

**Example C** – Auditors' Report on general purpose financial statements of a School Board where school generated funds have not been included and school funds balances and activities have not been determined by management. This example reflects both a departure from generally accepted accounting principles (GAAP) and a scope limitation – there is a failure to include school generated funds and the necessary information is not provided by management.

- Introductory paragraph to Significant Accounting Policies Note
- Introductory paragraph to Adoption of Public Sector Accounting Recommendations Note

## Auditors' Report

To the Board of Trustees of  
Anytown District School Board

We have audited the (consolidated) statement of financial position of Anytown District School Board as at August 31, 2004 and the (consolidated) statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance 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.

Canadian generally accepted accounting principles require that school generated funds be included in the financial statements. As disclosed in Note \_\_\_, the Ministry of Education has indicated that they do not require school generated funds to be included in the financial statements until the 2004-2005 fiscal year and, accordingly, management has advised us that they have not quantified the balances and activities of the school generated funds for the current year. As a result, we have been unable to obtain sufficient audit evidence to form an opinion with respect to the possible amount of the balances and activities of school generated funds.

In our opinion, except that school generated funds balances and activities have not been included in the financial statements as referred to in the preceding paragraph, and except for the effect of adjustments, which we may have determined to be necessary had we been able to obtain sufficient information regarding this matter, these (consolidated) financial statements present fairly, in all material respects, the financial position of Anytown District School Board as at August 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

\_\_\_\_\_, Ontario  
Date

### **Significant Accounting Policies**

The (consolidated) financial statements are prepared by management in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, except that school generated funds have not been included in these financial statements. The inclusion of school generated funds is not required by the Ministry of Education until the 2004-2005 fiscal year and, as a result, management has not quantified these balances and activities for the 2003-2004 fiscal year.

(Continue with Summary of Significant Accounting Policies)

### **Adoption of Public Sector Accounting Recommendations**

Commencing in 2004, the Board has adopted generally accepted accounting principles applying the local government accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants except that school generated funds have not been included, as disclosed in Note 1 to these financial statements. The comparative figures included in these financial statements have been restated to conform with the accounting standards adopted for the current year.

(Continue with Relevant Restatement Disclosures)