

LANDFILL 2017 Audit Programs

June 30, 2017

INVESTMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Investment balances are evidenced by securities or other appropriate legal documents, either physically on hand or held in safekeeping by others, and include all the Landfill's investments. (1,2,3)					
B. Investments are of types authorized by law and the investment policy of the Landfill.					
C. Investment values, income, gains or losses are stated correctly and allocated properly to funds. (4,7,9)					
D. Investments are properly described and classified in the combined balance sheet (if applicable) and related disclosures, including restrictions and commitments, are adequate. (10,11,12,13)					
E. Landfill has complied with applicable laws and regulations.					
Audit Procedures:					
A. Obtain or prepare a schedule of all investment transactions for the year, including investments owned as of year end. For U.S. Government securities, the schedule should list the par value of the security in addition to its cost.					
1. Test mathematical accuracy and trace balances to the year-end bank reconciliation and trial balance.	A,C				
2. Determine all investments were recorded.	A				
3. On a test basis, trace collections from sale of investments to cash receipts journal or to rollover investment.	A				
4. Examine investments on hand and trace to schedule or investment record.	A,C				
5. If the Landfill has investments in government securities, sight actual investment certificate if held by the Landfill or confirm ownership with outside safekeeping agent.	A				
6. Determine all investments are recorded at cost or, if acquired by gift, at fair value at date of gift. (See Step F below for cash basis landfills and Step G for GAAP basis landfills. Investments are to be reported at fair value in accordance with and GASB 72.)	C				

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7. For investments held by the Landfill at the end of the year not able to be inspected because they were sold prior to our audit, vouch sale of securities to supporting documents and trace proceeds to bank deposit. Examination of safekeeping receipts is not sufficient.	A				
8. Determine if the Landfill has adopted a written investment policy that complies with the provisions of Chapter 12B.10B of the Code of Iowa.					
9. Determine if changes to the investment policy comply with the provisions of Chapter 12B.10B of the Code of Iowa and have been approved by the Board.					
10. Determine investment transactions complied with the written investment policy.	B				
11. Determine all investments are authorized and comply with statutory provisions of Chapter 12B.10 of the Code of Iowa, as applicable.	B,E				
12. If applicable, determine if the Landfill has an appropriate public funds custodial agreement as prescribed in Chapter 12B.10C of the Code of Iowa and the Treasurer of State's administrative rules.					
13. Determine the underlying collateral of repurchase agreements consists of authorized investments and the Landfill has taken delivery of the collateral either directly or through an authorized custodian as provided in Chapter 12B.10(5)(a)(5) of the Code of Iowa.	A,B				
B. Confirm investments at the end of the year.	A,B,C				
C. Because deferred compensation plans must comply with IRC Section 457 plans, determine if a fiduciary relationship exists between the Landfill and the deferred compensation plan. (A fiduciary relationship exists if there is a formal trust agreement between the Landfill and the Section 457 plan, the Landfill offers investment advice or the Landfill is involved in the administration of the plan).	A,C				
1. If a fiduciary relationship exists, the deferred compensation plan assets should be recorded as a pension trust fund based on GASB 34.					
2. Confirm material deferred compensation plan assets at the end of the year.					
3. If no fiduciary relationship exists, the plan assets should not be displayed on the face of the financial statements and disclosure is not required.					

