BOARD OF EDUCATION OF HARFORD COUNTY

INFORMATIONAL REPORT

PRESENTATION OF Annual Comprehensive Financial Report for the Year Ending June 30, 2024

October 21, 2024

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, 2024 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 <u>Harford County Public Schools FY24 Annual Comprehensive Financial Report.</u>

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.



Harford County Board of Education

Audit Results for June 30, 2024 Financial Statement Audit

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Harford County Board of Education

Audit Exit Presentation Year ended June 30, 2024

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- Audit scope and process
- Audit opinions and communications
- Financial statement highlights
- Industry insights and emerging issues
- Thought leadership and upcoming webinars





Audit Scope











AUDIT OPINIONS

Financial statement

Financial statement audit opinion is **unmodified**.

Federal awards

Federal awards audit is in process.



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AUDIT RESULTS

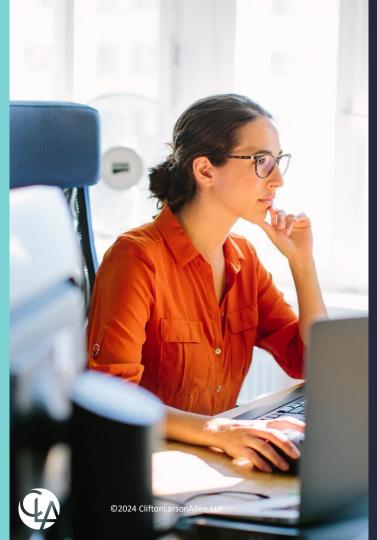
Financial statement

No material weaknesses noted. No significant deficiencies noted.

Federal awards

Federal award audit is in process.





Management Letter Recommendations Oral Comments

Accounting Best Practices

- No formal Lease or SBITA Policy
- Subsequent check register had a system error in the reporting from Oracle System

Information Technology Best Practices

• Various general and application best practices were provided



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

Significant Accounting Polices

• 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.





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









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Emerging Issues

SIGNIFICANT AUDIT CHANGES

What changed

Auditing standards (SAS 143-145) were modernized for evolving business environment

Effective for 2023 year-end audits

New requirements

Enhanced risk assessment and understanding of estimates Deeper IT understanding; more inquiries; data requests and testing **Audit impact** More time evaluating controls; more use of IT specialists Potential for additional recommendations Greater impact on complex IT systems





GASB Standards



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GASB 100 Accounting for Changes and Error Corrections

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Effective date June 30, 2024

New requirements:

Updated disclosure guidance for:

- Accounting principles
- Accounting estimates
- Correction of errors

Required to disclose line items impacted by the change even if beginning balances remain the same **CLA can help by** assisting with or evaluating financial statement disclosure updates



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GASB 101 Compensated Absences



Effective date **December 31, 2024**

Updated framework

Revaluate leave policies

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- Liability must include any accumulated leave that is unused or used but unpaid
- Footnote disclosures will be enhanced

Examples include

- Sick leave not paid at termination
- Parental leave
- Military leave and jury duty that has commenced



CLA can help by evaluating the standard related to compensated absences and assisting with or evaluating in financial statement disclosures





GASB 102 Certain Risk Disclosures

CLA can help by assisting with or evaluating financial statement disclosure updates



June 30, 2025

Increased footnote disclosures surrounding risk:

- Limitations on raising revenues
- Concentrations related to tax revenue or vendors
- Debt or mandated spending especially unfunded mandates
- Impact of major employer leaving the community
- Collective bargaining agreements





GASB 103 Financial Reporting Module

CLA can help by assisting with or evaluating financial statement disclosure updates



Effective date
June 30, 2026

Impacts financial statement presentation

i

Updated disclosure guidance for:

- MD&A consistency
- Clearer definition of unusual or infrequent items
- Presentation of proprietary fund statements
- Major component unit information
- Budgetary comparison information





Future GASB – Classification of Nonfinancial Assets



Likely effective date June 30, 2026

Will clarify how nonfinancial assets are presented in financials:

(i)

- Capital assets
- Leased assets
- Subscription assets
- Intangible assets

CLA can help by assisting with or evaluating financial statement disclosure updates

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Insights Stay informed and prepare for what's next.



The Four Essential Elements of the CLA Promise

Our Purpose

CLA exists to create opportunities — for our clients, our people, and our communities.

Our Promise

We promise to know you and help you.

Our Family Culture

We're one family, working together to create opportunities.

Our Strategic Advantages

Deep industry specialization Seamless, integrated capabilities Premier resource for private business and owners Inspired careers

Driven by **Our Values**

Curious

We care, we listen, we get to know you

Collaborative

We help you seamlessly, bringing innovative teams to the table

Transparent

We communicate clearly and authentically

Inclusive

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We embrace all voices and create opportunities for you in an energetic and inspiring environment

Reliable

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We respond in hours, not days; we follow through, protect our client data, and produce quality results



Find support at *every* turn

Benefit from guidance on all aspects of your business.







Questions and Feedback We appreciate the opportunity to serve you and welcome any feedback relative to our performance and to the engagement.

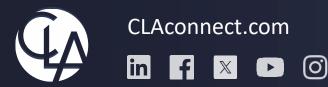




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