



Certified Public
Accountants &
Business Advisors



PRESENTATION TO THE COMMISSION

THE MARYLAND NATIONAL CAPITAL PARK AND PLANNING COMMISSION

JUNE 30, 2025 AUDIT RESULTS

March 18, 2026

Executive Summary



I. Scope of Services

- Audit of June 30, 2025, Financial Statements
- Review of Annual Comprehensive Financial Report
- Recommendations and observations noted during the audit process
- Available for year-round discussions on accounting and auditing issues

Executive Summary (cont.)



II. Summary of Results

- Issued an unmodified opinion on the financial statements
- We did not discover any instances of fraud
- No material weakness identified; one significant deficiency related to construction in progress
- We received full cooperation from management
- No audit journal entries noted

SBC Audit Approach



FORCAM Audit Approach

Focus on Risk, Controls, and Account Misstatement

Agree on Expectations and Deliverables

Planning - Understand the Business & Risk

Client Acceptance • Client Environment • Tone at the Top
Materiality • Initial Risk Assessment • Audit Plan • Client Expectations

Assess & Test Design & Operations of Controls

What Can Go Wrong? • Test Key Controls • Walkthrough
Map Accounts & Transactions • Identify Key Controls

Financial Close & Reporting Misstatement Analysis

Analyze Balances • Financial Close Process
Principles Applied • Management's Verification

Substantive Testing

Negative Account Analysis • Negative Financial Close
Firm & GAAS Required • Significant Estimates
Negative Operating Controls • Unusual Transactions

GAAS Compliance & Reporting

GAAS Checklist • Review Reports • Wrap Up
Draft Board/Management Presentation
Did We Meet Your Expectations?

Goals:

Detect Financial Statement Misstatement Risk
Detect Error

- Accounting Principle
- Estimate
- Information Processing
- Account Balances

Fraud
Business Failure
Business Improvement Opportunities
Client Expectations

Communicate Value Delivered and Measure Satisfaction



Assessment of Control Environment



Area	Points to Consider
Control Environment	<ul style="list-style-type: none">▪ Key executive integrity, ethics, and behavior▪ Control consciousness and operating style▪ Commitment to competence▪ Exercise oversee responsibility▪ Organizational structure, responsibility, and authority▪ Enforce accountability▪ HR policies and procedures
Risk Assessment	<ul style="list-style-type: none">▪ Define objectives and risk tolerances▪ Identify, analyze, and respond to risk▪ Assess fraud risk▪ Identify, analyze, and respond to change▪ Mechanisms to anticipate, identify, and react to significant events▪ Processes and procedures to identify changes in GAAP, business practices, and internal control
Control Activities	<ul style="list-style-type: none">▪ Design control activities▪ Design activities for the information system▪ Implement control activities▪ Existence of necessary policies and procedures▪ Clear financial objectives with active monitoring▪ Logical segregation of duties▪ Periodic comparisons of book-to-actual and physical count-to-books▪ Adequate safeguards of documents, records, and assets▪ Assess controls in place

Assessment of Control Environment (cont.)



Area	Points to Consider
Information and Communication	<ul style="list-style-type: none">▪ Use quality information▪ Communicate internally▪ Communicate externally▪ Adequate performance reports produced from information systems▪ Information systems are connected with business strategy▪ Commitment of HR and finance to develop, test, and monitor IT systems and programs▪ Business continuity and disaster plan for IT▪ Established communication channels for employees to fulfill responsibilities▪ Adequate communication across organization
Monitoring	<ul style="list-style-type: none">▪ Perform monitoring activities▪ Remediate deficiencies▪ Periodic evaluations of internal controls▪ Implementation of improvement recommendations

Evaluation of Key Processes



Process	Function
Treasury	<ul style="list-style-type: none">▪ Cash Management▪ Investment Accounting▪ Investment Valuation▪ Reconciliations
Estimation	<ul style="list-style-type: none">▪ Methodology▪ Information▪ Calculation
Financial Reporting	<ul style="list-style-type: none">▪ Accounting Principles and Disclosure▪ Closing the Books▪ Report Preparation▪ General Ledger and Journal Entry Processing▪ Verification and Review of Results
Expenditures	<ul style="list-style-type: none">▪ Purchasing▪ Receiving▪ Accounts Payable and Cash Disbursements▪ Purchase Card Transactions

Evaluation of Key Processes (cont.)



