



**ANNE ARUNDEL COUNTY
OFFICE OF THE COUNTY AUDITOR**

March 1, 2019

The Honorable Members of the County Council
The Honorable County Executive Stuart Pittman
Anne Arundel County
44 Calvert Street
Annapolis, Maryland 21401

Dear Members and Mr. Pittman:

In accordance with § 311 of the County Charter, I am calling to your attention and taking exception to the findings and exceptions noted on the enclosed spreadsheet. Special community benefit districts (SCBDs) are required to comply with financial reporting requirements set forth in Local Government Article, Division IV, Local Finance, § 16-308 of the Annotated Code of Maryland. The attached spreadsheet summarizes the current status of each district for fiscal year 2018.

The Controller had placed a hold on twenty-one districts that had not complied with the financial reporting requirements prior to their first scheduled distribution in November. The Controller's hold was released for fourteen districts once they complied with the financial reporting requirements. The Controller's hold on distributions is still in place for seven districts (Annapolis Roads, Beverly Beach, Capetowne, Carrollton Manor, Landhaven, South River Heights, and South River Manor) that have not yet complied, and no funds will be released until the districts comply with the requirements.

Please call if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Susan L. Smith".

Susan L. Smith, CPA
County Auditor

**Anne Arundel County
Special Community Benefit District (District) Status and Charter § 311 Summary of Findings
Fiscal Year 2018 (FY2018)**

N/A = District not required to submit financial statements. No funds were held by or disbursed directly to the District during FY2018.

District	Findings to Report						Financial Statements Accepted	Community Held Assets	County Held Assets Less All Liabilities	Total Fund Balance	Comments	
	No Findings To Report	Filed Late	Overspent total budget	Spent \$ for unallowable purpose	Commingled	Other						
Amberley	X						X	\$ 43,682	\$ 50	\$ 43,732		
Annapolis Roads	CONTROLLER'S HOLD PLACED - 11/29/18											The District FY2018 financial statements were filed late. Upon receiving the financial statements and related supporting documentation, we determined the Association spent \$1,213 of District funds for an engineering consultant for litigation not related to an allowed purpose of the District. The Association needs to submit revised audited financial statements for the District to reflect this unallowable expense.
Arundel-on-the-Bay		X					X	\$ 184,265	\$ 402	\$ 184,667		
Avalon Shores	X						X	\$ 80,862	\$ 100	\$ 80,962		
Bay Highlands	X						X	\$ 5,200	\$ 211,427	\$ 216,627		
Bay Ridge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Bayside Beach		X			X		X	\$ 11,474	\$ (2,772)	\$ 8,702	The District funds were commingled with Association funds. Specifically, during FY2018, Association loan proceeds and donations totaling \$21,200 were deposited and \$18,400 were spent leaving \$2,800 of Association funds in the District account at June 30, 2018.	
Beverly Beach	CONTROLLER'S HOLD PLACED - 11/20/18											The required FY2018 financial statements for this District have not been filed.
Birchwood	X						X	\$ 4,194	\$ 537	\$ 4,730		
Bittersweet			X				X	\$ 1,457	\$ 10	\$ 1,467	The District expenditures exceeded the District authorized appropriation by \$437. According to the Association, this was primarily the result of a period of heavy rain that caused excessive runoffs that required additional expenditures for clean-up.	
Broadwater Creek	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Cape Anne	X						X	\$ 47,378	\$ 13	\$ 47,391		
Cape St. Claire		X					X	\$ 170,485	\$ 46	\$ 170,531		
Capetowne	CONTROLLER'S HOLD PLACED - 11/20/18											Revised District FY2018 financial statements need to be submitted. During FY2018, District funds were commingled with Association funds. District tax revenues were deposited in and expended from an Association account. The Association also needs to submit additional documentation to separate District activity from Association activity.

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Carrollton Manor	CONTROLLER'S HOLD PLACED - 11/20/18										The District FY2018 financial statements were filed late. The Association needs to submit revised FY2018 financial statements for this District.
Cedarhurst-on-the-Bay	X						X	\$ 234,251	\$ 32	\$ 234,283	
Chartwell		X					X	\$ 55,901	\$ 20	\$ 55,921	
Columbia Beach				X			X	\$ 105,847	\$ 7,234	\$ 113,081	In 2016, the Association spent \$3,338 of District revenue on legal fees that were deemed an unallowable expense. The Association disagrees with this determination and stated they have no funds to repay the District account.
Crofton	X						X	\$ 1,041,715	\$ 47	\$ 1,041,762	
Deale Beach			X				X	\$ 4,611	\$ 203	\$ 4,814	The District expenditures exceeded the District authorized appropriation by \$1,414. According to the Association, they did not include any fund balance in their FY2018 budget since they anticipated spending it on maintenance scheduled in FY2017. However, construction delays shifted \$4,579 of expenses from FY2017 to FY2018 causing the district to exceed their FY2018 budget.
Eden Wood		X					X	\$ 55,912	\$ 1	\$ 55,913	
Epping Forest	X						X	\$ 300,426	\$ 2,661	\$ 303,087	
Fair Haven Cliffs	X						X	\$ -	\$ 20,595	\$ 20,595	
Felicity Cove	X						X	\$ 30,244	\$ 8	\$ 30,252	
Franklin Manor	X						X	\$ 72,277	\$ 40	\$ 72,317	
Gibson Island	X						X	\$ 467,021	\$ 75	\$ 467,096	
Greenbriar II			X				X	\$ 8,517	\$ 2,994	\$ 11,511	The District expenditures exceeded the District budget by \$970. According to the Association, the over expenditure was due to the failure to budget for an independent audit at a cost of \$1,200 and unanticipated office expenses totaling \$514 that were only partially offset by under spending their budget for maintenance of community property by \$744.
Greenbriar Gardens		X					X	\$ 17	\$ 23,201	\$ 23,218	
Herald Harbor	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

