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# Betty Montgomery Auditor of State

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## Bulletin 2004-004

**Date Issued: June 15, 2004**

**TO: All County Auditors, City Auditors and Government Fiscal Officers  
All Independent Public Accountants**

**FROM: Betty Montgomery  
Ohio Auditor of State**

**SUBJECT: Lessened Restrictions on Using the Auditor of State's Opinions**

This Bulletin revises guidance issued in Auditor of State Bulletin 2000-09, which placed certain restrictions on republishing our opinions or referring to the Auditor of State in governments' official statements<sup>1</sup> (i.e., debt offering statements). These restrictions were put in place because we noted that governments sometimes inappropriately described the Auditor of State's responsibilities or included other errors in official statements pertaining to our office. This Bulletin lessens those restrictions and only requires governments to submit documents for our review in certain situations which the American Institute of Certified Public Accountants (AICPA) describes.

Bulletin 2000-09 provided the following guidance, which has been included in all of our financial audit engagement letters since 2000:

If you intend to publish or otherwise reproduce our opinion on your financial statements, or to refer to the Auditor of State in a document (e.g., a debt offering statement) containing information in addition to the audited financial statements, you understand it is our policy to request that you make prior notification to us. We request that you provide us with a draft of the document to read, and allow us to take any action, at our cost, we deem necessary before you print and distribute the document. (Such actions might include, but would not be limited to, advice to you on revising disclosures in the document.) Should the Auditor of State not be permitted to read the document or take needed actions prior to its distribution, we reserve the right to notify parties relying on the document that reliance is not appropriate.

In the three years since issuing Bulletin 2000-09, some governments and their bond counsels have sent us draft copies of official statements for our review. In reviewing these statements, however, we have not noted egregious errors or

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<sup>1</sup> *Official statement* is the common term used for the offering document or offering circular for municipal securities. A government that is selling securities prepares an official statement that offers the securities for sale and provides appropriate financial and other information about the offering and the government.

misrepresentations of our reports. We are, therefore, partially rescinding the requirement to provide us with drafts of official statements or other documents containing our opinions.

Governments, however, *should* permit us to read draft copies of their preliminary official statements if we become “associated”<sup>2</sup> with them. Section 16.06 of the AICPA Audit & Accounting Guide, *Audits of State and Local Governments* (ASLGU), describes certain situations in which auditors become “associated” with a government’s official statement. These situations occur when we perform any of the following activities:

1. Assist in preparing financial information included in the official statement that is *not* covered by our opinion.
2. Review a draft of the official statement at the government’s request.
3. Manually sign our opinion included in the official statement.
4. Provide a revised opinion for inclusion in the official statement. (For example, if the official statement excludes supplemental information from the audited presentation, and the client or its bond counsel requests that we provide a revised opinion that does not refer to the omitted information.)
5. Issue a “comfort letter” – a letter asserting that our most recent opinion is appropriate as of the date of the offering statement.
6. Provide a written agreement for using our opinion in the official statement.
7. Issue a report on an attestation engagement relating to the debt offering.

We have already modified our engagement letters to make them consistent with this Bulletin. In summary, we will not review official statements and will not request to review other documents that include our opinion after the issuance of this Bulletin except in the seven circumstances described above.

Should you have any questions, please don’t hesitate to contact Accounting and Auditing Support at (800) 282-0370.



Betty Montgomery  
Ohio Auditor of State

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<sup>2</sup> Auditors “associated” with official statements should normally not refer to *Government Auditing Standards* (GAS) and should not include the paragraph referring to the GAS compliance report in financial statement opinions attached to the official statement. Auditors should also not provide the report on compliance and controls required by GAS. See ASLGU 16.11.