



June Work Session Agenda

Tuesday, June 02, 2026 at 6:30 PM

3820 40th Avenue Cottage City, Maryland 20722

This meeting will be hosted on Zoom:

<https://us02web.zoom.us/j/82409866461?pwd=kLBHmZvHtUGAAjbezJF3fPfelZXf2w.1>

Phone: 301-715-8592 | Meeting ID: 824 0986 6461 | Passcode: 527527

Call to Order and Roll Call

Review of Agenda

Public Comments

Anyone seeking to speak under Public Comments must sign in prior to the end of the Board Work Session. There is a 3-minute time limit. When you come up to speak, you will need to state your name, address, what organization that you represent and your topic of concern(s).

Business

1. Mentoring Through Athletics Presentation (Commission Discussion)
2. Pollinator Garden Presentation (Commission Discussion)
3. Motion To Suspend The Rules To Vote In The June Work Session (Commission Vote)
4. Port Town Sector Plan Letter of Support (Commission Discussion & Possible Vote)
5. Draft Ordinance 2026-02: Adopt A Budget & Levy Property Taxes FY 2027 (First Reading & Commission Discussion)
6. Proposed Ordinance: Governance and Responsible Use of Artificial Intelligence Systems (Commission Discussion)
7. Resolution 2026-16 Capital Expenditure For A Police Vehicle (Commission Discussion)
8. FY 2026 Audit Proposals (Commission Discussion)
9. Town of Cottage City Employee Handbook (Commission Discussion)
10. August Recess (Commission Discussion)

Updates

Closed Session

11. Motion To Go Into A Closed Session (Commission Vote)

This meeting will be closed under General Provisions Art. § 3-305(b) only: (1)___“To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; any other personnel matter that affects one or more

specific individuals”.

The Commission proposes to enter into a closed session to discuss employee performance evaluations & merit Increases.

Open Session Following Closed Session

Adjournment

All meetings are subject to closure pursuant to the Maryland Open Meetings Act: Pursuant to the Annotated Code of Maryland, State Government Article Section 10-508(a), the Council by majority vote may retire to executive or closed session at any time during the meeting. Should the Commission retire to executive or closed session the Chair will announce the reasons and a report will be issued at a future meeting disclosing the reasons for such closed session.

MENTORING THROUGH ATHLETICS

Building Stronger Communities Through Youth Programming

Prince George's County · Anne Arundel County · Charles County · Washington, D.C.



WHO WE ARE



MTA uses the power of sport to mentor, develop, and protect youth in underserved Maryland communities — at low or no cost to families.

01

After-School Programs

Safe, supervised environments during the highest-risk hours — 3 PM to 6 PM

02

6 Summer Camp Sites

6 sites keeping children safe and active all summer long across MD & D.C.

03

Sports-Based Mentoring

Coaches who build character, discipline, and life skills through athletics

04

Youth-Led Coaching

High schoolers and recent grads trained as coaches and mentors — workforce pipeline starts here



MTA athletes celebrating tournament medals — Prince George's County

THE UNMET NEED



The hours between 3 PM and 6 PM are the most dangerous for unsupervised youth. Nationally, only 37% of schools offering afterschool programs can serve all who want to participate.

37%

of schools can accommodate ALL students wanting afterschool programs

NCES 2024



63%

of youth in need are left without a spot — locked out of opportunity and safety

NCES 2024



\$6.69

returned for every \$1 invested in quality afterschool programs

PA ROI Study 2021



WHY AFTERSCHOOL PROGRAMS WORK



The Research Is Clear — Quality Programs Transform Youth Outcomes

20 pts

Academic Gains

Elementary students gained up to 20 percentile points in math scores (Study of Promising Afterschool Programs, 3,000+ students)

44% Lower

Dropout Rates

High schools with quality afterschool programs see 9% dropout vs. 16% at similar schools — 44% fewer students falling through the cracks

~50%

Reduced Chronic Absence

Nearly half of chronically absent students improved school-day attendance after joining afterschool programs (U.S. Dept. of Education 2023)

9 in 10

Feel Safe & Respected

More than 9 in 10 youth say they feel respected, listened to, and trust the adults in their afterschool programs (Every Hour Counts)

THE POWER OF SPORTS-BASED MENTORING



Sport is not just exercise — it is a proven vehicle for mentorship, character formation, and crime prevention.

1

High school athletes are more likely to graduate from college (59–73% vs. 53–67% for non-athletes)

2

Youth who exercise regularly show significantly lower rates of depression, anxiety, and suicidal ideation

3

Sports programs significantly improve self-esteem and mental well-being — with larger effects for older youth (College of Policing Meta-Analysis, 2021)

4

94% of female corporate executives played sports — 61% credit athletics for their career success (EY/espnW)



"Sport acts as a protective factor — building the internal locus of control that steers youth away from crime and toward purpose."

CDC: Regular physical activity improves academic performance, reduces obesity, and decreases psychological dysfunction in youth.

MTA COACHES: BUILDING TOMORROW'S WORKFORCE TODAY



MTA coaches mentoring youth across Prince George's County

Our coaches and mentors are high schoolers and young people right out of high school — and developing them is just as intentional as the youth programs they run.

Professional Development Training

MTA provides internal hard and soft skills training — communication, leadership, conflict resolution, time management, and professionalism.

Real-World Workforce Experience

Young coaches gain structured work experience managing programs, supervising children, and coordinating with partner organizations and municipalities.

Workforce Pipeline for Maryland

Maryland faces a critical shortage of youth-serving workers. MTA directly feeds trained, credentialed young adults into schools, rec centers, government programs, and nonprofits.

Breaking the Cycle

Young men and women from the same communities they serve become role models — completing the mentorship loop and proving that success is local.

WHY THIS MATTERS FOR MARYLAND



Maryland has a documented youth workforce gap — and MTA is already filling it.

~14%

Teen unemployment rate (ages 16–19) nationally — consistently 3x the adult rate

BLS 2024

Black & Hispanic youth face unemployment at nearly **DOUBLE the rate of **White peers****

BLS / WIOA Analysis

\$15/hr

Maryland's minimum summer youth wage — but most youth lack the soft skills employers require

MD Dept. of Labor 2024

What Maryland Needs

- Youth-serving workers for after-school programs
- Young adults with structured work experience
- Community connectors who reflect the population served

What MTA Delivers

- Coaches trained in professionalism & leadership
- Real program management responsibility from day one
- Young people from the same neighborhoods they serve

PARTNERSHIP SPOTLIGHT: PG COUNTY SHERIFF'S OFFICE



PG County Sheriff's patch — worn on MTA uniforms

The Prince George's County Sheriff's Office partners with MTA to provide FREE flag football summer day camps — officers serve as coaches, out of uniform and on the field.

Officers as Coaches

Law enforcement officers step out of their uniforms and onto the field as coaches and mentors — building genuine relationships with youth in their most authentic roles.

Trust Through Sport

Teens who might fear or distrust police see officers as people first. Sports create common ground that no community meeting can replicate.

Violence & Crime Prevention

When youth have positive relationships with law enforcement, cooperation increases and the cycle of fear and violence is broken from both sides.

Free to Families

Because the Sheriff's Office partners with MTA, these summer camps cost families nothing — the municipality funds the program and MTA provides the structure.

MTA SUMMER CAMP PROGRAM



When school is out, the risk goes up. MTA's 6 Summer Camp sites create safe, structured environments — at an accessible cost because municipalities help with the budget.

6

Summer Camp Sites

Across MD & D.C.



MTA Provides

- Trained & certified staff
- Sports & enrichment curriculum
- Mentorship programming
- Full program management

We Need From You

- A school or public facility
- Municipal budget partnership
- Your advocacy & support

Low cost to families. High impact for communities. MTA does the work — we need the space and your support.

WHY SUMMER PROGRAMS MATTER



Summer is not a break from risk — it is the highest-risk season for vulnerable youth.

83%

of schools offered summer programs in 2024 — but only 48% could serve ALL students who needed them

NCES 2024

100%

of youth in quality summer programs improved or maintained academic performance — zero experienced summer slide

Boys & Girls Club 2023

Up to \$12

saved per taxpayer dollar invested in afterschool & summer programs — from dropout prevention, crime reduction, and health outcomes

PA General Assembly 2021



THE MTA MODEL: A LOW-COST PARTNERSHIP FOR HIGH IMPACT



MTA removes the biggest barrier — cost — through municipal budget partnerships. All we need is a facility and the support of local representatives.

1

Municipality or School Partners

Provides facility space
Helps fund program costs
Connects MTA to families

2

MTA Deploys Programming

Staff arrive ready to go
Sports-based curriculum
Mentorship & workforce dev
After-school & summer

3

Youth & Community Benefit

Safe, supervised environment
Low cost for families
Academic & life skills gains
Stronger communities

HOW YOU CAN HELP



MTA is ready to expand. What we need from Maryland's legislators is simple:

Identify a Facility

01

Help connect MTA with a school, recreation center, or municipal facility in your district where programming can take place.

Advocate for Budget Support

02

Champion county budget contributions that offset program costs — keeping participation accessible for working families.

Connect Us to Your Communities

03

Introduce MTA to school principals, parks & rec departments, and community leaders in PG, Anne Arundel, Charles County, or D.C.

Champion Youth Investment

04

Speak up for afterschool and summer programming in budget hearings. Every dollar invested returns \$6.69 in community savings.

Together, we can ensure every child in our communities has a safe place to grow. Thank you.



MENTORING THROUGH ATHLETICS

Let's Build Something Together.

We bring the staff, the training, and the passion.
We just need the space — and your partnership.

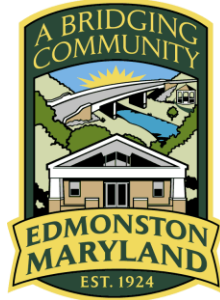


Item # 1.

TOWN OF EDMONSTON

MAYOR
TRACY R. GANT

TOWN ADMINISTRATOR
RODNEY BARNES



COUNCIL MEMBERS
KONY SERRANO PORTILLO
BETSY MCCAULEY
JOHN A. JOHNSON
SARAH TURBERVILLE

July 29, 2025

RE: Reference for Mentoring Through Athletics

To Whom it May Concern

The Town of Edmonston is pleased to provide a letter of reference for Mentoring Through Athletics. The Town partnered with Mentoring for a spring soccer program that attracted over 50 participants. Soccer is one the main activities for our town that is culturally diverse with over 60% Hispanic population. Providing diverse programs for our young people that provide a safe, structured space for young people to stay active, build confidence and receive mentorship is a priority for our Town. The soccer program was the perfect event to keep our youth engaged and to promote a positive environment that helps provide a high quality of life for our families.

The Town was so pleased with the partnership and the work of Mentoring Through Athletics that they extended the programming into the summer and fall. Mentoring will continue to help develop our young people into confident students as they move through the school system.

We highly recommend Mentoring Through Athletics and our thrilled that we were able to partner with them. We would encourage other communities to use the model program created by Mentoring Through Athletics as an example of how you can make a difference in our young people's lives.

