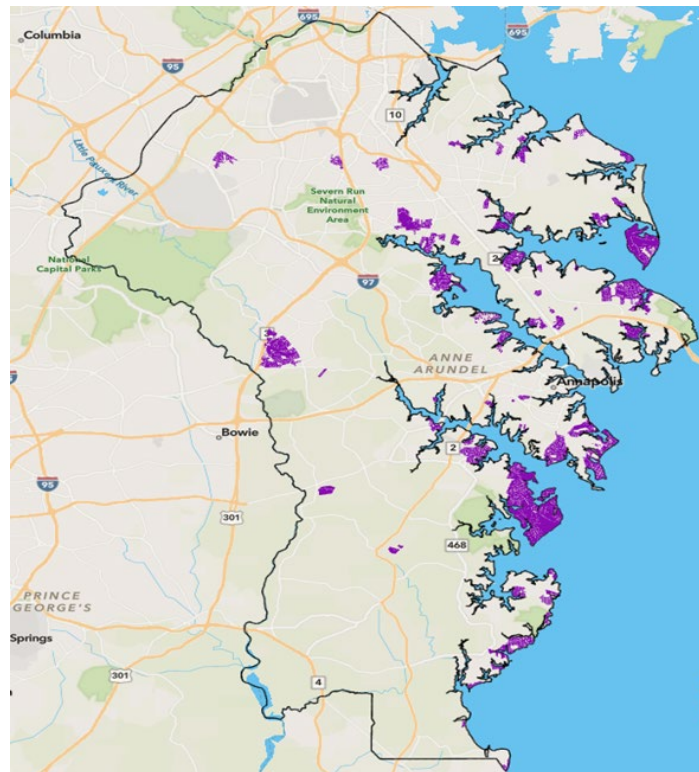




Anne Arundel County, Maryland  
**Office of the  
County Auditor**

Special Review

# Review of Special Community Benefit District Financial Reports for Fiscal Year Ending June 30, 2025



March 2026

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Copies of our reports are available at <https://www.aacounty.org/departments/auditor/special-reviews/>.

### **To Obtain Further Information**

Office of the County Auditor

888 Bestgate Rd, Suite 317

Annapolis, Maryland 21401

Phone: (410) 222-1138

**E-mail:** [audit-line@aacounty.org](mailto:audit-line@aacounty.org)

**Website:** [www.aacounty.org/departments/auditor](http://www.aacounty.org/departments/auditor)

## Executive Summary

Civic and community associations (Associations) located in Anne Arundel County (County) that received special community benefit district (SCBD) tax funds during the fiscal year or held tax funds from a prior fiscal year are required to file an annual SCBD financial report or an audit report, where required, with the County in accordance with State law. On behalf of the County, the Office of the County Auditor (OCA) reviews each Association’s SCBD financial report and any required audit report for compliance with State law, then provides these reports and the results of the review to the Maryland Legislative Auditor.

This engagement was limited in scope and consisted primarily of a desk review of SCBD financial reports, audit reports, and supporting documentation, and was not conducted as a full financial audit or performance audit. Accordingly, this review did not include procedures sufficient to express an opinion on the financial statements of each SCBD, the effectiveness of internal controls over financial reporting, or to detect fraud. The results of this review should not be relied upon for those purposes. OCA believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report.

At the conclusion of our desk review, OCA notified the applicable Associations of instances of noncompliance identified during our review. These communications were intended to inform the Associations of their noncompliance with County and State laws and regulations so that corrective actions can be taken to help ensure future compliance.

### Tax Funds per the Office of Finance Statements

Summary of SCBD Activity	FY24	FY25
Held Funds from Prior Year	\$ 994,795	\$ 1,070,514
Collected Funds	\$ 9,746,789	\$ 10,397,867
Administrative Charges	\$ 102,559	\$ 106,691
Funds Disbursed	\$ 9,568,512	\$ 10,346,404
Ending Balance	\$ 1,070,514	\$ 1,015,287

Summary of Noncompliance Instances	FY24	FY25
Failure to File Required Financial Statements	3	3
Late Filing of Required Financial Statements	5	7
Expenditures Exceeding Approved Budget Appropriations	1	2
Missing Required Audit Reports	5	4
Total Instances of Noncompliance	14	16

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## Background

The Local Government Article of the Annotated Code of Maryland<sup>1</sup> requires that each civic association (Association) that receives funds collected by the County file a financial report with the County no later than 90 days after the close of the fiscal year. The financial report is required to include a balance sheet, a statement of revenues, a statement of expenditures and encumbrances, and a statement of changes in fund balance. Special community benefit districts (SCBDs) with annual expenditures exceeding \$250,000 must also provide an audit report with the financial reports while SCBDs with annual expenditures of less than \$250,000 require an audit every four years unless the County determines, on a case-by-case basis, that more frequent audits are required. The audit must be conducted by an independent certified public accountant who is in compliance with the Maryland Public Accountancy Act or by an audit committee approved by the County Auditor.

