



Harford County Board of Education

Audit Results for June 30, 2022 Financial Statement Audit

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Introductions

- Primary Team Members:
 - Bill Early Jr., CPA, Principal
 - Alex Walther, CPA, Director
- Assisted by:
 - Staff level associates from our government services team



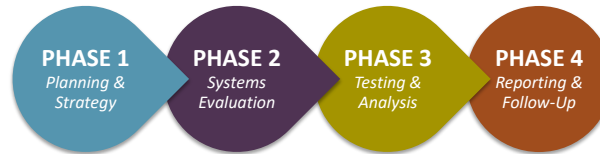
Agenda

- Audit Scope
- Audit Approach Summary
- Audit Results
- Auditors Required Communications
- GASB Update
- Questions



Audit Scope

- Audit of the June 30, 2022 financial statements
- Single Audit - includes audit of the Schedule of Expenditures of Federal Awards and certification of the Data collection form (in process – due 12/31/22)
- Report on internal controls over financial reporting and compliance
- Letter to those charged with governance on key components of the audit



Audit Approach

- Specialized Team of Government Auditors
- Approach – Risk Based, including risk assessment standard requirements
- Communication – Frequent, including both formal status updates and informal communications
- Incorporation of the use of data analytics



Audit Results

- Auditors' Opinion on Financial Statements
 - Unmodified
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
 - No material weaknesses noted
 - No significant deficiencies noted



Auditors Required Communication

- We have performed an audit of the financial statements in accordance with Generally Accepted Auditing Standards (GAAS) Purpose of an audit is to:
 - Obtain reasonable (not absolute) assurance about whether the financial statements are free from material misstatement
 - Assess accounting principles used and significant estimates made by management
 - Evaluate the overall financial statement presentation
- Auditors' Opinion on Financial Statements
 - Unmodified opinion
 - Emphasis of Matter – Change in Accounting Principle
 - *As discussed in Note 1 to the financial statements, effective July 1, 2021, HCPS adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.*
- Significant Accounting Policies
 - The Board's significant accounting policies are described in Note 1 to the financial statements and are in accordance with generally accepted accounting principles and consistent with industry practices and standards.
 - There was a new accounting standard implemented in the current year; GASB 87, *Leases*



Auditors Required Communication (continued)

- Significant Management Judgments & Estimates
 - Useful lives of capital assets
 - Pension Liabilities and related amounts
 - OPEB Liabilities and related amounts
- No significant corrected misstatements
- One uncorrected misstatement
 - The Board passed on an adjustment to beginning fund balance based on the implementation of GASB 87, Leases, in the amount of \$1,069,074.
- No disagreements with management
- Management was cooperative and professional during the audit process
- Management did not consult with other accountants on the application of GAAP or GASB
- No major issues were discussed with management prior to us being selected as the auditors



GASB Update

- GASB 96 has been issued requiring recognition of certain subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This Statement will be implemented by the Board in the June 30, 2023 financial statements.



QUESTIONS?



Bill Early, CPA
Principal
Bill.Early@CLAConnect.com
(410) 453-5586

Alex Walther
Director
Alexandra.Walther@CLAConnect.com
(410) 308-8053



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor