



OFFICE OF THE CITY AUDITOR
Long Beach, California

R-11

LAURA L. DOUD, CPA
City Auditor

August 12, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the Long Beach Museum of Art Inventory Audit and request City Management and Foundation Management to advise the City Council and City Auditor as to progress and plans for implementation in six months and one year from the date of receipt and filing of this report.

DISCUSSION

The Office of the City Auditor recently completed two audits involving the Long Beach Museum of Art: a review of the Museum's Capital Campaign and a review of the Museum's inventory. Attached for your consideration is the Inventory Audit.

The objective of this audit was to conduct a complete inventory and to assess the controls over inventory to ensure that all City-owned artwork is fully accounted for and properly safeguarded. Our audit focused on the systems for tracking how many art pieces the City owns at the museum, where they are located, and what they are worth.

As part of our audit, City Auditor staff conducted a comprehensive inventory of the artwork at the Museum to ensure that the City's assets are fully accounted for and properly protected. Staff physically observed, counted, and reconciled the City-owned art collection to the City's Fixed Asset Report and the Foundation's Inventory System. Additionally, staff analyzed internal controls at the Museum to ensure that the appropriate safeguards are in place to protect the City's collection in the future and reviewed the Museum's compliance with its contractual responsibilities to the City. These topics, our procedures, and recommendations for improvement are all discussed at length in the attached report.

We appreciate the time, information, and cooperation provided by current Foundation Management and by members of the Departments of Community Development and Financial Management in connection with this audit. The City's assets exist not only to serve today's residents but those of future generations, and thus our Office looks forward to continuing to advise the City on the necessary and appropriate controls needed to ensure that our assets will continue to serve the community in the years to come.

HONORABLE MAYOR AND CITY COUNCIL

August 12, 2008

Page 2

TIMING CONSIDERATIONS

This item is not time sensitive.

FISCAL IMPACT

Implementation of the recommendations in the attached report will protect the City's valuable collection managed by the Long Beach Museum of Art, a subset of which has been valued at \$12.8 million. In the event that the City is able to collect insurance for some of the missing pieces identified in this report, that would result in a positive recovery to the City.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Laura L. Doud".

LAURA L. DOUD, CPA
CITY AUDITOR

Attachment

Inventory Audit of the Long Beach Museum of Art

August 2008



OFFICE OF THE CITY AUDITOR

LAURA L. DOUD, CPA
CITY AUDITOR

City of Long Beach, California

Office of the City Auditor

**Inventory Audit of the
Long Beach Museum of Art**

August 2008



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Table of Contents

Executive Summary.....	1
Audit Objectives, Scope and Methodology	4
History of Agreements Relevant to Art Collection	6
Background.....	7
Audit Results.....	9
Issue #1 - Significant Discrepancies Between Inventory Records and Inventory Observed.....	9
Issue #2 – Lack of Proper Procedures for Missing, Stolen, Broken or Retired City-Owned Art.....	12
Issue #3 – Current Appraisals of City Collection is Needed.....	13
Issue #4 – Unclear Language in Agreement Regarding Ownership of Donated Artwork or Disposition of Foundation Artwork at Lease Termination.....	14
Issue #5 – Inventory of City-Owned Artwork is Not Regularly Performed.....	15
Issue #6 - Storage Facilities Are Inadequate; Over 40% of City-Owned Artwork is Stored Off-site In Conflict with the Agreement to Manage Art.....	15
Issue#7 - Foundation and Off-site Storage Facility’s Records of Artwork Do Not Agree	16
Issue #8 - Controls Over On-Site Storage Facilities Should be Improved	17
Issue #9 - Movement of Inventory Not Consistently Documented.....	17
Issue #10 - Deaccession Plan to Improve Quality of Collection Is Encouraged..	18
Issue #11 - Artist/Object Records of Artwork Need Improvement.....	18
Issue #12 - Follow-Up on Video Collections Is Needed.....	19
Appendix I – Prior Audit Recommendations.....	20
Management’s Response.....	23

Foundation..... 23

City Management..... 23

Exhibits

Unobserved City-Owned Artwork..... Exhibit A

Missing/Retired/Damaged City-Owned Artwork..... Exhibit B

Selected Photographs of Observed City-Owned Artwork..... Exhibit C

Executive Summary

The Long Beach Museum of Art (Museum) was established in 1950 as a municipal art center, owned and operated by the City of Long Beach (City). In January 1985, the City entered into an agreement with the Long Beach Museum of Art Foundation (Foundation), for the operation and maintenance of the Museum, as a public/private partnership. The Foundation consists of a Board of Trustees and an Executive Director who is appointed to manage and operate the Museum. Foundation executive leadership remained consistent for 17 years, operating under one Executive Director from April 1989 until his termination in November 2006. A new Director is currently overseeing the Museum's management.

An audit report issued in February 2006 identified weaknesses in security over City assets and non-compliance with certain contractual provisions. The Foundation addressed the issue of security off-site in April 2006 by moving the collection to an art storage facility in Los Angeles. Additional findings, recommendations and status of the 2006 report findings are addressed in Appendix I. Following the termination of the Museum's Director of Finance and the subsequent termination of the Executive Director, City Management requested a full accounting of City-owned artwork at the Museum.

According to Foundation management, the last complete inventory of City and Foundation artwork was conducted in 1988. In addition, it appears that the Foundation did comply with the City's annual request to confirm inventory on the City's Fixed Asset Property reports; however, the City's reports were only partial listings of City-owned inventory. Since the Foundation's 1988 inventory, it appears that the City's Fixed Asset Inventory records were not updated to include all identified City-owned art and artifacts.

We conducted a comprehensive observation, count and reconciliation of artwork located at the Museum, at the off-site art storage facility and at the Long Beach Senior Center. We also performed a walk-through of City Departments to locate missing artwork. The objective of our audit was to conduct a complete inventory count and to assess the controls over inventory to ensure that all City-owned artwork is fully accounted for and properly safeguarded. As a result of our audit, we identified several deficiencies in key areas over the City's inventory as summarized below.

- The Foundation's Embark Report, provided at the start of the audit, contains some inaccuracies regarding how many art pieces are owned by the City, and where the art is located. Of the 1,134 City-owned art objects identified, 144 African artifacts and artwork, were not located or observed at the time of the audit. It should be noted that 121 of the 144 items were also not observed during the 1988 inventory. The 144 unobserved pieces includes two Alexei Jawlensky paintings, reported missing in 2002, for which the City received insurance

recoveries. Documentation on the disposition of these items should be retained in the City's records and Foundation's artist/object files.

- The City's Fixed Asset Property System does not properly track City-owned artwork. The City's records list 389 pieces as compared with 1,134 City-owned pieces identified per our audit.
- An additional 388 art objects were either not recorded on the Foundation's Embark Report or were recorded inaccurately. These 388 pieces were also not in the City's Fixed Asset System. Further research is required to identify whether 229 of these 388 art objects are City-owned or Foundation-owned. (See Chart 1 on page 9)
- We noted discrepancies between the Embark Report of City and Foundation art stored off-site and the off-site storage facility's records of City and Foundation inventory. We noted 122 pieces of art and artifacts at the off-site storage facility that could not be identified as City or Foundation-owned and were not recorded in Embark.
- The Agreement to Manage Art does not include a provision that addresses how to handle missing, stolen, damaged or retired artwork. We noted that 45 City-owned art pieces, included in the 1,134 count above, were listed in the Embark Report as missing/stolen (14 items), damaged (7 items) or retired (24 items); 44 of the 45 items were also noted as missing, stolen, damaged or retired at the time of the 1988 inventory. We did not find written correspondence to City Management, or other documentation regarding the disposition of these 45 items in the artist/object files.
- One of the 45 items noted above was observed in 1988, but has since been missing. The artwork is attributable to Andreas Jawlensky, son of the famous artist, Alexei Jawlenski. It does not appear that insurance was pursued for this missing piece.
- The Agreement to Manage Art #26174 lacks a provision for conducting regular inventories. The City's Fixed Asset Policy and Procedure #FPP7-1 requires a physical inventory of City assets at least once per year; however, the City's policy does not address the responsibilities of non-City entities who manage City fixed assets. A comprehensive inventory of artwork has not been conducted on a regular basis. The last reported complete inventory was conducted in 1988. It appears that the Foundation did comply with the partial inventory annually requested by the City.
- In accordance with the Agreement to Manage Art #26174, the Foundation is responsible for conducting annual reviews to update values of artwork. Appraisals of City-owned artwork are rarely performed. An appraisal of selected

artwork completed in 1999, valued 146 City pieces of art at \$11 million. The current appraised value of the City's collection is unknown.

- Storage facilities at the Museum are not large enough to house both City and Foundation artwork, which number more than 2,800 pieces combined. Per the Agreement to Manage Art #26174, "The Foundation will store the City's art collection and will maintain location records in the Museum's Registration Office. Upon completion of construction, the City's collection will be stored on-site." Over 40% of the City's collection observed is stored off-site.
- The Agreement to Manage Art lacks provisions for the proper treatment of donated artwork and the disposition of Foundation artwork in the event of the termination of the City's agreement with the Foundation, or the dissolution of the Foundation.
- The controls over access to the Museum and on-site storage areas need improvement.
- Several Artist/Object files lack basic information including documentation identifying the artwork as City-owned or Foundation-owned.
- Per the Agreement to Manage Art #26174, "Foundation shall arrange for the deaccession of items at the Museum after advertisement and at public auction using a qualified auctioneer who submits the bid with terms most favorable to both City and Foundation or through private sale or trade if the latter is more beneficial to the City." The Foundation has never evaluated the City's collection for deaccessioning to improve the quality of the City's collection.
- Our audit noted that eight City-owned paintings at the Senior Center were improperly secured, improperly stored, or in need of preservation. One painting was noted as damaged and one painting needs to be accessioned into the City's collection. Subsequent to the completion of our audit, these pieces have since been returned to the Foundation for safekeeping.
- Five City-owned art pieces were found in City Departments and not properly safeguarded. Subsequent to the completion of our audit, these five pieces have been returned to the Foundation for safekeeping.

Audit Objectives, Scope and Methodology

The objective of our audit was to conduct a complete inventory count and to assess the controls over inventory to ensure that all City-owned artwork is fully accounted for and properly safeguarded. City-owned artwork can be found throughout the City. The scope of this inventory audit was limited to the observation and count of artwork managed by the Foundation. The audit of capital campaign funds are addressed in a separate audit report. Prior audit issues and recommendations are addressed in Appendix I.