As of June 30, 2025, Associations were required to file 73 SCBDs financial reports for fiscal year 2025 (FY25). Twenty-seven of the 73 financial reports also required an audit report with the financial report. During FY25, no new SCBD were created in the County and no existing SCBDs were dissolved.

In accordance with the State code and administrative guidance issued to each Association,<sup>2</sup> the Office of the County Auditor (OCA) performed a desk review of the FY25 SCBD financial and audit reports. The desk review consisted of reviewing these reports to ensure compliance with the applicable County and State laws and regulations.

This includes:

- The failure to file a financial or audit report, where required.
- The untimely filing of required financial and audit reports.
- The reporting of total annual expenditures that exceed approved budget appropriations.
- The use of tax funds for purpose previous deemed unallowable.

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<sup>1</sup> Md. Local Government Code Ann. §16.308(b)(4).

<sup>2</sup> Md. Local Government Code Ann. §16.308(a), Anne Arundel County Office of the Budget SCBD Guidelines (May 2021).

## Prior Year Finding Status

Our review included an evaluation of the two findings contained in the prior SCBD special report dated December 2024, as detailed in the chart below, to identify recurring instances of noncompliance by Associations.

### FY24 Reported Instances of Noncompliance

Prior Finding	Finding Description	Current Status
Finding 1	Twelve Associations had not filed the required SCBD financial reports or had filed the reports after the required filing date.	See Appendix C
Finding 2	Twenty-eight Associations submitted SCBD financial reports with compliance deficiencies.	See Appendix C

## Recurring Noncompliance

The Landhaven Community Association, Inc. continues to be noncompliant by not filing required financial reports despite statutory reporting requirements and prior OCA notification. The failure to comply with required County and State law has resulted in the restricted access to funds for this SCBD until all outstanding requirements are resolved.

### Failure to File Required Financial Report

SCBD	Association	Non-Filing Years	Funds Held
Landhaven	Landhaven Community Association, Inc.	2011 through 2025	\$6,158

Woodland Beach Improvement Association, Inc. is the only Association that submitted their required financial reports after the State-mandated filing date for both FY24 and FY25.

### Untimely Filing of Required Financial Report

SCBD	Association	Days Late	
		FY24	FY25
Woodland Beach (Pasadena)	Woodland Beach Improvement Association, Inc.	31	8

## Results of Desk Review

OCA performed desk reviews designed to assess compliance with applicable State and County laws and regulation, including statutory financial reporting, audit, and budgetary requirements governing SCBDs. These reviews disclosed multiple instances of noncompliance that relate primarily to the failure of certain Associations to timely submit required SCBD financial and audit reports, as well as approved budgetary limitations governing the use of tax funds.

### Finding 1: Several Associations Did Not File the Required SCBD Financial Reports

Of the 73 Associations required by the State code<sup>3</sup> to submit FY25 SCBD financial reports, three did not file their reports with OCA despite prior notification of the required deadline, as shown in Finding Table 1. These three associations did not provide sufficient explanation for the lack of submission and it is unclear as to why these Associations remain noncompliant. As permitted by State code,<sup>4</sup> the County will hold funds until all outstanding requirements are resolved.

**Finding Table 1: Overdue FY25 SCBD Financial Reports**

SCBD	Outstanding Fiscal Year(s)	Funds Held
Greenbriar Gardens	2025	\$5
Landhaven	2011 through 2025	\$6,158
Owings Beach	2025	\$4,615
Total Funds Held Due to Noncompliance		\$10,778

### Finding 2: Multiple Associations Submitted SCBD Financial Reports Late

State code<sup>5</sup> requires the completion and submission of SCBD financial reports no later than 90 days after the close of the County fiscal year. Seven of 70 Associations submitted FY25 SCBD financial reports after the State mandated filing deadline, as listed in Finding Table 2. The number of days for late submission ranged from 2 to 25 days after the required filing date. Despite prior notifications, sufficient reasoning was not provided to justify the late submissions. The delayed filing by the Associations represents a failure to provide timely accountability to its property owners.

