



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

February 18, 2020

The Honorable Members of the County Council
The Honorable County Executive Steuart 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 the Annotated Code of Maryland, Local Government Article, Division IV, Local Finance § 16-308. The attached spreadsheet summarizes the current status of each district for fiscal year 2019.

The Controller had placed a hold on seventeen 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 ten districts once they complied with the financial reporting requirements. The Controller's hold on distributions is still in place for seven districts (Bayside Beach, Beverly Beach, Cape Anne, Greenbriar Gardens, Landhaven, South River Heights, and Upper Magothy Beach) 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,

Susan L. Smith, CPA
County Auditor

Anne Arundel County
 SCBD Status and Charter Section 311 Summary of Findings
 Fiscal Year 2019

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District	Findings to Report						Financial Statements Accepted	Community Held Assets	County-Held Assets Less All Liabilities	Total Fund Balance	Comments
	No Findings to Report	Didn't File Timely	Overspent Total Budget	Spent \$ for Unallowable Purpose	Commingled Funds	Other					
Amberley	X						X	\$ 33,735.00	\$ 3.00	\$ 33,738.00	
Annapolis Roads				X			X	\$120,094.00	\$112,628.00	\$232,722.00	During our review of the FY2018 and FY2019 financial statements, we determined that the Association spent \$1,213 and \$400 in District funds on unallowable expenses, respectively. During fiscal year 2019, the Association reimbursed the District for the \$1,213 in 2018 unallowable expenses. The Association plans to reimburse the District for the \$400 in unallowable expenses during FY2020.
Arundel-on-the-Bay	X						X	\$ 221,187.00	\$ 16.00	\$ 221,203.00	
Avalon Shores	X						X	\$ 104,118.00	\$ 106.00	\$ 104,224.00	
Bay Highlands	X						X	\$ 221,737.00	\$ 15.00	\$ 221,752.00	
Bay Ridge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Bayside Beach	CONTROLLER'S HOLD PLACED - 11/21/19										The required FY2019 financial statements for this District have not been filed.
Beverly Beach	CONTROLLER'S HOLD PLACED - 11/20/18										The required FY2018 and FY2019 financial statements for this District have not been filed.
Birchwood	X						X	\$ 5,669.48	\$ 3.76	\$ 5,673.24	
Bittersweet	X						X	\$ 2,298.00	\$ -	\$ 2,298.00	
Broadwater Creek	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Cape Anne	CONTROLLER'S HOLD PLACED - 11/21/19										The Association filed FY2019 financial statements late on February 10, 2020. However, these financial statements were inaccurate and we have requested revised statements.
Cape St. Claire	X						X	\$ 161,391.00	\$ 55.00	\$ 161,446.00	
Capetowne		X			X		X	\$ 35,995.33	\$ 8,957.65	\$ 44,952.98	During FY2018, the District account was closed and District tax revenues were deposited in and expended from an Association account. During our review of the FY2018 financial statements, we assisted the Association with separating the activity and the Association was supposed to transfer the District funds into a separate account. However, during fiscal year 2019 the Association continued to use the Association account for District and Association activity. We again worked with the Association to separate the activity and they plan to open a separate District account during FY2020.
Carrollton Manor		X					X	\$ 285,571.00	\$ 111,361.00	\$ 396,932.00	
Cedarhurst-on-the-Bay		X					X	\$ 161,029.66	\$ 14,918.35	\$ 175,948.01	
Chartwell		X					X	\$ 42,219.00	\$ 10,470.00	\$ 52,689.00	
Columbia Beach				X			X	\$ 128,021.25	\$ 449.68	\$ 128,470.93	During FY2016, the Association spent \$3,338.06 on legal expenses that were deemed unallowable expenditures for this SCBD. The Association disputes this ruling and has stated that the Association does not have funds to repay the district.
Crofton	X						X	\$ 951,657.00	\$ (54.00)	\$ 951,603.00	
Deale Beach	X						X	\$ 5,816.08	\$ 17.04	\$ 5,833.12	

