

**CITY OF LONG BEACH, CALIFORNIA**

**Quarterly Audit of Cash and Investment Balances  
As of September 30, 2005**

**Audit Team**

**John C. Coon, Audit Manager  
Neil B. Escalante, Senior Auditor**



**OFFICE OF THE CITY AUDITOR**

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

March 14, 2006

Honorable Mayor and City Councilmembers  
Citizens of Long Beach, California

**RE: QUARTERLY AUDIT OF CASH AND INVESTMENT BALANCES**

We have performed specific audit procedures to cash and investment balances of the City of Long Beach as of September 30, 2005, as required by Section 803 of the City Charter. The objectives of our examination were to agree cash and investments as recorded on the City's books with outside depositories, both as to amount and description, and to evaluate the City's compliance with provisions of the California Government Code and the City's Investment Policy.

Based on the procedures performed, we have confirmed that the cash and investment balances are accurately recorded. City cash and investment balances as of September 30, 2005 are summarized as follows:

|                                 |                         |
|---------------------------------|-------------------------|
| Pooled Cash and Investments     | \$ 1,318,478,670        |
| Non-Pooled Cash and Investments | <u>357,839,978</u>      |
| Total                           | <u>\$ 1,676,318,648</u> |


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

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

Sincerely,

GARY L. BURROUGHS, City Auditor

By

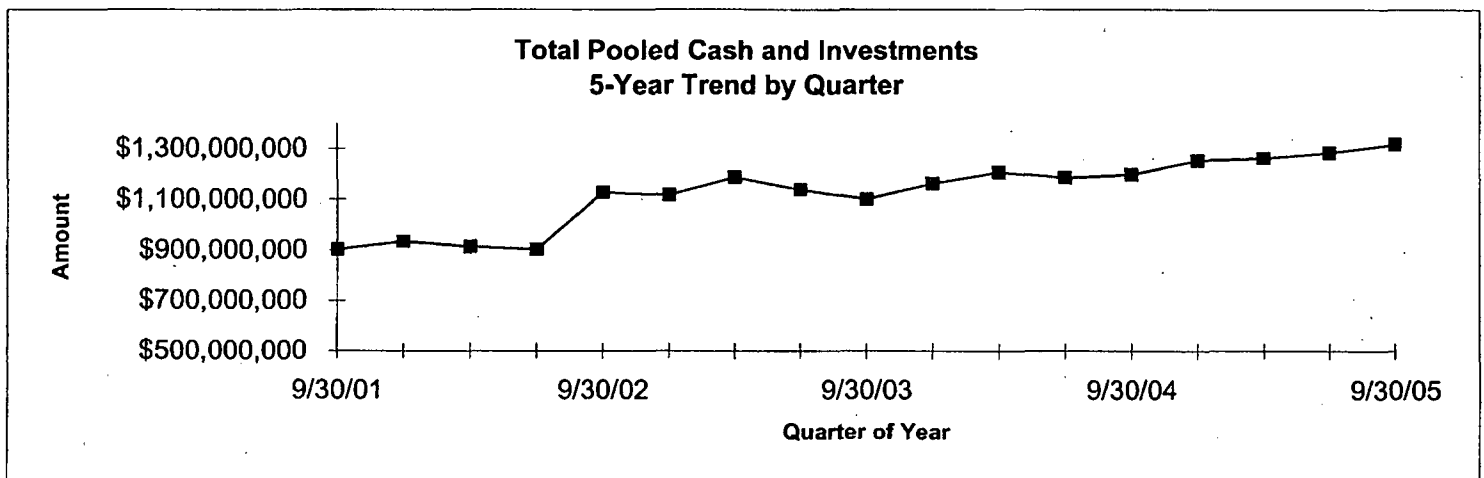
  
J.C. Squires, CPA  
Assistant City Auditor

Attachment

**City of Long Beach**  
**Schedule of Cash and Investments by Security Type**  
**September 30, 2005**

|  | Pooled                         | Non-Pooled*                  | Total<br>09/30/2005            | Total<br>09/30/2004            |
|--|--------------------------------|------------------------------|--------------------------------|--------------------------------|
| <b>CASH:</b>                           |                                |                              |                                |                                |
| Cash in Banks                          | \$ (9,175,842)                 | \$ 766,690                   | \$ (8,409,152)                 | \$ 18,272,003                  |
| Cash with Fiscal Agents                | -                              | 306,899,448                  | 306,899,448                    | 166,292,666                    |
|  | <u>\$ (9,175,842)</u>          | <u>\$ 307,666,138</u>        | <u>\$ 298,490,296</u>          | <u>\$ 184,564,669</u>          |
| <b>INVESTMENTS:</b>                    |                                |                              |                                |                                |
| U.S. T - Bills                         | \$ -                           | \$ -                         | \$ -                           | \$ 12,949,544                  |
| U.S. Treasury Notes                    | 284,094,035                    | -                            | 284,094,035                    | 80,728,189                     |
| Federal Farm Credit Bank               | 198,314,202                    | -                            | 198,314,202                    | 121,125,343                    |
| Federal Home Loan Bank                 | 202,337,350                    | -                            | 202,337,350                    | 259,486,499                    |
| Federal National Mortgage Association  | 235,716,567                    | -                            | 235,716,567                    | 272,580,122                    |
| Federal Home Loan Mortgage Corporation | 215,066,489                    | -                            | 215,066,489                    | 234,408,593                    |
| Student Loan Marketing Association     | -                              | -                            | -                              | -                              |
| Negotiable Certificates of Deposit     | -                              | -                            | -                              | 15,000,000                     |
| Medium Term Notes                      | 94,350,066                     | -                            | 94,350,066                     | 102,769,021                    |
| L.A.I.F.                               | 94,240,514                     | -                            | 94,240,514                     | 82,160,061                     |
| Money Market                           | 33,759                         | -                            | 33,759                         | 33,526                         |
| Certificates of Deposit                | -                              | 10,000,000                   | 10,000,000                     | 10,000,000                     |
| Guaranteed Investment Contracts        | -                              | 36,727,408                   | 36,727,408                     | 4,666,772                      |
| Special Assessment Bonds               | -                              | 1,267,092                    | 1,267,092                      | 16,423,818                     |
| Revenue Bonds                          | -                              | 2,179,340                    | 2,179,340                      | 1,885,000                      |
| Savers Loan                            | 3,501,530                      | -                            | 3,501,530                      | -                              |
| Total Investments                      | <u>\$ 1,327,654,512</u>        | <u>\$ 50,173,840</u>         | <u>\$ 1,377,828,352</u>        | <u>\$ 1,214,216,488</u>        |
| <b>TOTAL CASH AND INVESTMENTS</b>      | <u><u>\$ 1,318,478,670</u></u> | <u><u>\$ 357,839,978</u></u> | <u><u>\$ 1,676,318,648</u></u> | <u><u>\$ 1,398,781,157</u></u> |

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



**City of Long Beach**  
**Comparative Statement of Pooled and Non-Pooled Cash and Investment Balances by Fund**  
**At September 30, 2005 with Comparative Totals for September 30, 2004**