Sincerely,

A handwritten signature in black ink, appearing to be "TRACY R. GANT", written in a cursive style.

Tracy R. Gant
Mayor

Pollinator Partnership Capstone

Amy Sawyer

POLLINATOR
PARTNERSHIP

Protect their lives. Preserve ours.

Amy Sawyer— Training & Experience

- U Maryland Extension Master Gardener
- Xerces Ambassador (Bee City USA)
- U Maryland Environmental Finance Center Climate Stewards Academy
- Anacostia Watershed Society Watershed Stewards (fall 2026)
- MAEOE Green Schools Evaluator
- Co-lead with PGCMLS afterschool program and community garden at MRES
- Co-lead Capitol Heights Elementary School Green Club
- 30+ years involvement in urban gardening and 100s of hours of webinars, classes, lectures, and books about native plants, habitat creation, stormwater management, pollinators



Pollinator Stewards Certification

- 3 months of training sessions
- evaluation of lessons learned
- capstone project (habitat creation & educational experience)

Native Plant Pollinator Gardens in the Community



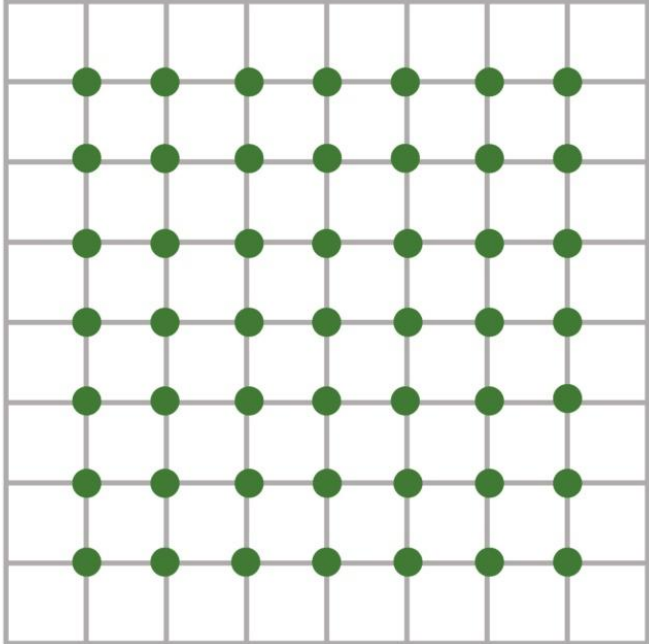
- A place for the community to gather
- Educational--learn about native plants, storm water management, and habitat creation
- Supports wildlife
- Commonly used plants grow 1-3' tall with particularly high wildlife value and long bloom period

No Money, Only Land

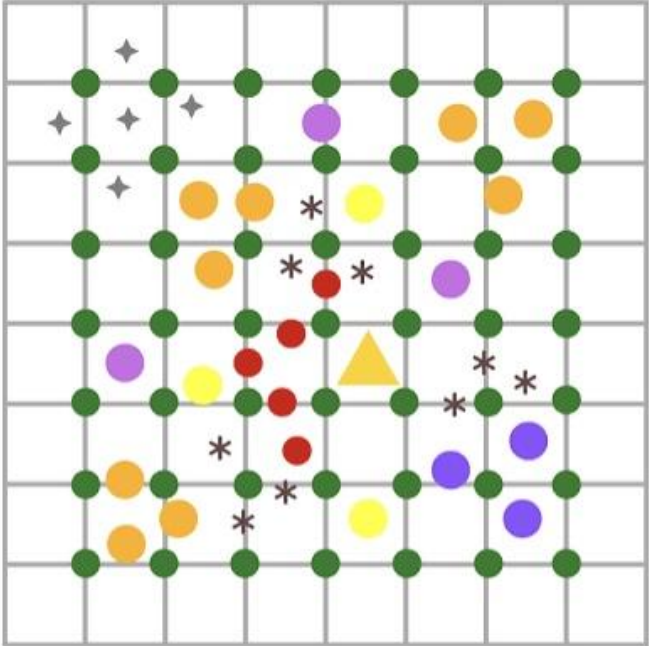


300—400 ft² space
Funded through grants and in-kind donation

Pollinator Garden Overview



Matrix Garden Design



A combination of bunch grasses, sedges, or occasionally perennials are planted in a grid to form the base of the garden. This greatly cuts down on weed pressure while flowering perennials are getting established in the first 3-5 years. There is an added benefit to fireflies by adding bunch grasses.



Protect their lives. Preserve ours.

Cottage City Pollinator Garden



GATHERING PLACE

- Citizen Science and outdoor STEM
- Quiet, curated place for the community to come to work or relax
- Sustainable Maryland: free wifi for 10 points



EDUCATION & CERTIFICATION

- Bilingual Education via PG Audubon signs
- Sustainable Maryland:
 - NWF Certification 10 pts
 - Innovative Demonstration Project 5-10 points



OPPORTUNITIES

- Student Service Hours
- Free native plants from community clean up events



Protect their lives. Preserve ours.

Cost: From Town: \$0 Grants: \$2—3000

Mulch: free from chipdrop or \$12 per cubic yard from College Park (plus pick up)
Matrix Planting:\$1,000—1,500 depending on species chosen and density
Perennials: less than \$200 if all winter sown from seed, \$500 for winter sown plus purchase
Optional: shrubs and specialty perennials \$500

Audubon Signs: TBD but I've been in touch with Kathy Shollenberger

National Wildlife Federation
Monarch Watch
Certified Firefly Habitat
Xerces Pollinator Habitat



Cost is dependent on the material the sign is printed on (ie aluminum vs high end), cost to register, and administrative work to complete the registration. Generally the cost per program is \$40—120.

Potential Funding Sources:

- Raincheck Rebate (Conservation Landscaping)
- America in Bloom
- Sustainable Maryland Action Grant
- Free Plants: Nature Forward, Bonna Terra, GreenWorks

Timeline: Educational for Community

June:	lay down 8-12” mulch or combination of cardboard/ mulch to eliminate grass
Summer:	finalize layout and plant list
Fall 2026:	install matrix and available perennials
Winter 2026:	winter sow remaining perennials
Spring 2027:	install remaining perennials
Ongoing:	Apply for grants (timeline is dependent on grant funding)

Commitment from Amy Sawyer:

- Six free educational workshops open to the community to teach the principals covered in these topics
- Design of appropriate take home materials for each session
- Installation of native plant pollinator garden on town property



**The Town of Cottage City
3820 40th Avenue,
Cottage City, MD 20722
(301)-779-2161**

May 26, 2026

Prince George's County Planning Board &
The Prince George's County Council, Sitting as the District Council
1616 McCormick Drive
Largo, Maryland 20774

Dear Council Chair and Planning Board Chair:

The Town of Cottage City strongly supports the preliminary Port Towns Sector Plan. We appreciate the extensive work, collaboration, and community engagement that has gone into the development of this important plan for the Port Towns community.

The Town of Cottage City fully supports the seven proposed opportunity sites identified in the plan, the recommended zoning changes, and the overall vision for revitalization, economic development, transportation improvements, and enhanced community connectivity throughout the Port Towns area.

While the current draft includes limited recommendations specifically focused on Cottage City, we respectfully request that future amendments and reports consider the expansion of the trail system to connect with the Town of Colmar Manor, including placemaking opportunities along those connections. We would also like the Planning Board and District Council to consider incorporating recommendations from the recent PALS (Partnership for Action Learning in Sustainability) Program Report regarding wayfinding signage throughout the Port Towns community.

Additionally, it is important to include mixed-use residential and commercial development opportunities along the Bladensburg Road corridor. We believe these improvements would

greatly benefit our residents, strengthen economic activity, and further connect our community to our surrounding municipalities.

We also hope this plan will serve as a catalyst for meaningful action and implementation. We want to ensure it becomes a living document that guides real progress, and that these recommendations come to fruition for the betterment of the entire Port Towns community.

The Town of Cottage City is submitting this letter to meet the written testimony deadline of Tuesday, May 26, 2026. The Town Commission plans to further discuss this letter during the Town Work Session on June 2, 2026, with a final vote anticipated at the June 10, 2026, Regular Town Meeting.

Therefore, the Town of Cottage City respectfully requests your support of the proposed resolutions by voting in favor of this legislation.

Thank you for your continued support of the Town of Cottage City and our Port Town neighbors.

Sincerely,

Wanda Wheatley
Commission Chair
Town of Cottage City

CC: Cottage City Commission

ORDINANCE 2026-02

**AN ORDINANCE OF THE COTTAGE CITY COMMISSION TO ADOPT A BUDGET
AND LEVY PROPERTY TAXES
FOR THE 2026-2027 FISCAL YEAR**

Introduced By: The Cottage City Commission

WHEREAS, Sections 38, 39, and 40 of the Charter of Cottage City requires the Cottage City Commission to adopt an annual budget containing anticipated revenues and appropriations for public purposes; and

WHEREAS, each fiscal year of the Town commences on July 1 and ends by the following June 30, pursuant to Section 38 of the Charter of the Town; and

WHEREAS, Section 39 of said Chapter, requires that before adopting the budget the Commission shall hold a public hearing thereon after two weeks' notice thereof in some newspaper or newspapers having general circulation within the municipality; and

WHEREAS, Section 46 of the Cottage City Charter provides that the Budget Ordinance shall constitute the tax levy for the fiscal year; and

WHEREAS, the Cottage City Commission enacted Ordinance 2016-06 on October 12, 2016, thereby amending the Code of the Town of Cottage City by adding Chapter 13 (Assessments and Taxation), Article 1 (Property Classification) by creating, defining, and designating certain tax classifications for residential and commercial real property situated within the Town and subject to municipal taxation, and generally relating to municipal taxation; and

WHEREAS, after several meetings, the Commission has prepared a budget for the fiscal year beginning July 1, 2026, and ending June 30, 2027, containing anticipated revenues and proposed expenditures; and

WHEREAS, the Town of Cottage City Budget as developed by the Commission and staff, is indicated herein below; and

WHEREAS, the current Real Property Tax Rates for the Town of Cottage City were set for the Fiscal Year beginning July 1, 2026, and ending June 30, 2027, at the rate of \$0.4538 for Noncommercial Real Property, and at the rate of \$0.7200 for Commercial Real Property; and

WHEREAS, according to the State Department of Assessments and Taxation, the Town's real property net assessable base for Noncommercial Real Property and Commercial Real Property for Fiscal Year 2027 will be \$111,145,515 and \$61,594.900 respectively, and the constant yield tax rates (CYTR's) for the two classes of real property according to SDAT's certifications are \$0.4200 (noncommercial) and \$0.6551 (commercial) respectively; and

WHEREAS, Charter, Section 39 prescribes that before adopting the budget the Commission shall hold a public hearing thereon after two weeks’ notice thereof in some newspaper or newspapers having general circulation within the municipality, and the Commission may insert new items or may increase or decrease the items of the budget; and

WHEREAS, pursuant to § 15 of the Town Charter, in cases of emergency, as determined by the Commission, the provision that an ordinance must be passed not less than six (6) nor more than sixty (60) days after the meeting at which it was introduced may be suspended by the affirmative votes of four members of the commission; and

WHEREAS, pursuant to § 5-205 of the LG Art. of Md. Ann. Code, a municipality may spend money for a purpose different from the purpose for which the money was appropriated or spend money not appropriated at the time of the annual levy if approved by a two-thirds vote of all the individuals elected to the legislative body; and

WHEREAS, the Cottage City Commission finds that it is more efficient and cost-effective to maintain a supplemental, detailed, line-item budget for the day-to-day management of the finances of the Town while adopting into law before the new fiscal year, as an emergency or regular measure adopted at just one or two meetings, the formal budget having the consolidated or major line items as stated herein below; and

WHEREAS, the Cottage City Commission has deemed it appropriate to adopt this budget ordinance after its introduction at a subsequent town meeting such that it will take effect upon the commencement of the next fiscal year.