To complete the audit of the City's artwork, we performed the following procedures:

- Reviewed and summarized the City's agreements with the Foundation;
- Prepared a schedule of City-owned artwork from Card Catalog records and Embark System records located in the Foundation's administrative offices at the Museum and performed the following procedures:
 - Traced a sample of City-owned artwork to artist files located at the Foundation for the purpose of reviewing documentation related to the purchase or donation of the artwork;
 - Reconciled Card Catalog records to the Foundation's Embark Inventory system report;
 - Reconciled Card Catalog records to the City's Fixed Asset System Report for Fiscal Year 2007; and
 - Reconciled the prepared schedule of City-owned artwork to Exhibits of artwork attached to City and Foundation Agreement numbers 17822, 26174 and 24181.
 - Reconciled Embark Report to off-site storage facility's records.
- Performed an on-site observation and count of artwork at the Long Beach Museum of Art, Long Beach Senior Center, City departments, and the off-site storage facility that included the following procedures:
 - Unwrapped art pieces as needed by Foundation staff;
 - Observed the art pieces;
 - Located the permanent City inventory tag on the object, when possible, and noted when there was no City tag; and
 - Located the artwork in the Foundation's Embark Inventory System Report and performed the following:

- For City-owned artwork, compared the photograph from the Embark system report to the artwork; took photos of artwork when no photo was available;
 - Compared the object's physical location to that noted on the Embark System Report and noted any changes in location;
 - Noted damages to art objects observed, when applicable;
 - For each art object observed, City Auditor staff and Foundation staff initialed the corresponding Embark System record; and
 - For each observed art object not found in the Embark Inventory System, an Inventory Worksheet, documenting information on the artwork, was prepared and signed by City Auditor staff and Foundation staff.
-
- Performed a walk-through of City Departments to locate missing artwork;
 - Reviewed Artist/Object files corresponding to damaged, missing or otherwise unobserved artwork.
 - Reviewed the *Current Replacement Cost Appraisal* report dated October 6, 1999, and the addendum to the Appraisal report dated November 16, 1999.
 - Reviewed and summarized the Agreement between the Foundation, the City of Long Beach, and the J. Paul Getty Trust dated March 31, 2006, related to the City's Art Video Archive.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

History of Agreements Relevant to Art Collection

In 1912, construction was completed on the main building and carriage house on what is now known as the Long Beach Museum of Art (Museum) site. Between 1912 and 1950, the building served as a private home, a social, athletic and beach club, and a Navy Petty Officer's Club. In 1950, the City of Long Beach (City) purchased the site for a Municipal Art Center, and in 1957, the site was renamed the *Long Beach Museum of Art*. Between 1950 and 1985, the Museum was owned and operated by the City through the Library and Parks and Recreation departments.

In January 1985, the City entered into an initial five-year agreement #17822 with the Long Beach Museum of Art Foundation (Foundation), a nonprofit public benefit corporation, for the operation and maintenance of the Museum, as a public/private partnership. The Museum included real property, improvements, equipment, personalty and inventory including Book Store inventory and artwork. The City-owned artwork, documented as Exhibit C to this agreement, listed 809 pieces. There were no provisions for donations, acquisitions and management of artwork. This agreement established a City-provided annual "base level" support in the amount of \$357,621 subject to City Council appropriation.

In 1990, the City entered into a revised agreement #21606 with the Foundation for a five-year term, from October 1, 1990 to June 30, 1995, with three five-year renewal options. This agreement established provisions for donations. Per this agreement, "Any donation, bequest, gift, or contribution made to the "Long Beach Museum of Art" shall be deemed a qualified gift to the City..." This agreement also stated, "All fixtures, furnishings, equipment, and art acquired after January 29, 1985 and not listed on Exhibits "A", "B", "C", or "D" shall be the sole property of the Foundation." The City-owned artwork, documented as Exhibit C to this agreement, listed 809 pieces. This agreement increased the annual base level support to \$360,000 contingent on availability and subject to City Council approval.

In July 1995, the City's agreement with the Foundation was revised. Agreement #24181 added the Video Annex to the Foundation's leased premises and extended the term of the agreement to June 20, 2000. This agreement established that all fixtures, furnishings, equipment, and art acquired after January 29, 1985 and not listed on Exhibits "A", "B", "C", or "D" would be the sole property of the Foundation. The reference in the previous lease to grants, gifts and donations belonging to the City was eliminated. The City-owned artwork documented as Exhibit "C" totaled 809 pieces. This agreement also revised the annual base level funding to \$319,000, subject to annual appropriation by the City Council.

In 1995, the Foundation decided to expand the Museum at its current location and launched a capital campaign to raise funding for the \$6.5 million expansion project. In order to secure funding for the project, the City executed two separate 25-year agreements with the Foundation both effective on February 16, 1999: a Lease for the Museum property #26173 and an Agreement to Manage Art Collection #26174 (Art

Agreement). The Art Agreement incorporated as Exhibit "B" an inventory of the City's art collection, which listed 456 art pieces and artifacts. In addition, the Art Agreement required the City to obtain a current appraisal of its collection on or before December 31, 1999. An appraisal of 146 art pieces was completed; 138 in October 1999 and 8 additional pieces in November 1999. The reference to donations to the Museum and the reference to acquisitions after January 29, 1985 was eliminated.

Although the Foundation established its capital campaign in 1995, the Foundation's fundraising efforts had not yet garnered sufficient funds by 1999 to pay for the entire expansion project. After reviewing several alternatives, the Foundation determined that its best available financing option was for the Long Beach Bond Finance Authority, a fully owned subsidiary of the City, to issue \$3.06 million of bonds to assist the Foundation in completing the project. By supporting the expansion of the Museum, the City hoped to increase community interest and public access to its art collection, as well as, increase the cultural visibility and stature of the Museum within the art community. As such, the bonds were issued in 1999 and structured with a 10-year maturity (with 100% principal repayment in 2009). A separate Pledge and Agency Agreement addresses the Foundation's obligation to repay the City for those bonds.

Background

The Long Beach Museum of Art was established as a municipal City-owned and operated art facility in 1950. In 1985, the City entered into an agreement with the Foundation, a nonprofit public benefit corporation, for the operation and maintenance of the Museum, as a public/private partnership.

Since February 1999, there have been two agreements, a Lease for the property and an Agreement to Manage Art Collection. The Lease prescribes the standards for the use and operation of the premises. The Agreement to Manage Art identifies the Foundation's obligations to adequately insure, store, register, document, exhibit, and conserve the City's art collection, and prescribes the amount of the City's annual monetary support to the Museum.

The City's annual contractual monetary support to the Foundation for the last 5 years was as follows:

Foundation's Fiscal Year (FY)	Annual Support Provided to Foundation by City	Total Unrestricted Foundation Revenues (including City support)	% of Revenues Represented by City Support
2002	\$ 398,750	\$ 3,183,214	12.5%
2003	\$ 645,585	\$ 2,424,266	26.6%
2004	\$ 571,000	\$ 2,494,028	22.9%
2005	\$ 569,000	\$ 3,295,130	17.3%
2006	\$ 569,000	\$ 3,343,036	17.0%
2007	\$ 569,000	\$ 3,681,108	15.5%

The City's Parks, Recreation and Marine Department was responsible for the oversight and administration of these agreements, until the Lease and Agreement to Manage Art Collection was transferred to the Community Development Department in August 2005.

The Agreement to Manage Art, as well as prior agreements, required the Foundation to secure and maintain accreditation with American Association of Museums (AAM) and operate and maintain the Museum in accordance with AAM standards. AAM standards require accredited museums to keep adequate records pertaining to the provenance, identification and location of the museum's holdings, and apply current professionally accepted methods for their security and minimization of damage and deterioration. The Foundation secured AAM accreditation in 1998, which is valid for ten years and must be reapplied for in December 2008.

The Foundation retains manual Museum records that include Card Catalog files and Artist/Object files. The Card Catalog files are central files, containing an index card for each object in the collection, retrievable in accession number order. Card catalog files include basic information such as the object title, the artist's name, the date the object was made, and the materials/medium used.

Accessioning denotes the act of recording and processing an addition to the museum's collection by means of assigning a unique number (accession number) to connect an object to its documentation. The Museum uses an accession numbering system whereby the first two numbers identify the year the artwork was accessioned into the collection, and the remaining numbers denote the item number, for example, 56-7.1. The City accession numbers begin with the year '52' and end with the year '85'.

The Foundation took over the operations of the Museum in January 1985, and artwork donated to the Museum after that date was considered belonging to the Foundation. Per Foundation management, Foundation-owned artwork accession numbers begin with the year '86' and later.

The Artist/Object file folders contain documents and correspondence relating to the object and its acquisition. The Foundation retains the Artist/Object files in order by Artist name and object accession number. Examples of documents typically found in the Artist/Object file include bibliographic references, condition reports, deaccession information, exhibition and loan history, documents associated with the accession of artwork, photographs of the object and appraisal information.

In 1996, the Foundation acquired a computerized inventory system called Embark to track the City's and Foundation's art collection. In 1999, the Embark system replaced the use of the manual Card Catalog records.

Audit Results

1. Significant Discrepancies Between Inventory Records and Inventory Observed

We conducted our observation and count at the Museum facility including the on-site storage room, galleries, administrative building and grounds, the off site art storage facility, the Long Beach Senior Center, City Hall, the Water and Gas & Oil departments.

Our count included both City-owned and Foundation-owned artwork to establish a complete population, to clearly identify the number of City pieces and Foundation pieces, and to ensure there were no misclassifications. We observed and reconciled artwork to the Embark Inventory System Report (Embark). Inventory Worksheets were completed for art objects that were observed but not in Embark, or unobserved pieces listed on the off-site storage facility's records but not in Embark (Note 1). Chart 1 below summarizes the artwork we identified through observation and reconciliation with the Foundation's systems:

Chart 1
Inventory Count Summary of Artwork Identified

Ownership of Artwork	Observed	Unobserved	Inventory Worksheets (Note 1)	Total
City Artwork (Note 2)	985	144	5	1,134
Foundation Artwork	1,257	31	154	1,442
Ownership Undetermined (Note 3)	----	----	229	229
Total Artwork	2,242	175	388	2,805

Note 1: Inventory Worksheets were created for art or art accessories that were observed but not in Embark or unobserved pieces on the offsite storage facility's records but not in Embark. Of the 388 total Inventory Worksheets, 380 pieces were observed and 8 were unobserved.

Note 2: We identified 1,134 City-owned pieces from our review of Embark System reports, Museum card catalog records, other reports and systems (Chart 2), and observation.

Note 3: Ownership is not yet determined as belonging to the City or Foundation; 9 of the 229 "Ownership Undetermined" pieces appear to be art accessories (frames, wall mountings, etc.).

The count of artwork in Chart 1 above includes 35 Work Progress Administration (WPA) art pieces (17 City and 18 Foundation WPA pieces). The Federal Art Project of the WPA program provided funding for the arts during the Great Depression era. These 35 pieces belong to the Federal Government, but are retained in the Museum's collection for public benefit.

The following findings are the result of the inventory count procedures performed:

Chart 1:

- In accordance with the Agreement to Manage Art #26174, the Foundation is required to maintain registration records on all works in the City's art collection

and location records in the Museum's Registration Office. Of the 1,134 City-owned art objects identified, 144 African artifacts and artwork were not located and therefore not observed during the audit. It should be noted that 119 of the 144 pieces were also unobserved during the 1988 inventory. To provide a full accounting of City-owned art, two Jawlensky paintings reported missing in 2002 are included in the 144 unobserved items.

Chart 1:

- We documented 388 pieces (380 observed, 8 unobserved), that were either not recorded on the Embark system or were recorded inaccurately in Embark; 229 of these pieces require further research to determine ownership. A complete inventory of the City-owned artwork (1,134) has been provided to Foundation and City management under separate cover.

Chart 2 below illustrates the discrepancies between the different systems used to record City-owned artwork, our observations and the Agreements to Manage Art:

Chart 2
City-Owned Artwork Listed on Each System

	Total
(1) City Artwork Identified (Note 4)	1,134
(2) Embark Inventory System maintained by the Foundation (Note 5)	1,107
(3) Card Catalog Files (Note 6)	1,115
(4) City Fixed Asset Property Reports	389
(5) Agreement Delegating Authority for the Maintenance and Operation of the Long Beach Museum of Art #24181, July 18, 1995	809
(6) Agreement to Manage Art Collection #26174, February 16, 1999	456

Note 4: We identified 1,134 City-owned pieces from our review of Embark System reports, Museum card catalog records, other reports and systems (Chart 2), and observation.