| Fund #                            | Fund Name                            | Pooled Amount<br>9/30/2005 | Non-Pooled Amount<br>9/30/2005 | Total at<br>9/30/2005   | Total at<br>9/30/2004   |
|-----------------------------------|--------------------------------------|----------------------------|--------------------------------|-------------------------|-------------------------|
| 100                               | General Fund, General                | \$ 6,246,058               | \$ 34,228,213                  | \$ 40,474,271           | \$ 50,397,335           |
| 103                               | General Fund, Library                | 212,837                    | 19,830                         | 232,667                 | (177,291)               |
| 105                               | General Fund, Parks and Recreation   | 20,460,373                 | 1,637,284                      | 22,097,657              | 18,937,071              |
| 120                               | Special Revenue, General Grants      | 492,810                    | -                              | 492,810                 | 1,701,582               |
| 130                               | Special Revenue, Health              | 1,073,692                  | 10,650                         | 1,084,342               | 1,254,486               |
| 131                               | Special Revenue, CUPA                | 357,618                    | -                              | 357,618                 | 376,372                 |
| 132                               | Special Revenue, Parking & Business  | 453,828                    | -                              | 453,828                 | 431,460                 |
| 133                               | Special Advertising & Promotion      | 2,603,856                  | 281                            | 2,604,137               | 1,056,249               |
| 134                               | Special Revenue, Upland Oil          | 3,864,526                  | -                              | 3,864,526               | 2,698,161               |
| 135                               | Special Revenue, Housing Development | 21,705,864                 | 2,438,276                      | 24,144,140              | 16,504,520              |
| 136                               | SR-Belmont Shore Parking Meter       | 566,866                    | 15,831                         | 582,697                 | 512,129                 |
| 149                               | Special Revenue, Business Assistance | 812,153                    | -                              | 812,153                 | 797,461                 |
| 150                               | Community Development Grants         | 3,724,743                  | 13,402                         | 3,738,145               | 4,438,374               |
| 151                               | Special Revenue, Housing Authority   | 5,518,937                  | 110,174                        | 5,629,111               | 2,393,360               |
| 180                               | Special Revenue, Park Development    | 522,882                    | -                              | 522,882                 | 744,050                 |
| 181                               | Gas Tax Street Improvement           | 5,181,123                  | -                              | 5,181,123               | 5,676,980               |
| 182                               | Special Revenue, Transportation      | 27,703,349                 | -                              | 27,703,349              | 26,605,662              |
| 201                               | Capital Projects                     | 18,639,222                 | 1,258,983                      | 19,898,205              | 35,186,766              |
| 202                               | Assessment District-Capital Projects | 2,428,167                  | 93                             | 2,428,260               | 2,383,265               |
| 221                               | RDA-Poly High                        | 1,304,055                  | 2,646,293                      | 3,950,348               | 1,073,426               |
| 222                               | RDA-West Beach                       | 562,574                    | 1,529,577                      | 2,092,151               | 1,515,129               |
| 223                               | RDA-West Long Beach                  | 16,647,798                 | 3,132,232                      | 19,780,030              | 14,989,554              |
| 224                               | RDA-Downtown                         | 6,063,800                  | 10,986,335                     | 17,050,135              | 18,471,809              |
| 225                               | RDA-Project Income                   | 3,919,205                  | -                              | 3,919,205               | 460,025                 |
| 227                               | RDA-Los Altos                        | 353,808                    | 407,818                        | 761,626                 | 79,279                  |
| 228                               | RDA-Central                          | 5,019,430                  | 42,430,560                     | 47,449,990              | 7,273,908               |
| 230                               | RDA-North                            | 12,289,812                 | 89,922,056                     | 102,211,868             | 53,568,306              |
| 232                               | RDA-Housing                          | 9,494                      | 54,064,566                     | 54,074,060              | -                       |
| 301                               | Gas Revenue                          | 16,223,992                 | 769,233                        | 16,993,225              | 14,627,512              |
| 310                               | Water                                | 8,959,115                  | 3,619,050                      | 12,578,165              | 16,035,433              |
