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

# Unmodified Report on Modified Cash Basis (OCBOA) Statements Accompanied by Supplementary and Other Information – GASB Format[[1]](#endnote-1)

**INDEPENDENT AUDITOR’S REPORT[[2]](#footnote-1)[[3]](#endnote-2)**

Entity Name

County Name

Street Address

City, Ohio Zip Code

To the Governing Body Type:

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

***Opinions[[4]](#endnote-3)***

We have audited the modified cash-basis[[5]](#endnote-4) financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit(s)**,** each major fund, and the aggregate remaining fund informationof the Entity Name, County Name, Ohio (the Entity Type)[[6]](#endnote-5), as of and for the year ended FYE Date, and the related notes to the financial statements, which collectively comprise the Entity Type’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit(s)**,** each major fund, and the aggregate remaining fund information of the Entity Type, as of FYE Date, and the respective changes in modified cash-basis financial positionand where applicable cash flows**[[7]](#endnote-6)**thereof and the respective ***<< DELETE “respective” if only one budgetary fund comparison >>*** budgetary comparison for the General and [list major special revenue funds][[8]](#endnote-7) for the year then ended in accordance with the modified cash-basis of accounting described in Note X.

***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.

***Emphasis of Matter - Accounting Basis***

**Use the following paragraph only for governments required to follow GAAP:**

Ohio Administrative Code § 117-2-03(B) requires the Entity Type to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note X of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Use the following paragraph if the government need not follow GAAP:**

We draw attention to Note X of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Use the following paragraph the first year the government adopts OCBOA:**

***Emphasis of Matter [[9]](#endnote-8) [[10]](#endnote-9)***

As discussed in Note X to the financial statements, during 20XX, the Entity Type has elected to change its financial presentation to a modified cash basis of accounting comparable to the requirements of *Governmental Accounting Standards*. Our opinion is not modified with respect to this matter.

**Use the following paragraph the first year the government adopts a GASB statement, but *only* if materially effects its statements:**

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note X, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. 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.

**Use the Supplementary Information paragraph when the auditee presents MD&A, transmittal letter & trend information, or if the SEFA opinion is reported on in this opinion (i.e. Attached as supplemental info to the statements). (Delete if presented in 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[[11]](#endnote-10)***

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

***Other Information <<Omit if no “other information” included.>>***

Management is responsible for the other information included in the annual financial report. The other information comprises the management’s discussion & analysis, the letter of transmittal, trend informationand schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. ***<< Include this paragraph only if the client presents this information and tailor for information included.***

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***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 minor edits ~~letterhead and other minor changes~~ (not marked) and new endnote 9. [↑](#footnote-ref-1)
3. If we are engaged to report Key Audit Matter (KAM), review AU-C 701. [↑](#endnote-ref-2)
4. If opinions are other than unmodified, change the section heading to reflect type of opinion as well as the “Basis for Opinion” section. See example A-5 in the State & Local Government Guide (SLG) Chapter 17.

See guidance from AU-C 705.A1 below for determining additional opinion modifications.

Example modifications to the applicable opinion unit paragraphs:

Example scope limitation:

 ***Qualified Opinion On <<List opinion units***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified and Unmodified Opinion(s*) the financial statements referred to above present fairly, in all material respects, the modified cash financial position of***<<list opinion units***, as of FYE Date, and the changes in financial position thereof for the year(s) then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions on << list opinion units***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit(s), each major fund, and the aggregate remaining fund information of the Entity Type, as of FYE Date, and the respective changes in modified cash financial positionand where applicable cash flowsthereof and the respective ***<< DELETE “respective” if only one budgetary fund comparison >>*** budgetary comparison[s] for the General and list major special revenue funds for the year then ended in accordance with the accounting basis described in Note X.

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

***Basis for Opinion Qualification on << list opinion units***

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.

***Basis for Qualified and Unmodified 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 qualified and unmodified audit opinions.

 As a reminder, refer to this in the first paragraph in the GAGAS letter, too. [↑](#endnote-ref-3)
5. The cash basis reports only cash and cash equivalents as assets. Since we permit governments to include all investments ORC 135 authorizes, Ohio governments can use a cash basis, modified to include ORC 135 long-term investments. Similarly, other non-cash assets (e.g., capital assets) may be included in the report, which would also be indicative of a ‘modified’ cash basis. [↑](#endnote-ref-4)
6. Insert, “, a component unit of NAME OF PRIMARY GOVERNMENT,” if applicable. [↑](#endnote-ref-5)
7. Delete the reference to cash flows if none should have been presented. [↑](#endnote-ref-6)
8. Delete reference to the budgetary comparisons from the opinion section and refer to it in a supplementary information section if the budgetary comparisons are presented as SI. [↑](#endnote-ref-7)
9. Per AU-C 570.A65 – Illustration 1 the Going Concern *section* is presented immediately after the “Basis for Opinion of the Auditor's Report” section. [↑](#endnote-ref-8)
10. 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-9)
11. Modify the list of *supplementary information* section 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 disclaim 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-10)