Process	Function
Payroll	<ul style="list-style-type: none">▪ Hiring▪ Attendance Reporting▪ Payroll Accounting and Processing▪ Payroll Disbursements▪ Separation
Revenue	<ul style="list-style-type: none">▪ Billing▪ Cash Receipts▪ Revenue Recognition▪ Cutoff
Fixed Assets	<ul style="list-style-type: none">▪ Physical Custody▪ Asset and Construction in Progress Accounting▪ Depreciation
Information Technology	<ul style="list-style-type: none">▪ Computer Operations▪ Segregation of Duties and Management Oversight▪ Information Security and Transaction Authorization▪ Program Integrity and Change Management



Status of Prior Year Recommendation

- During the 2023 audit, we noted construction in progress (CIP) costs were not monitored on a timely basis to determine when those projects were completed and placed into service. This could result in the understatement of depreciation expense on the entity-wide statements.
- We recommend the Commission implement a process for reviewing CIP costs at least annually, to determine projects that have been placed into service. This process should include an aging schedule for projects to help identify older projects which would be more likely completed and placed into service. Once projects are identified as complete, those projects should be reclassified from CIP to the appropriate depreciable asset category and depreciated accordingly.
- 2025 Status: In process - \$92 million of CIP was capitalized during FY25, leaving an ending CIP balance of \$322 million.

Financial Statement Highlights



Summary of Net Position (in millions) June 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2024-2025
	2025	2024	2025	2024	2025	2024	
Assets							
Current and Other Assets	\$ 811.7	\$ 762.6	\$ 38.2	\$ 32.5	\$ 849.9	\$ 795.1	6.9%
Capital Assets	1,395.3	1,345.0	152.3	154.9	1,547.6	1,499.9	3.2%
Total Assets	2,207.0	2,107.6	190.5	187.4	2,397.5	2,295.0	4.5%
Deferred Outflows	184.2	193.4	5.5	5.6	189.7	199.0	-4.7%
Liabilities/Deferred Inflows							
Current Portion of							
Long-term Liabilities	42.8	34.3	0.6	0.3	43.4	34.6	25.4%
Long-term Liabilities	787.4	838.2	18.1	19.9	805.5	858.1	-6.1%
Other Liabilities	86.3	63.8	3.3	2.1	89.6	65.9	36.0%
Total Liabilities	916.5	936.3	22.0	22.3	938.5	958.6	-2.1%
Deferred Inflows	96.6	26.6	7.3	5.4	103.9	32.0	224.7%
Net Position							
Net Investment in Capital							
Assets	1,169.9	1,132.4	151.7	154.5	1,321.6	1,286.9	2.7%
Unrestricted	208.1	205.7	15.0	10.8	223.1	216.5	3.0%
Total Net Position	\$ 1,378.0	\$ 1,338.1	\$ 166.7	\$ 165.3	\$ 1,544.7	\$ 1,503.4	2.7%

Financial Statement Highlights



Summary of Changes in Net Position (in millions) For the Fiscal Years Ended June 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2024-2025
	2025	2024	2025	2024	2025	2024	
Program Revenues:							
Charges for Services	\$ 31.2	\$ 30.7	\$ 25.4	\$ 24.1	\$ 56.6	\$ 54.8	3.3%
Operating Grants and Contributions	9.5	9.3	-	-	9.5	9.3	2.2%
Capital Grants and Contributions	37.1	71.1	1.5	-	38.6	71.1	-45.7%
Property Taxes	548.0	531.8	-	-	548.0	531.8	3.0%
Investment Earnings	36.9	37.5	2.4	2.4	39.3	39.9	1.5%
Total Revenues	662.7	680.4	29.3	26.5	692.0	706.9	-2.1%
Expenses:							
General Government	35.2	29.6	-	-	35.2	29.6	18.9%
County Planning and Zoning	84.9	79.7	-	-	84.9	79.7	6.5%
Park Operations and Maintenance	371.0	339.2	-	-	371.0	339.2	9.4%
Recreation Programs	116.0	101.5	-	-	116.0	101.5	14.3%
Wheaton Headquarters	-	-	7.4	7.0	7.4	7.0	5.7%
Recreational and Cultural Facilities	-	-	29.4	27.1	29.4	27.1	8.5%
Interest on Long-term Debt	6.8	5.4	-	-	6.8	5.4	25.9%
Total Expenses	613.9	555.4	36.8	34.1	650.7	589.5	10.4%
Increase/(Decrease) in Net Position Before Transfers	48.8	125.0	(7.5)	(7.6)	41.3	117.4	-64.8%
Transfers	(8.9)	(8.4)	8.9	8.4	-	-	
Increase/(Decrease) in Net Position	39.9	116.6	1.4	0.8	41.3	117.4	
Net Position - beginning	1,338.1	1,221.5	165.3	164.5	1,503.4	1,386.0	
Net Position - ending	\$ 1,378.0	\$ 1,338.1	\$ 166.7	\$ 165.3	\$ 1,544.7	\$ 1,503.4	

Required Communications



1. Auditor's Responsibilities Under Generally Accepted Auditing Standards (GAAS)

The financial statements are the responsibility of management. Our audit was designed in accordance with auditing standards generally accepted in the United States of America, and provide for reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.

