

NEEDLES PUBLIC FINANCING AUTHORITY

Annual Financial Report with
Required Supplementary Information
With Independent Auditor's Report Thereon

June 30, 2021

NEEDLES PUBLIC FINANCING AUTHORITY

Annual Financial Report
June 30, 2021

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Needles Public Financing Authority

We 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, 2021, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Needles Public Financing Authority

Basis for Qualified Opinion

As discussed in Note 4 to the financial statements, the NPFA reports \$363,750 of land on its statement of net position. We were unable to satisfy ourselves as to the reported amount of land as of June 30, 2021.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, 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, 2021, and the changes in 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 3–7 and 21–22 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.

We 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 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.

Fechter & Company
Certified Public Accountants

A handwritten signature in black ink that reads "Fechter & Company, CPAs". The signature is written in a cursive, flowing style.

Sacramento, California
April 29, 2022

NEEDLES PUBLIC FINANCING AUTHORITY

Management's Discussion and Analysis June 30, 2021

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, 2021. The financial statements and footnotes follow this section, and should be read in conjunction with this discussion and analysis.

Financial Highlights

- The Authority's net position (excess of assets over liabilities) decreased from \$525,832 in FY 2019-20 to \$161,753 in FY 2020-21.
- The Authority's total liabilities decreased from \$13,248,913 in FY 2019-20 to \$12,162,583 in FY 2020-21.
- During the year, the Authority's change in net position was \$(329), excluding the prior period adjustment of \$363,750, compared to the FY 2019-20 change in net position of \$(927).
- Net position of \$161,753 is restricted as to its use by outside factors such as debt covenants, grantors, laws, or regulations.
- The Authority's governmental funds reflect fund balances totaling \$12,324,336 at June 30, 2021. This represents a decrease of \$1,086,659 for 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 Position*, 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 Position* presents all of the Authority's assets and liabilities, with the difference presented as net position. The evaluation of whether the Authority's financial status is improving or not improving can be measured by changes in net position over time. Increases in net position represent improvement in financial position.

The *Statement of Activities* reflects the change in the Authority's net position during the current fiscal year. This statement includes all revenues and expenses for the year, regardless of when the cash is received or paid. 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.

NEEDLES PUBLIC FINANCING AUTHORITY

Management's Discussion and Analysis June 30, 2021

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 the 2016 Enterprise Revenue Bonds 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.

NEEDLES PUBLIC FINANCING AUTHORITY

Management's Discussion and Analysis
June 30, 2021

Financial Analysis of the Government-Wide Statements

One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities will help answer this question. Net position decreased during the year because the Authority's expenditures exceeded revenues by \$329.

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, 2021 was \$12,324,336. Of this total, all is reserved and nothing is available to fund any Authority requirements other than debt service.

Governmental fund balances decreased by \$1,086,659 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 \$130,329. The 2016 Enterprise Revenue Bonds fund balance decreased by \$956,330, which was equal to the principal payment due during the year.

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

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

<u>Governmental Funds</u>	<u>Actual 2020</u>	<u>Actual 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets and Other Debits				
Debt Service Funds	\$ 13,410,995	\$ 12,324,336	\$ (1,086,659)	(8.10%)
Fund balances				
Debt Service Funds	\$ 13,410,995	\$ 12,324,336	\$ (1,086,659)	(8.10%)

NEEDLES PUBLIC FINANCING AUTHORITY

Management's Discussion and Analysis
June 30, 2021

<u>Governmental Funds</u>	<u>Actual 2020</u>	<u>Actual 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues				
Use of money and property	\$ 35,073	\$ 10	\$ (35,063)	(99.97%)
Expenditures				
Principal on long-term debt	\$ 1,040,458	\$ 1,086,330	\$ 45,872	4.41%
Interest on long-term debt	\$ 557,928	\$ 512,681	\$ (45,247)	(8.11%)

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, the Authority had no capital assets.

Long-term debt

At the end of the fiscal year, the Authority's total long-term debt obligations were \$12,162,583.

OUTSTANDING LONG-TERM OBLIGATIONS

<u>Description</u>	<u>Governmental Activities</u>		<u>Dollar Change</u>	<u>Percent Change</u>
	<u>2020</u>	<u>2021</u>		
Tax allocation bonds	\$ 420,000	\$ 290,000	\$ (130,000)	(30.95%)
2016 Enterprise Revenue Bonds	12,828,913	11,872,583	(956,330)	(7.45%)
Total	<u>\$13,248,913</u>	<u>\$12,162,583</u>	<u>\$(1,086,330)</u>	<u>(8.20%)</u>