Note 5: Count excludes 229 Inventory worksheet items pending determination of ownership

Note 6: Card Catalogs were no longer updated after 1999; however, not all items on Card Catalogs appear to have been input into Embark.

Chart 2:

- In accordance with the City's Financial Policy and Procedure # FPP 7-1 *Accounting for Fixed Assets*, all City-owned artwork should be earmarked as non-depreciable assets, and maintained on the City's Fixed Asset system. The City's systems, comprised of a Fixed Asset Property System and a fixed asset database, list 389 City-owned pieces. The City's systems do not properly track City-owned artwork. Incomplete or inaccurate records of City-owned assets could result in the loss of those assets.
- The Foundation's Embark system does not capture all City-owned artwork. The Embark System listed 1,107 City-owned pieces; we identified 1,134 City-owned pieces from our review of Embark System reports, Museum card catalog records, other reports and systems (Chart 2), and observation.

City Artwork in Need of Better Tracking and Numbering:

- We noted that different pieces of City-owned artwork were assigned the same accession numbers. In addition, we also found the same City-owned pieces having two different accession numbers.
- We identified 483 City-owned artworks that did not have assigned City of Long Beach Fixed Asset Inventory Tags. There was no identifying information documented on several of these City-owned art pieces. A list of the 483 works without inventory tags has been provided to City and Foundation management under separate cover.

City Artwork in Need of Preservation and Secured Mountings:

- Our audit noted that eight City-owned paintings at the Senior Center were improperly secured, improperly stored, or in need of preservation. One painting was noted as damaged (Robert Carty, "Solimar #3") and one painting (Sergei Bongart, "Still Life With Roses") needs to be accessioned into the City's collection.

City Artwork Located in Other City Departments

- Five City-owned art pieces were found in City Departments and not properly safeguarded.

Recommendations for Foundation

- Continue efforts to locate the 144 unobserved City-owned pieces, where possible. For those pieces that cannot be found, Foundation should provide written correspondence to City management detailing the known history and disposition of the unlocated items, retain a copy in the Artist/Object files, and record the disposition of the art or artifact on the Embark Inventory System. Research on these items should begin immediately. The City Auditor's Office will participate in the observation and confirmation of these items once they are located.
- Research the 229 items of undetermined ownership, provide City Management with documentation to support ownership of these items as City or Foundation pieces, and properly assign accession numbers to these inventory items.
- Update the Embark Inventory System to include all City-owned artwork identified during this audit. Once the City's and Foundation's systems are properly updated, both systems should be reviewed annually to ensure that they are in agreement.

- Eliminate duplicate accession numbers and reassign unique accession numbers to eliminate duplication.

Recommendations for City

- Update the City's Fixed Asset System to include all City-owned artwork identified in this audit. In accordance with the City's Financial Policy and Procedure # FPP 7-1 *Accounting for Fixed Assets*, all City-owned artwork should be earmarked as non-depreciable assets, and maintained on the City's Fixed Asset system.
- Provide fixed asset tags for every artwork in the City's Collection. The Foundation should ensure that these tags are properly affixed or retained with City-owned artwork (when affixing tags is not possible due to size or condition of art piece) in accordance with the City's Financial Policy and Procedure # FPP 7-1 *Accounting for Fixed Assets*.
- Return artwork from the Senior Center and in City Departments to the Foundation for preservation and safekeeping. Sergei Bongart's, "Still Life With Roses" painting should be accessioned into the City's collection. Subsequent to the completion of our audit, these art pieces have been returned to the Foundation for safekeeping.

2. Lack of Proper Procedures for Missing, Stolen, Broken or Retired City-owned Artwork

Of the 144 unobserved City-owned pieces, we identified 45 City-owned art pieces that were listed in the Foundation's Embark Inventory System as missing/stolen (14 items), damaged (7 items) or retired (24 items); 44 of the 45 items were also noted as missing, stolen, damaged or retired at the time of the 1988 inventory. One art piece noted missing after 1988 was attributable to Andreas Jawlensky, the son of the famed Alexei Jawlensky. It does not appear that insurance was sought for this piece or the pieces missing prior to 1988.

The Agreement to Manage Art does not include a provision to properly address missing, stolen, damaged or retired artwork. We reviewed the Artist/Object files corresponding to these items and found a lack of formal documentation related to the disposition of these items. Proper insurance follow-up is critical to ensure that the value and integrity of the City's collection is maintained.

Recommendations for City

- Pursue insurance reimbursement immediately for missing, stolen and damaged artwork.

- Update the Agreement to Manage Art with provisions for the proper handling and reporting of missing, stolen, damaged or retired items.

Recommendations for Foundation

- Develop policies and procedures for the appropriate handling and reporting of missing, damaged or retired City-owned artwork
- Report and document all dispositions of City-owned artwork in a timely manner via written correspondence to the City Manager and City Auditor.

3. Current Appraisals of City Collection Needed

The Agreement to Manage Art #26174 dated February 16, 1999, requires the City to obtain a current appraisal of its collection described in Exhibit "B" of Agreement #26174, which lists 456 pieces, by December 31, 1999. Per the agreement, the City is responsible for providing a current appraisal of value, then the Foundation is responsible for providing annual updates of those values.

An appraisal of 146 City-owned pieces of art was completed; 138 in October 1999 and an additional 8 pieces by November 1999. The estimated 1999 appraised value of the selected 146 pieces of art was \$11 million. We were unable to verify whether an appraisal of the remaining 310 pieces in Exhibit B was completed. It does not appear that the Foundation conducted annual reviews to update the values of the appraised art as required by the Agreement to Manage Art.

In May 2007, in conjunction with a temporary loan of 11 Alexei Jawlensky paintings to a museum in Switzerland, an appraisal of the 11 paintings was conducted. The value of the selected Jawlensky paintings was appraised at \$3.83 million, \$1.99 million greater than the October 1999 appraised value of \$1.84 million.

Updated appraisals of the City's most valuable artwork are critical to ensure that the City's artworks are adequately insured and properly safeguarded. Agreement 26174 to Manage Art Collection states, "The Foundation will insure the City's art collection in accordance with the Agreement to Manage Art Collection as prescribed in the Agreement and the Foundation will conduct annual reviews to update values."

During our audit we verified that the City currently has sufficient insurance coverage based on the appraisal performed in 1999.

Recommendations for City

- Update the Agreement to Manage Art to include a provision for regular appraisals of artwork and clarify both the City's and the Foundation's responsibility as it relates to regular appraisals.
- Work with Foundation and develop a plan for regular appraisals of City-owned artwork. The City needs to ensure that the Foundation provides an annual review to update values.
- Verify that the City and/or the Foundation carry adequate insurance coverage based on current appraised values.

4. Unclear Language in Agreement Regarding Ownership of Donated Artwork or Disposition of Donated Foundation Artwork At Lease Termination

The art collection at the Museum is largely comprised of donated artwork. Therefore, it is critical that the City's agreement with the Foundation include a reference to the treatment, ownership and disposition of donated artwork, which captures the City's intentions.

The first reference to donated artwork occurred when the City executed Agreement #21606 on November 20, 1990. This agreement contained the following two conflicting provisions: "Any donation, bequest, gift, or contribution made to the "Long Beach Museum of Art" shall be deemed a qualified gift to the City..." This same agreement also stated, "All fixtures, furnishings, equipment, and art acquired after January 29, 1985 and not listed on Exhibits "A", "B", "C", or "D" shall be the sole property of the Foundation."

The subsequent Agreement #24181 dated July 1, 1995, eliminated the provision that donations to the Museum would belong to the City and established that all fixtures, furnishings, equipment, and art acquired after January 29, 1985, and not listed on Exhibits "A", "B", "C", or "D" would be the sole property of the Foundation.

In March 1999, the City executed two 25-year agreements with the Foundation that supercede all prior agreements: a Lease for the facility and an Agreement to Manage Art. There are no provisions related to donated artwork in either of these agreements.

Recommendation for City and Foundation

- City management and the Foundation should meet to revise the City's Agreement with the Foundation to include provisions for the treatment of donated

artwork to reflect the City's intentions. The revisions should clarify the ownership of donated artwork and the disposition of donated artwork in the event of the termination of the Agreement or the dissolution of the Foundation.

5. Inventory of City-Owned Artwork is Not Regularly Performed

The Agreement to Manage Art #26174 does not include a provision requiring a regular inventory of City-owned artwork. Per Foundation management, the last comprehensive inventory was completed in 1988. The Office of the City Auditor and the Foundation conducted a comprehensive inventory of City-owned and Foundation-owned artwork in 2007. The results of that inventory are included in this report.

Recommendation for City

- Ensure that an inventory of City-owned artwork is performed on a regular basis.

Recommendation for Foundation

- Segregate City artwork from Foundation artwork, when possible, to facilitate the conduct of inventory.

6. Storage Facilities Are Inadequate; Over 40% of Observed City-Owned Artwork is Stored Off-site in Conflict with the Agreement to Manage Art

The Agreement to Manage Art Collection requires all City-owned art to be stored on-site. However, because Museum facilities are not large enough to accommodate the combined City and Foundation collection, which has grown to over 2,800 pieces, the Foundation uses an off-site storage facility to house artwork. Storage of art requires a facility that is climate-controlled, equipped with alarm systems, smoke and fire detection systems, proper lighting, protected from the elements, and provides accessibility to the artwork.

Between 2001 and 2006, the Foundation stored artwork at a storage facility on Gilman Street in Long Beach. Due to the sale of the Gilman storage facility, the Foundation's five-year lease was not renewed, requiring a quick move to a new storage site. In April 2006, the Foundation transferred artwork from the Gilman facility to an off-site storage facility located in Los Angeles.

The current off-site storage facility is properly equipped with security, fire alarms, climate-controlled environments and other features suitable for the storage needs of museums. Several reputable art museums house artwork at this site.

City and Foundation artwork is stored by size rather than by ownership, therefore, City artwork is stored with art of other agencies. The off-site storage facility is located 20 miles from the Museum, and there is a cost associated with retrieval of the artwork. Consequently, artwork located at this facility may be difficult to access and infrequently displayed. Foundation management estimate that the Foundation's total cost for storage is \$50,000 per year.

Recommendations for City

- Work with the Foundation to develop a plan on what to do with City art pieces that have been in storage since 2001.
- Consider revising the Agreement to Manage Art to allow for the off-site storage of City artwork under a specified dollar value.

Recommendation for Foundation

- Work with the City's Property Management Division to locate a storage facility in Long Beach that meets the Museum's storage needs.

7. Foundation and Off-site Storage Facility's Records of Artwork Do Not Agree

In order to verify artwork stored off-site, we compared the off-site storage facility's inventory records to the Foundation's Embark System report. We also conducted an inventory observation and count at the off-site storage facility.

During our audit, we found that the Embark Inventory System records of art stored off-site do not agree with the off-site storage facility's records. There were 122 pieces, either observed at the off-site facility or on off-site facility inventory records, that could not be identified as City or Foundation-owned and that were not recorded in Embark.

We also discovered inaccuracies in the off-site storage facility's records; several items were misclassified and did not agree with the artwork observed; either the accession number, item description or both were incorrect. In addition, some items on the off-site storage facility's records were not located and therefore not observed.

A list of discrepancies between the Foundation's Embark system and the off-site storage facility's records of art have been provided to City and Foundation management under separate cover.

Recommendations for Foundation

- Work with the off-site storage facility to address each of the discrepancies between the Embark system and the off-site storage facility's records.
- Ensure that Foundations records reconcile with those of the off-site storage facility. Records must accurately reflect all items stored off-site with their correct locations.
- Ensure that artwork stored off-site is properly accounted for at all times.
- Foundation needs to determine who owns the 122 pieces we observed that are not located on the Foundation's Embark System Report and that do not have accession numbers, and provide clarification why they are not listed on the Embark System.