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Eden Wood	X						X	\$ 63,672.00	\$ 4.00	\$ 63,676.00	
Epping Forest	X						X	\$ 314,607.00	\$ (1,750.00)	\$ 312,857.00	
Fair Haven Cliffs	X						X	\$ -	\$ 24,302.47	\$ 24,302.47	
Felicity Cove		X					X	\$ 27,555.00	\$ 2.00	\$ 27,557.00	
Franklin Manor	X						X	\$ 77,846.00	\$ 16.00	\$ 77,862.00	
Gibson Island	X						X	\$ 552,796.00	\$ 15.00	\$ 552,811.00	
Greenbriar Gardens	CONTROLLER'S HOLD PLACED - 11/21/19										The Association filed the FY2019 financial statements late. Revised FY2019 financial statements have been requested and have not been submitted.
Greenbriar II	X						X	\$ 12,449.00	\$ 3,000.00	\$ 15,449.00	
Herald Harbor	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Heritage		X					X	\$ 52,337.10	\$ 50.00	\$ 52,387.10	
Hillsmere Estates	X						X	\$ 396,680.00	\$ (6,074.00)	\$ 390,606.00	
Homewood	X						X	\$ 3,908.42	\$ 10.00	\$ 3,918.42	
Hunter's Harbor	X						X	\$ 3,515.23	\$ 9.48	\$ 3,524.71	
Idlewilde	X						X	\$ 23,768.86	\$ 10.31	\$ 23,779.17	
Indian Hills	X						X	\$ 71,226.89	\$ 12.36	\$ 71,239.25	
Kensington				X			X	\$ 6,582.32	\$ 5.00	\$ 6,587.32	During FY2019, the Association spent \$90 on Association dues that were deemed to be an unallowable SCBD expense. The Association plans to repay the district in FY2020.
Landhaven	CONTROLLER'S HOLD PLACED - 10/31/12										The Association has not submitted required audited FY2011, FY2015, and FY2019 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	\$ 63,543.89	\$ 5.00	\$ 63,548.89	
Long Point on the Severn		X					X	\$ 94,091.47	\$ 5.00	\$ 94,096.47	FY2019 financial statements were filed by the deadline, but the required audit report was filed late.
Magothy Beach (Lower)	X						X	\$ 4,002.75	\$ 6.79	\$ 4,009.54	
Magothy Forge	X						X	\$ 13,307.87	\$ 474.48	\$ 13,782.35	
Manhattan Beach		X					X	\$ 83,660.00	\$ 7.00	\$ 83,667.00	
Mason Beach	X						X	\$ 1,251.57	\$ 5.00	\$ 1,256.57	
Mayo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Mil-bur	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	\$ 17,052.08	\$ 168.64	\$ 17,220.72	
Owings Beach		X					X	\$ 65,670.40	\$ 2,992.22	\$ 68,662.62	
Owings Cliffs		X					X	\$ 7,153.33	\$ 5.10	\$ 7,158.43	
Oyster Harbor		X					X	\$ 559,602.00	\$ 15.00	\$ 559,617.00	

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Parke West	X						X	\$ 19,309.00	\$ 47.00	\$ 19,356.00	
Pine Grove Village		X					X	\$ 37,922.79	\$ 7.44	\$ 37,930.23	FY2019 financial statements were filed by the deadline, but the required audit report was filed late.
Pines on the Severn	X						X	\$ 73,622.00	\$ 5.00	\$ 73,627.00	
Provinces	X						X	\$ 28,342.02	\$ 16.35	\$ 28,358.37	
Queens Park		X					X	\$ 131,349.00	\$ 10,172.00	\$ 141,521.00	
Rockview Beach/Riviera Isle					X		X	\$ 19,939.18	\$ (388.66)	\$ 19,550.52	During FY2018, Association funds were placed in the SCBD account in error. As of June 30, 2019, \$400 in Association funds still remain in the SCBD account. The Association plans to transfer them back to the Association in FY2020.
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	\$ 51,514.64	\$ 58.46	\$ 51,573.10	
Severn Grove		X					X	\$ 17,482.07	\$ 15.22	\$ 17,497.29	
Severna Forest	X						X	\$ 280.60	\$ 28,388.56	\$ 28,669.16	
Severndale	X						X	\$ 36,768.36	\$ 8.13	\$ 36,776.49	
Sherwood Forest	X						X	\$ 490.00	\$ (429.00)	\$ 61.00	
Shoreham Beach				X			X	\$ 67,999.59	\$ 13.28	\$ 68,012.87	The Association spent \$750 on legal fees that were deemed to be an unallowable SCBD expense. The Association plans to reimburse the SCBD in FY2020.
Snug Harbor	X						X	\$ 59,163.34	\$ 14.03	\$ 59,177.37	
South River Heights	CONTROLLER'S HOLD PLACED - 11/20/18										The required FY2018 and FY2019 financial statements for this District have not been filed.
South River Manor	X						X	\$ 6,198.18	\$ 4,879.28	\$ 11,077.46	
South River Park	X						X	\$ 39,686.33	\$ 10.00	\$ 39,696.33	
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	\$ 10,158.25	\$ 11.08	\$ 10,169.33	
Sylvan Shores	X						X	\$ 64,521.00	\$ 10.00	\$ 64,531.00	
Sylvan View on the Magothy		X					X	\$ 12,731.98	\$ 8,166.72	\$ 20,898.70	
Tanglewood	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Upper Magothy Beach	CONTROLLER'S HOLD PLACED - 11/21/19										Revised FY2019 financial statements have been requested and not submitted. Filed statements show they spent \$5,189 in excess of their budget. We require an explanation of any overage in a note to the financial statements. Based on subsequent correspondence about the overage, they will need to revise other parts of their financial statements as well.
Venice Beach		X			X		X	\$ 122,392.00	\$ (2,871.00)	\$ 119,521.00	During FY2019, \$4,700 in Association funds were deposited into the SCBD account in error. The Association intends to withdraw these funds in FY2020.
Venice on the Bay	X						X	\$ 3,255.70	\$ 7.37	\$ 3,263.07	
Warthen Knolls	X						X	\$ 4,261.00	\$ 5.00	\$ 4,266.00	
Wetheridge Estates	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Wiljinor	X						X	\$ 58,173.56	\$ 5.00	\$ 58,178.56	

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Woodland Beach - Londontowne	X						X	\$ 198,632	\$ (10,116)	\$ 188,516	
Woodland Beach (Pasadena)		X					X	\$ 19,482.00	\$ 5.00	\$ 19,487.00	