**THIS OPINION LETTER IS INTENDED FOR USE ONLY WITH AUDIT PERIODS ENDING 12-31-20. THIS OPINION LETTER ALSO SHOULD NOT BE USED FOR 12-31-21 & SUBSEQUENT FYEs.**

**Dual (“Adverse” / Unmodified) Opinion on Financial Statements Prepared in Accordance with the Auditor of State’s Accounting Basis**

Click [here](https://ohioauditor.gov/ocs/2021/Instruction%20on%20how%20to%20Fill%20in%20Entity%20Specific%20Parameters%20within%20Word.docx) for instructions on how to fill in entity specific parameters within this document

**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 financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the [ENTITY NAME], [COUNTY NAME][[2]](#endnote-1), Ohio (the Entity).

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***[[3]](#endnote-2)

As described in Note X of the financial statements, the Entity prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Entity does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Entity, as of [FYE DATE], and the respective changes in financial position **or cash flows[[4]](#endnote-3)** thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Entity, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note **X**.

*Include* the following paragraph when the SEFA is included as supplemental information accompanying the audited statements. *Delete* this paragraph if SEFA is presented in a separate report with 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*** ***[[5]](#endnote-4)[[6]](#endnote-5)***

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 financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 financial statements taken as a whole.

***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 “alert” paragraph with this opinion.***

1. Updated October 2021 for clerical corrections.

~~Revised December 2020 – Updated for fiduciary opinion unit changes~~ **~~NOTE~~**~~: This opinion letter is intended for use only with audit periods ending 12/31/20. (A previous version is available on the Intranet- Old Practice Aids~~~~for prior audit periods)~~ [↑](#footnote-ref-1)
2. Insert, “, a component unit of [NAME OF PRIMARY GOVERNMENT],” if applicable. [↑](#endnote-ref-1)
3. See guidance from **AU-C 705**.A1 below for determining additional opinion modifications.

Example scope limitation:

 ***Basis for Additional Opinion Qualification***

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:

 ***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the [ENTITY NAME], [COUNTY NAME] in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note **X**.

*If the “Additional Opinion Qualification” paragraph is modified so that it only relates to certain opinion units, insert an additional opinion paragraph under the heading “Unmodified Opinions” for other opinion units to which this qualification does not apply.*

***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-2)
4. Delete the reference to cash flows if none should have been presented. [↑](#endnote-ref-3)
5. 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-4)
6. ***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-5)