

**OFFICE OF THE CITY AUDITOR**

City of Long Beach
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GARY L. BURROUGHS, CPA
 City Auditor

June 20, 2006

Honorable Mayor and City Councilmembers
 Citizens of Long Beach, California

RE: QUARTERLY AUDIT OF CASH AND INVESTMENT BALANCES

We have performed specific audit procedures to cash and investment balances of the City of Long Beach as of December 31, 2005, as required by Section 803 of the City Charter. The objectives of our examination were to agree cash and investments as recorded on the City's books with outside depositories, both as to amount and description, and to evaluate the City's compliance with provisions of the California Government Code and the City's Investment Policy.

Based on the procedures performed, we have confirmed that the cash and investment balances are accurately recorded. City cash and investment balances as of December 31, 2005 are summarized as follows:

Pooled Cash and Investments	\$ 1,357,697,687
Non-Pooled Cash and Investments	324,154,754
Total	<u>\$ 1,681,852,441</u>


Also, we found the City to be in general compliance with the California Government Code and the City's Investment Policy.

Attached is the Schedule of Pooled and Non-Pooled Cash and Investment Balances by Fund, and the Schedule of Cash and Investments by Security Type. Also included is Appendix I which lists our procedures and results of those procedures.

Sincerely,

GARY L. BURROUGHS, CPA
 City Auditor

By:


 J.C. Squires, CPA
 Assistant City Auditor

Attachment

City of Long Beach
Comparative Statement of Pooled and Non-Pooled Cash and Investment Balances by Fund
At December 31, 2005 with Comparative Totals for December 31, 2004

Fund #	Fund Name	Pooled Amount 12/31/2005	Non-Pooled Amount 12/31/2005	Total at 12/31/2005	Total at 12/31/2004
100	General Fund, General	\$ 6,448,074	\$ 4,353,770	\$ 10,801,844	\$ 42,801,703
103	General Fund, Library	599,401	19,830	619,231	1,566,067
105	General Fund, Parks and Recreation	20,995,213	1,608,263	22,603,476	18,121,557
120	Special Revenue, General Grants	476,485	-	476,485	1,710,721
130	Special Revenue, Health	1,275,887	(1,327)	1,274,560	1,000,933
131	Special Revenue, CUPA	924,226	-	924,226	931,323
132	Special Revenue, Parking & Business	1,355,870	-	1,355,870	898,840
133	Special Advertising & Promotion	1,674,451	281	1,674,732	881,031
134	Special Revenue, Upland Oil	4,206,622	-	4,206,622	5,252,963
135	Special Revenue, Housing Development	25,415,271	2,453,274	27,868,545	20,468,324
136	SR-Belmont Shore Parking Meter	623,489	15,831	639,320	548,371
149	Special Revenue, Business Assistance	572,959	-	572,959	992,267
150	Community Development Grants	4,883,766	11,802	4,895,568	4,143,238
151	Special Revenue, Housing Authority	6,758,629	21,827	6,780,456	3,076,215
180	Special Revenue, Park Development	1,376,580	-	1,376,580	1,925,373
181	Gas Tax Street Improvement	5,490,934	-	5,490,934	368,562
182	Special Revenue, Transportation	30,171,723	-	30,171,723	26,288,268
201	Capital Projects	21,272,167	1,193,229	22,465,396	28,652,689
202	Assessment District-Capital Projects	2,446,475	93	2,446,568	2,397,222
221	RDA-Poly High	945,444	2,655,989	3,601,433	1,025,796
222	RDA-West Beach	884,755	1,534,861	2,419,616	1,768,364
223	RDA-West Long Beach	17,053,565	3,131,054	20,184,619	13,885,602
224	RDA-Downtown	7,077,936	9,560,854	16,638,790	18,639,904
225	RDA-Project Income	3,042,486	-	3,042,486	1,425,070
227	RDA-Los Altos	422,042	407,818	829,860	137,354
228	RDA-Central	6,518,166	37,016,363	43,534,529	7,012,427
230	RDA-North	10,330,708	88,241,218	98,571,926	51,062,479
232	RDA-Housing	9,568	54,064,855	54,074,423	0
301	Gas Revenue	12,253,830	769,233	13,023,063	12,701,179
310	Water	9,674,859	3,619,050	13,293,909	14,641,196
311	Sewer	9,708,991	-	9,708,991	7,217,868
320	Airport	14,487,061	1,024,089	15,511,150	10,027,086
330	Refuse/Recycling	18,686,327	3,000	18,689,327	14,824,042
331	SERRF	23,604,778	-	23,604,778	31,030,510
339	SERRF JPA	987,434	20,529,004	21,516,438	13,118,448
340	Towing Operations	1,840,536	3,700	1,844,236	1,091,012
380	Civic Center	11,116,883	9,470,674	20,587,557	21,837,517
385	General Services	4,372,259	3,997	4,376,256	7,846,854
386	Fleet Services Fund	15,920,681	2,549,220	18,469,901	17,306,943
390	Insurance	25,703,986	61	25,704,047	23,582,017
391	Employee Benefits	58,640,679	-	58,640,679	56,349,888
401	Tidelands Operations	15,129,274	11,897,307	27,026,581	24,466,682
403	Tidelands - Marina	6,144,012	15,600	6,159,612	8,350,951
410	Tidelands - Queen Mary	768,792	-	768,792	509,767
411	Tidelands Queensway Bay	4,551,554	4,151,524	8,703,078	7,621,518
413	Parking Authority - Queensway Bay	330,562	431,622	762,184	733,000
420	Tidelands Oil Revenue	122,730,750	3,000	122,733,750	91,054,033
421	Tidelands Reserve - Subsidence	142,159,275	3,471,954	145,631,229	145,493,374
430	Harbor Operations	353,085,270	35,000	353,120,270	361,866,924
431	Harbor Operations	(21,247,316)	-	(21,247,316)	(18,470,988)
432	Harbor Debt Service	344,874,701	54,548,724	399,423,425	269,104,585
440	Expendable Trusts	995,926	-	995,926	990,697
451	ICTF JPA	2,796,145	-	2,796,145	7,654,983
452	Earthquake Assessment	1,445,645	-	1,445,645	1,067,946
453	AG, Other Special Assessment	2,040,752	-	2,040,752	1,993,679
455	Other Agency	2,207,092	1,500	2,208,592	2,202,710
470	Agency Special Assessment CFD #5	48,433	1,267,616	1,316,049	1,302,744
471	Agency Special Assessment LBBFA	-	797,861	797,861	783,140
472	Agency Special Assessment Pike	108,004	3,271,133	3,379,137	3,255,175
999	Accrued Interest Receivable	(10,722,380)	-	(10,722,380)	(8,213,075)
TOTAL CASH AND INVESTMENTS		\$ 1,357,697,687	\$ 324,154,754	\$ 1,681,852,441	\$ 1,390,325,068