**Finding Table 2: Untimely Filing of FY25 Financial Report**

SCBD	Date FY25 Report Filed	Number of Days Late
Warthen Knolls	10/24/2025	25
Wilelinor	10/16/2025	17
Kensington	10/14/2025	15
Woodland Beach (Pasadena)	10/08/2025	10
Loch Haven	10/05/2025	7
Annapolis Roads	10/01/2025	3
Eden Wood	9/30/2025	2

<sup>3</sup> MD Code, Local Government, § 16-308 (c).

<sup>4</sup> MD Code, Local Government, § 16-308 (d).

<sup>5</sup> MD Code, Local Government, § 16-308 (b)(4).

### Finding 3: Two Associations Exceeded Their Approved Budget Appropriations

The County Budget Office established budgetary appropriation control requirements to which each Association is responsible to adhere, with guidance regarding these budgetary requirements being provided during the development of each SCBDs annual budget. However, 2 of 70 SCBD financial reports examined during our desk review disclosed that funds expended exceeded the approved FY25 budget appropriation due to insufficient monitoring of actual expenditures against authorized appropriations, as shown in Finding Table 3.

**Finding Table 3: FY25 SCBD Budget Overruns**

SCBD	FY25 Appropriation	FY25 Expenditures	Budget Overruns
Indian Hills	\$235,468	\$239,069	(\$3,601)
North Beach Park	\$42,620	\$57,188	(\$14,568)

### Finding 4: Several Associations Did Not File Required Audit Reports With Their Financial Reports

Four of 27 Associations required by State code<sup>6</sup> to submit an audit report with their FY25 SCBD financial report failed to include the required audit report, as identified in Finding Table 4. Despite prior notifications, these associations did not provide sufficient justification for the late submissions. OCA did not accept the associations' financial reports until provided with the required audit reports.

**Finding Table 4: Untimely Filing of FY25 Audit Reports**

SCBD	Last Audit Report	Annual Expenditures Exceed \$250,000	Date FY25 Financial Report Filed	Date FY25 Audit Report Filed
Greenbriar II	2021	No	9/19/2025	11/24/2025
Idlewilde	2021	No	9/22/2025	3/5/2026
Severndale	2021	No	9/28/2025	1/12/2026
Wilelinor	2021	No	10/16/2025	10/29/2025

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<sup>6</sup> MD Code, Local Government, § 16-308 (c).

## **Appendix A**

### **Objective, Scope, & Methodology**

OCA conducted this desk review in accordance with generally accepted government auditing standards based on work completed from August 2025 through February 2026. Those standards require that we plan and perform our work to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives.

Our desk review focused on determining compliance with statutory and regulatory requirements, approved budget appropriations, and allowable use of SCBD funds. To complete this compliance review, we performed the following series of procedures consistent with those applied in prior fiscal years that included the following:

- Conducted background research to review applicable provisions of the Local Government Article of the Annotated Code of Maryland, the Anne Arundel County Code, and other relevant laws and regulations governing SCBD administration, financial reporting, and audit requirements. We also reviewed applicable County policies, procedures, and guidance related to SCBD financial reporting and the disbursement or withholding of SCBD funds.
- Logged, tracked, and maintained records of SCBD financial reports and audit reports submitted by Associations for FY25, as well as any delinquent financial reports and audit reports for prior fiscal years, in order to monitor compliance with statutory filing deadlines and reporting requirements.
- Consulted with the Office of Law regarding legal matters related to SCBD administration, statutory interpretation, and compliance requirements, where applicable.
- Performed a desk review of SCBD financial reports by examining each Association's FY25 SCBD financial report and any outstanding SCBD financial reports from prior fiscal years, together with supporting documentation. Supporting documentation reviewed included:
  - Office of Finance SCBD statements.
  - Submitted SCBD budget request forms.
  - Approved FY25 SCBD budget appropriations.
  - FY25 audit reports (where required).
- As necessary, made follow-up inquiries with Associations to obtain additional information or clarification regarding SCBD expenditures and disclosures included in the notes to the financial statements, particularly where the reported information was incomplete, unclear, or appeared inconsistent with statutory or budgetary requirements.
- Communicated with Associations to inform them of instances of noncompliance identified during the desk review and to request corrective actions. Corrective actions included, where applicable, the submission of revised SCBD financial reports or outstanding audit reports.
- Provided the Office of Finance with the results of our compliance review, identifying SCBDs determined to be in compliance with State law prior to the first disbursement of applicable SCBD funds, as well as SCBDs that remained noncompliant.
- Conducted follow-up procedures to assess the current status of prior findings and determine whether corrective actions had been implemented.

