

**THE CITY OF LONG BEACH
OFFICE OF THE CITY AUDITOR**

**SCHEDULE OF INCURRED COSTS OF THE GROUNDWATER
STORAGE PROGRAM FUNDING AGREEMENT WD-2530**

**FOR THE PERIOD FROM
NOVEMBER 1, 2002 TO NOVEMBER 30, 2005**



Established 1926

**WINDES & McCLAUGHRY
ACCOUNTANCY CORPORATION**

*Certified Public Accountants
& Consultants*



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INDEPENDENT AUDITORS' REPORT

To City of Long Beach
Office of the City Auditor
Long Beach, California

We have audited the accompanying schedule of incurred costs of the Groundwater Storage Program Funding Agreement WD-2530 administered by the Long Beach Water Department for the period from November 1, 2002 to November 30, 2005. This schedule is the responsibility of the Long Beach Water Department's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of incurred costs is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the incurred costs of the Groundwater Storage Program Funding Agreement WD-2530 for the period from November 1, 2002 to November 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

Long Beach, California
October 15, 2007

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PROJECT TASKS

Part 1: Aquifer Storage and Recovery (ASR) well retrofit - project administration	\$ 1,333
Part 1: ASR well retrofit - design	363,385
Part 1: ASR well retrofit - construction management services	161,036
Part 1: ASR well retrofit - construction	882,786
Part 2A: Two new ASR wells - project administration	25
Part 2A: Two new ASR wells - design and construction management	132,993
Part 2A: Two new ASR wells - construction	1,433,685
Part 2B: Collection main and site improvements - project administration	7,026
Part 2B: Collection main and site improvements - design	177,967
Part 2B: Collection main and site improvements - construction management services	177,088
Part 2B: Collection main and site improvements - construction	<u>1,162,676</u>
	<u>\$ 4,500,000</u>

See Independent Auditors' Report
The accompanying note is an integral part of this schedule.

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**NOTE TO THE SCHEDULE OF INCURRED COSTS OF THE
GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT WD-2530
FOR THE PERIOD FROM NOVEMBER 1, 2002 TO NOVEMBER 30, 2005**

NOTE 1 – Summary of Significant Accounting Policies

Organization

The Long Beach Water Department (the Department) was established in 1911 through adoption of the City Charter of the City of Long Beach (the City) to regulate and control the use, sale and distribution of water owned or controlled by the City. Control and management of the Department is vested in the five-member Board of Water Commissioners. Each Commissioner is appointed by the Mayor, confirmed by City Council, and may serve two five-year terms.

On April 10, 2001, The Metropolitan Water District of Southern California (Metropolitan) awarded \$4.5 million to the Department for the Long Beach Conjunctive Use Storage Project (aka Groundwater Storage Program). The project calls for the design and construction of two Aquifer Storage and Recovery (ASR) wells and the conversion of two existing production wells to enable injection of up to 13,000 acre-feet of imported water. The intention is to store the water for use during dry years and reduce the amount water allocation to the Department from Metropolitan.

The Department seeks reimbursement by invoicing Metropolitan as costs are incurred. Costs in excess of the maximum \$4.5 million to complete the project will be paid by the Department.

Reporting Entity

The accompanying schedule is intended to present only the incurred costs related to the Groundwater Storage Program Funding Agreement WD-2530. The accompanying schedule does not purport to, and does not, present fairly the financial position and results of operations of the Long Beach Water Department or the City of Long Beach.

Basis of Accounting

The accompanying schedule of incurred costs was prepared in conformity with the ~~Groundwater Storage Funding Agreement WD-2530 and was based on billed invoices~~ submitted by the Department to Metropolitan for reimbursement.