8. Controls Over On-Site Storage Facilities Should be Improved

Records related to the keys and alarm codes for access to both the Museum and on-site storage areas should be improved:

- Codes and locks are not changed upon employee termination and spare keys are not properly accounted for and secured;
- The access codes to the vault entrance door have not been modified for several years; and
- Alarm system reports, which record the dates and times access codes were used, have not been periodically reviewed for unusual activity.

Recommendations For Foundation

- Develop and implement a policy and procedure for control of alarm codes, keys and access to the Museum and on-site storage areas.
- Implement a policy to include regular review of alarm system reports.

9. Movement of Inventory Not Consistently Documented

Location logs are used to record the movement of inventory between bin locations within the Museum vault. These logs are used to update the location of the artwork in the Embark system. During the inventory count, we noted that a number of artworks

were not in the bin location identified in the Embark System. City Auditor staff observed one instance where a piece was moved into a new bin location without recording the movement on the Location log.

Recommendation for Foundation

- Strengthen policies over the movement of inventory to ensure that all movement of inventory is properly documented, confirmed by a supervisor, and updated to the Foundation's Embark System.

10. Deaccession Plan to Improve Quality of Collection Is Encouraged

Deaccession is a procedure by which art collections are examined by professional curatorial staff to identify items that are duplicative or below a museum's standards, removing those items from the collection by sale or trade and replacing them with more compatible works of art.

The current Agreement to Manage Art #26174 and prior agreements call for the Foundation to arrange for the deaccession of City-owned items at the Museum. Foundation management has indicated that City artwork has never been deaccessioned. Deaccession should be considered to improve the quality of the City's collection.

Recommendation for City

- Consider updating the Agreement to Manage Art to require City Manager approval for deaccession plans of City-owned artwork.

Recommendation for Foundation

- Develop a deaccession plan for City approval and identify a plan for implementation.

11. Artist/Object Records of Artwork Need Improvement

Artist/Object file folders contain documents and correspondence relating to the object and its acquisition. The Foundation retains the Artist/Object files in order by Artist name and object accession number. Documents typically found in the Artist/Object file include bibliographic references, condition reports, research report copies, correspondence about the delivery, acquisition and changes in attribution of the object, deaccession information, exhibition and loan history, inventory worksheets, legal documents associated with the accession of the artwork, such as a bill of sale or deed of gift, photograph of the object and valuation or appraisal information.

We reviewed a selected sample of Artist/Object files for documentation supporting the ownership of the artwork or the disposition of unobserved pieces. The Artist/Object files reviewed did not include sufficient documentation to confirm the ownership of the artwork or the disposition of unobserved pieces.

Recommendations for Foundation

- Establish a checklist of documentation required for each Artist/Object file.
- Strengthen policies and procedures to ensure that information pertaining to ownership and disposition of artwork is maintained in the Artist/Object Files.

12. Follow-Up on Video Collections Is Needed

On March 31, 2006, the Foundation and the City transferred the City's complete internationally renowned Art Video Archive, including over 3,000 items, to the J. Paul Getty Trust (Trust). After the delivery of the Art Video Archive, in accordance with the Agreement between the Trust and the City and Foundation, the Trust is to provide the following consideration to the City and Foundation:

- Prepare a complete inventory of the Art Video Archive and provide a copy to the Foundation and the City;
- Provide a digital copy of any video that the Trust reformats;
- Provide an equal share in any profits generated by the Commercial Use of the Art Video Archive and account for profits at least once per year; and
- In the event of a deaccession of any or all of the Art Video Archive, offer the Art Video Archive to the City or Foundation at no cost.

Recommendation for City and Foundation

The City or the Foundation should perform the following:

- Obtain a complete inventory of the Art Video Archive from the Trust.
- Follow up with the Trust to collect profits generated, if any, from the commercial use of the Art Video collection.
- Arrange to have the Trust notify the City of Commercial Use activities, and provide annual reports of such activities.

- Follow up with the Trust to determine if any of the collection has been deaccessioned and if the City or Foundation was notified.

Appendix I - Prior Audit Recommendations

In February 2006, the City Auditor's Office issued a report on the compliance and internal controls related to the agreements between the City and the Foundation. The audit report cited findings related to the City's inventory of artwork, the use of capital campaign funds and other areas of non-compliance. The February 2006 audit report issues, recommendations and current status related to the Museum inventory are summarized below.

1. Issue:

City assets stored off-site are not properly secured and cared for to ensure protection from theft and/or deterioration. Controls over security of on-site storage facilities should be improved.

- Some City-owned art objects and the City's entire video collection are stored in an off-site facility in conflict with the lease terms.
- The off-site storage facility is not adequately secured and not equipped with proper climate controls for protection of art objects and videos.
- Records related to keys and alarm codes for access to both the museum and on-site storage areas should be improved.

Recommendation:

City management should review these weaknesses with Foundation management and seek to resolve these issues. Any off-site storage should be a warehouse appropriate for fine art storage and designed to secure and protect art objects.

Status:

- In April 2006, the Foundation transferred artwork from a storage facility on Gilman Street in Long Beach to an off-site storage facility located in Los Angeles. This off-site storage facility is climate controlled and equipped with fire and security alarms and on-site security. The Long Beach Museum of Art Video collection was transferred to the J.Paul Getty Trust under a separate agreement on March 31, 2006.
- Approximately 40% of the City's art collection is currently stored off-site in conflict with the Agreement to Manage Art. This issue is addressed in the body of this report.

2. Issue:

The City's internationally renowned video collection, including over 3,000 items, has not been inventoried, catalogued or copied. In addition, the videos have not been shown in five years.

Appendix I - Prior Audit Recommendations continued

Recommendation:

City management should review these weaknesses with Foundation management and develop controls to periodically monitor compliance with contract terms and requirements for the protection of City assets.

Status:

The Long Beach Museum of Art Video collection was transferred to the J.Paul Getty Trust under a separate agreement on March 31, 2006. A recommendation related to the transfer of the video collection is included in the body of this report.

3. Issue:

Since the Foundation took over operations, a complete database of artwork with their respective locations has not been completed and maintained. The Foundation has entered 1,548 of over 2,000 objects into an inventory system.

Recommendation:

City Management should require that the Foundation make this a priority. A complete database with object location should be created and controls should be implemented to ensure maintenance of this database system.

Status:

The Foundation's Embark Inventory System has been updated and currently captures over 2,400 City and Foundation art objects. However, further work is needed to ensure that all art objects and their respective locations are accurately recorded in Embark. Issues regarding the discrepancies between Embark and the inventory observation and count are included in the body of this report.

4. Issue:

Annual asset inventories of the City's collection are not always completed and returned as required. Discussion with Foundation staff and review of documentation related to the loss of two pieces of artwork indicated that staff certifying the annual inventory listings may not actually be physically inspecting the objects listed. Discussion with City staff responsible for obtaining the annual inventories indicated that no follow-up has been performed.

Recommendation:

City Management should work with Foundation management to develop reasonable expectations and procedures for the periodic physical inventory of assets. Staff responsible for contract oversight should ensure that inventories are returned and changes to the inventory system are reflected in the City system. Management should consider having City staff perform periodic inventories of City assets.

Appendix I - Prior Audit Recommendations continued

Status:

A recommendation regarding the need for periodic physical inventory counts are included in the body of this report.

5. **Issue:**

The City and the Foundation should agree as to a reasonable frequency for obtaining updated appraisals of artwork. The agreement requires annual updates of value; however, an appraisal has not been performed since 1999 and these appraisals are prohibitively expensive.

Recommendation:

City management and the Foundation should agree as to a reasonable frequency for obtaining appraisals of City artwork.

Status:

A recommendation regarding the need for current appraisals of City artwork is included in the body of this report.

Long Beach Museum of Art

July 31, 2008

Honorable Mayor and members of the City Council
Citizens of Long Beach

The Long Beach Museum of Art is truly a community-based museum. Unlike museums which spring from one benefactor—the J. Paul Getty Museum or the National Gallery of Art's Paul Mellon—the LBMA was founded by the community. And, for the most part, the collection and the growth of the collection is the result of many individuals rather than a few art collectors. It thereby represents a more complete history of the visual arts in Southern California and the interests of many artists and citizens who have donated works of art to the City and the Foundation. Like *all* museums, the LBMA cannot show all of its collection all of the time. No museum is large enough to accomplish that. However, the diversity and richness of the collection can be shared with many through other means in addition to exhibitions: on-line catalogues like our *Ceramics Access* and *Modern Art* projects, and, Open Storage like the *Luce Visible Storage* systems at the *Smithsonian American Art Museum / National Portrait Gallery* and the *Brooklyn Museum*—storage designed to be visited rather than hidden away.

Museum staff appreciated the assistance of the City Auditors in conducting an exhaustive inventory in 2007. This required hundreds of hours of dedicated work by five Foundation staff members and four auditors to conduct an eyes-on inventory over a period of many months. The Foundation looks forward to the updating of the City's Fixed Asset Inventory list of the art collection and continued partnership with the City to care for and maintain the collection.

Museums, by definition, have an ethical responsibility to care for, preserve, exhibit and educate the public about their collections. *The Long Beach Museum of Art* is also required to operate in accordance with its Charter from the State of California for the benefit of the citizens. A central mission of any museum is to maintain objects and related documentation in perpetuity and not be swayed by the winds of fashion or transitory budget fluctuations. However, art historical inquiry evolves and the LBMA collection is steadily growing in importance as interest in mid-century American art history has been increasingly on the rise. Evidence of this can be seen in the current multi-year initiative of the *J. Paul Getty Trust: On the Record: Art in LA 1945-1980*. Nationally, American collecting institutions including museums, libraries, archives, historical societies, and scientific research and archeological sites are visited 2.5 billion times a year and have over 4.8 billion artifacts held in public trust. "Collections teach and inspire and are vital to sustaining a well-educated and connected citizenry, a thriving tourist industry, and a wealth of knowledge to enrich and enlighten our civilization. They are a public trust that must be protected for future generations." - *Heritage Preservation, The National Institute for Conservation*.

The LBMA is hardly alone in the limited resources allocated to preservation nationally. From the *Heritage Preservation* study: "Fluctuating budgets are as dangerous to collections as fluctuating humidity. Sadly 77% of institutions nation-wide do not specifically allocate funds for preservation, (even though) preservation requires persistence and consistency."

A brief summary of the Foundation's management will confirm that the Foundation has had many successes in funding for collection care, management and education.

- The Foundation has maintained *American Association of Museums Accreditation* for 20 years, essential to the professional management of the Museum and to fundraising.
- Secured its largest grant ever for the collaborative initiative *KidsVisions* supplying art education to all LBUSD fifth grades students and establishing the Miller Education Center with funding from the *Earl B. and Loraine H. Miller Foundation*. Over the years, the Foundation's commitment to community educational access to the collection has resulted in many multi-year collaborations with businesses, community groups, cultural institutions, and educational institutions annually, including *Free Fridays*, *Bethune Transitional School*, *The Juvenile Crime Prevention Program*, and *Music and Art for the New Millennium*.
- During the time that the City managed the collection, 139 artworks were missing, reported broken, stolen, and/or retired. Since the Foundation has managed the collection only 15 works were missing, and a third of those are last reported in City office locations. Some missing works have been found and site visits continue as City staff joins the Museum staff's search for unobserved works.
- The Foundation has retained and maintained the City's art records—object files, artist files, inventory reports, card catalogues.
- Collections management is an *ongoing process* and continuous commitment. The Foundation has taken numerous steps to ensure proper collections management since 1985 including raising over \$23 million on behalf of the Museum since 1985, and funding a position of Registrar since 1989.
- During the time that the City staff managed the collection, the reports to the City of new acquisitions were sporadic and City Inventory numbers were either never assigned by the City, or the tags were often not kept with the artworks.
- During the time that the Foundation has managed the collection for the City, we have
 1. Secured better storage for the City's collection by removing the collection from the attic of the historic craftsman *Anderson Building*, storing some of the collection at off-site art storage and raising funds to build a new facility with secure on-site storage for the most valuable works.
 2. Secured conservation, preservation, storage, and access for the *Video Archive at the Getty Research Institute*.

