

THE CITY OF LONG BEACH OFFICE OF THE CITY AUDITOR

QUARTERLY AUDIT OF CASH AND INVESTMENTS

September 30, 2024

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EXECUTIVE SUMMARY

We have conducted a performance audit of the cash and investment balances of the City of Long Beach (the City) as of September 30, 2024. The City's management is responsible for the cash and investment balances. As of September 30, 2024, the City's cash and investment portfolio totaled approximately \$2.5 billion.

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 and 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.

BACKGROUND

City Charter Mandate

Pursuant to Section 803 of the Charter of the City, the Office of the City Auditor is charged with verifying cash and investment balances in the City Treasury on a quarterly basis and providing a written report to the City Council. The Office of the City Auditor has contracted Windes, Inc. to perform the September 30, 2024 audit.

The audit of cash and investment balances of the City of Long Beach includes verifying cash and investments with outside depositories, and evaluating the City Treasurer's compliance with the relevant provisions of the California Government Code and the City's Investment Policy, which is adopted annually by the City Council.

Pooled Cash and Investments

The City's pooled cash is a grouping of the City's available cash for investments. The larger amount of money involved in a pool allows the City to earn a higher rate of return than each fund could receive by itself. Pooled funds that are not needed for operations are invested by the Treasury Bureau. The interest income earned in pooled cash and investments is apportioned to funds based on the ratio of daily cash balances to the total of pooled cash and investments.

Non-pooled Cash and Investments

Generally, non-pooled cash and investments are used for specific project operations or pledged for reserves or interest payments of outstanding debt.

BACKGROUND (CONTINUED)

Asset Management

As of May 1, 2024, the City has an agreement with Meeder Public Funds (“Meeder”) as their investment advisor, to provide investment advisory services related to the City’s pooled investment portfolio. Meeder will provide ongoing oversight of investment activity, including “best practices” recommendations, as well as updates on both financial and regulatory developments, investment strategy review, and performance and credit analysis related to investments in the City’s investment pool. The agreement is for a two-year period, with the option to renew three additional one-year periods.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our performance audit were to reconcile cash and investments as to the amount and description recorded on the City’s books with outside depositories and to evaluate the City’s compliance with the relevant provisions of the California Government Code Section 53601 and the City’s Investment Policy.

The scope of this audit was limited to the quarter ended September 30, 2024.

We performed the following procedures:

- Obtained an understanding of the internal controls surrounding the City’s cash and investment process.
- Obtained confirmations of cash held by banks and investments held by the City Treasurer’s safekeeping agent and other custodians as of September 30, 2024 and reconciled them to the City’s general ledger.
- Reconciled the balance of total investments on the City Treasurer’s Investment Activity Portfolio Statistics Report (Sympro) at September 30, 2024 to the City’s general ledger.
- Obtained bank and investment reconciliations at September 30, 2024 and traced balances to the City’s general ledger. This also included testing, on a sample basis, the adjustments made on the reconciliation to ensure they are valid adjustments.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY (CONTINUED)

- Compared investments listed on the City Treasurer’s Investment Activity Portfolio Statistics Report (Sympro) at September 30, 2024 to the types of investments authorized for the City in accordance with the City’s Investment Policy and the relevant provisions of the California Government Code.
- Compared the portfolio mix of investment types listed in the City Treasurer’s Investment Activity Portfolio Statistics Report (Sympro) at September 30, 2024 to the portfolio mix limitations imposed by the City’s Investment Policy and the relevant provisions of the California Government Code.
- Reviewed supporting documentation on a sample basis, the purchase, sale, and maturity of individual investments to determine compliance with the following provisions of the California Government Code and the City’s Investment Policy:
 - Purchases of investments meet minimum rating requirements and maximum allowable maturity periods.
 - All sections of the investment transaction record are properly completed and authorized by the City Treasurer.
 - Transactions are supported by documentation from third-party sources (individual broker confirmations, safekeeping statements, custodian statements, etc.)
- Recalculated accrued interest (in aggregate) to determine if accrued interest for investments held at September 30, 2024 was accurately stated on the City’s general ledger.

