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

**Dual (“Adverse” / Unmodified) Opinion on Financial Statements Prepared in Accordance with the Auditor of State’s Accounting Basis[[1]](#endnote-1)**

**INDEPENDENT AUDITOR’S REPORT[[2]](#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**

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Entity Name, County Name[[3]](#endnote-2), Ohio (the Entity Type), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended FYE Date, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended FYE Date, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note X.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements 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[[4]](#endnote-3)thereof for the year then ended.

***Basis for Opinions***

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 audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*** [[5]](#endnote-4)

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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note X and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

[[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. Management is also responsible 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 opinions. 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.

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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, this schedule is fairly stated in all material respects in relation to the financial statements as a whole.

***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

1. ***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.

Yellow highlight relates only to Single audits. Omit if not a Single audit. [↑](#endnote-ref-1)
2. Updated Nov ~~May~~ 2024 for ~~letterhead and other~~ minor changes (not marked).~~Updated~~  [↑](#footnote-ref-1)
3. Insert, “, a component unit of NAME OF PRIMARY GOVERNMENT,” if applicable. [↑](#endnote-ref-2)
4. Delete the reference to cash flows if none should have been presented. [↑](#endnote-ref-3)
5. See guidance from AU-C 705.A1 below for determining additional opinion modifications.

Example scope limitation:

Example modifications to the applicable opinion unit paragraphs:

 ***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 20XX, and the related notes of the Entity Name, County Name in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note X.

*If the “Additional Opinion Qualification” paragraph is modified so that it only relates to certain opinion units, insert an additional opinion paragraph under the heading “Unmodified Opinions” for other opinion units to which this qualification does not apply.*

***Basis for Opinions -*** *The last sentence in this section can be modified as follows when there is a scope limitation. However, if there is also an additional opinion paragraph for “Unmodified Opinions” then leave the reference to just say ‘audit opinions’:*

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

 As a reminder, refer to this in the first paragraph in the GAGAS letter, too.

The following heading and paragraph should proceed the Opinion(s) Paragraph

 ***Basis for Additional Opinion Qualification***

Municipal income taxes are reported at $XXX, and $YYY for the years ended December 31, 20EE and 20BB, respectively, which are XX percent of General Fund receipts for the year ended December 31, 20EE, and YY percent of General Fund receipts for the year ended December 31, 20BB. Charges for services receipts are reported at $ZZ and $AA for the years ended December 31, 20EE and 20BB respectively, which is BB percent of total Enterprise Fund operating receipts for the year ended December 31, 20EE, and CC percent of total Enterprise Fund operating receipts for the year ended December 31, 20BB. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as municipal income taxes and charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. [↑](#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. Modify the list of *supplementary information* paragraph as necessary. Also:

If an opinion qualification on the financial statements also affects the supplementary information, include a statement that, in the auditor's opinion, ***except for*** the effects on the supplementary information of (refer to the section in the auditor's report explaining the qualification), this information is fairly stated, in all material respects, in relation to the financial statements as a whole. See AU-C 725.09(f).

We must modify reporting on this information if we render an adverse opinion or disclaimer of opinion. See AU-C 725.11 and reporting examples in AU-C 725 .A17.

Remove reference to *Schedule of Expenditures of Federal Awards* when reporting over it is instead included in the Single Audit Letter.

***Important:***  We normally consider materiality for each opinion unit. However, our in-relation-to opinion on supplementary information is in relation to the financial statements as a whole. Therefore, we consider materiality at a level representing the entire governmental entity. [↑](#endnote-ref-6)