## Appendix B

### List of all SCBDs in Anne Arundel County (As of June 30, 2025)

Note: As of January 28, 2026, this list is still current

Required to File Financial Reports		Not Required to File Financial Reports
1 – Amberley	38 – Magothy Beach	1 – Bay Ridge
2 – Annapolis Roads	39 – Magothy Forge	2 – Broadwater Creek
3 – Arundel-on-the-Bay	40 – Manhattan Beach	3 – Fair Haven Cliffs
4 – Avalon Shores	41 – Mason Beach	4 – Herald Harbor
5 – Bay Highlands	42 – Mil-Bur	5 – Mayo
6 – Bayside Beach	43 – North Beach Park	6 – Scheides Cove Community Association
7 – Beverly Beach	44 – Owings Beach	7 – Southgate
8 – Birchwood	45 – Owings Cliffs	8 – Steedman Point
9 – Bittersweet	46 – Oyster Harbor	9 – Tanglewood Lane
10 – Cape Anne	47 – Parke West	10 – Wetheridge Estates
11 – Cape St. Claire	48 – Pine Grove Village	
12 – Capetowne	49 – Pines on the Severn	
13 – Carrollton Manor	50 – The Provinces	
14 – Cedarhurst-on-the-Bay	51 – Queens Park	
15 – Chartwell	52 – Rockview Beach/Riviera Isles	
16 – Columbia Beach	53 – Selby on the Bay	
17 – Crofton	54 – Severn Grove	
18 – Deale Beach	55 – Severna Forest	
19 – Eden Wood	56 – Severndale	
20 – Epping Forest	57 – Sherwood Forest	
21 – Felicity Cove	58 – Shoreham Beach	
22 – Franklin Manor	59 – Snug Harbor	
23 – Gibson Island	60 – South River Heights	
24 – Greenbriar II	61 – South River Manor	
25 – Greenbriar Gardens	62 – South River Park	
26 – Heritage	63 – Stone Haven	
27 – Hillsmere Estates	64 – Sylvan Shores	
28 – Hollywood on the Severn	65 – Sylvan View on the Magothy	
29 – Homewood Community Association	66 – Timbers	
30 – Hunter’s Harbor	67 – Upper Magothy Beach	
31 – Idlewilde	68 – Venice Beach	
32 – Indian Hills	69 – Venice on the Bay	
33 – Kensington	70 – Warthen Knolls	
34 – Landhaven	71 – Wilelinor	
35 – Little Magothy River	72 – Woodland Beach	
36 – Loch Haven	73 – Woodland Beach (Pasadena)	
37 – Long Point on the Severn		

## Appendix C Prior Year Findings

**Finding 1 – Twelve Associations had not filed the required SCBD financial reports or had filed the reports after the required filing date.**

Deficiency	Count	SCBD	Outstanding Fiscal Year(s)
Non-Filers	1	Landhaven	2011 through 2024
	2	South River Heights	2018 through 2024

Deficiency	Count	SCBD	Number of Day(s) Late
Late Filers	1	Homewood Community Association	68
	2	Beverly Beach	65
	3	Woodland Beach (Pasadena)	31
	4	Manhattan Beach	30
	5	Carrollton Manor	26
	6	Chartwell	18
	7	Franklin Manor	16
	8	Sylvan View on the Magothy	4
	9	Severndale	2
	10	Heritage	2

**Finding 2 – Twenty-eight Associations submitted SCBD financial reports with compliance deficiencies.**

Deficiencies Noted in Submitted Financial Reports	Count	SCBDs	Fiscal Year (FY)
Certain requirements of the County and State laws and regulations were not met	1	Avalon Shores	FY24
	2	Bay Highlands	FY24
	3	Beverly Beach	FY24
	4	Cape Anne	FY24
	5	Cape St. Claire	FY24
	6	Capetowne	FY24
	7	Cedarhurst-on-the-Bay	FY24
	8	Chartwell	FY24
	9	Deale Beach	FY24
	10	Greenbriar Gardens	FY24
	11	Heritage	FY24
	12	Hollywood on the Severn	FY24
	13	Homewood Community Association	FY24
	14	Kensington	FY24
	15	Little Magothy River	FY24
	16	Loch Haven	FY24

	17	Long Point on the Severn	FY24
	18	Magothy Forge	FY24
	19	Manhattan Beach	FY24
	20	North Beach Park	FY24
	21	Oyster Harbor	FY24
	22	Pine Grove Village	FY24
	23	Selby on the Bay	FY24
	24	Severndale	FY24
	25	South River Manor	FY24
	26	Timbers	FY24
	27	Wilelinor	FY24
	28	Homewood Community Association	FY23
Expenditures reported exceeds the approved budget appropriation	1	Idlewilde	FY24