



HARFORD COUNTY, MARYLAND

Office of the County Auditor

October 30, 2015

Highlights

SB&Company has issued an unmodified (clean) audit opinion on the County's FY2015 financial statements.

The County's four component units each received unmodified audit opinions.

County Council Members and County Executive Glassman:

In accordance with Section 213(b) of the Harford County Charter, an audit of the County's financial statements as of June 30, 2015 has been completed. The audit was performed by the independent public accounting firm, SB&Company, LLC.

SB&Company has issued an unmodified opinion on the Comprehensive Annual Financial Report (CAFR). This means that they believe the financial report, as prepared by the County's Treasurer, is free from material misstatement and presents the County's financial results fairly. SB&Company's audit opinion is on page B1 of the CAFR and attached to this letter.

I have reviewed the CAFR and SB&Company's audit opinion. I feel comfortable that SB&Company's opinion is based on sound audit practices. The CAFR includes the financial results of the component units: Harford County Public Schools; Harford Center, Inc.; Harford Community College and Harford County Public Library. I have additionally reviewed the Financial Statements for the component units; each received an unmodified report from their independent auditors.

Management's Discussion and Analysis in the CAFR is very thorough and provides detailed analysis of the County's financial position. As a result, I do not have any additional explanatory comments at this time. I am available to respond to any questions you have regarding the attached report.

Sincerely,

Chrystal Brooks, CPA

Chrystal Brooks
CPA, CGFM, CIA, CISA, CGAP, CRMA
County Auditor

cc: Mr. Robert Sandlass, Treasurer
Ms. Mylia Dixon, Council Administrator

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212 South Bond Street * Room 219 * Bel Air, Maryland 21014
410-638-3161 * www.harfordcountymd.gov/auditor



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Honorable Members of the County Council
Harford County, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harford County, Maryland (the County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Harford County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Harford County Community College and the Harford County Library. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of Harford County, Maryland, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note G to the financial statements, during the year ended June 30, 2015, the County adopted new accounting guidance from Government Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of County's Proportionate Share of the Net Pension Liability and County Contributions for the Maryland State Retirement and Pension System, schedules of County Contributions and Changes in the Length of Service Award Program for Volunteer Firemen – Net Pension Liability and Related Ratios, and schedules of County Contributions and Changes in the Sheriff's Office Net Pension Liability and Related Ratios, required supplemental schedule of funding progress for the Other Post Employment Benefit (OPEB) Trust, and the required schedule of employer contributions for OPEB Trust Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual fund statements, introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.



S B & C O M P A N Y, L L C
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The accompanying combining and individual fund statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Hunt Valley, Maryland
October 7, 2015

SB & Company, LLC