Economic Conditions and Budgeting

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

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

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

NEEDLES PUBLIC FINANCING AUTHORITY

Management's Discussion and Analysis
June 30, 2021

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, 2021

	Primary Government
	Governmental Activities
ASSETS	
Cash and investments with fiscal agents	\$ 161,753
Loan to Needles Redevelopment Agency	290,000
Loan to Needles Public Utility Authority	11,872,583
Total assets	12,324,336
LIABILITIES	
Long-term liabilities:	
Due within one year	1,133,600
Due in more than one year	11,028,983
Total liabilities	12,162,583
NET POSITION	
Restricted for:	
Debt service	161,753
Total net position	\$ 161,753

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

**NEEDLES PUBLIC FINANCING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

		Program Revenues			Net (Expense) Revenue and Change in Net Assets
Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	
Functions/Programs					
PRIMARY GOVERNMENT:					
Governmental activities:					
Interest on long-term debt	\$ 512,681	\$ -	\$ 26,286	\$ -	\$ (486,395)
 Total primary government	<u>\$ 512,681</u>	<u>\$ -</u>	<u>\$ 26,286</u>	<u>\$ -</u>	<u>(486,395)</u>
 General revenues:					
Use of money and property					10
 Transfers in from NPUA					486,056
 Change in net position					(329)
 Net position - beginning					525,832
Prior period adjustment					(363,750)
Net position - beginning, restated					162,082
 Net position - ending					\$ 161,753

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

**NEEDLES PUBLIC FINANCING AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	1992 Tax Allocation Fund	2016 Enterprise Revenue Fund	Total
ASSETS			
Cash and investments with fiscal agents	\$ 161,753	\$ -	\$ 161,753
Loan to Needles Redevelopment Agency	290,000	-	290,000
Loan to Needles Public Utility Authority	-	11,872,583	11,872,583
	<hr/>	<hr/>	<hr/>
Total assets	\$ 451,753	\$ 11,872,583	\$ 12,324,336
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
FUND BALANCES			
Reserved for loan to Needles Redevelopment Agency	\$ 290,000	\$ -	\$ 290,000
Reserved for loan to Needles Public Utility Authority	-	11,872,583	11,872,583
Reserved for debt service	161,753	-	161,753
	<hr/>	<hr/>	<hr/>
Total fund balances	\$ 451,753	\$ 11,872,583	\$ 12,324,336
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2021**

Fund balances of governmental activities	\$ 12,324,336
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Amounts reported for governmental activities in the statement of net assets are different because:

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	(290,000)
Loan Payable to Needles Public Utility Authority	<u>(11,872,583)</u>

Total net position of governmental activities	<u><u>\$ 161,753</u></u>
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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, 2021

	1992 Tax Allocation Fund	2016 Enterprise Revenue Fund	Total
REVENUES:			
Use of money and property	\$ 10	\$ -	\$ 10
EXPENDITURES:			
Debt service:			
Principal	130,000	956,330	1,086,330
Interest and fiscal charges	26,625	486,056	512,681
Total expenditures	156,625	1,442,386	1,599,011
Transfers from NPUA	-	486,056	486,056
Transfers from the City of Needles	26,286	-	26,286
Total transfers	26,286	486,056	512,342
Net change in fund balances	(130,329)	(956,330)	(1,086,659)
FUND BALANCES - BEGINNING	582,082	12,828,913	13,410,995
FUND BALANCES - ENDING	\$ 451,753	\$ 11,872,583	\$ 12,324,336

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, 2021

Net change in fund balances - total governmental funds \$ (1,086,659)

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.

1,086,330

Change in net position of governmental activities

\$ (329)

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

NEEDLES PUBLIC FINANCING AUTHORITY

Notes to the Financial Statements
For the Year Ended June 30, 2021

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 position 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.

NEEDLES PUBLIC FINANCING AUTHORITY

Notes to the Financial Statements
For the Year Ended June 30, 2021

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 collectable 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.

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.

NEEDLES PUBLIC FINANCING AUTHORITY

Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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, 2021, the book balance of the Authority's deposits was \$162,082 and the bank balance was \$162,082. Of the bank balance, \$162,082 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, 2021, the Reserve Fund totaled \$161,753. The cash for the deposit was provided by the bond proceeds and is to be used for future debt service.

NEEDLES PUBLIC FINANCING AUTHORITY

Notes to the Financial Statements
For the Year Ended June 30, 2021

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.

Redevelopment Agency - continued

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, 2021 is \$290,000.

Needles Public Utility Authority

NPUA issued 2016 Enterprise bonds to purchase the 1997 Revenue Bonds. The Authority entered into an Installment Agreement with the Needles Public Utility Authority (NPUA) on December 1, 2016. Under the Installment Agreement, NPUA is to make payments to the Authority sufficient to meet the debt service requirements of the 2016 Enterprise Bonds. The installment agreement calls for semi-annual payments of \$721,193 including interest at 3.86% per annum, beginning August 1, 2017, and ending on February 1, 2031. The principal balance of the bonds payable as of June 30, 2021, is \$11,872,583.