The allocation of accrued interest and pooled cash and investments between funds was outside the scope of this audit. As such, the Schedule of Pooled and Non-Pooled Cash and Investment Balances by Fund and the Schedule of Pooled and Non-Pooled Cash and Investment Balances by Security Type are attached for informational purposes only.

RESULTS AND CONCLUSIONS

The City's cash and investment balances as of September 30, 2024 are summarized as follows:

Pooled Cash and Investments	\$ 2,324,964,970
Non-Pooled Cash and Investments	<u>211,378,648</u>
Total Cash and Investments	<u>\$ 2,536,343,618</u>

Based on the results of audit procedures performed, cash and investment balances as recorded on the City's books at September 30, 2024, materially agree as to the amount and description with outside depositories. Also, we found the City to be in compliance with all other relevant provisions of the California Government Code and the City's Investment Policy.

MANAGEMENT COMMENTS

Management concurs that investment activity for the subject period was in full compliance with the applicable sections of the California Government Code and the City's Investment Policy.



Long Beach, California
March 28, 2025

ATTACHMENT I

**POOLED AND NON-POOLED CASH AND INVESTMENT BALANCES
BY FUND AT SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2023**

Fund Number	Name of Fund	Pooled September 30, 2024	Non-Pooled September 30, 2024	Total at September 30, 2024	Total at September 30, 2023
1000	GF - Operating	\$ 96,994,009	\$ 1,478,021	\$ 98,472,030	\$ 93,491,511
1009	GF - District Priority	1,204,977	-	1,204,977	1,051,948
1010	GF - Cap/Oper Grants	73	-	73	2,498,690
1011	GF - Long Beach Recovery Act	24,096,530	-	24,096,530	41,564,574
1020	GF - CLB Measure A	(9,000,628)	-	(9,000,628)	549,064
1021	GF - CLB Measure US	581,759	-	581,759	564,978
1030	GF - CLB Measure MA	(3,743)	-	(3,743)	(10,973)
1040	GF - Asset Seizure Federal	995,394	-	995,394	927,690
1041	GF - Asset Seizure US Treasury	992,544	-	992,544	900,010
1042	GF - Asset Seizure State	1,328,015	-	1,328,015	1,251,604
1043	GF - ASF Priority Intvntn Prgm	104,017	-	104,017	100,720
1100	GF - Uplands Oil Operating	20,358,729	-	20,358,729	18,687,360
2000	SR - General Grants	18,619	-	18,619	(6,865,928)
2001	SR - American Rescue Plan Act	(3,000)	-	(3,000)	978,738
2010	SR - City Manager Grants	1,885,694	-	1,885,694	5,663,504
2015	SR - Parks Grants	(2,905,569)	-	(2,905,569)	(2,275,030)
2020	SR - Police Grants	3,876,051	-	3,876,051	3,873,000
2025	SR - City Prosecutor Grants	1,242,000	-	1,242,000	129,562
2026	SR - CP Grants Annual Fund	242,461	-	242,461	295,621
2030	SR - Fire Grants	(8,500,162)	-	(8,500,162)	(5,367,823)
2035	SR - Development Srvc Grants	497,209	-	497,209	496,916
2040	SR - Library Grants	4,240,036	-	4,240,036	3,724,167
2041	SR - Library Grants Annual	(586,919)	-	(586,919)	(633,615)
2100	SR - PS Oil Prod Tax - Fire	1,007	-	1,007	625
2150	SR - PS Oil Prod Tax - Police	201,173	-	201,173	180,299
2200	SR - Health Operating	(89,903)	800	(89,103)	18,859,289
2210	SR - Health Grants	1,158,828	-	1,158,828	(18,753,813)
2301	SR - CUPA Annual	(1,124,611)	-	(1,124,611)	(1,282,814)
2400	SR - Spec Adver/Prom Operating	14,211,457	-	14,211,457	11,765,054
2500	SR - Housing Operations	7,412,008	-	7,412,008	6,922,852
2501	SR - Housing Annual	10,053,606	25,947	10,079,553	10,601,117
2550	SR - LB Community Invest Co	6,471,417	-	6,471,417	8,151,225
2600	SR - Belmont Shre Pkg Mtr	420,003	-	420,003	438,080
2650	SR - Business Assistance	1,419,555	-	1,419,555	1,001,230
2710	SR - Workforce Development Grants	(4,627,373)	163,135	(4,464,238)	(1,122,013)
2711	SR - Comm Dev Grants - HUD	4,037,093	-	4,037,093	3,198,444