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Heritage				X			X	\$ 50,927	\$ 12	\$ 50,939	In FY2018, the Association refunded \$750 of District revenue to homeowners with multiple lots. We informed the Association that tax refunds are an unallowable expenditure. The Association will reimburse the District account in FY2019, and will no longer issue tax refunds.	
Hillsmere Estates	X						X	\$ 298,974	\$ (7,252)	\$ 291,722		
Homewood	X						X	\$ 2,839	\$ 9	\$ 2,848		
Hunter's Harbor	X						X	\$ 10,397	\$ 7	\$ 10,404		
Idlewilde	X						X	\$ 22,963	\$ 4	\$ 22,967		
Indian Hills	X						X	\$ 79,780	\$ 10	\$ 79,790		
Kensington	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Landhaven	CONTROLLER'S HOLD PLACED - 10/31/12											This District has not submitted required audited FY2011 or FY2015 financial statements or unaudited FY2012, FY2013, FY2014, FY2016, FY2017, or FY2018 financial statements. Unaudited FY2011 financial statements reported funds at the community totaling \$7,318.
Little Magothy River	X						X	\$ 197,933	\$ 8	\$ 197,941		
Long Point on the Severn	X						X	\$ 76,896	\$ 7	\$ 76,903		
Magothy Beach (Lower)	X						X	\$ 2,770	\$ 5	\$ 2,775		
Magothy Forge	X						X	\$ 11,241	\$ 15	\$ 11,256		
Manhattan Beach	X						X	\$ 92,726	\$ 10	\$ 92,736		
Mason Beach		X					X	\$ 897	\$ 5	\$ 902		
Mayo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
North Beach Park (Holland Point)	X						X	\$ 11,267	\$ 7	\$ 11,274		
Owings Beach		X					X	\$ 70,965	\$ 12	\$ 70,977		
Owings Cliffs	X						X	\$ 5,828	\$ 5	\$ 5,833		
Oyster Harbor		X					X	\$ 587,953	\$ 48	\$ 588,001		
Parke West	X						X	\$ 34,373	\$ 244	\$ 34,617		
Pine Grove Village	X						X	\$ 37,120	\$ 10	\$ 37,130		
Pines on the Severn	X						X	\$ 64,539	\$ 6	\$ 64,545		
Provinces	X						X	\$ 25,868	\$ 36	\$ 25,904		
Queens Park		X					X	\$ 120,698	\$ 74	\$ 120,772		
Rockview Beach/Riviera Isle		X					X	\$ 23,188	\$ (392)	\$ 22,796		
Scheides Cove	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Selby on the Bay	X						X	\$ 52,066	\$ 200	\$ 52,266		

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Severn Grove					X		X	\$ 14,481	\$ (1,665)	\$ 12,816	During FY2017, the Association deposited \$1,675 in Association dues in the District account in error. It is the Association's intention to return these funds to the Association; however, they are aware that repayment is not guaranteed and requires appropriation authority.
Severna Forest	X						X	\$ 281	\$ 28,283	\$ 28,564	
Severndale		X					X	\$ 42,327	\$ 4	\$ 42,331	
Sherwood Forest	X						X	\$ 490	\$ 7,400	\$ 7,890	
Shoreham Beach	X						X	\$ 157,044	\$ 405	\$ 157,449	
Snug Harbor	X						X	\$ 58,556	\$ 10	\$ 58,566	
South River Heights	CONTROLLER'S HOLD PLACED - 11/20/18										The required FY2018 financial statements for this District have not been filed.
South River Manor	CONTROLLER'S HOLD PLACED - 11/20/18										The required FY2018 financial statements for this District have not been filed.
South River Park	X						X	\$ 31,020	\$ 20	\$ 31,040	
Southgate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Steedman Point	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Stone Haven		X					X	\$ 9,688	\$ 10	\$ 9,698	
Sylvan Shores	X						X	\$ 69,028	\$ 40	\$ 69,068	
Sylvan View on the Magothy	X						X	\$ 11,630	\$ 40	\$ 11,670	
Tanglewood Lane	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Upper Magothy Beach	X						X	\$ 15,834	\$ 408	\$ 16,242	
Venice Beach	X						X	\$ 115,734	\$ 10	\$ 115,744	
Venice on the Bay	X						X	\$ 3,641	\$ 5	\$ 3,646	
Warthen Knolls	X						X	\$ 4,939	\$ 5	\$ 4,944	
Wetheridge Estates	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Wilelinor	X						X	\$ 39,768	\$ 5	\$ 39,773	
Woodland Beach (Londontowne)		X					X	\$ 308,162	\$ (16,971)	\$ 291,191	
Woodland Beach (Pasadena)	X						X	\$ 16,358	\$ 10	\$ 16,368	