3. Although a complete eyes-on inventory has not been conducted annually, the Foundation responded to the annual Fixed Asset Inventory Reports which sent partial lists of the City's collection to the Foundation to locate. When items were not found, they were reported to the City as being either missing or retired. The Foundation maintains copies of each of these reports.
 4. Maintained art movement logs on-site for all artworks arriving or leaving the campus. Instituted Incoming and Outgoing Receipt Forms and Loan Agreement Forms based on the best practices of the *American Association of Museums Registrar's Committee*.
 5. Conducted appraisals of the most valuable works in the City's collection.
 6. Secured funding from the National Endowment for the Arts for a preservation grant for climate control of storage for the LBMA Video Archive.
 7. With a multi-year grant from the *Irvine Foundation* in 1983, began the Perspectives Community Outreach project that included beginning digital photography of the collection in 1996.
 8. In 1996, received a Getty Implementation Grant to plan electronic cataloguing of the collection using EmbARK software, and with an additional Getty grant began digitizing images of the collection.
 9. Conducted two *Institute for Museums and Library Services Conservation Assessment Project Grant* evaluations of the collection in 1998 and 2000 and implemented many of the recommendations for works on paper.
 10. In 2005, secured a multi-year grant from the Institute for *Museums and Library Services* to put a portion of the Museum's collection on the World Wide Web. Hired a full time Collections Cataloguer for the Ceramics Access Project. Secured funds from the *Ahmanson Foundation* in 2008 for a second portion of the collection—Modern Art—to be made accessible on-line. *The Modern Art* project includes a significant number of City artworks including the Milton Wichner Collection of European Modernism.
- We continue to find strategies to develop a stable budget for collections staff, storage, research, exhibition, and care of the collection.
 - Museums by definition are preserving institutions and the LBMA takes that role seriously. Once art is deaccessioned, it is at risk of being lost. The Museum adheres to the *American Association of Museums* ethical guidelines for deaccessioning. Any funds raised by the sale of art may *only* be used to purchase more art for the collection. These funds cannot be used for any other purpose. Deaccessioned gifts of art from the collection can only be given to another similar non-profit, like the Video Archive placed at the *Getty Research Center*.
 - Unlike museums that owe their origin and collection to one or two collectors, the LBMA is truly a community-based museum which was started by community members and the collections have grown because of gifts from the community. Deaccessioning the City's collection disregards

3. Although a complete eyes-on inventory has not been conducted annually, the Foundation responded to the annual Fixed Asset Inventory Reports which sent partial lists of the City's collection to the Foundation to locate. When items were not found, they were reported to the City as being either missing or retired. The Foundation maintains copies of each of these reports.
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the involvement of many citizens and support for the Museum over the years.

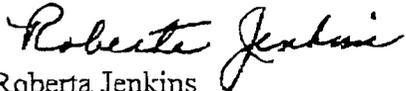
- The Museum's collection of art produced between 1945-1980, for example, is now of interest county-wide in a Getty initiative called *On the Record: Art in LA 1945-1980* which will produce new scholarship about the art scene in Southern California when the LBMA was founded and began presenting the arts of Southern California.
- As a community-based museum of over 50 years, LBMA has a valuable role to play in research, education, and exhibition of the history of the arts of Southern California.
 - Opportunities to learn more about the collection are regularly offered through the Museum's educational programs with the *Long Beach Unified School District, LBCC, and CSULB.*
 - Focused exhibitions of portions of the collection are presented annually.
 - The Foundation has continued to find funding for on-line accessible catalogues of the collection.
 - The collection has important historical value to the study of art. Works from the LBMA collection have formed the basis of important exhibitions like the *National Endowment for the Arts-funded publication, Alexej Jawlensky: From Appearance to Essence*, and the blockbuster traveling exhibition, *Birth of the Cool* organized by the *Orange County Museum of Art*. Portions of the *Wichner Collection* have been loaned world wide and featured in major catalogues produced in Italy, France, Switzerland, and Spain among others.
 - We offer opportunities for the community through exhibitions by local artists, children, and community groups.

The exhibition of visual art plays an important role in the education of Long Beach youth. Art education is an engine that can teach young people creative problem-solving skills, allow them to constructively express emotions, and allow new ways of learning other subject matter. The Museum is committed to partnering with educational institutions to provide arts education as a part of a complete education that includes reading, writing, mathematics, science, athletics and the performing arts. The Museum's campus also provides citizens with a place for contemplation and education about our shared past and our myriad cultural traditions. In this diverse City, there are many communities with interests in the arts, not the least of which are artists, art students and faculty at *LBCC* and *CSULB*. The Museum has a long-standing history of presenting the arts produced in Long Beach.

The Museum is a beautiful attraction for tourists and an important component in making Long Beach a vibrant city along with other attractions like the *Grand Prix*, the historic *Ranchos*, the *Aquarium*, the *Queen Mary*, and the sports programs throughout the *Long Beach Parks*.

We are confident that the Museum has turned a page to a bright, energized future working in partnership with the people and institutions of *Long Beach* for the benefit of all residents of and visitors to this great city.

Sincerely and respectfully,


Roberta Jenkins
Foundation President


Ronald C. Nelson
Executive Director

cc: Patrick West, City Manager
Dennis Thys, Director of Community Development

July 31, 2008

Laura Doud, City Auditor

333 West Ocean Boulevard

Long Beach, California 90802

Re: Foundation Response – Long Beach Museum of Art Inventory

Item 1: Discrepancies between Inventory Records and Inventory Observed

The Foundation agrees with the findings of the City Auditor of discrepancies between Foundation Inventory records and City Inventory records of Observed works during the course of the Auditor's inventory.

We agree the City's Fixed Asset Property System does not properly track City-owned artwork and the City needs to update their Fixed Asset inventory.

The Foundation's management believes a clarification should be included in the Management Agreement which lists appropriate circumstances for NOT affixing an inventory tag to an object or artwork. A system utilizing magnetic or electronic inventory chips might be more secure, economical and easier alternative.

The audit reports 144 unobserved artworks. Included in that number are 116 artworks that were unobserved during the Foundation's 1988 audit. The Foundation cannot be responsible for works that were missing during the City's management of the collection. A number of works which belong to a collection of African art and artifacts donated to the City between 1958-1963, will require significant time on behalf of Museum and City staff to completely reconcile. The artifacts consist of several items such as napkin rings, placemats, animal pelts and small wooden sculptures that have conflicting Asset numbers, inventory numbers and accession numbers.

Also included in the 144 unobserved works are two Alexej Jawlensky paintings, missing in 2002. Both works were insured and the City was compensated for the loss. Works missing prior to Foundation management would not be eligible for insurance coverage under the Foundation's policy. The Foundation will provide an official memo of last documented location and status for each Unobserved work.

Of the 438 objects observed without tags, each object will need to be researched. Some works within the Collection have lost their City Asset inventory tags. In cases where older City tags have fallen off the Foundation has included the tag within the work's permanent file. Over the years the tags for some works have been lost. In some cases the City files that were City maintained, have no record of an inventory tag being requested. It would be inappropriate for Foundation staff to affix City Asset tags to City owned works.

It should be noted that not all City owned artworks or artifacts allow for an asset tag to be affixed. Some works are too small or have a fragile surface that would be damaged. Each untagged work will need to be assessed on an individual basis. The Museum's professional Registrar should accompany City employees when attaching fixed asset tags to the untagged works in the City collection.

Foundation agrees that research should continue on the 228 items of undetermined ownership. In order for the Foundation to successfully manage the City's Collection, Foundation and City management should work together to make a final determination of the contents of the City's Collection. The updated and agreed upon information can then be included in an updated Management Agreement.

It is the Museum's mission to engage in ongoing research and documentation of the permanent collection. Many works of undetermined ownership may not be suitable for accession into the permanent collection. Works without accession numbers are not recorded in EmbARK. The Foundation agrees that all works in the collection need to be identified with City, Foundation, Loan, Long-term loan, or Found In Collection number designations.

All duplicate accession numbers have been corrected and works in question have been reassigned unique accession numbers.

Issue 2: Lack of Proper Procedures for Missing, Stolen, Broken or Retired City-owned Art

The Foundation has for the past 23 years annually completed the required Fixed Asset Inventory reports required by the City. During this period of time the Foundation has used the City supplied Fixed Asset Property reports for "missing, damaged, or retired" items.

The Foundation agrees that there should be a clear and mutually agreeable process for providing information regarding the disposition of artworks belonging to the City. A policy and procedure for appropriate handling and reporting of "missing, damaged, or retired" City-owned artwork should be part of Foundation's Collections Policy and the Management Agreement.

Issue 3: Current Appraisals of City Collection Needed

The Foundation Management believes it is neither feasible, cost-effective nor appropriate to appraise the entire City Collection annually. It is the Foundation's recommendation that City/Foundation Management meet to plan a process that calls for appraisal of the most significant works in the City's collection to be appraised on a five-year plan over the period of the next 20 years. Such a plan would be in line with the professional recommendations of the American Association of Museums.

A plan and a clear description of responsibilities and funding sources for any annual review/appraisal should be included as part of the Agreement to Manage. The City/Foundation would need to request bids from Certified Appraisers, and identify a source of funding, before committing to annual appraisal updates.

Though Museum staff is legally and ethically barred from doing appraisals, Foundation staff has the professional ability to assist City management in identifying the most valuable works to be appraised.

Issue 4: Unclear Language in Agreement Regarding Ownership of Donated Artworks or Disposition of Foundation Artwork at Lease Termination

The Foundation will work with the City to revise the questions of ownership of objects. To date, the Foundation has assumed that gifts and purchases made with Foundation Assets or by the Museum's Collectors Circles from 1986 to the present have been Foundation-owned, and works accessioned from 1952-1985 have been City-owned. Language used in the 1995 revised agreement continues to list all art acquired after January 29, 1985 as the sole property of the Foundation.

Exceptions include Works Project Administration (WPA) / Federal Art Project (FAP) works which belong to the Federal Government, even though pre-Foundation management City employees have given some works City accession & inventory numbers. The U.S. General Services Administration only provides for subsequent 10 year loan periods, works owned by the GSA would be returned to Federal care if deaccessioned.

The agreement to manage the collection between the Foundation and the City should include a clean delineation of City-owned and Foundation-owned objects. A policy decision by the LBMA Board will have to include clarification about ownership of donated artworks and the disposition of Foundation-art assets.

Donations of artworks as gifts to the Long Beach Museum of Art since the Foundation has managed the Museum would be considered as gifts to the LBMA Foundation, but Deed of Gifts and donation records should be examined to determine ownership. The Deed of Gift forms should specify whether or not the donation is to the Foundation or to the City. Disposition of art works at the end of the Foundation or the City's Museum would follow State Charter laws and all works would be donated to a similar non-profit.