ATTACHMENT I

**POOLED AND NON-POOLED CASH AND INVESTMENT BALANCES
BY FUND AT SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2023
(Continued)**

Fund Number	Name of Fund	Pooled September 30, 2024	Non-Pooled September 30, 2024	Total at September 30, 2024	Total at September 30, 2023
2713	SR - Comm Dev - Other Grants	744,774	-	744,774	4,681,882
2714	SR - CD Grants Annual Fund	(53,023)	-	(53,023)	(35,333)
2760	SR - Housing Auth Grnts	(882,732)	-	(882,732)	(1,457,799)
2761	SR - Housing Auth Annual	9,601,313	22,736,871	32,338,184	34,719,386
2810	SR - DIF-Traffic Mitigation Fees	8,989,075	-	8,989,075	9,270,663
2811	SR - DIF-Parks Impact Fees	11,643,645	-	11,643,645	8,618,132
2812	SR - DIF-Police Impact Fees	4,895,803	-	4,895,803	4,089,945
2813	SR - DIF-Fire Impact Fees	1,612,908	-	1,612,908	1,575,510
2814	SR - DIF-Low Impact Development	4,578,651	-	4,578,651	-
4005	DS - General Debt Service	12,649,292	4,883,350	17,532,642	24,455,216
4505	DS - Successor Agency	1,582,041	3,983,575	5,565,616	6,879,376
5010	CP - Capital Grants	(36,292,987)	-	(36,292,987)	(21,575,674)
5015	CP - Bond Proceeds	(5,924,891)	43,467,923	37,543,032	56,206,587
5020	CP - Capital Projects	122,258,487	-	122,258,487	125,202,737
5021	CP - CIP Personnel - Annual	(14,629)	-	(14,629)	(9,362)
5120	CP - Special Assessment Projects	1,775,589	3,683	1,779,272	1,778,345
5200	CP - Legislative	4,912,736	-	4,912,736	4,912,736
5310	CP - Transport Capital Project	-	-	-	(281,168)
5320	CP - State Gas Tax CP Projects	14,017,219	-	14,017,219	12,756,384
5411	CP - County Prop C Metro	31,004,229	-	31,004,229	29,238,534
5412	CP - County Measure R Metro	20,519,750	-	20,519,750	16,021,277
5413	CP - State AB2766 Air Quality	4,580,070	-	4,580,070	2,242,308
5414	CP - County Measure M Metro	26,033,333	-	26,033,333	19,282,865
5416	CP - County Prop A Metro	25,721,318	-	25,721,318	20,659,358
5417	CP - State RMRA Local Return	12,619,116	-	12,619,116	10,144,902
5418	CP - County Measure W	5,662,565	-	5,662,565	11,925,661
5420	CP- State PT Tran Dev Act SB821	(397,168)	-	(397,168)	265,273
5500	CP - Successor Agency Operating	174	-	174	174
5501	CP - Successor Agency Annual	9,464,559	35,674	9,500,233	8,705,656
6000	IS - Civic Center Operating	2,466,958	-	2,466,958	1,908,979
6005	IS - Civic Center Debt	551,981	-	551,981	544,174
6020	IS - Civic Center Capital	939,178	-	939,178	(2,451,327)
6100	IS - Genral Services Operating	(3,230,160)	-	(3,230,160)	6,510,756
6105	IS - General Services Debt	3,207,053	13,507,199	16,714,252	-
6110	IS - General Service Grants	1,602,360	-	1,602,360	6,061,948
6120	IS - General Services Capital	12,156,519	-	12,156,519	11,276,778