NOW, THEREFORE, BE IT ORDAINED BY THE COTTAGE CITY COMMISSION, in special or regular session assembled, that the Town of Cottage City Budget containing anticipated revenues and proposed expenditures as indicated below, are hereby adopted for fiscal year 2027, beginning July 1, 2026, and ending June 30, 2027.

Section 1. The Fiscal Year 2027 Budget shall be divided into the following major anticipated revenue funds or groups having the estimated amounts as indicated below:

<u>REVENUE SOURCE</u>	<u>PROPOSED BUDGET</u> <u>AMOUNT</u>
Taxes	1,012,862
Intergovernmental	250,524
Fines, Charges & Misc. Fees	1,010,100
Grants	1,260,570
Other	44,600
Appropriated from Fund Balance	1,800,000
Total Revenues:	5,378,655

Section 2. The total of the anticipated revenues and any estimated fund balance available for expenditure during the fiscal year within each of the aforesaid categories of the FY 2027 Budget Ordinance shall equal or exceed the total of the proposed expenditures within the following general classification of expenditure or major appropriations having the amounts as indicated below:

<u>EXPENDITURES</u>	<u>PROPOSED BUDGET</u>
	<u>AMOUNT</u>
General Government	\$792,218
Public Works	\$475,607
Police Department	\$987,476
Grant Expenditures	\$1,305,570
Capital Outlays	280,604
Fund Balance to Next Year	1,537,181
Total Expenditures:	5,378,656

AND BE IT FURTHER ORDAINED that the Cottage City Real Property Tax (Noncommercial Real Property) for the Fiscal Year beginning July 1, 2026, and ending June 30, 2027, shall be at the rate of \$0.4538 per \$100.00 of assessed real property value, and such tax is hereby levied on all real property located in Cottage City that is subject to municipal taxation.

AND BE IT FURTHER ORDAINED that the Cottage City Real Property Tax (Commercial Real Property) for the Fiscal Year beginning July 1, 2026, and ending June 30, 2027, shall be at the rate of \$0.7200 per \$100.00 of assessed real property value, and such tax is hereby levied on all real property located in Cottage City that is subject to municipal taxation.

AND BE IT FURTHER ORDAINED that the Cottage City Business Personal Property Tax for the Fiscal Year beginning July 1, 2026, and ending June 30, 2027, shall be at the rate of \$1.35 per \$100.00 of assessed property value, and such tax is hereby levied on all personal and operating property located in Cottage City that is subject to municipal taxation.

AND BE IT FURTHER ORDAINED that the Cottage City Public Utility Tax for the Fiscal Year beginning July 1, 2026, and ending June 30, 2027, shall be at the rate of \$2.50 per \$100.00 of assessed property valuation and such tax is hereby levied on all utility property located in Cottage City that is subject to municipal taxation.

AND BE IT FURTHER ORDAINED that notwithstanding this budget ordinance, the FY 2027 Budget may be presented and discussed in further detail by enumerating additional sub-categories or detailed items pertaining to either revenues or expenditures as deemed necessary and expedient by the Cottage City Commission (the "Detailed Budget"), and although not considered incorporated by reference or formally part of this FY 2027 Budget Ordinance, the Detailed Budget, unless subsequently modified by the Commission, shall reflect the various items discussed therein and shall remain substantially uniform throughout the fiscal year having essentially the same format and items as presented to the Commissioners at the Town meeting wherein the FY 2027 Budget was approved.

AND BE IT FURTHER ORDAINED that all budget amendments transferring monies between major revenue funds, line items, classifications and/or major appropriations as reflected in this FY 2027 Budget Ordinance shall be submitted to the Cottage City Commission for approval, from time to time, by ordinance, and minor budget changes or amendments, however, occurring within certain specified sub-categories or the various detailed items not reflected herein above but shown in the Detailed Budget, shall be approved from time to time by the Town Manager subject to review and approval by the Cottage City Commission as recorded in the journal of its proceedings.

AND BE IT FURTHER ORDAINED that the Town Manager shall give notice of the making of the levies and budget approval by posting a notice thereof in some public place or places in the Town.

AND BE IT FURTHER ORDAINED AND ENACTED, that a fair summary of this ordinance shall be published at least once within ten days after the date of passage in a newspaper or newspapers having general circulation in the Town.

AND BE IT FURTHER ORDAINED AND ENACTED, that the Commissioner-Chairman shall be authorized to sign this Ordinance on behalf of the Commission, and that this Ordinance shall not be codified.

INTRODUCED by the Commission of Cottage City at a Town meeting on the 2nd day of June 2026, at which meeting copies were available to the public for inspection.

HAVING BEEN INTRODUCED AND HAVING BEEN READ as an ordinance and passed by a yea and nay vote of the Cottage City Commission with the affirmative votes of four members elected to the legislative body as indicated below at a Public Meeting of the Town of Cottage City held on the 10th day of June 2026, at approximately 7 o'clock p.m., in the Town Hall in Cottage City, Maryland.

ATTEST:

TOWN OF COTTAGE CITY, MARYLAND

John Hoatson, Town Manager

By: _____
Wanda Wheatley, Ward 3, Commissioner Chair

Julia Salsich, Ward 1, Commissioner Secretary

Joshua Durant, Ward 2, Commissioner

Tom Campos, Ward 4, Commissioner Vice Chair

John Brooks, Commissioner At-Large

CERTIFICATION

I, hereby certify, as the duly appointed Town Manager of the Town of Cottage City, Maryland, that on the 10th day of June, 2026, Ordinance No. 2026-02, entitled Adoption of a Budget & Levy Personal Property Taxes for the FY 2026-2027 Year, was duly adopted by the Cottage City Commission of the Town of Cottage City, Maryland, by a vote of ___ Aye, ___ Nay, and ___ Absent.

By: _____
John Hoatson, Town Manager

GENERAL GOVERNMENT				
5005 Salaries	\$106,888	\$121,261	\$165,000	174,500
5006 Overtime			2,500	16,000
5010 Commissioner Salaries	33,649	20,412	35,000	35,000
5007 Temp Services	61,383			
5015 Payroll Taxes	10,399	10,895	16,200	16,760
5020 Life Insurance	1,113			
5025 Health & Life Insurance	6,385	4,808	14,000	24,000
5030 Retirement Benefits	1,500		7,000	-
5035 Workmen's Compensation Insurance	10,227	10,547	1,700	10,000
5037 Unemployment Benefits		23,781.91		-
5040 Audit Fee	15,369	11,075	14,500	12,000
5045 Bus Service	1,100			
5065 Community Enhancement				
End Time Harvest Ministries	2,000	2,500	2,000	2,500
Cottage City Scholarship		2,500	2,500	3,000
Anacostia Watershed Donation			1,000	1,000
Contribution to ATHA			1,000	1,000
Fire Department Donation		1,000	1,000	1,000
Newsletter	1,135	2,886	1,000	
Green Team	363	77	1,200	1,200
Private Property Tree Maint				25,000
Crosswalk				2,000
TNR Program				4,000
Bees				700
Food Pantry			5,000	
Summer Camp			900	
Share Food				9,000
Family Relief				20,610
Port Towns CDC			15,000	15,000
Subtotal	3,498	8,964	30,600	86,010
5070 Community Garden	5,469	1,222	3,500	3,500
5072 Community Garden ARPA	1389.07		11,448	11,448
Contractual Services Grants				72,000
5085 Contractual Services (Accounting)	52,233	22,493	44,000	40,000
5086 Cell Phone	233		1,500	2,100
5087 Codification Service	995	995	2,000	2,000
5090 Election Expenses	1,685		1,200	1,200
5100 Insurance	2,596	2,994	4,000	4,000
5107 IT Support	18,776	15,070	17,000	30,000
5115 Legal Fees	36,463	36,816	40,000	40,000
5120 Commissioner Lunch	2,298	1,088	2,000	2,000
5125 Membership Dues	2,441	3,954	4,000	4,000
5130 Commissioner Municipal Convention & Co	11,135	4,067	14,700	14,700
5135 Office Expenses	30,011	32,075	31,000	31,000
TH Subscriptions				11,000
5140 Printing and Legat Ads	5,597		1,000	1,500

PUBLIC WORKS				
5205 Salaries	\$77,094	\$36,340	\$54,080	103,480
5206 Overtime	287	-	-	10,000
5210 Payroll Taxes	6,633	2,780	4,326	8,278
5211 Health & Life Insurance	11,821	221	-	12,000
5213 Retirement Benefits	100	-	-	-
5215 Workmen's Compensation Insurance	8,501	18,149	-	13,600
5230 Equipment Maintenance & Operating Expense	13,117	22,116	25,000	30,000
5232 Gasoline	5,612	5,237	8,000	8,000
5235 Highway Lighting	16,542	-	24,000	30,000
5237 MML & Training acct	6,971	833	-	-
5240 Abatements	-	-	-	2,000
5241 Cell Phone	4878.86	-	-	-
5242 Diga Talk Handheld Radio Service	-	-	-	-
5260 Roadway/Sidewalk Construction, Maintenance	25,301	2,493	7,500	20,000
5271 Maintenance	35,126	11,135	35,000	36,000
5272 Tree Maintenance	4,929	-	10,000	10,000
5273 Rain Garden	-	-	-	13,000
5280 Uniforms	-	-	-	900
5285 Vehicle Insurance	4,519	-	3,500	4,500
5287 Training	9494.85	-	-	1,500
5305 Dumping Fees	20	13	2,400	2,400
Composting	-	-	-	5,000
5315 Mosquito Control	299	-	2,300	-
5320 Waste Collection and Disposal	78,934	67,900	121,643	136,400
5322 Code Software	-	-	-	-
TOTAL PUBLIC WORKS	\$310,180	\$167,218	\$297,749	447,058