| 311                               | Sewer                                | 9,274,376                  | -                              | 9,274,376               | 6,811,322               |
| 320                               | Airport                              | 14,273,848                 | 1,016,964                      | 15,290,812              | 8,670,955               |
| 330                               | Refuse/Recycling                     | 18,026,895                 | 3,000                          | 18,029,895              | 13,634,231              |
| 331                               | SERRF                                | 32,365,471                 | -                              | 32,365,471              | 33,657,636              |
| 339                               | SERRF JPA                            | 1,156,081                  | 11,444,948                     | 12,601,029              | 14,816,743              |
| 340                               | Towing Operations                    | 2,405,747                  | 3,700                          | 2,409,447               | 1,480,951               |
| 380                               | Civic Center                         | 11,124,065                 | 9,437,501                      | 20,561,566              | 22,018,427              |
| 385                               | General Services                     | 7,066,447                  | 3,997                          | 7,070,444               | 8,906,590               |
| 386                               | Fleet Services Fund                  | 17,008,505                 | 2,549,220                      | 19,557,725              | 18,047,430              |
| 390                               | Insurance                            | 25,596,489                 | 61                             | 25,596,550              | 23,791,835              |
| 391                               | Employee Benefits                    | 58,364,501                 | -                              | 58,364,501              | 62,435,784              |
| 401                               | Tidelands Operations                 | 14,432,708                 | 14,473,804                     | 28,906,512              | 30,228,890              |
| 403                               | Tidelands - Marina                   | 4,451,836                  | 15,600                         | 4,467,436               | 8,024,080               |
| 410                               | Tidelands - Queen Mary               | 714,980                    | -                              | 714,980                 | 425,622                 |
| 411                               | Tidelands Queensway Bay              | 2,397,719                  | 4,203,399                      | 6,601,118               | 8,081,767               |
| 413                               | Parking Authority - Queensway Bay    | 322,871                    | 480,595                        | 803,466                 | 780,695                 |
| 420                               | Tidelands Oil Revenue                | 120,790,223                | 3,000                          | 120,793,223             | 101,194,106             |
| 421                               | Tidelands Reserve - Subsidence       | 144,993,913                | 3,448,977                      | 148,442,890             | 148,121,053             |
| 430                               | Harbor Operations                    | 294,032,394                | 35,000                         | 294,067,394             | 304,728,427             |
| 432                               | Harbor Debt Service                  | 348,023,166                | 54,184,275                     | 402,207,441             | 274,211,497             |
| 440                               | Expendable Trusts                    | 977,860                    | -                              | 977,860                 | 966,752                 |
| 451                               | ICTF JPA                             | 2,774,398                  | -                              | 2,774,398               | 2,517,467               |
| 452                               | Earthquake Assessment                | 1,058,141                  | -                              | 1,058,141               | 2,272,387               |
| 453                               | AG, Other Special Assessment         | 1,609,821                  | -                              | 1,609,821               | 1,589,099               |
| 455                               | Other Agency                         | 2,238,383                  | 1,500                          | 2,239,883               | 2,193,042               |
| 470                               | Agency Special Assessment CFD #5     | 47,256                     | 1,278,052                      | 1,325,308               | 2,103,925               |
| 471                               | Agency Special Assessment LBBFA      | -                          | 794,492                        | 794,492                 | 783,140                 |
| 472                               | Agency Special Assessment Pike       | 12,021                     | 5,221,156                      | 5,233,177               | 4,392,215               |
| 992                               | Long Beach Financing Authority       | -                          | -                              | -                       | -                       |
| 999                               | Accrued Interest Receivable          | (10,983,432)               | -                              | (10,983,432)            | (8,117,283)             |
| <b>TOTAL CASH AND INVESTMENTS</b> |                                      | <b>\$ 1,318,478,670</b>    | <b>\$ 357,839,978</b>          | <b>\$ 1,676,318,648</b> | <b>\$ 1,398,781,157</b> |