ATTACHMENT I

**POOLED AND NON-POOLED CASH AND INVESTMENT BALANCES
BY FUND AT SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2023
(Continued)**

Fund Number	Name of Fund	Pooled September 30, 2024	Non-Pooled September 30, 2024	Total at September 30, 2024	Total at September 30, 2023
6121	IS - General Services Oper/SPC Project	(404,102)	-	(404,102)	-
6200	IS - Fleet Operating	(678,607)	-	(678,607)	(5,999,381)
6205	IS - Fleet Debt	(3,735,495)	-	(3,735,495)	(1,720,258)
6210	IS - Fleet Grants	(145,051)	-	(145,051)	1,342,464
6220	IS - Fleet Capital	6,641,467	-	6,641,467	5,877,954
6230	IS - Fleet Replacement	64,872,059	10,508,134	75,380,193	62,994,389
6300	IS - Workers' Compensation	31,866,122	-	31,866,122	33,443,276
6350	IS - General Liability	17,773,284	-	17,773,284	17,491,689
6390	IS - Disaster Recovery	-	-	-	630,841
6400	IS - EBF - Operating	(29,932,505)	-	(29,932,505)	130,056,508
6401	IS - EBF - Healthcare	51,203,836	-	51,203,836	28,876,597
6402	IS - EBF - Payroll Taxes	(4,988,761)	-	(4,988,761)	(5,121,366)
6403	IS - EBF - Paid Time Off	12,048,052	-	12,048,052	21,682,467
6405	IS - EBF - Pension & Retirement	68,712,771	-	68,712,771	(78,320,196)
7000	EF - Gas Operating	27,510,951	750	27,511,701	42,201,537
7005	EF - Gas Debt	786,782	34,423,770	35,210,552	31,709,566
7020	EF - Gas Cap/Oper Proj	12,393,860	-	12,393,860	21,057,055
7035	EF - Gas Prepay (LBBFA)	(5,824)	-	(5,824)	1,559
7100	EF - Water Operating	13,907,292	20,000	13,927,292	1,087,243
7101	EF - Water Reclaimed Operating	4,678,291	-	4,678,291	-
7105	EF - Water Debt	758,057	42,042,450	42,800,507	4,638,998
7106	EF - Water Debt Others	(986,513)	-	(986,513)	-
7120	EF - Water Capital Projects	5,058,625	-	5,058,625	-
7121	EF - Water Reclaimed Capital	(3,506,707)	-	(3,506,707)	-
7200	EF - Sewer Operating	19,602,278	-	19,602,278	9,896,250
7205	EF - Sewer Debt	(432,629)	-	(432,629)	302,917
7220	EF - Sewer Capital Projects	(9,135,075)	-	(9,135,075)	-
7300	EF - Sol Waste Operating	13,740,302	-	13,740,302	8,728,906
7310	EF - Sol Waste Cap/Oper Grants	1,930,064	-	1,930,064	1,181,026
7320	EF - Sol Waste Cap/Oper Proj	(424,955)	-	(424,955)	(424,955)
7350	EF - SERRF Operations	18,293,537	-	18,293,537	22,807,594
7355	EF - SERRF JPA Debt	167	-	167	158
7400	EF - Airport Operating	58,934,697	-	58,934,697	52,763,864
7410	EF - Airport Grants	(407,602)	-	(407,602)	(7,118,885)
7411	EF - Airport Passenger Fac Chrg	3,689,633	-	3,689,633	5,268,102
7412	EF - Airport Customer Fac Chrg	5,002,479	-	5,002,479	9,663,815

ATTACHMENT I

**POOLED AND NON-POOLED CASH AND INVESTMENT BALANCES
BY FUND AT SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2023
(Continued)**