GRANT EXPENDITURES				
6002 MD DHCD - NED Grant			\$185,000	185,000
6006 DHCD - Community Surveillanc Project	11889.25			
6018 Community Engagement	34,534	-		
6014 First Responder Camp/Community	5,420	-		
6021 Cable - Public Education Grant - (PEG) curr	11,337	3,865	10,570	10,570
6023 Community Parks & Playground		-		
6052 BOND BILL EXPENSES FIREHOUSE	37,200		500,000	250,000
6016 Maryland Heritage Authority (MHAA)			90,000	90,000
6017 Maryland Historical Trust (MHT)			100,000	100,000
6010 Fed-Stormwater	925		670,000	670,000
6010 CDBG Grant	330,153	374,781	400,815	-
Subtotal Grants	\$431,458	\$378,646	\$1,956,385	1,305,570
6054 ARPA GRANT EXPENSE	58768.69			
6054.1 FAMILY RELIEF PROGRAM	23,727	14,175	5,395	
6054.7 Grant Writer Salary	54,062	44,378	68,700	
6054.8 Grant Writer Fringe	12,829	728	24,250	
6054.13 ARPA Resident Tree Program	22170		0	
6054.15 ARPA Food Bank	15,232	11,194	10,000	
Subtotal ARPA Grants	\$186,789	\$70,474	\$128,345	-
TOTAL GRANT EXPENDITURES	\$618,247	\$449,120	\$2,084,730	1,305,570
CAPITAL OUTLAYS				
6505 Capital Equipment			\$-	
6507 Town Hall Improvements			45,000	38,904
6509 Purchase - 3813 Cottage Terrace		-		
6511 Maryland Heritage Authority Match (MHAA)			90,000	90,000
6512 Maryland Historical Trust Match (MHT)			66,700	66,700
Subtotal General Government			201,700	
PUBLIC WORKS				
6606 Facility Maintenance	2,662	-		5,000
6607 PW New Equipment	7,995	18,912	25,500	
6615 Street Maintenance	401	-		15,000
Subtotal Public Works	11,058	18,912	25,500	
POLICE DEPARTMENT				
6701 Capital Outlays - Police Dept	15,060	-		65,000
TOTAL CAPITAL OUTLAYS	26,118		227,200	280,604
Fund Balance to Next Year				
7000 Fund Balance Carryover			-	1,575,730
GRAND TOTAL EXPENDITURES			3,788,296	5,378,656
Change in Fund Balance			1,340,639	(0)

Model Municipal Ordinance

Governance and Responsible Use of Artificial Intelligence Systems

Section 1. Purpose

The purpose of this ordinance is to establish governance, transparency, and accountability standards for the use of Artificial Intelligence (AI) systems by the municipality. The intent is to ensure that AI technologies used by municipal departments support public service delivery while protecting residents' rights, maintaining human oversight, and promoting transparency in government decision-making.

This ordinance provides guardrails for how AI systems may be evaluated, approved, and used by the municipality and ensures that residents have visibility into the role such systems play in public operations.

Section 2. Definitions

For the purposes of this ordinance, the following definitions apply:

Artificial Intelligence System (AI System)

Any computational system, software, or algorithm that uses machine learning, statistical modeling, automated decision-making, generative AI, or similar techniques to produce outputs such as predictions, recommendations, classifications, or generated content that influence municipal operations or decisions.

Automated Decision-Making System

An AI system that produces decisions or recommendations that may materially influence decisions affecting residents, municipal services, enforcement actions, or administrative determinations.

Human Review

A process in which a qualified municipal employee evaluates and verifies AI-generated outputs before those outputs are used to inform or make a final decision.

Municipal Department

Any department, office, agency, board, or commission operating under the authority of the municipality.

Section 3. Applicability

This ordinance applies to any AI system that is:

1. Procured by the municipality

2. Developed internally by municipal staff or contractors
3. Used by municipal departments to support decision-making, operations, or public services

This ordinance does not prohibit the use of AI systems but establishes governance requirements and oversight standards for their responsible use.

Section 4. Prohibited and Restricted Uses

The municipality shall not deploy AI systems in ways that remove meaningful human oversight from decisions that materially affect residents.

The following uses are prohibited unless expressly authorized by the governing body through a public approval process:

Fully Automated Decision-Making Affecting Residents

AI systems shall not independently make final determinations regarding enforcement actions, benefits, permits, or other decisions affecting residents without meaningful human review.

Real-Time Facial Recognition for Surveillance

The use of real-time facial recognition technology for continuous surveillance of public spaces is prohibited unless specifically authorized by law and approved by the governing body.

AI Systems That Discriminate or Produce Unlawful Bias

AI systems known to produce discriminatory outcomes based on protected characteristics may not be deployed.

Undisclosed AI Use in Resident Interactions

Municipal systems interacting directly with residents must disclose when automated or AI-assisted technologies are being used.

Section 5. Transparency and Public Disclosure

The municipality shall maintain transparency regarding the use of AI systems in municipal operations.

At a minimum, the municipality shall maintain a publicly accessible record that includes:

1. The name and description of each AI system used by the municipality
2. The purpose of the system and the department responsible for its operation

3. A general description of the type of decisions or tasks the system supports

The municipality shall review and update this disclosure at least annually.

Section 6. Human Oversight

AI systems shall be used as decision-support tools and shall not replace responsible human judgment in municipal governance.

Municipal employees responsible for decisions influenced by AI systems must:

1. Review AI-generated outputs before acting on them
2. Exercise independent judgment when evaluating those outputs
3. Retain the authority to override automated recommendations

No AI-generated output shall be treated as a final decision without human evaluation.

Section 7. Resident Rights and Appeals

Residents who believe that an AI-assisted system has materially influenced a decision affecting them may request review through the municipality's administrative process.

Such requests may be submitted to the appropriate municipal office, such as the Town Manager, City Administrator, or other designated authority.

The municipality shall establish procedures to:

1. Receive complaints or concerns regarding AI-assisted decisions
 2. Conduct a meaningful human review of those decisions
 3. Escalate complex matters to legal counsel or appropriate authorities when necessary
-

Section 8. Annual Review

The municipality shall review its AI governance policy at least once per year to ensure that it remains aligned with technological developments, legal requirements, and community expectations.

Updates to the policy or AI system disclosures shall be made publicly available following each review.

Section 9. Effective Date

This ordinance shall take effect upon adoption by the governing body.

Municipal departments currently using AI systems shall review those systems for compliance with this ordinance within six months of adoption.

TOWN OF COTTAGE CITY
RESOLUTION 2026-16

A RESOLUTION OF THE COMMISSIONERS OF THE TOWN OF COTTAGE CITY, MARYLAND, AUTHORIZING A CAPITAL EXPENDITURE FOR THE ACQUISITION, PURCHASE, AND UPFITTING OF A POLICE VEHICLE TO SUPPORT THE TOWN'S AUTOMATED SPEED ENFORCEMENT PROGRAM AND RELATED TRAFFIC SAFETY OPERATIONS

Introduced By: The Cottage City Commission

WHEREAS, the Commissioners of the Town of Cottage City operate an Automated Speed Enforcement Program pursuant to Maryland Transportation Article §21-809 and other applicable provisions of Maryland law governing speed monitoring systems and automated enforcement activities; and

WHEREAS, the Commissioners find that the Courts and Judicial Proceedings Article, § 7-302 of the Maryland Code states in Subsection (e)(4)(i) that "...from the fines collected by a political subdivision as a result of violations enforced by speed monitoring systems...a political subdivision: 1. May recover the costs of implementing and administering the speed monitoring systems... and 2. ...may spend any remaining balance solely for public safety purposes, including pedestrian or highway safety programs...[and] (ii) 1. For any fiscal year, if the balance remaining from the fines collected by a political subdivision as a result of violations enforced by speed monitoring systems, after the costs of implementing and administering the systems are recovered in accordance with subparagraph (i)1 of this paragraph, is greater than 10% of the total revenues of the political subdivision for the fiscal year, the political subdivision shall remit any funds that exceed 10% of the total revenues to the Comptroller (emphasis added); and

WHEREAS, the Commissioners further find that it is appropriate to expend speed camera revenues which may be recovered as a direct cost of implementing and administering the speed monitoring systems as expressly permitted by Subparagraph 7-302(e)(4)(i)(1); and

WHEREAS, the Town Charter in Section 55 states that "...all expenditures for supplies, materials, equipment, construction of public improvements, or contractual service involving more than ten thousand dollars (\$10,000) shall be made on written contract [and] [t]he town manager shall advertise for bids, in such manner as may be prescribed by ordinance, for all such written contracts [and] [t]he written contracts shall be awarded to the bidder who offers the lowest or best bid, quality of goods and work, time of delivery or completion, and responsibility of bidders being considered [and] [a]ll such written contracts shall be approved by the commission before becoming effective..." [and] [f]or good cause shown, the commission may waive the requirements for bidding; and

WHEREAS, the Town Code in Section 14-8.C.1 (Cooperative purchasing) states that "[n]otwithstanding any other provision of this chapter, the Commissioners may contract with any supplier who offers goods or services on the same terms as provided other state or local governments or agencies thereof if the Commissioners find that the cost of the items to be purchased is equal to or less than that which could be obtained by competitive procurement, or if the Commissioners find that the

other agency's competitive purchasing requirements are as strict or stricter than the Town's similar requirements; and

WHEREAS, the Commissioners of the Town of Cottage City recognize the importance of maintaining and supporting lawful traffic safety initiatives intended to reduce speeding, improve pedestrian safety, enhance school zone safety, improve roadway safety, and promote the health, safety, and welfare of the public; and

WHEREAS, the Cottage City Police Department has identified the operational need for the acquisition and upfitting of a dedicated police vehicle to support the administration, oversight, operational management, enforcement support, compliance activities, and field operations associated with the Town's Automated Speed Enforcement Program; and

WHEREAS, the requested vehicle shall serve as a dedicated operational support unit assigned primarily to personnel responsible for the administration, oversight, facilitation, and operational management of the Town's Automated Speed Enforcement Program, including program administration and oversight activities, site inspections and premise checks of active enforcement locations, verification of signage and statutory compliance requirements, coordination with contractors, technicians, and enforcement personnel, deployment support and operational monitoring activities, review support related to enforcement operations and field verification, court and evidentiary support functions, traffic safety presence and public safety visibility at enforcement corridors, transportation and deployment of enforcement-related equipment and materials, and support of overall compliance, maintenance, and operational readiness activities associated with the Town's automated enforcement and traffic safety initiatives; and

WHEREAS, the Commissioners find that the continual operational demands associated with the Town's Automated Speed Enforcement Program require a fully equipped police vehicle capable of supporting field operations, enforcement oversight, public safety visibility, and operational readiness activities; and

WHEREAS, the vehicle shall be fully upfitted as a marked or otherwise authorized law enforcement support vehicle equipped with emergency lighting, sirens, radio communications equipment, mobile computer systems, mobile data capability, enforcement support equipment, and all other equipment necessary to facilitate safe and effective automated enforcement operations and related police activities; and

