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NOTE: Municipal Audit phone numbers and address changed 3-24-08. See Contact Us on the main web page for current information.

**MEMORANDUM**

**To:** Municipal Boards of Education

**From:** Dennis F. Dycus, CPA, CFE, Director  
Division of Municipal Audit

**Subject:** Departmental Financial Statements for Municipal Boards of Education

We have received several questions regarding the recording and reporting on capital assets used by and debt issued for school acquisitions, construction, etc.. In some cases the municipality accounts for some or all of the capital assets and debt, although the capital assets and debt are used to support the activities of the board of education.

The questions can be summarized as: when a separate audit of the board of education is conducted, who is responsible for auditing and reporting the capital assets and debt related to board of education activities that the municipality is accounting for.

We discussed this matter with Stephen Gauthier, CPA, Director of Technical Services with the Government Finance Officers Association. He concurs with our position that boards of education must present all associated capital assets and debt when issuing a department-wide financial report. Because of logistical issues, the auditor for the board of education and the auditor for the municipality as well as members of the municipal board and school board will need to coordinate activities to ensure that all debt and capital assets are audited by the board of education's audit firm and reported in their department-wide financial report.