

ENTITY 2022 Audit Programs

June 30, 2022

COMMUNITY COLLEGE - LONG-TERM DEBT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Debt is authorized, supported and represents a College obligation. (1,2)					
B. All indebtedness of the College is identified, recorded and disclosed. (3,11)					
C. Debt is recorded in the proper fund and/or governmental or business type activities at the proper amount. (4)					
D. Disbursements or expenditures (including principal and interest) and debt proceeds are properly recorded and classified. (4,5,6,7,8,9)					
E. Debt and related restrictions, guarantees and commitments are properly presented in the financial statements and related disclosures are adequate. (10,11,12,13)					
F. The College has complied with provisions of indentures and agreements related to debt, including provisions on the use of proceeds.					
Audit Procedures:					
A. Loans/Notes Payable					
1. Obtain or prepare a schedule reconciling and analyzing changes in the account balance(s) during the year and test the changes. Investigate any discrepancies.	A,B				
2. Review the debt instruments for compliance with terms and conditions:					
a. Review the resolution for issuance of new debt.	A,B,C				
b. Determine the proceeds from new debt issued were properly recorded and trace proceeds to the bank statement.	A				
c. If proceeds from new debt are not immediately needed, determine whether they were invested and if the interest earned was credited to the project fund or used to reduce the debt, in accordance with Chapter 12C.9(2) of the Code of Iowa.					
d. Determine compliance with sinking fund requirements (should be shown in retirement of indebtedness subfund).	C,D				
e. Determine proceeds were used for the intended purpose.					
f. Determine loans or notes payable were retired from appropriate revenue sources as provided by Chapter 260C.22 of the Code of Iowa.	F				
g. Determine premiums/discounts and issue costs are properly recorded and amortized, if applicable.	E				

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3. Confirm principal amount, maturity date, interest rate, collateral and security.	A,B,C				
4. Obtain or prepare a schedule of maturity payments for at least the next 5 years and thereafter.	D,E				
B. Bonds/Certificates Payable					
1. Obtain or prepare a schedule reconciling and analyzing changes in the account balance(s) during the year and test the changes. Investigate any discrepancies.	B				
2. Review the debt instruments for compliance with terms and conditions (including refunding bond issues):					
a. Review the resolution for issuance of new debt.	A				
b. Test premiums or discounts and accrued interest on bonds or certificates sold to determine compliance with the provisions of Chapters 75 and 260E.6(1) of the Code of Iowa.	F				
c. Determine the proceeds from new debt issued were properly recorded and trace proceeds to the bank statement.	A				
d. If proceeds from new debt are not immediately needed, determine whether they were invested and if the interest earned was credited to the project fund or used to reduce the debt, in accordance with Chapter 12C.9(2) of the Code of Iowa.					
e. Determine the College published a notice of intention to issue certificates stating the purpose, amount and project(s) as required by Chapter 260E.6(5) of the Code of Iowa.	F				
f. Determine compliance with sinking fund requirements (should be shown in retirement of indebtedness subfund).	D,F				
g. Determine proceeds were used for the intended purpose.	F				
h. Determine bonds or certificates payable were retired from appropriate revenue sources as provided by Chapters 260C.22, 260E and 260F of the Code of Iowa.	F				
i. Determine premiums/discounts and issue costs are properly recorded and amortized, if applicable.	E				
j. Determine issue costs do not exceed 2% for tax exempt bonds/certificates.					
3. Confirm principal amount, maturity date, interest rate, collateral and security.	A,C				

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4. Obtain or prepare a schedule of maturity payments for at least the next 5 years and thereafter.	D,E				
5. Determine the College has complied with the reporting requirements in accordance with SEC Rule 15c2-12. Effective July 1, 2009, issuers are subject to ongoing filing requirements for issuances of more than \$1,000,000. All continuing disclosure submissions must be provided to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system (www.emma.msrb.org).					
6. For revenue bonds and notes, include the required disclosures about specific revenues pledged as required by GASB 48, including: <ul style="list-style-type: none"> a. identification of the specific revenue and amount pledged. b. purpose of the debt secured by the pledged revenue. c. the term of the commitment. d. the percentage of the pledged amount to the total for the specific revenue. e. a comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt collateralized by those revenues. 	E				
C. Determine other long-term debt (deferred payment contracts, real estate contracts, statewide/local option sales tax bonds, nonexchange financial guarantees) is included in the financial statements, if applicable, is properly disclosed and adequate documentation is filed in the workpapers.					
D. Refundable Allowances on Student Loans <ul style="list-style-type: none"> 1. Document balances to be reported. 2. Determine whether the balances are properly calculated. 					
E. Determine if risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
F. Determine whether debt and related disbursements are properly classified and disclosures are adequate.	E				

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<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u> We have performed procedures sufficient to achieve the audit objectives for long-term debt and the results of these procedures are adequately documented in the accompanying workpapers.					