WHEREAS, the acquisition and operational assignment of the vehicle directly supports lawful public safety objectives, including traffic calming, speed reduction, pedestrian protection, school zone enforcement support, and enhanced visibility within designated enforcement corridors and residential areas; and

WHEREAS, the Commissioners further find that the acquisition and operational assignment of the vehicle supports program integrity, accountability, compliance oversight, operational administration, and the lawful facilitation of automated enforcement systems utilized by the Town pursuant to Maryland law; and

WHEREAS, the Town has obtained a procurement quotation for a 2027 Ford Police Interceptor Utility 4x4 vehicle through Baltimore County Contract Number SCON-10001846 from Apple Ford Fleet/Government Sales in the amount of \$48,283.00 for the base vehicle purchase; and

WHEREAS, the Commissioners further find that the Baltimore County competitive purchasing requirements are as strict or stricter than the Town's similar requirements; and

WHEREAS, the Cottage City Police Department has identified additional costs associated with emergency equipment installation, communications equipment, police package upfitting, graphics, decals, and related operational outfitting necessary to place the vehicle into active law enforcement service, bringing the estimated total project cost to approximately \$70,000.00; and

WHEREAS, the Commissioners recognize that expenditures associated with the acquisition, operation, administration, oversight, and facilitation of the Automated Speed Enforcement Program constitute lawful public safety expenditures associated with the Town's Automated Speed Enforcement Program and related police department operations; and

WHEREAS, the Commissioners further recognize that such expenditures may be properly accounted for within the Town's Automated Speed Enforcement expenditure reporting, including expenditures associated with the Maryland Speed Monitoring System Fund (SMS-1) reporting process and related traffic safety enforcement activities; and

WHEREAS, the Town has collected speed camera fine revenue year-to-date in an amount approximately \$240,000.00 in excess of the amount originally budgeted for Fiscal Year 2026, and the Commissioners find it appropriate to amend the Fiscal Year 2026 budget to recognize a portion of such additional revenue and to authorize the related capital expenditure; and

WHEREAS, the Commissioners find that approval of this capital expenditure is in the best interests of the Town and necessary for the continued operation, administration, oversight, and integrity of the Town's public safety and automated enforcement initiatives.

NOW, THEREFORE, BE IT RESOLVED, by the Commissioners of the Town of Cottage City, Maryland, that the Town hereby authorizes the acquisition, purchase, and upfitting of one (1) police vehicle for the Cottage City Police Department to support the Town's Automated Speed Enforcement Program and related traffic safety operations.

BE IT FURTHER RESOLVED, that the Town Manager and/or their designees are hereby authorized to execute any and all contracts, procurement documents, purchase orders, vendor agreements, and related documents necessary to effectuate the acquisition and upfitting of the vehicle pursuant to Baltimore County Contract Number SCON-10001846 and all applicable procurement laws and policies.

BE IT FURTHER RESOLVED, that funding for the acquisition and upfitting of the vehicle may be derived from lawful Automated Speed Enforcement Program revenues and related police operational funding sources in accordance with Maryland law and applicable reporting requirements.

BE IT FURTHER RESOLVED, that the vehicle shall remain assigned primarily for automated enforcement support, traffic safety operations, and related public safety activities as determined appropriate by the Cottage City Police Department and Town administration.

BE IT FURTHER RESOLVED, that the Commissioners of the Town of Cottage City specifically find that the acquisition, deployment, operation, and use of the vehicle constitute direct and lawful expenditures associated with the administration, facilitation, oversight, implementation, and operational support of the Town’s Automated Speed Enforcement Program and related traffic safety activities pursuant to Maryland Transportation Article §21-809 and related statutory authority governing automated traffic enforcement programs.

BE IT FURTHER RESOLVED, this Resolution hereby authorizes an amendment to the Town’s Fiscal Year 2026 (detailed) budget by increasing 4040-Speed Camera Revenues by \$75,000.00 and increasing 6701-Police Capital Outlays by \$75,000.00 for the acquisition, purchase, and upfitting of the police vehicle authorized herein;

AND BE IT FURTHER RESOLVED that this Resolution shall become effective immediately and may be signed by the Cottage City Commission.

ATTEST:

TOWN OF COTTAGE CITY, MARYLAND

John Hoatson, Town Manager

By: _____
Wanda Wheatley, Ward 3, Commissioner Chair

Julia Salsich, Ward 1, Commissioner Secretary

Joshua Durant, Ward 2, Commissioner

Tom Campos, Ward 4, Commissioner Vice Chair

John Brooks, At-Large, Commissioner

CERTIFICATION

I, hereby certify, as the duly appointed Town Manager of the Town of Cottage City, Maryland, that on the 10th day of June, 2026, Resolution No. 2026-16, entitled Capital Expenditure for a Police Vehicle, was duly adopted by the Cottage City Commission of the Town of Cottage City, Maryland, by a vote of ___ Aye, ___ Nay, and ___ Absent.

By: _____
John Hoatson, Town Manager



Fleet/Government Sales

8800 Stanford Blvd. Columbia, MD 21045

Town Of Cottage City
Chief@Cottagecitymd.gov
 301-927-9225 Work

Quote: 2027 Explorer Police PIU 4X4 Riding the Baltimore County Contract

5/4/26

Vehicle K8A	2027 Explorer Police Interceptor Utility 4X4	\$51,985
EQ 500A	Police Interceptor Trim Pkg. Bluetooth, Back-up Camera, FM Stereo	Inc
99W	3.3L Hybrid	Inc
44B	10-Speed Mod Hybrid Auto	Inc
18D	Gbl Lock/Unlock	Inc
18X	100 Watt Siren	Inc
51T	Spot Lamp Driver's Side (Whelen)	Inc
67V	Wire Harness Kit	Inc
Dvlry	Delivery to Town of Cottage City	Inc
	Contract Discount	-\$2,002
	Ford Loyalty Concession	-\$1,700
Color (UM)	Exterior: YZ Oxford White Interior: Ebony (9W) Ebony Cloth Front/Vinyl	Inc
Delivery Days	Fleet Order 100-130 Day from PO Received	
	Price Per Unit: \$48,283	\$
Quantity: 1	Total Price for Units: \$	\$48,283

Please contact me with any questions, changes, or to finalize your order. I look forward to hearing from you. You can reach me at 301-653-5325 or by e-mail at: Dwilson@AppleFord.com.

Thank you, ☺
 Desmond Wilson

Preview Order 9998 K8A - Police Inter Utility AWD:

Order Summary Time of Preview: 05/29/2026

Receipt: NA

Dealership Name: Lindsay Ford, LLC

Sales Code : 27016

Dealer Rep.	ROBERT TIBBS	Type	Fleet	Vehicle Line	Explorer	Order Code	9998
Customer Name	Cottage	Priority Code	H3	Model Year	2027	Price Level	715

DESCRIPTION	MSRP	DESCRIPTION	MSRP
K8AO POLICE INTER UTILITY AWD	\$49050	DRIVER AND PASS LED SPOT LAMP	\$890
.119 INCH WHEELBASE	\$0	SIDE MARKER LIGHTS SKULL CAPS	\$490
TOTAL BASE VEHICLE	\$49050	POL WIRE HARNESS CONNECTOR KIT	\$200
OXFORD WHITE	\$0	POLICE WIRING KIT REAR	\$0
CLOTH BUCKETS/CLOTH REAR SEATS	\$90	POLICE WIRING KIT FRONT	\$0
ONYX INTERIOR	\$0	50 STATE EMISSIONS	\$0
EQUIPMENT GROUP SOOA	\$0	SPECIAL FLEET ACCOUNT CREDIT	\$0
FM STEREO	\$0	FUEL CHARGE	\$0
.3.3L HYBRID ENGINE	\$0	PRICED DORA	\$0
.10-SP MODULR HYBRD AUTO TRN	\$0	ADVERTISING ASSESSMENT	\$0
ULTIMATE WIRING KIT	\$640	DESTINATION & DELIVERY	\$1795
.REAR CONSOLE MOUNTING PLATE	\$0		

TOTAL BASE AND OPTIONS

DISCOUNTS

TOTAL \$53155

ORDERING FIN: QA047 END USER FIN: QA047

63 ISS

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\$53155

57 805

Customer Name: Customer Email: Customer Address:

Customer Phone:



5701 Crain Highway
Upper Marlboro, MD 20772

Item # 7.

STOCK NO.

PURCHASER'S FULL NAME _____
FIRST MIDDLE LAST
CO-PURCHASER'S FULL NAME Cottage City PD
ADDRESS 3820 40th Ave
ADDRESS Cottage City MD 20722

Tommy SALESPERSON DATE 05/27/26
EMAIL chief@cottagecitymd.gov
RES. PHONE _____
BUS. PHONE _____
CELL PHONE (443) 404-7831

PLEASE ENTER MY ORDER FOR THE FOLLOWING VEHICLE:

YEAR 26	MAKE Ford	MODEL Explorer Police Inter	COLOR Silver	NEW <input checked="" type="checkbox"/>	USED <input type="checkbox"/>	DEMO <input type="checkbox"/>	PREVIOUS RENTAL <input type="checkbox"/>
MVI OR SERIAL NO.				MILEAGE	TO BE DELIVERED ON OR ABOUT		
PRICE OF VEHICLE				PRICE OF VEHICLE			
				msrp		\$57,695.00	
				Invoice		\$54,276.00	
SUB TOTAL				DEALER PROCESSING CHARGE (NOT REQUIRED BY LAW)		\$799.00	
				APPLICABLE TAXES			
TITLE FEE	CVR FEE	TAG FEE	LICENSE FEE	TIRE TAX	TOTAL FEES		\$50.00
TOTAL VEHICLE PRICE						\$55,125.00	

DEPOSIT SUBMITTED WITH ORDER	THIS BUYER'S ORDER IS NOT A CASH RECEIPT
ALLOWANCE FOR USED CAR TRADE IN	
LESS BALANCE OWING TO -	

DESCRIPTION OF TRADE-IN					NET EQUITY TRADE	
MAKE ford	MODEL escape	TYPE	YEAR	LICENSE NO.	REBATES	
SERIAL NO. 1FTFW7L85TFB08490	DRIVERS LICENSE NO.		D.O.B.		GUARANTEED ASSET PROTECTION	
TRADE MILES	TITLE NO.	DRIVERS LICENSE NO.		D.O.B.		EXTENDED SERVICE PLAN
INSURANCE COMPANY					SERVICE/MAINTENANCE CONTRACT	
POLICY NO.					BALANCE DUE ON DELIVERY	
					\$55,125.00	

As to used vehicles, information on the window forms part of this agreement and the information on the window form makes any contrary provisions in this agreement void. La informacion que aparece en la ventanilla de este vehiculo forma parte de este contrario. La informacion contenida en el formulario de la ventanilla anula cualquier prevision que establezca lo contrario y que aparezca en el contrato de venta.