Percent Change of Pooled and Non-Pooled Cash and Investments from 9/30/04 to 9/30/05

19.84%

## SCOPE OF PROCEDURES PERFORMED AND RESULTANT FINDINGS

1. We obtained the City Treasurer's Investment Holdings Report as of September 30, 2005 and traced the balance of total investments listed on the report to the City's general ledger. We obtained written confirmations of all City cash and investment accounts and agreed them to the City's general ledger.

Finding: No exceptions were noted.

2. We compared investments listed on the City Treasurer's Investment Activity Portfolio Statistics Report at September 30, 2005 to the types of investments authorized for the City in accordance with the City's Investment Policy and California Government Code §53601.

Finding: No unauthorized investments were noted.

3. We compared the portfolio mix, based on amortized cost, of investment types listed in the City Treasurer's Investment Activity Portfolio Statistics Report as of September 30, 2005 to the portfolio mix limitations imposed by the City's Investment Policy and California Government Code §53601 for specified investment types.

Finding: We found no violations of the limitations.

4. On a sample basis, we recomputed and reviewed supporting documentation relevant to the purchase, sale and maturity of individual investments to determine compliance with the following provisions of California Government Code §53601, the City's Investment Policy and certain City Treasurer internal controls:
  - a. Purchased investments meet minimum rating requirements and maximum allowable maturity periods.
  - b. All sections of the investment transaction record are properly completed and authorized by the City Treasurer.
  - c. Transactions are supported by documentation from third-party sources (individual broker confirmations, safekeeping statements, custodian statements, etc.)
  - d. Accrued interest and gain or loss on disposition of investment transactions are supported by third party documentation.

Finding: No exceptions were noted.