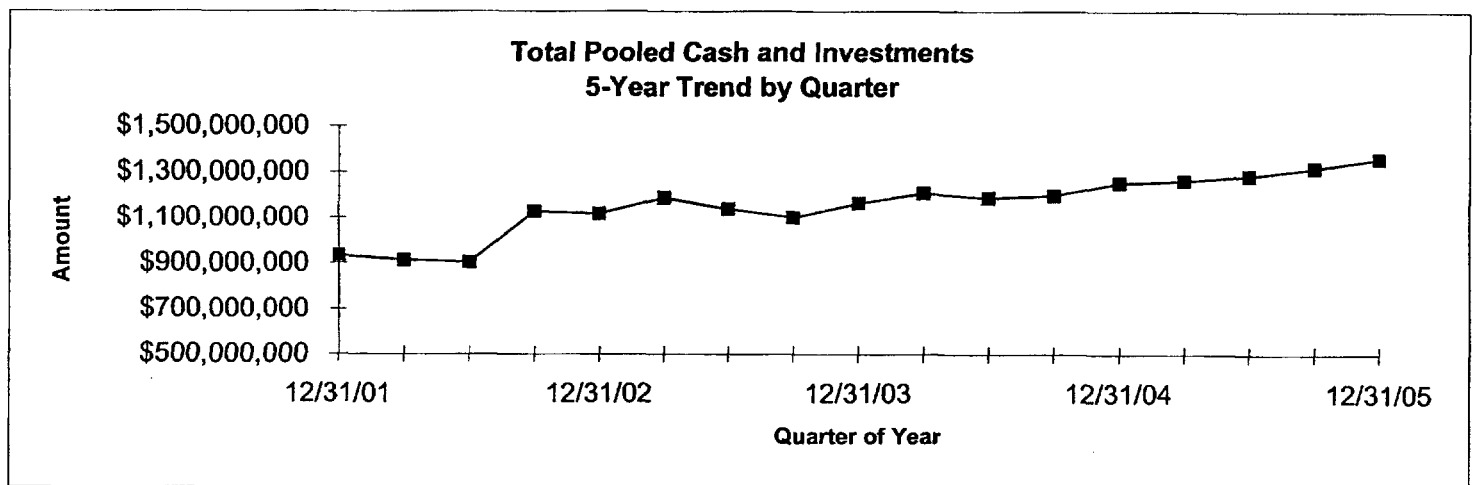
Percent Change of Pooled and Non-Pooled Cash and Investments from 12/31/04 to 12/31/05