NOTE 4 – PRIOR PERIOD ADJUSTMENT

During the year, the City engaged an outside firm to perform a comprehensive inventory and valuation of its capital assets. As a result of this engagement, it was determined that the land previously included in the NPFA financial statements did not belong to the NPFA, resulting in a prior period adjustment of \$363,750.

NEEDLES PUBLIC FINANCING AUTHORITY

Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 5 – FISCAL AGENT 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 - RESTATED	\$ -	\$ -	\$ 162,082	\$ -	\$ 162,082
RECEIPTS:					
Interest	10	-	-	-	10
Principal and interest payment from the Agency	-	-	-	156,625	156,625
Transfers in	<u>26,615</u>	<u>130,000</u>	<u>26,286</u>	<u>-</u>	<u>182,901</u>
TOTAL RECEIPTS	<u>26,625</u>	<u>130,000</u>	<u>26,286</u>	<u>156,625</u>	<u>339,536</u>
DISBURSEMENTS:					
Interest and fiscal charges	26,625	-	-	-	26,625
Principal	-	130,000	-	-	130,000
Transfers out	<u>-</u>	<u>-</u>	<u>26,615</u>	<u>156,625</u>	<u>183,240</u>
TOTAL DISBURSEMENTS	<u>26,625</u>	<u>130,000</u>	<u>26,615</u>	<u>156,625</u>	<u>339,865</u>
CASH AND INVESTMENTS					
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,753</u>	<u>\$ -</u>	<u>\$ 161,753</u>

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.

NEEDLES PUBLIC FINANCING AUTHORITY

Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 6 – BONDS PAYABLE - continued

Tax Allocation Revenue Bonds 1992 Series A - continued

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 2016 Enterprise Revenue Bonds

The bonds were issued to provide monies to purchase the 1997 Needles Public Utility Authority (NPUA) bonds. The bonds are secured by an Indenture of Trust dated December 1, 2016, between the Authority and U.S. Bank National Association, the Trustee.

The following is a summary of the changes in long term debt for the fiscal year ended June 30, 2021:

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	\$ 420,000	\$ -	\$ 130,000	\$ 290,000
2016 Enterprise Revenue Bonds	12/29/2016	2017 - 2031	3.86%	15,488,000	12,828,913	-	956,330	11,872,583
TOTAL				<u>\$17,353,000</u>	<u>\$13,248,913</u>	<u>\$ -</u>	<u>\$1,086,330</u>	<u>\$12,162,583</u>

Debt Service requirements are summarized as follows:

For the Fiscal Year Ending June 30,	Tax Allocation Revenue Bonds 1992 Series A		2016 Enterprise Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$140,000	\$16,500	\$993,600	\$448,785
2023	150,000	5,625	1,032,323	410,062
2024	--	--	1,072,556	369,830
2025	--	--	1,114,355	328,030
2026	--	--	1,157,784	284,600
2027	--	--	1,202,907	239,479
2028	--	--	1,249,787	192,598
2029	--	--	1,298,494	143,891
2030	--	--	1,349,100	93,285
2031	--	--	1,401,677	40,709
Total	<u>\$ 290,000</u>	<u>\$ 22,125</u>	<u>\$ 11,872,583</u>	<u>\$ 2,551,269</u>

NEEDLES PUBLIC FINANCING AUTHORITY

Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 7 – DATE OF MANAGEMENT REVIEW

Management has reviewed subsequent events from July 1, 2021 to April 29, 2022, which is the date the financial statements were available to be issued. There were no items requiring accrual or disclosure.

SUPPLEMENTAL INFORMATION

**NEEDLES PUBLIC FINANCING AUTHORITY
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>DEBT SERVICE FUND</u>				
Budgetary fund balance, July 1, 2020	\$ 13,410,995	\$ 13,410,995	\$ 13,410,995	\$ -
Resources (inflows):				
Unrestricted investment earnings	-	-	10	10
Transfers from NPUA	-	-	486,056	486,056
Transfers from the City	-	-	26,286	26,286
Amounts available for appropriation	<u>13,410,995</u>	<u>13,410,995</u>	<u>13,923,347</u>	<u>512,352</u>
Charges to appropriations (outflows):				
Debt service:				
Principal	-	-	1,086,330	(1,086,330)
Interest and fiscal charges	-	-	512,681	(512,681)
Budgetary fund balance, June 30, 2021	<u>\$ 13,410,995</u>	<u>\$ 13,410,995</u>	<u>\$ 12,324,336</u>	<u>\$ (1,086,659)</u>

See accompanying notes to budgetary comparison schedule.

NEEDLES PUBLIC FINANCING AUTHORITY

Notes to Required Supplementary Information

For the Year Ended June 30, 2021

**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	\$ 13,923,347
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	(13,410,995)
Transfers from NPUA	(486,056)
Transfers from the City of Needles	<u>(26,286)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances- governmental funds	<u><u>\$ 10</u></u>