

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 [Harford County Public Schools FY24 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.



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Harford County Board of Education

Audit Results for June 30, 2024 Financial Statement Audit



We'll get you there.

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Audit Exit Presentation

Year ended June 30, 2024

Agenda

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



Audit Scope



Report on the organization's financial statements



Internal control/
management letter



Required governance communications letter



Report on internal control over compliance with major program requirements (federal awards)



Audit Process

RISK-BASED APPROACH

Internal controls

Revenue recognition

Significant estimates





AUDIT OPINIONS

Financial statement

Financial statement audit opinion is **unmodified**.

Federal awards

Federal awards audit is in process.



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 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.



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





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



GASB 100 Accounting for Changes and Error Corrections



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



GASB 101 Compensated Absences



Effective date
December 31, 2024



Updated framework

- Reevaluate leave policies
- 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



Effective date
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

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:

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



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



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

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



Reliable

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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