It is pertinent going forward to determine whether a gift is to the City's collection or the Foundation's collection. It is clear that if a donor requests a Federal Charitable Gift Form, that the donation is to the FOUNDATION (not the City) since, the form is made out as a gift to the Long Beach Museum of Art Foundation with the Foundation's tax ID # and the signature of the Foundation's Director.

Issue 5: Inventory of City-Owned Artwork is Not Regularly Performed

In accordance with the Agreement to Manage #26174 the Museum has conducted an annual inventory of the 456 art pieces and artifacts incorporated in "Exhibit B" in the Art Agreement to manage the City's collection. Under the current circumstances a complete and comprehensive physical inventory would be labor and cost prohibitive. The 2007 Inventory has taken 5 LBMA Staff members over 6 months to complete. An annual inventory would require full time personnel from the Museum's staff as well as City staff.

An annual inventory of the City's collection will require an amended Agreement to Manage Art contract.

Issue 6: Storage Facilities are Inadequate; 43% of City-Owned Artwork is Stored Off-site In Conflict with the Agreement to Manage Art

Foundation agrees with proposed inventory consolidation at a centrally located Long Beach location. On-site storage facilities are not large enough to hold the City's entire collection and the City and Foundation management agreement should be revised. The largest objects in the City's collection simply do not fit in the Museum's on-site storage.

Local storage would allow for improved access to the collection and Museum staff looks forward to working with the City to locate an appropriate storage facility that meet the Museum's needs for safe, secure and accessible storage.

Issue 7: Foundation and Off-site Storage Facility's Records of Artwork Do Not Agree

Foundation agrees with the Auditor's recommendations.

Of the 122 pieces that were not identified as City or Foundation-owned that are stored off-site in fine art storage facilities many are non-accessioned works or works *Found In Collection*. Such items would include assorted picture frames, architectural models and display and mounting hardware. In addition some items are larger works that include three or four separate pieces that when assembled create a single work, with each piece carrying an individual inventory number unique to the off-site storage system policies. As such they are not recorded in the Museum's EmbARK system. EmbARK has portfolios of non-accessioned items, but records by artist and artwork are reserved for accessioned works only. Off-site inventory records will be updated in a meeting of Museum staff and storage inventory staff.

Issue 8: Controls over On-Site Storage Facilities Should be Improved

Details of Security within the Museum and the fine art storage vault cannot be disclosed in a public document.

Foundation concurs and has taken measures to bring storage facilities and security procedures consistent with standards from the *American Association of Museums*. Employees are required to routinely change their personal alarm codes. Door locks and secured areas have additional pass code security measures installed. Locks are routinely re-keyed and distribution of keys to Museum personnel is limited, logged and maintained. New digital security recording equipment has been installed for 24 hour surveillance. Alarm systems upgrades have take place.

Issue 9: Movement of Inventory Not Consistently Documented

Foundation concurs with the Audit recommendation and has updated and strengthened policies related to any movement of artwork. The Foundation is committed to following set policy and procedures.

Issue 10: Deaccession Plan to Improve Quality of Collection is Encouraged

Foundation Management does not believe deaccession should be a requirement for the Agreement to Manage. The Foundation believes the Agreement to Manage should address proper deaccession policy and procedures but should not be a mandatory Foundation activity.

Deaccession is a purposeful decision that requires a stated goal. Management believes deaccession plans require City Council approval in addition to City manager approval.

Deaccession plans will require an assessment and appraisal of all objects in the City-owned collection.

Each work will have to be assessed for the status of each Deed of Gift and contacts will have to be made for donor and estate approval. Appraiser fees would need to be budgeted along with research into which auction house would be best to handle specific works or artifacts. Auction houses would require a percentage for each item consigned.

Complying too *American Association of Museum's* standards all funds made through the sale of art must be put toward the purchase of new artworks. If the sales are of City-owned works the purchase of new artworks will need to be given City Accession numbers rather than Foundation numbers.

Deaccessioning is time and cost intensive and the Foundation believes deaccessioning is not likely to raise a significant amount of money.

Issue 11: Artist/Object Records of Artwork Need Improvement

The Foundation currently uses and maintains a 2 page checklist of documentation for each artist/object file. That has been in use for all of the Foundation-owned collection and it is used for all new acquisitions. Improvements in the artist/object files are necessary for objects which were City-managed files. As records are used in the donor files to confirm ownership, they are copied and added to the artist/object files for the City's collection.

Revisiting all of the City's art object / artist's files and donor files and attempting to find ownership documentation to add to files is an ongoing research process.

Issue 12: Follow-up on Video Collection is Needed

The Inventory of the Video Archive by the Getty Trust is an ongoing process and a complete record of all videos in the LBMA Archive has yet to be developed. The progress of the Getty's work is ongoing and a complete digital copy of the formatted videos will be available to the Museum Director beginning next year.

The Getty is a non-profit operating in trust and in the public interest and is regulated by the State of California. Disposition of the LBMA Video Archive and other assets at the closing of the Getty would be regulated by the State of California and require the archive be returned to the LBMA or donated to like institutions, accordance to State Charter.

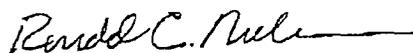
Foundation Management will produce an annual report to the City detailing the progress of Video Archive conservation progress. The report will also address any profits to the Getty Trust from any commercial use of the Video Archive.

Sincerely,



Roberta Jenkins

President LBMA Foundation



Ronald C. Nelson

Executive Director

cc: Patrick West, City Manager
Dennis Thys, Director of Community Development



Date: July 30, 2008
To: Laura Doud, City Auditor
From: Dennis J. Thys, Director - Department of Community Development
Subject: Independent Auditor's Report on the Long Beach Museum of Art Foundation

A handwritten signature in black ink, appearing to read "D. J. Thys", written over the "From:" line of the memorandum.

I would like to submit the following as my response/comments to the June 10, 2008 Final Draft of the Independent Auditor's Report on the Long Beach Museum of Art Foundation:

1. Significant Discrepancies Between Inventory Records and Inventory Observed

The City Manager requested the City Auditor to complete an audit of the Art Museum to assist us in reconciling outstanding issues related to the management of City-owned art. Management recognizes that there are longstanding problems regarding the inventory records and inventory observed. The City's art inventory dates back to the 1950s. The Long Beach Art Museum Foundation (Foundation) began management of the Art Museum in 1988. At that time an inventory of the City's artwork was completed, however, it was not until 1996 when the Foundation received a grant that the EmbARK electronic arts inventory system was established. Prior to that time the art was managed by a card catalog established by City staff. The card catalog was inconsistent and had missing or duplicated art information and accession numbers. The discrepancies in the artwork inventory found in the audit can be primarily attributed to the failure to reconcile the data in the old card catalog system prior to implementing the EmbARK system.

It is agreed that one single, complete art inventory should be established. The issue is that the 1,134 pieces of artwork observed by the auditor are stored in two locations and would require months of staff work to carefully unpack and catalog and then repack each piece of art. Management is exploring options to work with the Foundation to first complete an inventory of the City and Foundation artwork using the auditor's report and the EmbARK system to resolve the arts inventory.

City fixed asset tags will be placed on the artwork or in the artist/object file on all City owned artwork that does not currently have one, once the art inventory list is completed. (Currently no funding is available to pay for this work and the cost will be significant. This audit recommendation will require further management review and identification of additional funding in order to be completed.) Staff has been identified to complete this effort.

2. Missing, Stolen, Broken, or Retired City-owned Artwork

Management agrees that the current Agreement to Manage Art lacks provisions for the appropriate handling and reporting of missing, damaged or retired City-owned artwork. We will work with the City Attorney's Office to amend the agreement to include this critically needed provision.

As to the recommendation that the City pursue insurance reimbursement for missing or stolen and damaged artwork, Management finds this recommendation to be unreasonable. As previously stated, it is the finding of the Foundation that vast majority of the artwork has been missing since 1988. In those recent instances where it was determined that art was missing or stolen, the Foundation has filed insurance claims, when appropriate. Once the arts inventory is reconciled to the satisfaction of the Foundation and Management, the EmbARK system will track and manage the City and the Foundation's artwork.

3. Current Appraisals of City Collection is needed

While Management agrees that appraisals of City artwork should be done there currently is no budget allocated for appraisals. Management and the Foundation will work together to assess the current collection and prioritize which City art pieces should be appraised for insurance purposes. There is, however, a significant cost associated with any art appraisal so funding is a major, unresolved issue that may delay this recommendation from being fully implemented.

Management will work with the Foundation to research the costs for art appraisals and determine the extent and timing for appraising the City's collection. This information will also be used to assist in determining if the Foundation's current insurance coverage is adequate.

4. Unclear Language in Agreement Regarding Ownership of Donated Artwork or Disposition of Donated Foundation Artwork At Lease Termination

It is Management's understanding that all artwork acquired after 1985 shall be the sole property of the Foundation. We will work with the City Attorney's Office and the Foundation to amend the current agreement to clarify that understanding and include specific language regarding the disposition of the City's artwork upon termination of the Agreement to Manage the City's Art.

5. Inventory of City-Owned Artwork is not Regularly Performed

The Audit of the City's artwork required hundreds of staff hours and many months to complete. The results reinforced why Management requested the Audit, the art collection dates back to 1950 and there are conflicting sources of information on the scope and ownership of the inventory. While the Audit's findings are helpful, the implication is there are hundreds of staff hours needed to reconcile the inventory. In an ideal situation, an arts inventory should be performed on a regular basis, that recommendation is not practical or realistic. Once the arts inventory is completed and all art is tracked by the EmbARK system, Management will do periodic "testing" of the system to ensure the inventory is being properly managed and maintained.

July 30, 2008

Page 3

6. Storage Facilities Are Inadequate; 40% of the City-Owned Artwork is Stored Offsite In Conflict with the Agreement to Manage Art

The most valuable pieces of City-owned art are stored on-site at the Museum in a properly maintained condition. Due to the limitations of the on-site storage less valuable City-owned artwork is stored at Cooke's Crating, a professional arts storage facility used by other art institutions, including the Los Angeles County Museum of Art.

The audit recommends that a storage facility be located in Long Beach to store the artwork. The audit acknowledges that the artwork was, in fact, stored in a Long Beach facility and was moved in 2006 to Cook's due to the sale of the property and concerns about mold in that facility. The audit fails to mention that there is no other arts storage facility in Long Beach.

Ideally, the entire City-owned artwork should be stored in Long Beach, but that is not a realistic option at this time. Management will work with the Foundation to see if any City facilities may be modified for art storage. The costs for creating the necessary climate controls, security systems and art storage crating systems may be cost prohibitive, but this recommendation will be fully pursued.

Management will work with the Foundation and the City Attorney's Office to amend the terms of the Agreement to Manage Art to specify that artwork of a specific value must be maintained at the Art Museum.

10. Deaccession Plan to Improve the Quality of the Collection is Encouraged

Management has begun discussions with the Foundation staff about deaccession of City-owned art. There are a number of City-owned art pieces that have never been exhibited that are stored off-site at a significant cost. It may be appropriate to eliminate them from the collection through a deaccession process.

The cost of any art deaccession, however, can be significant due to the need for updated art appraisals and the contracting for art action services. Each art piece will also have to be researched to ensure there are no restrictions on its sale.

As with the art inventory recommendation, there must be additional funds allocated to the Foundation to properly carry out this recommendation.

In addition, attached you will find from Ron Nelson, Executive Director of the Long Beach Museum of Art, his response/comments.

Please feel free to contact me should you have any questions or would like to discuss this further.