The significant accounting policies used by management are described in the notes to the financial statements.

3. Auditor's Judgments About the Quality of Accounting Principles

We discuss our judgments about the quality, not just the acceptability, of accounting principles selected by management, the consistency of their application, and the clarity and completeness of the financial statements, which include related disclosures.

We have reviewed the significant accounting policies adopted by the Commission and have determined that these policies are acceptable accounting policies.

Required Communications (cont.)



4. **Audit Adjustments**

We are required to inform the Commission's oversight body about adjustments arising from the audit (whether recorded or not) that could in our judgment either individually or in the aggregate have a significant effect on the entity's financial reporting process. We also are required to inform the Commission's oversight body about unadjusted audit differences that were determined by management to be individually and in the aggregate, immaterial.

There were no unrecorded audit adjustments.

5. **Fraud and Illegal Acts**

We are required to report to the Commission's oversight body any fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements.

Our procedures identified no instances of fraud or illegal acts.

6. **Material Weaknesses in Internal Control**

We are required to communicate all significant deficiencies in the Commission's systems of internal controls, whether or not they are also material weaknesses.

We noted no material weaknesses during the audit process. One significant deficiency related to construction in progress was noted.

Required Communications (cont.)



7. Other Information in Documents Containing Audited Financial Statements

None.

8. Disagreements with Management on Financial Accounting and Reporting Matters

None.

9. Significant Difficulties Encountered in Performing the Audit

None.

10. Major Issues Discussed with Management Prior to Acceptance

None.

11. Management Representations

We received certain written representations from management as part of the completion of the audit.

12. Consultation with Other Accountants

To our knowledge, there were no consultations with other accountants since our appointment as the Commission's independent public accountants.

13. Independence

As part of our client acceptance process, we go through a process to ensure we are independent of the Commission.

We are independent of the Commission.

Required Communications (cont.)



14. Non-Audit Services

We did not perform any non-audit services for the Commission.

15. Our Responsibility Related to Fraud

- Plan and perform the audit to obtain reasonable assurance that there is no material misstatement caused by error or fraud;
- Comply with AU-C Section 240: Consideration of Fraud in a Financial Statement Audit;
- Approach all audits with an understanding that fraud could occur in any entity, at any time, by anyone; and
- Perform mandatory procedures required by GAAS and our firm policies.

Examples of Procedures Performed

- Discuss thoughts and ideas on where the financial statements might be susceptible to material misstatement due to fraud;
- Understand pressures on the financial statement results;
- Understand the tone and culture of the organization;
- Look for unusual or unexpected transactions, relationships, or procedures;
- Discussions with individuals outside of finance;
- Evaluate key processes and controls; and
- Consider information gathered throughout the audit.

Responsibility for Mitigating Fraud



Opportunity

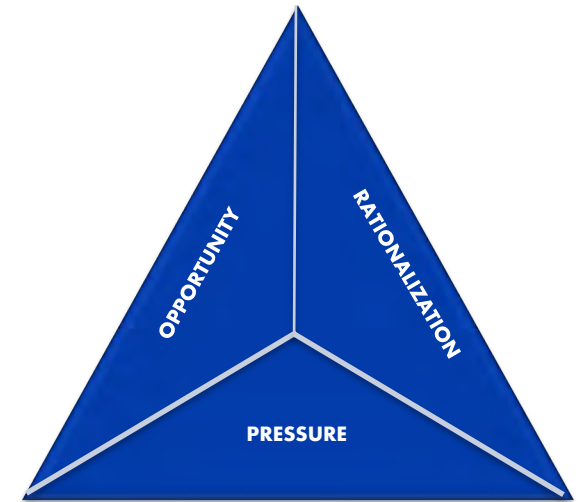
- Generally provided through weaknesses in internal control
- Tone at the top is important
- We assess controls and tone at the top

Pressure

- Pressure can be imposed due to economic troubles, personal vices and unrealistic deadlines and performance goals
- There are increased pressures due to economy and minimal salary increases

Rationalization

- Individuals develop a justification for their fraudulent activities
- Increased rationalization due to minimal salary increases and less personnel



Engagement Team

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