



HARFORD COUNTY, MARYLAND

Office of the County Auditor

December 19, 2013

Honorable Members of the County Council
Harford County, Maryland
212 S. Bond St., 2nd Floor
Bel Air, MD 21014

County Executive David Craig
Harford County, Maryland
220 S. Main St.
Bel Air, MD 21014

Dear Council Members and Mr. Craig:

In accordance with Section 213(b) of the Harford County Charter, an audit of the County's financial statements as of June 30, 2013 has been completed and an unqualified opinion was reported to you on October 31, 2013. Additionally, audits of the County's affiliated agencies were performed by various independent public accounting firms and are now complete.

The agencies below received an appropriation from the County in fiscal year 2013, but are not component units of the County for financial reporting purposes. They include:

- Humane Society of Harford County
- ARC Northern Chesapeake Region
- Maryland School for the Blind
- 12 Volunteer Fire Companies (VFC)
- Volunteer Fire and EMS Association
- Volunteer Fire and EMS Foundation

Appropriations to these agencies were approximately 1.8% of the FY2013 budget. They are all not-for-profit organizations that supplement their Harford County appropriations with funding from other sources. I have reviewed the financial statements and audit reports provided for each organization and did not identify any information that indicated a misuse of County funds. Additionally, I noted that each entity's costs exceeded their County appropriation.

Abingdon Volunteer Fire Company received a qualified audit opinion related to its exclusion of a significant donated asset for financial reporting purposes. The result is that Abingdon's assets are understated. This condition remains from the prior year. Each other organization received an unmodified audit opinion.

While the Volunteer Fire and EMS Foundation (the Foundation) received an unmodified audit opinion, I noted that its financial statements, as presented, differ from other information we received from the organization. Specifically, the Foundation provided a copy of their accounting records which showed revenue from Grants, Cost Reimbursements and Sale of Protocol Books. These transactions were recorded as reductions to the related expense accounts, but should, instead, be presented as Revenue on the Statement of Activities. I discussed this matter with the

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Foundation's independent auditor; she advised that these accounts were below the level of materiality for the audit, and that the transactions could be reclassified in next years' statements. The change will increase both the Revenue and Expenses of the Foundation, but will not have a net impact on the Foundation's assets. I am satisfied with the response provided by the independent auditor.

Each year a number of other audits and agreed upon procedures are performed by the County's external auditor, SB&Company, LLC. The projects below have been completed with unmodified audit opinions.

- Volunteer Firefighter Length of Service Award Program
- Sheriff's Office Pension System
- Local Management Board Revenues and Expenditures
- 9-1-1 Trust Fund Receipts and Expenditures
- Compliance with Federal Register Financial Assurance Criteria for Municipal Solid Waste Landfills (Agreed Upon Procedures)

Further, while it does not receive a County appropriation, the Liquor Control Board provides an annual commission to the County. I have reviewed the Liquor Control Board's FY2013 financial statements. They were audited by an independent accounting firm and received an unmodified opinion.

I do not have any additional explanatory comments, at this time, related to the other entities noted above. I am available to respond to any questions you have regarding this summary.

Sincerely,



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

cc: Ms. Kathryn Hewitt, Treasurer
Ms. Melissa Lambert, Acting Council Administrator