NOTICE TO PURCHASERS

- The Maryland Automotive Warranty Enforcement Act gives you certain additional rights against the manufacturer or factory branch in the event your new car does not conform to all applicable manufacturer's warranties during the first 24 months of ownership or 18,000 miles of the car's operation, whichever comes first. To preserve your rights under this law, you must report the non-conformity, defect, or condition by giving written notice to manufacturer or factory branch by certified mail, return receipt requested.
- Purchasers warrant that the balance owed on trade vehicle is accurate and agree to pay the dealer any difference between the amount shown above and the actual amount due, and agree that the total cash due may be increased by the amount of the difference.
- The other terms on the back of this Agreement constitute a part hereof.
- Any modification of this Agreement must be in writing and signed by an authorized manager/representative of the dealer.
- Purchasers certify that they are over 18 years of age.
- New Car Purchasers certify that they have been given the opportunity to read the owners manual including the manufacturer's express warranty and rustproofing information.

Purchasers' Signature: We have read the matter printed on the back hereof and agree to it as a part of this order the same as if it was printed above our signatures. We authorize the dealer to make whatever credit inquiries it deems necessary in connection with this contract. Purchasers understand that the annual percentage rate (APR) for any installment sale of the vehicle may be negotiated with Dealer and that Dealer may receive some portion of the finance charge or receive other compensation for providing financing, service contracts and other products. We specifically acknowledge that Paragraph 23 on the reverse side hereof requiring arbitration of any disputes has been reviewed with us and we understand those terms and conditions.

SALESPERSON'S SIGNATURE

SALESPERSON

BY AUTHORIZED MANAGER

THIS ORDER IS NOT VALID UNLESS SIGNED AND ACCEPTED BY DEALER OR HIS AUTHORIZED REPRESENTATIVE

Purchaser _____ Date _____ Co-Purchaser _____ Date _____

May 13, 2026
Submitted by SB & Company, LLC
10200 Grand Central Ave, Suite 250
Owings Mills, MD 21117



Technical Proposal to Provide Auditing Services to **Town of Cottage City, MD**



William Seymour
Engagement Partner
Email: wseymour@sbandcompany.com
Phone: 410-584-1404

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Transmittal Letter

May 13, 2026

Mr. John Hoatson
Town Manager
Town of Cottage City
3820 40th Avenue
Cottage City, Maryland 20722

RE: Proposal for Audit Services

Dear Mr. Hoatson,

SB & Company, LLC (SBC) is pleased to submit our proposal to provide independent auditing services to the Town of Cottage City, Maryland ("the City") for the fiscal year ending June 30, 2026. We understand that the engagement includes an audit of the financial statements of governmental activities, general fund and related disclosures for the fiscal year ended June 30, 2026. We further understand that the engagement potentially includes performance of the Uniform Guidance Single Audit for the year ended June 30, 2026.

SBC proposes to perform the City's financial statement audit and related reporting services in conformity with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. In addition, our audit will include the following required supplementary information as mandated by GAAS and GAAP:

- Management's Discussion and Analysis
- Schedule of Revenues – Budget to Actual for General Fund
- Schedule of Expenditures – Budget to Actual for General Fund

SBC will also prepare the Uniform Financial report and presentation of the audit to the Mayor and Council; provide a written report on the results of the audit including reporting on internal controls related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements; and, if required, perform a compliance examination of the City's handling of federal funds.

Delivering Value to the Town of Cottage City

SBC is a public accounting and advisory firm with extensive experience providing auditing and consulting services to governmental entities throughout the Mid-Atlantic region. Our team has significant experience auditing municipalities, counties, and public sector entities and conducting financial statement audits and Single Audits in accordance with Government Auditing Standards and Uniform Guidance requirements. Our governmental clients select SBC for our technical expertise, deep understanding of governmental accounting and auditing standards, and our commitment to responsive client service.

We have served clients including the State of Maryland, the Maryland Department of Transportation, the University System of Maryland, and multiple Maryland counties, such as Anne Arundel County, Cecil County, Calvert County, and others. Additionally, William (Bill) Seymour, proposed engagement and client service partner, is a member of the GFOA Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting.

We believe our experience auditing governmental entities and our commitment to quality service position us well to successfully perform this engagement. SBC has professional resources, technical expertise, and availability to complete the services within the timeline outlined by the City. SBC affirms that the firm and all assigned key professional staff are properly licensed to practice public accounting in the State of Maryland.

SBC is familiar with the City's operations, financial reporting processes, and organizational structure, and we look forward to serving the City. The authorized representative for this proposal is William (Bill) Seymour, CPA, CGMA. Bill is responsible for our response and proposal content. Should you have any questions or require additional information, please do not hesitate to contact Bill at any time.

Mr. William Seymour, CPA, CGMA
Engagement and Client Service Partner
(410) 584-1404 Direct
(443) 220-4401 Mobile
wseymour@sbandcompany.com

Sincerely,

SB & Company, LLC



By: William Seymour – Chief Practice Officer

Similar Engagements With Other Government Entities

The table below is a sample of SBC's relevant contract experience over the past five years, including the type of services performed, client contact information, contract start dates and durations, and contract values. These engagements demonstrate our experience and capability to successfully perform the services requested by the City. We can provide additional references as necessary.

Governmental Clients

Below is a listing of clients in the government sector that SBC has provided audit services for. Clients for whom we have performed Single Audits are marked with an asterisk (*).

Client	Scope of Work and Total Annual Contract Value	Contract Duration	Principal Client Contact
Town of Myersville	Scope of Work: Financial Statement Audit, Single Audit Total Annual Contract Value: \$17,500	2020 to present	Michelle Ramos Finance Officer 301-293-4281 mramos@myersville.org 301 Main Street, P.O. Box 295 Myersville, MD 21773
Town of Georgetown	Scope of Work: Financial Statement Audit, Single Audit Total Annual Contract Value: \$27,000	2022 to Present	Laura S. Givens Finance Specialist II 302-856-7391 lgivens@georgetowndel.com 37 The Circle Georgetown, DE 19947-1503
City of Rockville	Scope of Work: Financial Statement Audit, Single Audit Total Annual Contract Value: \$52,000	2024 to Present	Xiaojing Zhang Director of Accounting 240-314-8413 xzhang@rockvillemd.gov 111 Maryland Avenue Rockville, MD 20850
Town of Ocean City	Scope of Work: Financial Statement Audit, Single Audit Total Annual Contract Value: \$45,000	2008 to Present	Chuck Bireley Finance Director 410-289-8941 cbireley@oceancitymd.gov 301 Baltimore Avenue Ocean City, MD 21842
City of Aberdeen	Scope of Work: Financial Statement Audit, Single Audit Total Annual Contract Value: \$29,500	2020 to Present	Opiribo Jack Director of Finance 410-272-1600 ext. 200 Ojack@aberdennmd.gov 60 North Parke Street Aberdeen, Maryland 21001

- Anne Arundel County, MD*
- Calvert County, MD*
- Capitol Technology University*
- Cecil County, MD*
- City of Aberdeen*
- City of Annapolis, MD
- City of Baltimore, MD*
- City of College Park, MD*
- City of Dover, DE*
- City of Frederick, MD*
- City of Hagerstown, MD*
- City of Hazleton, PA*
- City of Philadelphia, PA
- City of Seat Pleasant, MD
- Coppin State University
- DC Department of Health Care Finance
- Delaware State University
- Denali Commission
- Department of Labor, Licensing, and Regulation
- Frederick Community College*
- Frederick County Public Schools*
- Frederick County, MD*
- Halifax Area School District*
- Harford County Health Department
- Harford County Public Schools*
- Harford County, MD*
- Harrisburg Housing Authority*
- Health Services Cost Review Commission (Maryland)
- Housing Authority of Cambridge
- Housing Authority of the City of Annapolis*
- Howard Community College*
- Howard County Public Schools*
- Howard University
- Kent County Library
- Kent County, MD*
- Lancaster County, PA*
- Maryland Affordable Housing Trust
- Maryland Department of Housing and Community Development
- Maryland Supplemental Retirement Plans
- Montgomery County, MD*
- Montgomery County Public Schools*
- Norfolk State University WNSB Radio Station
- Northumberland County, PA*
- Organization of American States
- Pennsylvania Public School Employees' Retirement System
- Pennsylvania Turnpike Commission
- Philadelphia Housing Authority
- Prince George's County Memorial Library
- Southern Columbia Area School District*
- St. Mary's County, MD*
- State of Maryland *
- State of Maryland – Maryland Department of Transportation
- Susquehanna Township, PA
- Talbot County, MD*
- Town of Bel Air, MD*
- Town of Centreville, MD
- Town of Garrett Park, MD
- Town of New Windsor, MD
- Town of Ocean City, MD*
- U.S. Coast Guard Academy
- U.S. Department of Housing and Urban Development
- University of Maryland System
- Washington County, MD*
- Washington Metropolitan Area Transit Authority
- Washington Suburban Transit Commission
- Wilmington Housing Authority*

The majority of our Maryland clients have "piggy-back" language that the City may use. We have primarily used Frederick County's contract to "piggy-back" with other governmental clients.

SBC Biography

SBC was founded in 2005 by Gray Smith, a former partner at Arthur Andersen and Ernst & Young, with a vision to combine the technical rigor, discipline, and developmental focus of a Big 4 firm with the personalized attention and flexibility of a nimble organization. We have offices in Owings Mills, Maryland; Washington, D.C.; Philadelphia, Pennsylvania; Richmond, Virginia; Nashville, Tennessee; and Hollywood, Florida. SBC is a limited liability company.

Over the past twenty years, SBC has grown into a firm with eleven partners and approximately 100 professionals, serving clients across three primary industries: Government, Nonprofit, and Corporate. Because governmental engagements represent more than half of SBC's client base, the public sector is a primary focus of our practice. As a result, all of our personnel are experienced and well-versed in providing services to governmental entities. The work for this engagement will be performed from SBC's headquarters, located at 10200 Grand Central Avenue, Suite 250, Owings Mills, Maryland 21117. The professional staff assigned to this engagement will be employed on a full-time basis. No part-time personnel will be utilized for this engagement.