DJT:mmm
Laura Doud - CO Response to Independent Auditor's Report on LB MoA Foundation v2.doc

Attachment

cc: Patrick H. West, City Manager
Suzanne M. Frick, Assistant City Manager
Lori Ann Farrell, Director, Financial Management
Ron Nelson, Executive Director, Long Beach Museum of Art

EXHIBIT A
144 UNOBSERVED CITY-OWNED ARTWORK

ACCESSION NUMBER	ARTIST	TITLE/DESCRIPTION
UNOBSERVED, TRACED TO CARD CATALOG		
1	52-6.7	Olsen, John W.
2	52-6.14	Matter, Herbert
3	52-6.15	McLaren, Norman
4	52-6.16	Eames, Charles
5	52-6.17	Haveman, Victor
6	52-6.18	Haveman, Victor
7	52-6.19	Haveman, Victor
8	52-6.20	Haveman, Victor
9	52-6.21	Haveman, Victor
10	52-6.22	Haveman, Victor
11	52-6.26	Traver, George A
12	52-6.29	Baldwin, Frederick
13	56-7.19	Margraff, Zella
14	56-7.29	Gummers, Edith
15	57-8.6	Darrow, Paul
16	57-8.8	McIntosh, Harrison
17	57-8.10	Codman, Ruth
18	57-8.19	Kane, Evelyn
19	57-8.29	Tissier, Jeanne
20	57-8.34	Klee, Paul & Others
21	57-8.43	TOYOKUNI
22	57-8.46	REEVES, Barbara
23	57-8.60	Ruben, Richards
24	57-8.64	MacFadden, Douglas W.
25	57-8.66	Moule, Marian
26	58.9.8	Moule, Marian
27	58.9.10	Deese, Rupert
28	58.9.12	Peralta, Jasper
29	58.9.14	Hansen, Hardy
30	58-9.19	Macintosh, Harrison
31	58-9.20	Kelso, James
32	58-9.23	Edwards, Joel
33	58-9.25	Thomas, Florence
34	58-9.27	Heino, Vivika & Otto
35	58-9.29	Cherry, Louise
36	58-9.31	Van Gelder, Lydia
37	58-9.48	Plotkin, Joshua
38	58-9.50	Heller, Jules
39	58-9.59	Gummels, Edith
40	58-9.62	Hailey, Jason
41	58-9.63	Dellaccio, Jini
42	58-9.64	Dellaccio, Jini
43	58-9.97	Askin, Walter
44	58-9.102	Africa-Liberia
45	58-9.103	Africa-Liberia
46	58-9.104	Africa-Liberia
47	58-9.105	Africa-Liberia
48	58-9.106	Africa-Liberia
49	58-9.107	Africa-Liberia
50	58-9.109	Africa-Loma tribe
51	58-9.113	Africa-Mano tribe
52	58-9.115	Africa-Liberia
53	58-9.122	Africa-Liberia

EXHIBIT A
144 UNOBSERVED CITY-OWNED ARTWORK

	ACCESSION NUMBER	ARTIST	TITLE/DESCRIPTION
54	58-9.125	Africa-Liberia	<i>hot pad, green & natural</i>
55	58-9.126	Africa-Liberia	<i>hot pad, green, natural & red</i>
56	58-9.132	Africa-Liberia	<i>black mask</i>
57	58-9.137	Africa-Liberia	<i>paper opener, native head</i>
58	58-9.146	Africa-Liberia	<i>comb</i>
59	58-9.148a	Africa-Liberia	<i>penney-broken in two parts</i>
60	58-9.149	Africa-Liberia	<i>anklet w. pods</i>
61	58-9.154	Africa-Liberia	<i>necklace, flower pattern</i>
62	58-9.155	Africa-Liberia	<i>earring, flower pattern</i>
63	58-9.156	Africa-Liberia	<i>earring, flower pattern</i>
64	58-9.179	Africa-Liberia	<i>elephant</i>
65	58-9.182a	Africa-Liberia	<i>peg as stand for tusk 182</i>
66	58-9.182b	Africa-Liberia	<i>peg as stand for tusk 182</i>
67	59-0.28	Levy, Beatrice	<i>Capricious Form</i>
68	59-0.43	Kuntz, Roger	<i>Birds</i>
69	59-0.47	Villumsons, Alex	<i>Still Life</i>
70	59-0.52	Mrozewski, Stefan	<i>Apocalypse</i>
71	60-1.3	Michaels, Loretta Ann G.	<i>Night Sea</i>
72	60-1.16	Zill, Betsy	<i>View of Lower Whimsey</i>
73	60-1.18	Wolf, Hamilton	<i>Portsmouth Square</i>
74	60-1.19	Africa-Liberia	<i>leopard skin 1 49 leg 57 tail 38</i>
75	60-1.20	Africa-Liberia	<i>leopard skin 1 38 leg 43 tail 36</i>
76	60-1.21	Africa-Liberia	<i>leopard skin 1 36 leg 40 tail 32</i>
77	60-1.22	Africa-Liberia	<i>leopard skin 1 44 leg 36 tail 36</i>
78	60-1.23	Africa-Liberia	<i>leopard skin 1 54 leg 59 tail 37</i>
79	60-1.24	Africa-Liberia	<i>leopard skin 1 48 leg 57 tail 23</i>
80	60-1.29	Africa-Liberia	<i>mat, green & red w. yellow center</i>
81	60-1.34	Africa-Liberia	<i>ring, red & natu woven pattern (child's bracelet)</i>
82	60-1.35	Africa-Liberia	<i>napkin ring red & Natu woven pattern bracelet</i>
83	60-1.46	Africa-Liberia	<i>country cloth, dk blue & white blk</i>
84	60-1.47	Africa-Liberia	<i>country cloth, blk, brwn, yel & white stripes, cotton, wool, cml</i>
85	60-1.66	Africa-Liberia	<i>necklace, filigree butterfly</i>
86	60-1.68	Africa-Liberia	<i>oval powder box, hand carved, incised swirl pattern</i>
87	60-1.68a	Africa-Liberia	<i>lid for power box 68</i>
88	60-1.75	Africa-Liberia	<i>button, carved woman's head</i>
89	60-1.79	Africa-Liberia	<i>button, carved elephant</i>
90	60-1.80	Africa-Liberia	<i>button, carved elephant</i>
91	60-1.81	Africa-Liberia	<i>button, carved elephant</i>
92	60-1.82	Africa-Liberia	<i>button, carved elephant</i>
93	60-1.83	Africa-Liberia	<i>button, carved elephant</i>
94	60-1.84	Africa-Liberia	<i>earring, carved woman's head pr w. 85</i>
95	60-1.98	Estrucan	<i>Olpe archaic buchero pitcher</i>
96	60-1.100	Estrucan	<i>Lipari black, natural foot bowl</i>
97	60-1.122	Zill, Betsy	<i>Shelves & Candles</i>
98	61-2.5	Africa-Liberia	<i>basket, natural color</i>
99	61-2.8	Africa-Liberia	<i>armlet,anklet, blk & natu</i>
100	61-2.11	Africa-Liberia	<i>armlet,anklet, blk & natu</i>
101	61-2.12	Africa-Liberia	<i>armlet,anklet, blk & natu</i>
102	61-2.16	Africa-Liberia	<i>purse, woman's shoulder strap, natu w. red leather</i>
103	61-2.25	Africa-Liberia	<i>purse, natu w. multi-colored stripes</i>
104	61-2.26	Africa-Liberia	<i>fan, red, yellow & black</i>
105	61-2.33	Africa-Liberia	<i>mask</i>
106	61-2.35	Africa-Liberia	<i>bookend, man's bust</i>

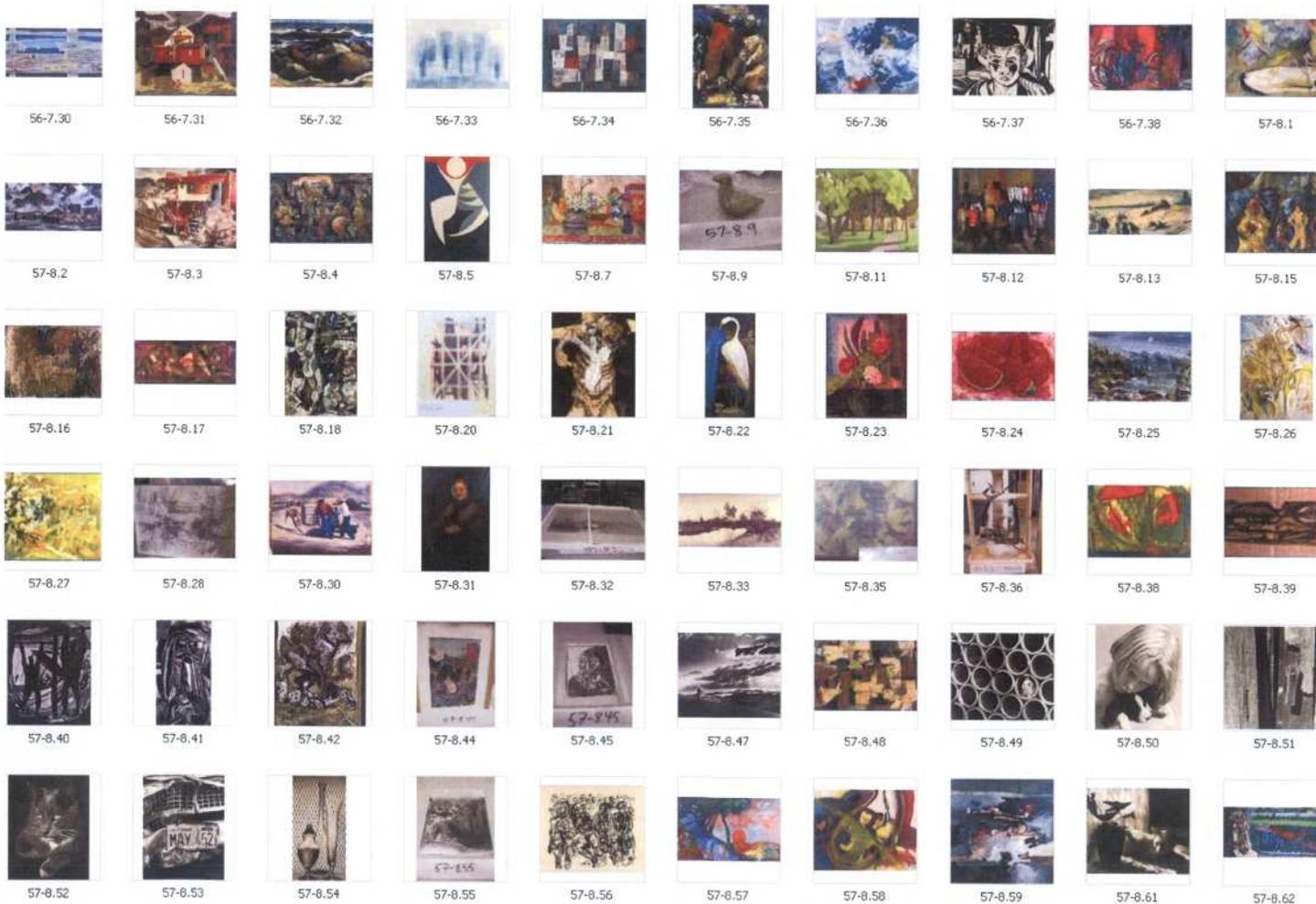
EXHIBIT A
144 UNOBSERVED CITY-OWNED ARTWORK

