# THIS OPINION SHELL SHOULD NOT BE USED FOR 12-31-21 & SUBSEQUENT FYEs.

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

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

[ENTITY NAME]

[COUNTY NAME]

[STREET ADDRESS]

[CITY], Ohio [ZIP CODE]

To the [GOVERNING BODY]:

***Report on the Financial Statements***

We have audited the accompanying modified cash-basis[[2]](#endnote-1) 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)[[3]](#endnote-2), as of and for the year ended [FYE DATE], and the related notes to the financial statements, which collectively comprise the Entity’s basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note **X** describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States’ *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management’s accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

In our opinion, the 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, as of [FYE DATE], and the respective changes in modified cash financial position **and where applicable cash flows[[5]](#endnote-4)**and the **respective <<DELETE** “respective” if only one budgetary fund comparison budgetary comparison for the General and [list major special revenue funds][[6]](#endnote-5) thereof for the year then ended in accordance with the accounting basis described in Note **X**.

***Accounting Basis***

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

Ohio Administrative Code § 117-2-03(B) requires the Entity 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 applied to these statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding 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 accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

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

***Emphasis of Matter[[7]](#endnote-6)***

As discussed in Note **X** to the financial statements, during 20XX, the Entity has elected to change its financial presentation to a modified cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding 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 adopted new accounting guidance in Governmental Accounting Standards Board Statement No. XX, [include name of GASB in italics]. We did not modify our opinion regarding this matter.

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.

***Other Matters[[8]](#endnote-7)***

*Supplementary Information*

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis 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 and is not a required part of the financial statements.

The schedule is management’s responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and 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 taken as a whole.

*Other Information*

We applied no procedures to management’s discussion & analysis, the letter of transmittal, trend information and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them. **<< Include this paragraph only *if* the client presents this information.**

***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’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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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’s internal control over financial reporting and compliance.

**[Auditor Signature]**

[City, State]

[REPORT DATE]

***Note: Do not use the “restricted use” paragraph with this opinion.***

1. Updated October 2021 for clerical corrections.

~~Revised October 2020 – Updated for COVID-19 Guidance (endnote 6), added county name to header, simplified language in opinion paragraph, added underline guidance to endnote 7.~~ [↑](#footnote-ref-1)
2. 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-1)
3. Insert, “, a component unit of [NAME OF PRIMARY GOVERNMENT],” if applicable. [↑](#endnote-ref-2)
4. See guidance from AU-C 705.A1 below for determining additional opinion modifications.

Example scope limitation:

 ***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.

 Example modifications to the applicable opinion unit paragraphs:

 ***Qualified Opinion***

In our opinion, except for the possible effects of the matter described in the *Basis for Opinion Qualification* on [list opinion units] paragraph, the 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, and the respective changes in modified cash financial position **and where applicable cash flows**and the **respective <<DELETE** “respective” if only one budgetary fund comparison budgetary comparison for the General and [list major special revenue funds] thereof for the year then ended in accordance with the accounting basis described in Note **X**.

***Auditor’s Responsibility -*** *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 support our adverse and qualified audit opinions.

 As a reminder, refer to this in the first paragraph in the GAGAS letter, too. [↑](#endnote-ref-3)
5. Delete the reference to cash flows if none should have been presented. [↑](#endnote-ref-4)
6. Delete reference to the budgetary comparisons from the opinion paragraph, and refer to it in a supplementary information paragraph if the budgetary comparisons are presented as SI. [↑](#endnote-ref-5)
7. ***COVID-19 Guidance:***

**Additional language regarding COVID-19 and a related draft disclosure, draft emphasis-of-matter paragraph, and draft GAGAS opening paragraph sentence can be found** [here](file:///C%3A/Users/Public/AuditGuidance/Financial/COVID19Guidance.pdf)**.** [↑](#endnote-ref-6)
8. 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 paragraph 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-7)