

§ 1773.44

§ 1773.44 Long-term debt.

The CPA's workpapers must document that he/she:

- (a) Confirmed RUS, FFB, and RTB debt to the appropriate confirmation schedule (RUS Form 690, Confirmation Schedule Obligation to the FFB as of; or Form 691, Confirmation Schedule—Long-term Obligation to RUS as of; or RTB Form 12, Confirmation Schedule);
- (b) Confirmed other long-term debt directly with the lender;
- (c) Examined notes executed or canceled during the audit period; and
- (d) Tested accrued interest computations.

§ 1773.45 Regulatory liabilities.

The CPA's workpapers must document whether all regulatory liabilities comply with the requirements of SFAS No. 71. For electric borrowers only, the CPA's workpapers must document whether all regulatory liabilities have received RUS approval.

[59 FR 660, Jan. 6, 1994]

§§ 1773.46-1773.49 [Reserved]

APPENDIX A TO PART 1773—SAMPLE AUDITOR'S REPORT FOR AN ELECTRIC COOPERATIVE

Appendix A includes an example of an auditor's report, report on compliance, report on compliance and on internal controls over financial reporting, financial statements and accompanying notes for an electric distribution cooperative. The sample auditor's report is intended as a guide only and, while it is recommended that the format be followed, each auditor's report should be prepared to adequately cover the circumstances. To the extent possible, it should be used as a guide in preparing auditors' reports for other types of electric borrowers. For power supply borrowers and for distribution borrowers with production or transmission plant, the same general format should be followed. However, the Statement of Revenue and Patronage Capital must be expanded to show separate totals for operations expenses and maintenance expenses for each class of production plant and for transmission plant.

Exhibit 1—Sample Auditor's Report

Certified Public Accountants, 1600 Main Street, City, State 24105  
The Board of Directors, Center County Electric Cooperative: Independent Auditor's Report

We have audited the accompanying balance sheets of Center County Electric Cooperative as of December 31, 1998 and 1997, and the related statements of revenue and patronage capital, and cash flows for the years then ended. These financial statements are the responsibility of Center County Electric Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center County Electric Cooperative as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 2, 1999, on our consideration of Center County Electric Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Certified Public Accountants  
March 2, 1999

Exhibit 2—Sample Report on Compliance and on Internal Control over Financial Reporting, the CPA found No Reportable Instances of Noncompliance and No Material Weaknesses (No Reportable Conditions Identified).

Certified Public Accountants, 1600 Main Street, City, State 24105  
The Board of Directors, Center County Electric Cooperative:

We have audited the financial statements of Center County Electric Cooperative as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated March 2, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.