**Example A-2 (SLG Chapter 14.17 and 14.58): Unmodified Opinion on Basic Financial Statements of a Special-Purpose Government That Has a Single Opinion Unit[[1]](#endnote-1)**

**IPA Resources**

***Revised:***

* ***Oct 2013 to remove ‘Report on Other Legal Requirement’ section previously added for Community School Audits based on a new interpretation of the AICPA reporting standard.[[2]](#footnote-1)***

**Applicable for FYE 12-31-12 & Subsequent**

**INDEPENDENT AUDITOR’S REPORT**

[ENTITY NAME]

[COUNTY NAME] County

[STREET ADDRESS]

[CITY], Ohio [ZIP CODE]

To the [GOVERNING BODY]:

***Report on the Financial Statements***

We have audited the accompanying financial statements of [ENTITY NAME], [COUNTY NAME] County, Ohio[[3]](#endnote-2) (the Government), as of and for the year ended [FYE DATE], and the related notes to the financial statements, which collectively comprise the Government’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 accounting principles generally accepted in the United States of America; this includes 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 Government’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 Government’s internal control. Accordingly, we express no 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 overall financial statement presentation.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the [ENTITY NAME], [COUNTY NAME] County as of [FYE DATE], and the changes in its financial position **and** **its cash flows** for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of Americarequire this presentation to include *Management’s discussion and analysis*, **[***Required budgetary comparison schedule* and *Schedules for infrastructure assets accounted for using the modified approach*,**]** listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance. [[4]](#endnote-3)

*Supplementary and Other Information*

Our audit was conducted to opine on the Government’s basic financial statements taken as a whole.

**[**The introductory section, the financial section’s combining statements, individual fund statements and schedules, and the statistical section information**][[5]](#endnote-4)** present additional analysis and **is/are** not a required part of the basic financial statements.

The Schedule of Federal Award [Receipts and] Expenditures **[also]** presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The **[**statements**]** and **[**schedules**]** are management’s responsibility, and derive**(s)** from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these **[statements] and [schedules]** to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling **[**statements**]** **and** **[**schedules**]** directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, **this/these** **[**statements**]** **and** **[**schedules**]** **is/are** fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on **it / them**.[[6]](#endnote-5) ***(Omit paragraph if no “other information” included.)***

***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 Government’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 Government’s internal control over financial reporting and compliance.

**[Auditor Signature]**

City, State

[REPORT DATE]

1. The opening section of Appendix A in SLG paragraph 14.103 describes conditions that may require modifying this report, such as when the financial statements include information from a prior period.

 **NOTE:**  This example can only apply to a special-purpose government engaged *only in BTA or fiduciary activities*. **If a government has a discrete component until, see example A-3**. This will also not apply to a government engaged only in government activities, since it will have two opinion units (one for governmental activities and one for fund statements) see SLG 14.17. [↑](#endnote-ref-1)
2. Material misstatement or omission of the community school financial statement footnote required by Ohio Revised Code § 3314.024 should be reported as GAGAS level noncompliance, not a financial statement opinion modification. [↑](#footnote-ref-1)
3. As discussed in SLG 14.58, insert “, a component unit of [PRIMARY GOVERNMENT],” if applicable.

 [↑](#endnote-ref-2)
4. Modify this paragraph in the following circumstances. See AU-C 730 and SLG 14.66-.73:

	1. The required supplementary information is omitted.
	2. Some required supplementary information is missing and some is presented in accordance with the prescribed guidelines.
	3. The auditor has identified material departures from the prescribed guidelines.
	4. The auditor is unable to complete the procedures in AU-C 730.05.
	5. The auditor has unresolved doubts about whether the required supplementary information is presented in accordance with prescribed guidelines. [↑](#endnote-ref-3)
5. Modify the list of *supplementary information* paragraph as necessary. See SLG 14.74-.79 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 disclaim on this information if we render an adverse opinion or disclaimer of opinion.

***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-4)
6. This last sentence derives from AU-C 720 (SAS118), and relates to financial or nonfinancial information that is neither RSI nor *supplementary information* subject to AU-C 725 (SAS119). Examples include *introductory information* or *statistical tables*, which are not subject to an “in –relation – to opinion.”

 Our responsibility for this “unaudited” information is only to read it**\*\*** to determine if (1) material inconsistencies exist between it and the audited statements, or (2) this information includes material misstatements of fact.

 \*\* While standards only require us to “read it,” you should apply the procedures from our specimen program for *finalizing the audit* to agree this information to supporting documentation. For example, you should agree 10 - year statistical tables to the prior-year CAFR to assure the prior years’ amounts did not inadvertently change. (see SLG 14.80 to 84) [↑](#endnote-ref-5)