

Independent Auditor's Report

City Council
City of Happiness

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the discretely presented component unit(s), each major fund and the aggregate remaining fund information of the City of Happiness, as of and for the year ended December 31, 20XX, and...

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit...
We conducted our audit in accordance with auditing standards generally accepted...
An audit involves performing procedures to obtain audit evidence...
The procedures selected depend on the auditor's judgment, including the assessment of the risks...
An audit also includes evaluating the appropriateness of accounting policies...

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit(s), each major fund and the aggregate remaining fund information of the City of Happiness as of December 31, 20XX, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages XX-XX and XX-XX be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an

essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures...

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual nonmajor fund financial statements, and the other information such as the introductory and statistical sections* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The "*other information*" such as __ is the responsibility of management... In our opinion..., the "*other information*" is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The *combining and individual nonmajor fund financial statements, and the other information such as the introductory and statistical sections* has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated __ on our consideration of the City's 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

[Auditor's signature]

[Auditor's city and state]

[Date of the auditor's report]