

BOARD OF EDUCATION OF HARFORD COUNTY

INFORMATIONAL REPORT

PRESENTATION OF Annual Comprehensive Financial Report for the Year Ending June 30, 2023

October 23, 2023

Background Information

Harford County Public Schools is required to have an annual audit by an independent certified public accounting firm as defined in The Education Article Sec5-109. The independent public accounting firm of CliftonLarsonAllen LLP has issued the auditor's report for the fiscal year just ended.

Discussion

The Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023 contains audited financial statements, schedules, exhibits, and footnotes, as well as opinions of the Independent Public Accountants of CliftonLarsonAllen LLP. The financial statements are prepared in accordance with national generally accepted accounting principles. This report is required to be filed with the Maryland State Department of Education by September 30. We have complied with that requirement. Copies have been submitted to the Board and are available to the community on-line at [Harford County Public Schools FY23 Annual Comprehensive Financial Report](#).

Auditing standards require that, in addition to the opinion they provide, the independent auditors are required to make certain representations to the governing body of public entities concerning the audit report they issue. All of these requirements have been met. An additional year-end report will be subsequently issued, the Single Audit, which pertains to federal financial assistance. The remaining report will be provided to the Board upon issuance.

Superintendent's Recommendation

No action is required.



We'll get you there.

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Harford County Board of Education

Audit Results for June 30, 2023 Financial Statement Audit

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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
 - Kristina Lo, Senior
- Assisted by:
 - Staff level associates from our government services team



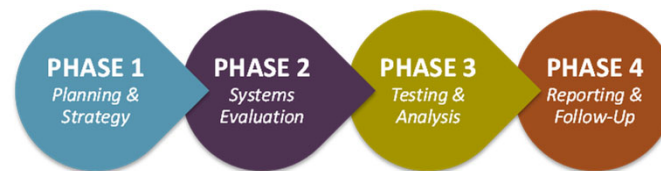
Agenda

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



Audit Scope

- Audit of the June 30, 2023 financial statements
- Single Audit - includes audit of the Schedule of Expenditures of Federal Awards and certification of the Data collection form (in process – due 12/31/23)
- 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, 2022, the Board adopted new accounting guidance for subscription-based information technology arrangements (SBITA). The guidance requires SBITAs to recognize a right-to-use software asset and corresponding SBITA liability for all SBITA with 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 96, *Subscription-Based Information Technology Arrangements*



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
- No uncorrected misstatements
- 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 101, *Compensated Absences*, has been issued requiring that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement will be implemented by the Board in the June 30, 2025 financial statements.



Standards Updates

- Statements on Auditing Standard 143 & 145 will be effective for the audit of fiscal year ending June 30, 2024. These statements will require changes to our audit approach for accounting estimates, understanding the entity and its environment and assessing risks of material misstatement. The statements also include extensive guidance regarding the use of information technology (IT) and the consideration of IT general controls



QUESTIONS?



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