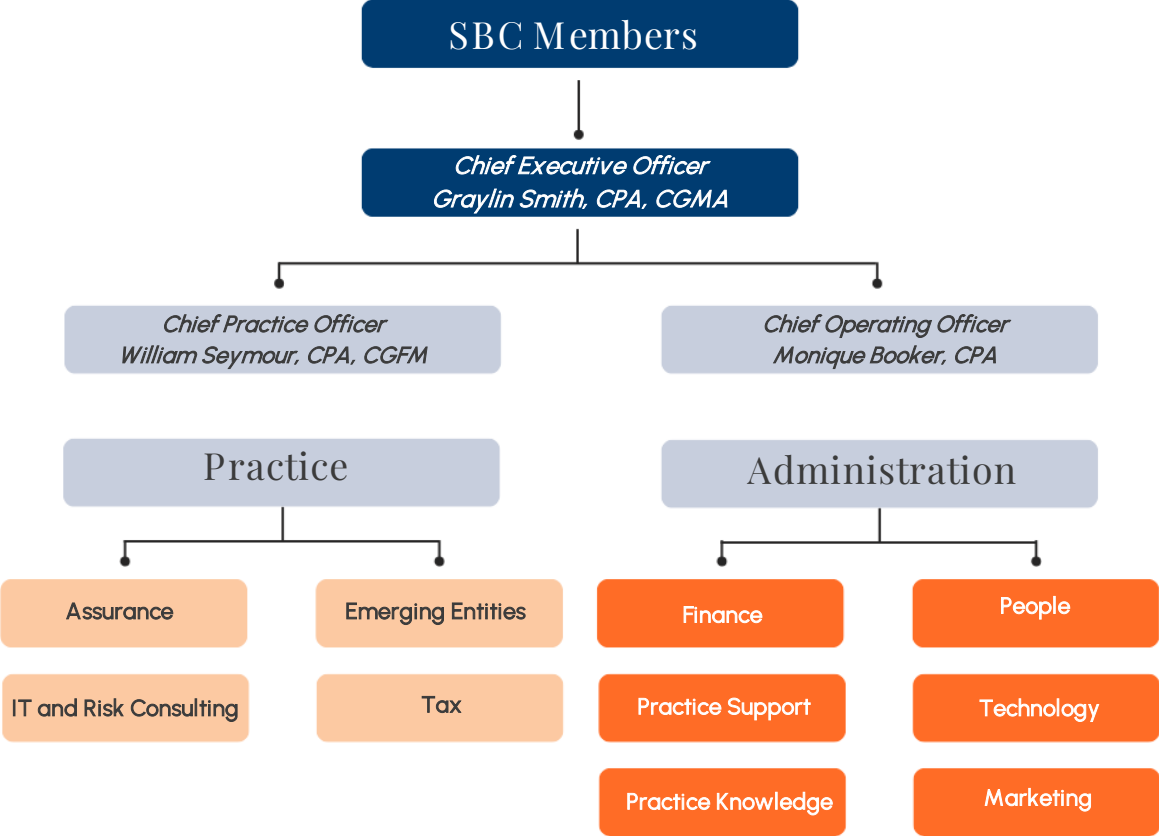
We provide audit, tax, risk consulting, and business consulting services with a proven record of leadership and exceptional client service. Our teams are driven by a passion for delivering the highest-quality work and a strong commitment to client service, ensuring innovative solutions and meaningful results. This focus on product, service, and continuous knowledge has led to sustainable growth and enduring client relationships. Our clients range from early-stage startup entities to multi-billion-dollar organizations. We have gained a strong reputation and the ability to serve clients across this range. As a minority business enterprise ("MBE"), we are proud of our proven track record of delivering exceptional service and leadership to mid-sized and large organizations, particularly in the public sector.

Knowledge, Quality, Client Service

SBC is built on a foundation of *knowledge, quality, and client service*—values that guide our approach on every engagement. We pair a thorough understanding of applicable rules, regulations, and reporting requirements with a disciplined, well-researched audit approach to deliver accurate, reliable results. Our experienced professionals are accessible from the outset of the engagement and remain actively involved throughout the audit to support proactive issue identification, timely resolution of questions, and clear communication. This approach promotes transparency, eliminates communication gaps, and supports timely completion of deliverables. We will provide you with consistent, responsive service and the level of attention necessary to meet your expectations and support your governance and fiduciary responsibilities.

SBC Organizational Chart

The following chart illustrates SBC's organizational structure.



Maryland CPA Licenses

SBC and the key personnel assigned to this engagement are registered as Certified Public Accountants (CPAs) in the State of Maryland. Copies of applicable licenses can be found in the Appendix section of this proposal.

Independence

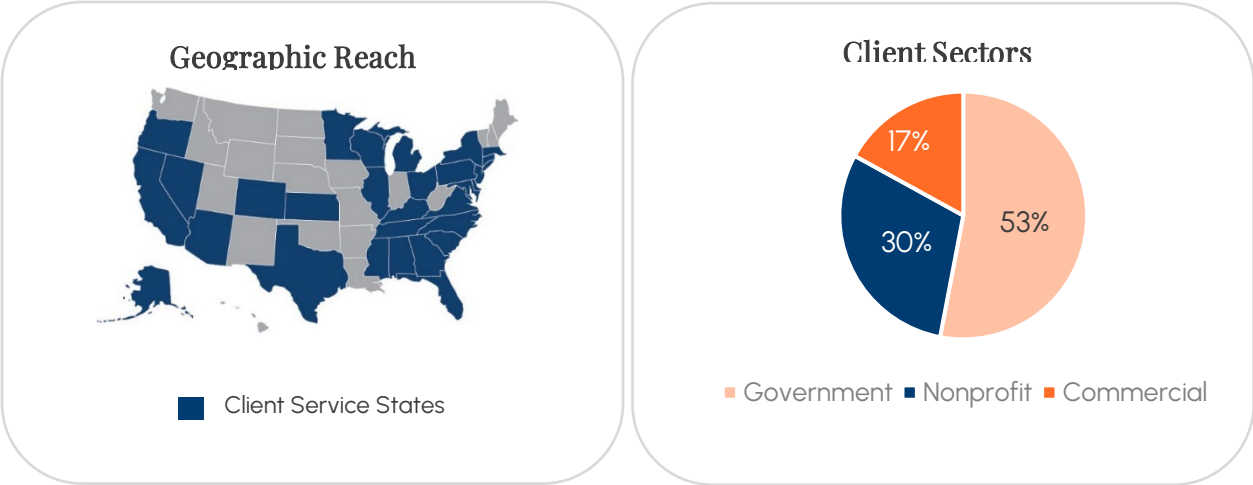
SBC affirms that it is independent of the City as defined by auditing standards generally accepted in the United States of America (GAAS) and the U.S. Government Accountability Office's *Government Auditing Standards*. SBC maintains policies and procedures designed to ensure independence in both fact and appearance for all engagements. These services do not impair SBC's independence, and SBC has no other professional relationships with the City, its agencies, or component units that would constitute a conflict of interest with respect to performing the proposed audit services.

Active Involvement in the State and Local Government Industry

Our level of involvement within the government industry has led to establishing relationships with standard setters at the *Governmental Accounting Standards Board ("GASB")*, Association of Government Accountants ("AGA"), Government Accountability Office ("GAO"), *The Financial Accounting Standards Board ("FASAB")*, *Financial Accounting Standard Board ("FASB")*, *the Government Finance Officers Association ("GFOA")* and the *American Institute of Certified Public Accountants ("AICPA")*. Additionally, we have assisted clients with the Annual Comprehensive Financial Report ("ACFR") submissions to GFOA ("Government Finance Office Association"). Our job is to see the importance of fully understanding the Federal regulations and program requirements, and the intent behind them, so that we work effectively with both management and regulators to resolve issues. Through our active participation in a variety of professional associations and industry organizations, our team members have developed valuable relationships with standard-setters that will provide our clients with access to the latest industry information and real-time knowledge of upcoming pronouncements. Our team has also served many federal government clients including the *GAO, NASA, FDIC, VA, HUD, DOD, CMS, HHS, SSA* and *DOJ*.

Who We Serve

The graphics below illustrate SBC's geographic reach and the industries we serve.



Summary of State and Local Government Credentials

The table below summarizes SBC’s state and local government audit credentials, experience, and ongoing commitment to professional training, reinforcing the qualifications discussed above.

Industry	<u>State and Local Government</u>
Credentials	<ul style="list-style-type: none"> • “Big 4” firm experience • Audited large government entities • GFOA Certificate Reviewers • Testified to GASB • Perform GAAP financial statement audits • Experience with many clients that consistently obtain the prestigious GFOA Certificate of Achievement for Excellence in Financial Reporting • Access to standard setters for implementation of new GASB standards • Debt offerings • Understand Federal Register (2 C.F.R. 200) and other regulatory requirements
Commitment to Training	<ul style="list-style-type: none"> • GFOA Conferences • MDGFOA Conferences • NASACT Conferences • AICPA and MACPA Conferences • Courses including derivatives, environmental liabilities, OPEB, and fund balances
Industry Involvement	<ul style="list-style-type: none"> • AICPA Government Audit Quality Center • GFOA • MDGFOA • GFOA-PA • VGFOA • AGA • NASACT • MDGFOA Trainers • MDGFOA Conference Committee • Intergovernmental Forum • NASACT Speaker • AICPA Government Conference • MACPA Government Conference

Peer Review Report

SBC is in full compliance with GAGAS peer review requirements. Our most recent peer review, completed in December 2024 resulted in a clean opinion and is included in the Appendix of this proposal. This quality control review did include a government engagement.

Regulatory Reviews and Disciplinary Actions

SBC has not been subject to any federal or state desk reviews or field reviews of its audits resulting in adverse findings during the past three (3) years. Additionally, SBC has not been subject to any disciplinary actions, nor are any disciplinary actions pending against the firm with any state regulatory bodies or professional organizations during the past three (3) years.

Partner, Supervisory and Staff Qualifications and Experience

As noted previously in this proposal, SBC is licensed to practice public accounting in the State of Maryland. Additionally, the resumes in the Appendix section highlight the engagement team's experience in governmental audits, showcasing relevant clients.

William Seymour, CPA, CGMA, our proposed engagement and client service partner, is chief practice officer at SBC and has spent more than 25 years in public accounting. Before he joined SBC, Bill spent time at the global firm Arthur Andersen, LLP, where he was a part of its Mid-Atlantic State and Local Government Practice. Bill leads SBC's public sector and has served many state and local government entities throughout his career; he provides day-to-day oversight, client contact, and plays a key role in decisions on all significant issues. Bill is a central technical resource for the engagement team. Bill is a GFOA Certificate reviewer and is active in the industry attending many GFOA, MDGFOA, GFOA-PA, AICPA, and AGA events. He has testified on a proposed government accounting standard to GASB. Additionally, Bill has taught and spoken at MDGFOA events. Bill will be your main point of contact throughout the engagement, and he will ensure top-notch communication between SBC and the City. Bill is licensed to practice as a Certified Public Accountant in the State of Maryland.

Chris Lehman, CPA, our proposed audit partner, has over twenty years of experience at SBC providing Government Financial Audit and Compliance services. He is accustomed to working in a fast-paced, deadline-driven atmosphere. Chris will have day-to-day oversight, contact with the client, and play a key role in decisions on all significant issues. As Chris has served many governmental clients, he understands regulations and reporting requirements. Chris has served as both a teacher and speaker at MDGFOA, GFOA-PA Central Region, and GFOA Washington Metropolitan Area. Chris will be responsible for ensuring that we have properly planned the audit to address the significant audit risks identified during our planning process and that the deliverables are technically correct. As the audit partner, Chris will focus on the technical execution of the audit, review significant findings, and ensure the audit complies with professional standards. Chris is licensed to practice as a Certified Public Accountant in the State of Maryland.

