



HARFORD COUNTY, MARYLAND

Office of the County Auditor

December 31, 2019

Report Highlights

Why We Did This Audit

Financial statement audits have been completed for most of the county's affiliated agencies.

Generally, agencies fully used their county appropriations.

What We Found

Fire companies do not consistently complete their financial reporting timely.

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

REPORT ON FINANCIAL AUDITS OF AFFILIATED AGENCIES

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, 2019 has been completed and an unmodified opinion was reported to the County Council and County Executive on October 18, 2019. Financial Statement audits of the County's affiliated agencies (not included in the Comprehensive Annual Financial Report) have been performed by various independent public accounting firms. I submit this report to you, in accordance with the reporting extension approved by the County Council on October 15, 2019.

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

- 9-1-1 Trust Fund Receipts and Expenditures
- Compliance with Federal Register Financial Assurance Criteria for Municipal Solid Waste Landfills (Agreed Upon Procedures)

A number of agencies received an appropriation from the County in fiscal year 2019 but are not component units of the County for financial reporting purposes. They include:

- Harford County Health Department
- Humane Society of Harford County
- ARC Northern Chesapeake Region
- 12 Volunteer Fire Companies (VFC)
- Volunteer Fire and EMS Association
- Volunteer Fire and EMS (HCVFEMS) Foundation

Appropriations to these agencies were approximately 2.2% of the FY2019 operating budget. They are all not-for-profit or government organizations that supplement their Harford County appropriations with funding from other sources. I have reviewed the financial and independent auditor reports provided for each organization.

Except for the matters in the explanatory comments below, each organization received an unmodified audit opinion and I did not identify any information that indicated a misuse of County funds.

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 FY2019 financial statements. They were audited by an independent accounting firm and received an unmodified opinion.

In accordance with County Charter Section 213(b), I present the following explanatory comments related to the audits of the County's affiliated agencies:

Comment 1

In prior years, we have noted that the financial statements for the County's Volunteer Fire Companies are not always completed by the 120-day deadline specified in their County support agreements. In the current year, 8 auditor's opinions were dated after the deadline and 5 reports were received by the County Auditor more than two weeks after their deadline.

Additionally, Joppa-Magnolia VFC, Havre de Grace Ambulance Corps and HCVFEMS Foundation did not provided financial statements to Harford County in time to be included in this report.

Comment 2

Last year we noted, each fire company's total expenses were greater than their County appropriations, however, the companies have included Depreciation in their total functional expenses. When depreciation was eliminated from each company's functional expenses, Norrisville had not fully spent its appropriation. Management indicated, last year, that it doesn't expect the balance to be returned to the County, but it would update the relevant agreement to reflect that understanding. In the current year, Norrisville had approximately \$115,000 unspent after eliminating depreciation and the Memorandum of Agreement has not been updated.

Management has been provided an opportunity to respond to this report; the response provided is below. I am available to respond to any questions you have regarding this summary.

Sincerely,



Chrystal Brooks

CPA, CGFM, CIA, CISA, CGAP, CRMA

County Auditor

MANAGEMENT RESPONSE

Upon further review of the Memorandum of Agreement, there is no requirement to reimburse the County for unused funds so no clarification is necessary.