

CITY 2018 Audit Programs

June 30, 2018

**INVESTMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>Note: This section should be used for GAAP cities in place of step "F" in the "Investments" section in the City audit program guide.</p> <p><b>Audit Objectives and related assertions:</b></p> <p><b>A. Investment values, income, gains or losses are stated correctly and allocated properly to funds. (4,7,9)</b></p> <p><b>Audit Procedure:</b></p> <p>A. 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.</p> <ol style="list-style-type: none"> <li>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).</li> <li>2. Determine the proper application of the fair value hierarchy input level for each investment in accordance with GASB 72 as follows: <ol style="list-style-type: none"> <li>a. Level 1 inputs – quoted prices in active markets for identical assets.</li> <li>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.</li> <li>c. Level 3 inputs – significant unobservable inputs using the best information available.</li> </ol> </li> </ol>	A				

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