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

**Example A-8 (SLG Chapter 17.10 and .46): Report on Basic Financial Statements That Presents an Adverse Opinion on the Financial Statements as a Whole Because the Government-Wide Financial Statements are Omitted [[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***

***Adverse Opinion***

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Entity Name, County Name, Ohio[[3]](#endnote-2) (the Entity Type), as of and for the year ended FYE Date, and the related notes to the financial statements, which collectively comprise a portion of the Entity Type’s basic financial statements as listed in the table of contents.

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 the financial position of the Entity Name, County Name, Ohio as of FYE Date, or the changes in financial position or, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and aggregatediscretely presented component unit(s). Accounting principles generally accepted in the United States require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Entity’s governmental activities, business-type activities, and

aggregatediscretely presented component unit(s) have not been determined.

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.

***Emphasis of Matter [[4]](#endnote-3) [[5]](#endnote-4)***

As discussed in Note Xto the financial statements, during 20XX, the Entity adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. XX, *include name/title of GASB Statement in italics*.  Our opinion is not modified with respect to this matter.

***Insert an Other Matter(s) section here, if required. See FN [[6]](#endnote-5) (Omit if no “other matters” included.)***

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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

In accordance with *Government Auditing Standards*, we have also issued[[7]](#endnote-6) 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 minor edits to SLG references in endnotes (not marked). clarification of comparative information/financial statements, and new endnote ix~~. letterhead and other minor changes (not marked).~~ [↑](#footnote-ref-1)
3. As discussed in SLG 17.70, insert “, a component unit of Primary Government,” if applicable. [↑](#endnote-ref-2)
4. Modify this example when a client properly adopts a new GASB pronouncement (including required disclosures and restatements), and it materially affects the financial statements or disclosures (see AU-C 708.08).

   *Do not include EOM paragraphs for new standards with immaterial financial statement or disclosure effects.* [↑](#endnote-ref-3)
5. Per SLG 17.65, we should include an emphasis of matter when there is a change to or within the financial reporting entity, such as one resulting from a change in the component units included in the financial reporting entity. The EOM should describe the change in the reporting entity and provide a reference to the entity’s disclosure. (See AU-C 708.11). Auditors must review SLG 17.65, GASB Cod. 2250.130 (for exceptions), and AU-C 708.11 when adding the EOM. [↑](#endnote-ref-4)
6. See AU-C 700.47-.60 for discussion about ~~Other Matters.~~ comparative financial statements and comparative information, which are examples of Other Matters that might be included in the opinion.

   **Comparative Financial Statements**

   Note: “c*omparative financial statements” means* only *complete* financial statements for one or more prior periods included for comparison with the current financial statements. (“Total only” columns are *incomplete* presentations.)

   Per AU-C 700.47, when we are the continuing auditor, we would refer to these statements in our opinion; however, when the prior period was audited by a predecessor auditor the following is an example ***other matter*** section (See AU-C 700.57).

   *Prior Period Financial Statements Audited by a Predecessor Auditor*

   The financial statements of the Entity Name, County Name, Ohio (the Entity Type), as of and for the year ended PYE Date, were audited by predecessor auditor whose report dated Prior Year Opinion Date, expressed an unmodified opinion on those statements. ***<< modify as necessary if other than an unmodified opinion was issued or there was an EOM, OM or going concern.***

   **Comparative Information**

   AU-C 700 uses the term *comparative information* for partial presentations. (e.g. “Total Only” columns). (*Comparative statements* refer only to *complete* p/y presentations.)

   Per AU-C 700.49 and .A70-.A71, we need not opine on comparative information, but we should “clearly indicate in the auditor's report the character of the auditor's work, if any, and the degree of responsibility the auditor is taking” and include one of the following ***other matter*** sections to describe comparative information (from SLG 17.61 (continuing auditor) and AU-C 700.57 (predecessor auditor)):

   *Report on Summarized Comparative Information*

   *When current auditors performed the previous audit:*

   Wehave previously audited the Entity Type's 20XX-1 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit(s), each major fund, and the aggregate remaining fund information dated Prior Year Opinion Date. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 20XX-1 is consistent, in all material respects, with the audited financial statements from which it has been derived. ***<< modify as necessary if other than an unmodified opinion was issued, including the nature of, and the reasons for opinion modifications (see SLG 17.61 footnote 21).***

   *Or:*

   *When other auditors performed the previous audit:*

   The financial statements of the Entity Type as of and for the year ended December 31, 20XX-1 from which the comparative information for December 31, 20XX-1 was derived were audited by a predecessor auditor. An unmodified opinion was issued on Prior Year Opinion Date by the predecessor auditor. ***<< modify as necessary if other than an unmodified opinion was issued.***

   [↑](#endnote-ref-5)
7. Modify this to say “will also issue” when issuing an Annual Comprehensive Financial Report opinion separately from remainder of the report which is issued at a later time. [↑](#endnote-ref-6)