20.97%

City of Long Beach
Schedule of Cash and Investments by Security Type
December 31, 2005

	Pooled	Non-Pooled*	Total 12/31/2005	Total 12/31/2004
CASH:				
Cash in Banks	\$ 6,544,713	\$ 664,755	\$ 7,209,468	\$ 484,013
Cash with Fiscal Agents	-	272,937,054	272,937,054	123,255,642
	<u>\$ 6,544,713</u>	<u>\$ 273,601,809</u>	<u>\$ 280,146,522</u>	<u>\$ 123,739,655</u>
INVESTMENTS:				
Commercial Paper	\$ 49,652,083	\$ -	\$ 49,652,083	\$ -
U.S. Treasury Notes	284,365,164	-	284,365,164	100,536,810
Federal Farm Credit Bank	158,524,763	-	158,524,763	119,988,791
Federal Home Loan Bank	181,951,748	-	181,951,748	238,359,158
Federal National Mortgage Association	230,222,501	-	230,222,501	295,130,625
Federal Home Loan Mortgage Corporation	212,827,049	-	212,827,049	228,551,747
Student Loan Marketing Association	-	-	-	-
Negotiable Certificates of Deposit	-	-	-	15,000,000
Medium Term Notes	74,697,634	-	74,697,634	102,543,271
L.A.I.F.	155,444,847	-	155,444,847	133,706,904
Money Market	33,759	-	33,759	33,587
Certificates of Deposit	-	10,000,000	10,000,000	10,000,000
Guaranteed Investment Contracts	-	37,083,524	37,083,524	16,095,989
Special Assessment Bonds	-	1,290,081	1,290,081	4,178,044
Revenue Bonds	-	2,179,340	2,179,340	2,460,487
Savers Loan	3,433,426	-	3,433,426	-
Total Investments	<u>\$ 1,351,152,974</u>	<u>\$ 50,552,945</u>	<u>\$ 1,401,705,919</u>	<u>\$ 1,266,585,413</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 1,357,697,687</u>	<u>\$ 324,154,754</u>	<u>\$ 1,681,852,441</u>	<u>\$ 1,390,325,068</u>

* Non-pooled cash and investments are generally pledged to the payment of specific project costs or security of certain outstanding bonds and are not available for operations.



SCOPE OF PROCEDURES PERFORMED AND RESULTANT FINDINGS

1. We obtained the City Treasurer's Investment Holdings Report as of December 31, 2005 and traced the balance of total investments listed on the report to the City's general ledger. We obtained written confirmations of all City cash and investment accounts and agreed them to the City's general ledger.

Finding: No exceptions were noted.

2. We compared investments listed on the City Treasurer's Investment Activity Portfolio Statistics Report at December 31, 2005 to the types of investments authorized for the City in accordance with the City's Investment Policy and California Government Code §53601.

Finding: No unauthorized investments were noted.

3. We compared the portfolio mix, based on amortized cost, of investment types listed in the City Treasurer's Investment Activity Portfolio Statistics Report as of December 31, 2005 to the portfolio mix limitations imposed by the City's Investment Policy and California Government Code §53601 for specified investment types.

Finding: We found no violations of the limitations.

4. On a sample basis, we recomputed and reviewed supporting documentation relevant to the purchase, sale and maturity of individual investments to determine compliance with the following provisions of California Government Code §53601, the City's Investment Policy and certain City Treasurer internal controls:

- a. Purchased investments meet minimum rating requirements and maximum allowable maturity periods.
- b. All sections of the investment transaction record are properly completed and authorized by the City Treasurer.
- c. Transactions are supported by documentation from third-party sources (individual broker confirmations, safekeeping statements, custodian statements, etc.)
- d. Accrued interest and gain or loss on disposition of investment transactions are supported by third party documentation.

Finding: No exceptions were noted.