA as described herein, and further, from amounts in the Reserve Fund created under the Loan agreement and investment earnings thereon. The Trustee will exercise such rights and remedies as may be necessary to enforce the loan payments when due by RDA or otherwise protect the interest of the bond owners in the event of default by RDA.

Tax revenues of RDA secure repayment of the loan from the Needles Redevelopment Project and by the Reserve Fund and interest earnings thereon held by the Trustee under the Loan Agreement. The term “tax revenues” means tax increment revenues allocated to RDA from the Needles Redevelopment Project, less an amount deducted pursuant to a tax sharing agreement with the County of San Bernardino.

The bonds are not a debt of the City or the State of California (State) or any of its political subdivisions, and neither the City nor the State nor any of its political subdivisions are liable. The interest, if any, and principal of the bonds are payable from and secured by a pledge of certain amounts payable by RDA to the Authority under the Loan Agreement.

Neither the Bonds nor the loan constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The members of the Authority, RDA or any persons executing the bonds or the Loan Agreement are not liable personally on the bonds or the Loan Agreement. In no event will the obligation of RDA under the Loan Agreement be payable out of any funds or properties other than tax revenues of RDA as set forth in the Loan Agreement.

NEEDLES PUBLIC FINANCING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 6 - BONDS PAYABLE - Continued

The following is a summary of the changes in the General Long-Term Debt Account Group for the fiscal year ended June 30, 2015:

Description	Date of Issue	Years of Maturity	Rate of Interest	Amount Authorized	Beginning Balance	Additions	Deletions	Ending Balance
Tax Allocation Revenue Bond 1992 Series A	5/1/1992	1994 - 2022	5.40% - 7.50%	\$ 1,865,000	1,035,000	-	85,000	950,000
Certificates of Participation	10/21/1998	2038	4.50%	2,924,284	2,415,682	-	59,793	2,355,889
TOTAL				\$ 4,789,284	3,450,682	-	144,793	3,305,889

Debt Service requirements are summarized as follows:

For the Fiscal Year Ending June 30,	Tax Allocation Revenue Bonds 1992 Series A		Certificate of Participation	
	Principal	Interest	Principal	Interest
2016	90,000	67,875	62,514	105,320
2017	100,000	60,750	65,359	102,475
2018	105,000	53,063	68,334	99,500
2019	115,000	44,813	71,443	96,391
2020	120,000	36,000	74,695	93,140
2021-2025	420,000	48,750	427,658	411,512
2026-2030	-	-	534,232	304,938
2031-2035	-	-	667,364	171,806
2036-2038	-	-	384,290	25,911
Total	\$ 950,000	311,251	2,355,889	1,410,993

NOTE 7 – CERTIFICATE OF PARTICIPATION

In connection with the construction of a new waste water treatment plant sold by the Authority to the NPUA (note 3), the Authority issued a certificate of participation. The United States Government purchased this certificate. The original principal amount of the certificate was \$3,100,000. The certificate calls for semi-annual payments of \$83,917 including interest at 4.5% per annum. Payments began on February 1, 1999 and will end on August 1, 2038.

During the year ended June 30, 2015, the Authority paid interest of \$108,041 and principal of \$59,793.

SUPPLEMENTAL INFORMATION

NEEDLES PUBLIC FINANCING AUTHORITY
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>DEBT SERVICE FUND</u>				
Budgetary fund balance, July 1, 2014	\$ 3,871,644	3,871,644	3,871,644	-
Resources (inflows):				
Unrestricted investment earnings	182,473	182,473	182,473	-
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>4,054,117</u>	<u>4,054,117</u>	<u>4,054,117</u>	<u>-</u>
Charges to appropriations (outflows):				
Debt service:				
Principal	144,793	144,793	144,793	-
Interest and fiscal charges	<u>182,479</u>	<u>182,479</u>	<u>182,479</u>	<u>-</u>
Budgetary fund balance, June 30, 2015	<u>\$ 3,726,845</u>	<u>3,726,845</u>	<u>3,726,845</u>	<u>-</u>

See accompanying notes to budgetary comparison schedule.

NEEDLES PUBLIC FINANCING AUTHORITY

Notes to Required Supplementary Information

For the Year Ended June 30, 2015

**NOTE A – Explanation of Differences between Budgetary Inflows and Outflows and GAAP
Revenues and Expenditures**

	<u>Debt Service Fund</u>
Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,054,117
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(3,871,644)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances- governmental funds	<u>\$ 182,473</u>