Fund Number	Name of Fund	Pooled September 30, 2024	Non-Pooled September 30, 2024	Total at September 30, 2024	Total at September 30, 2023
7420	EF - Airport Cap/Oper Proj	(7,146,377)	-	(7,146,377)	(4,860,392)
7425	EF - Airport Debt	357,834	12,134,077	12,491,911	13,248,659
7500	EF - Developmnt Svcs Operating	42,885,023	-	42,885,023	44,410,740
7510	EF - Developmnt Svcs Grants	(204,420)	-	(204,420)	(2,009,736)
7520	EF - Developmnt Svc Casp SB1186	794,719	-	794,719	663,690
7550	EF - Towing Operating	941,215	1,700	942,915	1,414,669
7600	EF - Tidelands Operating	109,131,456	2,000	109,133,456	106,555,358
7605	EF - Tidelands Debt	199	1,433,715	1,433,914	53,786
7610	EF - Tidelands Capital Grants	300,000	-	300,000	264,963
7620	EF - Tidelands Capital Projects	(16,926,002)	-	(16,926,002)	(3,569,720)
7631	EF - Tidelands Parking Annual	9,951,019	-	9,951,019	6,814,354
7635	EF - TF Convntn Ctr Pkg Surchg	3,415,875	-	3,415,875	3,766,873
7700	EF - TF Marina Operating	44,097,283	9,269,711	53,366,994	50,193,122
7710	EF - TF Marina Capital Grant	1,606,552	-	1,606,552	1,606,552
7720	EF - TF Marina Capital Projects	49,908	-	49,908	(34,469)
7750	EF - TF Queen Mary Project Oper	(93,862)	14,241	(79,621)	403,976
7751	EF - TF QM Entertainment District Oper	3,321,953	-	3,321,953	3,209,460.00
7770	EF - TF Queen Mary Capital Project	238,804	-	238,804	764,995
7800	EF - Tidelands Oil	77,499,510	-	77,499,510	68,416,810
7850	EF - TF Subsidence	203,986,002	-	203,986,002	191,208,485
7885	EF - TF Aqua Of The Pac Debt	-	-	-	879
7900	EF - Harbor Operating	4,328,163,698	900	4,328,164,598	4,076,613,089
7901	Ef - Harbor CTP 2022 Zero EMSS	83,623,320	-	83,623,320	53,936,477
7910	EF - Harbor Cap/Oper Grants	114,990,930	-	114,990,930	119,149,322
7920	EF - Harbor Cap/Oper Proj	(3,585,548,284)	-	(3,585,548,284)	(3,478,868,598)
7933	EF - Ha Debt 2014B Bonds	-	-	-	428,437
7935	EF - Ha Debt 2015B Bonds	1,311,188	-	1,311,188	2,828,531
7936	EF - Ha Debt 2015C Bonds	1,239,094	-	1,239,094	1,239,094
7937	EF - Ha Debt 2015D Bonds	1,253,719	-	1,253,719	1,253,719
7938	EF - Ha Debt 2017A Bonds	1,905,188	-	1,905,188	1,905,188
7939	EF - Ha Debt 2017B Bonds	487,219	-	487,219	487,219
7940	EF - Ha Debt 2017C Bonds	799,875	-	799,875	799,875
7942	EF - Ha Debt 2019A Bonds	3,024,563	-	3,024,563	3,024,563
7943	EF - Ha Debt 2020A Bonds	11,221,181	-	11,221,181	4,520,906
7944	EF - Ha Debt 2020B Bonds	-	-	-	8,481,375
7948	EF - Ha Debt 2021 TIFIA	3,251,176	-	3,251,176	3,247,328

ATTACHMENT I

**POOLED AND NON-POOLED CASH AND INVESTMENT BALANCES
BY FUND AT SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2023
(Continued)**

