# THIS OPINION LETTER MUST BE USED FOR 12-31-21 & SUBSEQUENT FYEs.

# *Adverse Opinion for Governments Required to Follow GAAP[[1]](#endnote-1), But that Instead Use the Auditor of State’s Accounting Basis[[2]](#endnote-2)*

**INDEPENDENT AUDITOR’S REPORT[[3]](#footnote-1)**

Entity Name

County Name

Street Address

City, Ohio Zip Code

To the Governing Body Type:

***Report on the Audit of the Financial Statements***

***Adverse Opinion***

We have audited the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Entity Name, County Name[[4]](#endnote-3), Ohio (the Entity Type), as of and for the year ended FYE Date, and related notes to the financial statements.

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on the Financial Statements as a Whole* section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Entity Type, as of FYE Date, or the changes in financial positionor, where applicable, cash flows**[[5]](#endnote-4)** thereof for the year then ended.

***Basis for Adverse Opinion on the Financial Statements as a Whole***

As described in Note X of the financial statements, the financial statements are prepared by the Entity Type on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. However, Ohio Administrative Code Section 117-2-03(B) requires these statements to follow accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note Xand accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material and pervasive.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Entity Type, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

[[6]](#endnote-5)

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity Type’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

* exercise professional judgment and maintain professional skepticism throughout the audit.
* identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
* obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity Type’s internal control. Accordingly, no such opinion is expressed.
* evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
* conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity Type’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Include the following section when the SEFA is included as supplemental information accompanying the audited statements. Delete this section if SEFA is presented in a separate report with the Single Audit report letter. Note: If the SEFA in-relation-to opinion date is later than the financial statement opinion date, revise this paragraph per example 10 in the Single Audit report shell.***

***Supplementary Information[[7]](#endnote-6)***

Our audit was conducted for the purpose of forming opinions on the Entity Type’s financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

Because of the significance of the matter described in the *Basis for Adverse Opinion on the Financial Statements as a Whole* paragraph, it is inappropriate to express, and we do not express an opinion on the supplementary information referred to above.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated Report Date, on our consideration of the Entity Type’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Entity Type's 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 the Entity Type's internal control over financial reporting and compliance.

Auditor Signature

City, State

Report Date

# *Endnotes*

1. Ohio Admin. Code 117-2-03(B) indicates all counties, cities, school districts, including educational service centers and community schools, and government insurance pools organized pursuant to Section 9.833, 167.01, 2744.081, or 3345.203 of the Revised Code, shall file annual financial reports which are prepared using generally accepted accounting principles. Additionally, Ohio Rev. Code § 1724.05 indicates each community improvement corporation shall prepare an annual financial report that conforms to rules prescribed by the Auditor of State pursuant to Ohio Rev. Code § 117.20 that is prepared according to generally accepted accounting principles. If this is not one of those entity types, this is not the correct opinion letter.

   [↑](#endnote-ref-1)
2. ***Blue, italicized***text is guidance from CFAE which should be replaced or removed (as necessary) when the letter is prepared.

   Items highlighted in gray should be replaced with the necessary information. Instructions are available on how to fill in [entity specific parameters](https://ohioauditor.gov/ocs/2021/Instruction%20on%20how%20to%20Fill%20in%20Entity%20Specific%20Parameters%20within%20Word.docx) within this document. [↑](#endnote-ref-2)
3. Updated Nov ~~May~~ 2024 for ~~letterhead and other~~ minor changes (not marked).

   [↑](#footnote-ref-1)
4. Insert, “, a component unit of NAME OF PRIMARY GOVERNMENT,” if applicable. [↑](#endnote-ref-3)
5. Delete the reference to cash flows if none should have been presented. [↑](#endnote-ref-4)
6. An Emphasis of Matter (EOM) paragraph can be included here, if necessary. See Opinion\_GAAP\_A01\_Unmodified for additional guidance and examples. [↑](#endnote-ref-5)
7. The Single Audit letter should also be modified accordingly when issuing an Adverse Opinion. [↑](#endnote-ref-6)