# 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.

# Adverse Opinion for Governments Required to Follow GAAP[[1]](#endnote-1), But that Instead Use 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[[2]](#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], Ohio (the Entity).[[3]](#endnote-2)

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the accounting principles generally accepted in the United States of America. This responsibility includes the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

***Basis for Adverse Opinion***

As described in Note **X** of the financial statements, the Entity prepared these financial statements using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. However, Ohio Administrative Code Section 117-2-03(B) requires these statements to follow accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note **X** and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material.

***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* 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.

***Other Matters[[5]](#endnote-4) [[6]](#endnote-5)***

*Include* the Supplementary information paragraph when the SEFA is included as supplementary 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.

*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 also not a required part of the financial statements.

Because of the significance of the matter described in the *Basis for Adverse Opinion* paragraph, it is inappropriate to express and we do not express an opinion on the supplementary information referred to above.

*Other Information*

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

# Endnotes

1. Ohio Admin. Code 117-2-03(B) indicates all Counties, Cities, School Districts (including Educational Service Centers and Community Schools), and government insurance pools shall file annual financial reports which are prepared using generally accepted accounting principles. Additionally, Ohio Rev. Code § 1724.05 indicates each Community Improvement Corporation shall prepare an annual financial report that conforms to rules prescribed by the Auditor of State pursuant to Ohio Rev. Code § 117.20 that is prepared according to generally accepted accounting principles. If this is not one of those entity types, this is not the correct opinion letter.

 [↑](#endnote-ref-1)
2. 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.~~  [↑](#footnote-ref-1)
3. Insert, “, a component unit of [NAME OF PRIMARY GOVERNMENT],” if applicable. [↑](#endnote-ref-2)
4. Delete the reference to cash flows if none should have been presented. [↑](#endnote-ref-3)
5. The Single Audit letter should also be modified accordingly when issuing an Adverse Opinion. [↑](#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)