<u>Fund Number</u>	<u>Name of Fund</u>	<u>Pooled September 30, 2024</u>	<u>Non-Pooled September 30, 2024</u>	<u>Total at September 30, 2024</u>	<u>Total at September 30, 2023</u>
8000	CS - Fiduciary Operating	3,868,902	-	3,868,902	3,804,605
8010	CS - Prisoner Welfare	341,484	1,500	342,984	325,105
8100	CS - Asmt CFD5 Lb Towne Center	281,123	2,343,791	2,624,914	2,509,836
8105	CS - Asmt CFD6 Pike Pub Imprv	991,017	5,787,860	6,778,877	5,955,034
8110	CS - Asmt CFD7-1 Douglas Pk Cm	572,732	1,295,193	1,867,925	1,625,793
8115	CS - Asmt CFD7-2 Belmont Shore	12,372	543,754	556,126	528,460
8120	CS - Asmt CFD8-1 Toledo Ugd Ut	44,670	181,041	225,711	219,770
8125	CS - Asmt CFD11-1 Douglas Pk N	91,662	-	91,662	38,110
8190	CS - Other Special Assessment	158,313	-	158,313	153,177
8200	CS - ICTF JPA Operating	4,016,694	-	4,016,694	3,522,020
8300	CS - Earthquake Asmt Dist 90-3	284,562	-	284,562	275,363
8310	CS - Earthquake Asmt Dist 93-1	592,695	-	592,695	573,557
8400	CS - Los Cerritos Wetlands Auth	-	1,087,883	1,087,883	475,152
8500	CS - Pkg & Bus Area Improve	1,665,327	-	1,665,327	896,237
8550	CS - Promenade District	676,228	-	676,228	603,545
8600	PP - Expendable Trust	(736)	-	(736)	(714)
8610	PP - Library Miller Trust	614,732	-	614,732	576,080
8620	PP - Homeless Expendable Trust	5,393	-	5,393	5,219
	TOTAL CASH AND INVESTMENTS	<u>\$ 2,324,964,970</u>	<u>\$ 211,378,648</u>	<u>\$ 2,536,343,618</u>	<u>\$ 2,334,336,404</u>

* The City's pooled cash and investments was audited in aggregate and the allocation among funds was outside the scope of the performance audit. The allocation is presented for informational purposes only.

ATTACHMENT II

**POOLED AND NON-POOLED CASH AND INVESTMENT BALANCES
BY SECURITY TYPE AT SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2023**

	<u>Pooled September 30, 2024</u>	<u>Non-Pooled September 30, 2024</u>	<u>Total at September 30, 2024</u>	<u>Total at September 30, 2023</u>
CASH				
Cash in Banks	\$ (3,586,999)	\$ 23,191,506	\$ 19,604,507	\$ 46,456,180
Cash with Fiscal Agents	-	153,807,977	153,807,977	129,420,720
 Total Cash	 <u>\$ (3,586,999)</u>	 <u>\$ 176,999,483</u>	 <u>\$ 173,412,484</u>	 <u>\$ 175,876,900</u>
INVESTMENTS				
U.S. Treasury Notes	\$ 813,664,535	\$ -	\$ 813,664,535	\$ 1,186,338,490
Federal Farm Credit Bank	232,408,855	-	232,408,855	124,771,126
Federal Home Loan Bank	273,305,486	-	273,305,486	155,263,122
Federal National Mortgage Association	65,536,192	-	65,536,192	73,401,472
Federal Home Loan Mortgage Corporation (FHLMC)	146,039,079	-	146,039,079	216,651,831
Federal Agriculture Mtg Corp	199,164,519	-	199,164,519	-
Local Agency Investment Fund (L.A.I.F.)	363,365	-	363,365	347,713
Guaranteed Investment Contracts	-	34,379,165	34,379,165	31,490,293
Money Market	132,901,812	-	132,901,812	124,308,091
Federal Home Loan Discount	-	-	-	59,621,781
Corporate Notes	465,168,126	-	465,168,126	186,265,585
 Total Investments	 <u>\$ 2,328,551,969</u>	 <u>\$ 34,379,165</u>	 <u>\$ 2,362,931,134</u>	 <u>\$ 2,158,459,504</u>
 TOTAL CASH AND INVESTMENTS	 <u>\$ 2,324,964,970</u>	 <u>\$ 211,378,648</u>	 <u>\$ 2,536,343,618</u>	 <u>\$ 2,334,336,404</u>