**BOARD OF EDUCATION OF HARFORD COUNTY**

**INFORMATIONAL REPORT**

**PRESENTATION OF**
**Annual Comprehensive Financial Report for the Year Ending June 30, 2026**

**November 9, 2026**

## Background Information

Harford County Public Schools (HCPS) 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, 2026 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 (MSDE) by September 30. HCPS did miss the deadline this year due to a delayed year-end close as a result of the second phase of our ERP implementation. We did file our report with MSDE on October 29, 2026. Copies have been submitted to the Board and are available to the community on-line at https://www.hcps.org/departments/docs/BusinessServices/FY25ACFR.pdf

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 Exit Presentation

## Year ended June 30, 2026

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# *Agenda*

- Audit scope and process
- Audit opinions and required communications
- GASB Standards
- Thought leadership and upcoming webinars

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# 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)

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# Audit Process

RISK-BASED APPROACH

Internal controls

Revenue recognition

Significant estimates



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## 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.

### Federal awards

Federal awards audit is in process.

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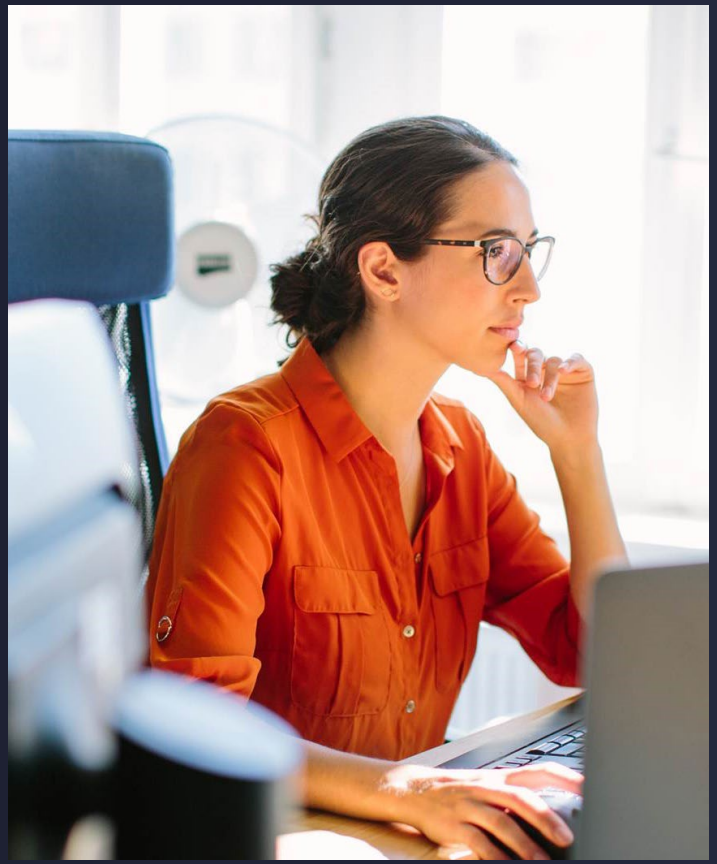

# Management Letter Recommendations

## Information Technology

- Various comments regarding IT general and application controls

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# 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.
- GASB 103 and 104 were adopted during FY26

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# Auditors Required Communication (Continued)

Significant Management Judgments & Estimates

OPEB Liabilities and related amounts

No corrected misstatements

One uncorrected misstatement

Capital Project decrease in AP

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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# GASB Standards



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# GASB 105 Subsequent Events

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

Effective date
**June 30, 2027**

**Clarifies subsequent event definition and establishes specific note disclosure requirements:**

- Subsequent event time frame
- Recognized vs nonrecognized events
- Disclosure of date through which subsequent events were evaluated
- Specific disclosure requirements for nonrecognized events



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# 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

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# Find support at *every* turn

Benefit from guidance on all aspects of your business.




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# *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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