



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

To: Civic or Community Association Representative
From: Michelle Bohlayer, County Auditor
Date: August 9, 2024
Subject: Fiscal Year 2024 Special Community Benefit District Financial Report Instructions

In accordance with the Annotated Code of Maryland, Local Government Article § 16-308, all special community benefit districts (SCBDs) are required to file an annual financial report for fiscal year 2024 (FY24) with the Office of the County Auditor by September 28, 2024. The County Controller will withhold the SCBD's tax distributions until the FY24 financial report has been submitted and accepted. State law does not provide any extension to this deadline.

Enclosed are the financial reporting requirements and laws and regulations with which the SCBD must comply to assert that they received, deposited, and disbursed tax funds in accordance with approved appropriations and state and County law. Please review these documents carefully to ensure the SCBD's financial report complies with the reporting requirements and regulations. Attachment 1 provides general information about SCBDs, including requirements for distribution of funds and relevant laws and regulations. Attachment 2 provides the financial reporting requirements. Please be sure to review both of these for updated information, as certain requirements have recently changed, including a new peer review requirement for audits performed by an independent Certified Public Accountant.

The SCBDs with annual expenditures exceeding \$250,000 must submit an annual audit and the SCBDs with expenditures of less than \$250,000 must submit an audit every four years. If a SCBD is required to submit audited financial statements and elects to use an audit committee, the SCBD must obtain approval of that committee prior to submitting their financial report. Please submit the request to oca-scbd@aacounty.org. The committee members must be independent of the Board of Directors (Board) in the current year and in the year under audit. The request must include: (1) the names of the proposed committee members, (2) a statement that they do not currently serve on the Board and were not on the Board in the year under audit, and (3) a statement that they are not related to any current Board members or any members of the Board who served in the year under audit. Please refer to Attachment 2 for the specific audit requirements, Attachment 6 for the audit committee approval request template, and Attachment 7 for an example of an audit committee report.

Later this month, the Office of Finance will send each SCBD a statement showing the SCBD's FY24 transactions. Attachment 3 provides an example of an Office of Finance statement. Attachments 4 and 5 present financial statements using that information to indicate which amounts should be used to prepare the SCBD's financial report, using the cash basis of accounting and accrual basis of accounting,

respectively. The SCBD's FY24 Approved Budget Request Form and the SCBD's internal ledgers, bank statements, invoices, and receipts will also be needed to prepare the SCBD's financial report.

The attachments are provided to assist you with the preparation of the SCBD's financial report and are attached to this email. Please contact the Office of the County Auditor at oca-scbd@aacounty.org or (410) 222-1138 if you have any questions regarding these requirements. We look forward to receiving each SCBD's required submission no later than September 28, 2024.

Enclosures: Attachments 1-7