	ACCESSION NUMBER	ARTIST	TITLE/DESCRIPTION
107	61-2.36	Africa-Liberia	<i>bookend, woman's bust</i>
108	61-2.37	Africa-Liberia	<i>pin, carved woman's headdress</i>
109	61-2.45	Africa-Liberia	<i>circular rug, monkey, antelope & bush buck</i>
110	62-3.6	Africa-Liberia	<i>mask</i>
111	62-3.7	Africa-Liberia	<i>round basket w. lid</i>
112	62-3.7a	Africa-Liberia	<i>lid, attached to round basket</i>
113	62-3.11	Africa-Liberia	<i>quilt-type rug</i>
114	62-3.12	Africa-Liberia	<i>leopard skin</i>
115	62-3.13	Africa-Liberia	<i>quilt-type rug</i>
116	67-8.16	Holste, Thomas J.	<i>Untitled</i>
117	68-9.7	Rowland, David	<i>Stacking Chairs</i>
118	69-0.9	Picasso, Pablo	<i>Le Crane de Chevre sur la table (goat head on table)</i>
119	69-0.11	Alberty, John	<i>Untitled</i>
120	70-1.7	Kuntz, Roger	<i>Blue Sea Skiffs</i>
121	71-2.1	Shiro Ikegawa	<i>Fish</i>
122	71-2.11	Frames 6 pieces	<i>Not Listed</i>
123	72-3.7	Smith, Bradley	<i>Booth Attraction</i>
124	72-3.11	Schaad, Bently	<i>Still Life</i>
125	72-3.47	Dill, Guy	<i>Untitled</i>
126	72-3.78	Nason, Thomas Willoughby	<i>Landscape</i>
127	73-4.2	Keiserman, Mark	<i>Chair</i>
128	73-4.3	Keiserman, Mark	<i>Chair</i>
129	74-4.15	Superstudio	<i>Untitled</i>
130	74-5.3	not listed	<i>not listed</i>
131	75-6.6	Kraft, Dennis	<i>Untitled</i>
132	75-6.7	Kraft, Dennis	<i>Untitled</i>
133	75-6.13	Olodort, Michael	<i>Cumless Cirrus</i>
134	75-6.14	Olodort, Michael	<i>Dancing Ghost Hangar</i>
135	75-6.19	Hartgen, Vincent	<i>Unknown</i>
136	75-6.20	Hartgen, Vincent	<i>Unknown</i>
137	76-7.5	Downey, Juan	<i>Video Trans America</i>
138	79-2.8	Jawlensky, Andreas	<i>Untitled</i>
139	84-5.02	Smith, Keith W.	<i>Color TV</i>
UNOBSERVED, NOT TRACED TO CARD CATALOG			
140	75-6.16	Calder, Alexander	<i>C</i>
141	75-6.25	Rabbin, Herb	<i>Ceramic Drawing</i>
UNOBSERVED, DISPOSITION NOTED; ENSURE FILE HAS PROPER DOCUMENTATION			
142	79-4.8	Jawlensky, Alexei	<i>VIII, Number 7</i>
143	79-4.9	Jawlensky, Alexei	<i>iii, Number 27</i>
UNOBSERVED, ON EXHIBIT C OF LEASE #24181			
144	x2007.71	Ribcowsky, Dey de	<i>Marine Sunset</i>

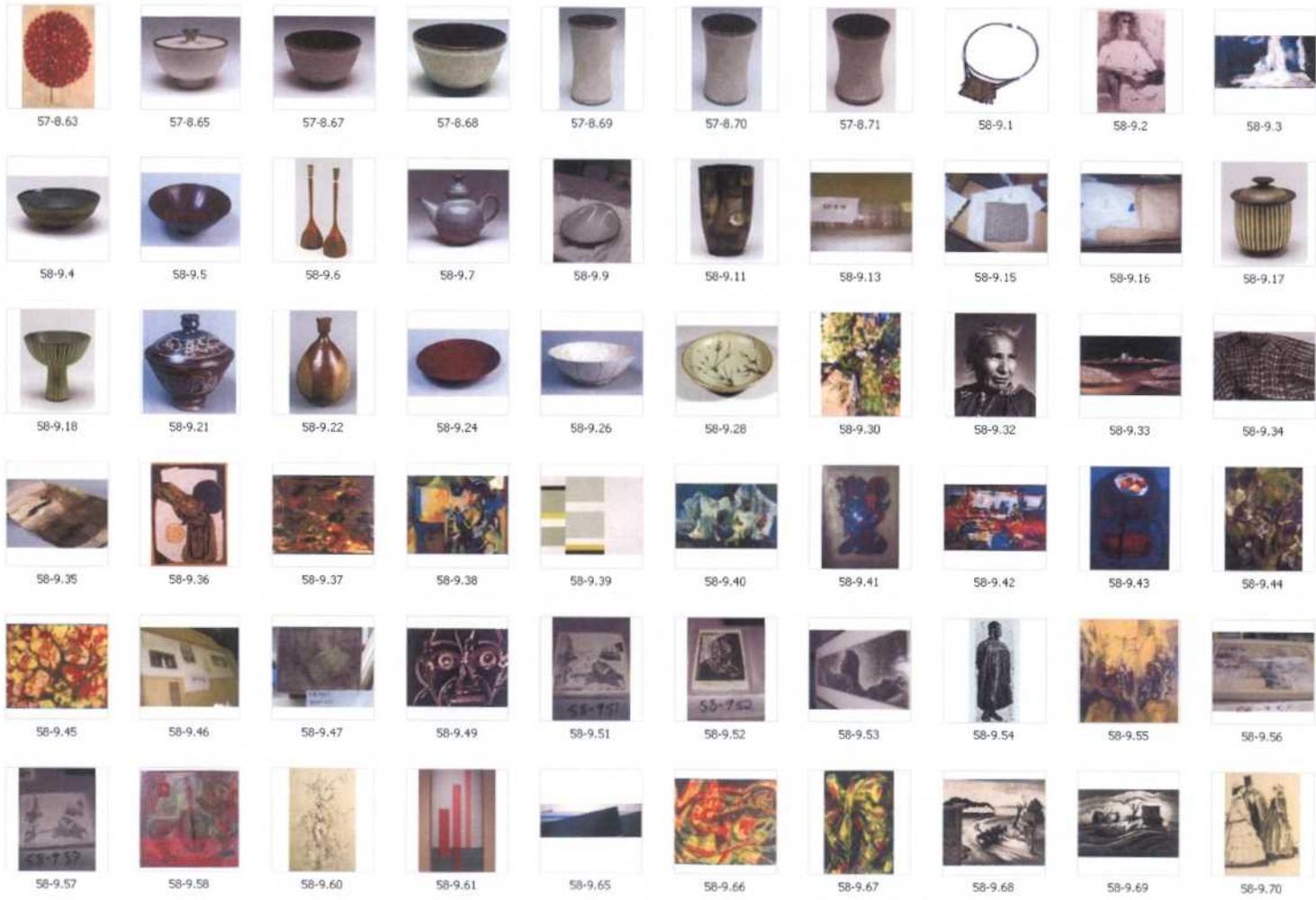
**EXHIBIT B
MISSING/RETIRED DAMAGED ARTWORK**

	ACCESSION NUMBER	ARTIST	TITLE/DESCRIPTION
Damaged/Broken			
1	56-7.19	Margraff, Zella	Not Titled
2	57-8.8	McIntosh, Harrison	Stoneware Case
3	58-9.19	Macintosh, Harrison	stoneware "Bowl 652"
4	58-9.27	Heino, Vivika & Otto	Bottle
5	58-9.122	Africa-Liberia	napkin ring, blk w. natural
6	60-1.98	Estrucan	Olpe archaic buchero pitcher
7	72-3.47	Dill, Guy	Untitled
Missing/Stolen			
8	52-6.7	Olsen, John W.	Not Titled
9	52-6.26	Traver, George A	Landscape
11	57-8.6	Darrow, Paul	Windblown Desert House
10	57-8.29	Tissier, Jeanne	Vielles Demeures Bourbonnaises
12	57-8.66	Moule, Marian	Stoneware Teapot
13	58-9.132	Africa-Liberia	black mask
14	61-2.37	Africa-Liberia	pin, carved woman's headdress
15	62-3.6	Africa-Liberia	mask
16	68-9.7	Rowland, David	Stacking Chairs
17	71-2.11	Frames 6 pieces	Not Listed
18	74-5.3	not listed	not listed
19	75-6.16	Calder, Alexander	C
20	75-6.20	Hartgen, Vincent	Unknown
21	79-2.8	Jawlensky, Andreas	Untitled
Retired			
22	52-6.14	Matter, Herbert	Works of Calder
23	52-6.15	McLaren, Norman	Begone Dull Care
24	52-6.16	Eames, Charles	Parade
25	57-8.34	Klee, Paul & Others	The Modern Masterpiece
26	58-9.62	Hailey, Jason	untitled
27	58-9.63	Dellaccio, Jini	The Ballet
28	58-9.64	Dellaccio, Jini	The Sage
29	58-9.102	Africa-Liberia	rug, monkey, bush buck & antelope
30	58-9.103	Africa-Liberia	rug, monkey, bush buck & antelope
31	58-9.104	Africa-Liberia	leopard skin, native dressed
32	58-9.105	Africa-Liberia	snakeskin, probably python
33	58-9.106	Africa-Liberia	snakeskin, probably python
34	58-9.107	Africa-Liberia	alligator briefcase; accra, for tourist trade
35	60-1.19	Africa-Liberia	leopard skin 1 49 leg 57 tail 38
36	60-1.20	Africa-Liberia	leopard skin 1 38 leg 43 tail 36
37	60-1.21	Africa-Liberia	leopard skin 1 36 leg 40 tail 32
38	60-1.22	Africa-Liberia	leopard skin 1 44 leg 36 tail 36
39	60-1.23	Africa-Liberia	leopard skin 1 54 leg 59 tail 37
40	60-1.24	Africa-Liberia	leopard skin 1 48 leg 57 tail 23
41	61-2.45	Africa-Liberia	circular rug, monkey, antelope & bush buck
42	62-3.11	Africa-Liberia	quilt-type rug
43	62-3.12	Africa-Liberia	leopard skin
44	62-3.13	Africa-Liberia	quilt-type rug
45	75-6.25	Rabbin, Herb	Ceramic Drawing

EXHIBIT C
SELECTED PHOTOGRAPHS OF OBSERVED CITY-OWNED
ARTWORK



**EXHIBIT C
SELECTED PHOTOGRAPHS OF OBSERVED CITY-OWNED
ARTWORK**



**EXHIBIT C
SELECTED PHOTOGRAPHS OF OBSERVED CITY-OWNED
ARTWORK**



59-0.25



59-0.26



59-0.27



59-0.29



59-0.30



59-0.31



59-0.32



59-0.33



59-0.34



59-0.35



59-0.36



59-0.37



59-0.38



59-0.39



59-0.40



59-0.41



59-0.42



59-0.44



59-0.45



59-0.46



59-0.48



59-0.49



59-0.51



59-0.53



59-0.54



59-0.59



59-0.60



59-0.61



59-0.62



60-1.1



60-1.2



60-1.4



60-1.5



60-1.6



60-1.7



60-1.8



60-1.9



60-1.10



60-1.11



60-1.12



60-1.13



60-1.14



60-1.15



60-1.17



60-1.25



60-1.26



60-1.27



60-1.28



60-1.30



60-1.31



60-1.32



60-1.33



60-1.36



60-1.37



60-1.38



60-1.39



60-1.40 to .45



60-1.48



60-1.49



60-1.49 and 60-1.49A

**EXHIBIT C
SELECTED PHOTOGRAPHS OF OBSERVED CITY-OWNED
ARTWORK**