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D. Related Income	B,C,E				
1. Determine investment income was received and recorded in the proper account. Specifically:	C				
a. In accordance with Chapter 12C.9(2) of the Code of Iowa, interest earned on the proceeds of notes, bonds, refunding bonds and other evidences of indebtedness and funds being accumulated for the payment of principal and interest or reserves (debt service) was:					
1) used to pay the principal or interest as it came due on the indebtedness (credited to the Debt Service Fund),					
2) credited to the Capital Projects Fund for which the indebtedness was issued.					
2. Recalculate interest on a test basis.	C				
3. Compute accrued interest receivable at June 30, if significant.					
4. Determine all June 30 unrecorded interest has been recorded to the credit of the appropriate fund.					
5. Test interest rates to determine whether rates are in accordance with statutory rates established by the State Rate Setting Committee in accordance with Chapter 12C.6 of the Code of Iowa.	B				
E. Determine propriety of any investments pledged as debt collateral or otherwise restricted.	D				
F. For cash basis Landfills, prepare a workpaper documenting fair value and risk category of investments on hand at June 30 for footnote disclosure.	D				
G. For GAAP basis Landfills, determine investments are reported at fair value in accordance with GASB 72. The change in fair value is recorded as net increase (decrease) in the fair value of investments.	C				
1. When an active market does not exist for investments, determine the method of estimating fair value and evaluate the propriety of fair value measurements in accordance with AU-C 540 (Characteristics of an inactive market include few transactions, prices are not current, price quotations vary substantially or little information is released publicly).					
2 Determine the proper application of the fair value hierarchy input level for each investment in accordance with GASB 72 as follows:					

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<ul style="list-style-type: none"> a. Level 1 inputs – quoted prices in active markets for identical assets. b. Level 2 inputs – significant other observable inputs such as quoted prices for similar assets in active markets, quoted prices for identical assets in markets that are not active or other than quoted prices that are observable such as prices using a matrix pricing model. c. Level 3 inputs – significant unobservable inputs using the best information available. 					
H. If the Landfill uses pricing services or brokers to obtain fair value measurements, determine the Landfill has determined those prices have been developed in accordance with GASB 72.					
I. Determine land or other real estate held as investments by endowments are reported at fair value in accordance with GASB 72 and include the disclosure provisions of GASB 31.	C,D				
J. Document investment information for footnote disclosure in accordance with GASB 40, as follows:	D				
<ul style="list-style-type: none"> 1. Investments on hand at June 30 should be listed by type and include maturities. 2. Include the appropriate disclosures for the applicable risks: <ul style="list-style-type: none"> a. Credit risk. b. Custodial credit risk. c. Concentration of credit risk. d. Interest rate risk. e. Foreign currency risk. 					
K. In the extremely rare instance the Landfill may have investments in derivatives, determine appropriate reporting and disclosures are made in accordance with GASB 72 and GASB 53, as amended by GASB 64. If the Landfill has derivatives, it is likely a questionable investment and, accordingly, a statutory comment will be required.	D				
L. If the Landfill participates in securities lending transactions, determine the transactions are properly reported and the appropriate disclosures are made in accordance with GASB 28.	D				
M. If the Landfill has transferred financial assets or entered into a servicing contract for assets or liabilities, determine the appropriate disclosures and assets or liabilities are recorded in accordance with GASB 48.	D				

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<p>N. Identify the outside persons who invested public funds, provided advice on the investing of public funds, directed the deposit or investment of public funds or acted in a fiduciary capacity for the Landfill.</p> <p>1. Determine the contracts or agreements with outside persons require the outside person to notify the landfill in writing of the existence of material weaknesses in internal control or regulatory orders or sanctions regarding the type of services being provided under the contracts or agreements.</p> <p>2. Obtain and review the following:</p> <p>a. The most recent audited financial statements and related report on internal control of outside persons involved in investing activities for the Landfill.</p> <p>b. The most recent annual report to shareholders, call reports or the findings pursuant to a regular examination under state or federal law of a bank, savings and loan or credit union.</p> <p>c. The most recent annual report to shareholders of an open-end management investment company, unincorporated investment company or investment trust registered with the SEC.</p> <p>O. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>P. Determine whether investments are properly classified and related disclosures are adequate.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>	E				
	D				

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<u>CONCLUSION:</u> We have performed procedures sufficient to achieve the audit objectives for investments and the results of these procedures are adequately documented in the accompanying workpapers. Incharge _____ Date _____ Manager _____ Date _____ Independent Reviewer _____ Date _____					