

SAMPLE INDEPENDENT AUDITOR'S REPORT FOR INTERNAL SCHOOL FUNDS

Independent Auditor's Report

We have audited the accompanying combined and individual fund balance sheets – regulatory basis of ABC School Internal School Funds as of June 30, 20_, and the related combined and individual statements of revenues and expenditures and changes in fund balances – regulatory basis for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require 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.

As more fully described in Note __ the financial statements were prepared in conformity with the accounting practices prescribed by the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As discussed in Note __, the financial statements present only the internal school funds of the City/County of Example Board of Education and are not intended to present fairly the financial position and changes in financial position of the City/County of Example, in conformity with accounting principles generally accepted in the United States of America.(1)

In our opinion, because of the effects of the matter discussed in the preceding paragraphs, the combined and individual financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the ABC School Internal School Funds as of June 30, 20_, or the changes in its financial position for the year then ended.

Further, in our opinion, the combined and individual financial statements referred to previously present fairly, in all material respects, the financial position of ABC School Internal School Funds as of June 30, 20_, and the changes in its financial position for the year then ended, on the basis of accounting described in Note__.

In accordance with *Government Auditing Standards*, we have also issued our report dated (date of report) on our consideration of the Internal School Funds internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an

audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined and individual financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. As described in Note __, this supplementary information was prepared in conformity with the accounting practices prescribed by the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

SIGNATURE

DATE

- (1) For school systems with decentralized cafeteria operations, this paragraph should read as follows:

As discussed in Note __, the financial statements present only the internal school funds (excluding those accounted for in the school system's decentralized internal cafeteria operations) of the City/County of Example Board of Education and are not intended to present fairly the financial position and results of operations of the City/County of Example, in conformity with accounting principles generally accepted in the United States of America.

Authoritative Guidance:

AICPA Audit and Accounting Guide: *State and Local Governments*, Chapter 15

AICPA *Codification of Statements on Auditing Standards*, AU Section 9623