Christopher Mark, our proposed audit manager, is an audit manager with over four years of experience at SBC, specializing in auditing, compliance testing, payroll, and disbursement testing. He has experience supporting government audit engagements and oversees engagement execution, including performing high-risk audit procedures and reviewing audit staff deliverables. Christopher works closely with clients to support compliance with applicable accounting standards and regulatory requirements.

Julie Paris, CISA, proposed IT risk manager, has more than thirty years of IT experience. She will have overall responsibility for coordinating SBC's technology and information systems risk efforts for this engagement, including identifying and evaluating general IT control risks and key automated controls within your systems environment. Julie will provide technical insight into the information systems used by your organization and serve as a resource to the engagement team in assessing the overall control environment and developing practical, actionable recommendations for management. Julie's broad perspective across the full system life cycle enables her to help organizations strengthen controls, improve processes, and better align technology with operational and governance objectives.

Continuing Professional Education

We provide eighty hours a year of training to ensure quality control. SBC ensures all personnel working on government engagements have the required CPE credits of eighty in total biennially, with twenty-four credits, specifically Yellowbook related. The firm is actively involved in the Government Finance Officers Association ("GFOA"), the GFOA-Pennsylvania (PA), and the Maryland Government Finance Officers Association ("MDGFOA"). Our partners also work closely with our staff to ensure that our people maintain their technical compliance. SBC's personnel participate in general and industry-specific continuing professional education ("CPE") and professional development activities that enable them to accomplish assigned responsibilities and satisfy applicable CPE requirements of the AICPA, state CPA societies, state boards of accountancy, and other applicable regulators.

Our people attend eighty hours of continuing professional education per year in subject matters related to:

- Audit, Tax, Reporting
- Industry Topics
- Communications
- Specialty Areas
- Strategic Thinking
- Firm Methodologies
- Leadership
- Professionalism
- Decision Making
- Ethics
- Technology/ Computer
- Risk/Fraud/Controls
- Personal Development
- Business Knowledge

The following is a listing of some of these courses our staff is required to take:

- How to Perform an Audit of State or Local Government
- Audit Requirements of 2 C.F.R. Part 200
- Effective Yellow Book Audit
- GAO Standards: Revised Yellow Book on Government Auditing Standards
- Government Accounting Principles
- Government Accounting and Auditing Update
- Government Auditing Standards and Compliance Update

SBC's Quality Control

There are a number of engagement-specific and firm wide quality control techniques that have been adopted by the firm. Listed below are some of these procedures:

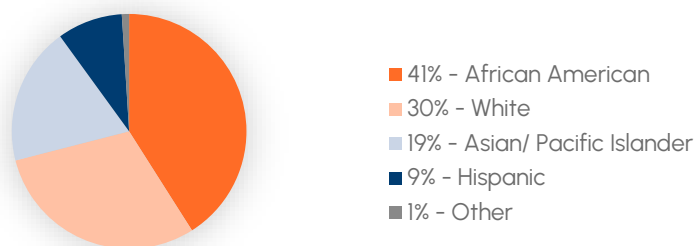
- All staff work undergoes levels of supervisory review;
- The engagement is continuously monitored for compliance with Government Auditing Standards. The engagement team utilizes internal tools to ensure compliance, such as standardized work programs, checklists, and technical bulletins;
- Two partners are utilized on each engagement to ensure quality and consistency;
- Prior to release of any deliverables pursuant to an engagement, the report is referenced by a senior independent of the engagement to ensure the information is accurate and consistent with our work performed;
- We maintain a professional library with the latest changes and requirements in the profession;
- We conduct monthly technical sessions for our audit personnel to debrief them on the latest issues;
- We conduct annual training sessions for all audit personnel on the latest developments and a refresher of technical issues;
- We subscribe to professional technical update services and subscriptions;
- We attend industry conferences, seminars and training;
- We hold discussions with professional standard setters;
- We obtain peer review every three years;
- We hold discussions with subject matter experts in larger national firms;
- We attend AICPA audit standard board meetings;
- We hold discussions with federal and state regulators and regulation setters;
- Our senior and manager bonuses are tied to the quality of their jobs; and
- Our partners compensation is tied to quality, client service, industry leadership, and staff development.

Equal Opportunity Employment

SBC is a Minority Business Enterprise ("MBE") limited liability corporation and is recognized as one of the top performing firms serving the state and local government industry across the East Coast. We are certified through the National Minority Supplier Development Council (Certification # CR09448). We are deeply committed to diversity, equity, and inclusion ("DEI"), embedding these values into our hiring practices and firm operations. Our team is made up of individuals from a wide range of nationalities and backgrounds, fostering diverse perspectives that enable us to address client challenges creatively and effectively.

SBC's Community Presence in Diverse Communities

SBC is proud of our strong, local presence in diverse communities. Our strong ties grant us deep-rooted connections to the people, local businesses, and the atmosphere that thrives in our communities. As a MBE firm, we were founded as a place where minority professionals can learn and grow through relationships with experienced mentors and through challenging, diverse client experience. We aim to make an impact in our community by supporting and providing leadership in minority causes, upholding ties with minority business and political leaders, contributing to positive economic impact, and fostering community development through our active, local presence. We are also committed to participating in hands-on involvement within the community. SBC has volunteered at numerous organizations that help us connect with people on a personal level, such as working with the Arc, the Station, Associated Black Charities, Urban League, Hispanic Chamber of Commerce, the National Association of Black Accountants, Catholic Charities, Moveable Feast, and Junior Achievement Center. All these organizations work to better the community. A copy of our Equal Employment Opportunity ("EEO") policy is provided in the Appendix of this proposal.






Staff Continuity and Turnover

In the rare instance that engagement partners, managers, supervisors, consultants, or firm specialists need to be replaced—due to reasons such as leaving the firm or being promoted—the change will only occur with the express prior permission of the Audit Committee. Any replacements will have substantially the same or better qualifications and experience as the individuals they are replacing. The Audit Committee retains the right to approve or reject any replacements. We combat this by ensuring that there is minimal turnover at SBC, and we organize our engagement teams in a way that sets clients up for success. We recognize the importance of maintaining continuity of key personnel on engagements because it maximizes our effectiveness and minimizes the disruption to our clients' operations. Frequent personnel changes also disrupt the engagement itself.

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You have the commitment of our firm that we will maintain consistency in our engagement team. SBC staff turnover has been standard within the industry for the last three years.

Minimizing Changes 	Decreasing Turnover 	Technical Consistency 
<p>Frequent personnel changes can disrupt client operations and the engagement process. To ensure long-term success, we thoughtfully assign your engagement team, aligning their career progression with your needs. For instance, we may assign an experienced staff member who is poised for promotion to a senior position next year, providing continuity and expertise throughout the engagement.</p>	<p>SBC has maintained a turnover rate of less than 10% over the past three years, below the industry average. We achieve this by offering competitive salaries, top tier benefits, flexible work, outstanding culture, compelling vision, welcoming community development, valuable perks, and clear career growth opportunities to our team members. Our commitment to retaining top talent helps us provide consistent, high-quality service to our clients.</p>	<p>We have partners and managers actively involved throughout your engagement to ensure continuity and oversight. If changes are necessary, they are managed seamlessly, as we have experienced leaders prepared to step in without disruption. Additionally, your engagement team members are available year-round to address any needs or concerns promptly.</p>

SBC Audit Methodology

Our professional services focus on delivering practical, customized solutions tailored to each client's accounting, reporting, and operational needs. SBC's audit cornerstone is a **risk-based audit approach** performed by experienced professionals who emphasize innovation, efficiency, and quality. Our **top-down audit approach** builds a thorough understanding of your operations and focuses on early identification and resolution of audit and business risks through efficient procedures and ongoing communication. We have reviewed your request for proposal, financial information available to us, and other information about your organization. We develop a preliminary audit plan, which will be refined with proven methodology and allows us to audit efficiently with experienced personnel involved throughout the engagement. We will hold discussions with your management to develop our approach to evaluate your procedures to mitigate risk, assess potential financial statement misstatements, and identify improvements to your operations in an efficient manner. While any firm can perform an audit, true value lies in the approach and expertise of the team. SBC places a strong emphasis on planning, risk analysis, supervision, communications, and review, while also providing ongoing business and accounting consultation throughout the year.

Our audit philosophy is designed to add value by:

- Delivering an efficient, cost-effective audit;
- Identifying issues early to avoid last-minute surprises;
- Minimizing the use of client personnel and resources that are not needed;
- Leveraging internal controls, including IT controls, when appropriate;
- Completing key audit work prior to year-end; and
- Providing practical, meaningful management letter recommendations.

We understand that you expect an audit that makes the best use of time. To meet that expectation, we commit to:

- Early audit planning and guidance;
- Leveraging the engagement partner's understanding of your processes and controls to reduce management's audit burden;
- Applying proven project management tools to keep the engagement on track;
- Significant partner involvement at the outset and throughout the engagement; and
- Discuss potential issues early with management to understand the circumstances and perspectives, and evaluate potential solutions with your input before staff verify the facts.

The SBC audit is rooted in the national risk-based audit approach, refined for greater effectiveness and efficiency, with a clear focus on areas of greatest materiality and risk of misstatement.

Assignment of Staff and Estimated Hours

The table below summarizes the anticipated allocation of staff by role and the estimated hours by phase of the audit.

	Partners	Managers	Supervisory	Staff	Total
Planning	4	4	2	2	12
Internal Controls	1	2	8	10	21
Financial Misstatement Analysis and Analytics	1	1	8	2	12
Substantive Testing	1	2	8	12	23
Audit standard requirements	1	1	4	8	14
Financial reporting	2	6	6	4	18
Total	10	16	36	38	100

The hours above do not include our first time through hours which are approximately 20% of annual effort.

Benefits of the SBC Audit Approach

Your auditors should be accessible, committed, and prepared to provide insight that supports your organization. A deep understanding of your operations is essential to delivering that value. The SBC audit approach emphasizes building in-depth knowledge of your business environment, risk control processes, and information systems. We focus on identifying the business issues and risks most critical to you and evaluating how those risks are managed.

Assessing the effectiveness of risk controls is a continuous focus of our audit. By regularly updating our understanding of your controls, we adjust the timing and scope of our procedures to ensure our approach remains aligned with your risk profile. Our audit team works closely with your management to identify key processes affecting the financial statements, assess associated risks, understand the controls in place, and determine the extent of necessary testing.

We help improve business risk controls by:

- Focusing on business risks, controls, and monitoring practices;
- Aligning the audit with how management manages the business;
- Applying audit insights to improve performance and strengthen risk controls;
- Promoting a mutual understanding of key business risks;
- Identifying opportunities to improve risk control processes;
- Communicating audit scope, approach, and results more effectively;
- Reducing work traditionally performed at year-end;
- Decreasing peak-period demands on financial personnel; and
- Timing audit work with changes in business processes and systems.

Unsurpassed Professional Expertise

A key differentiator among public accounting firms is the experience, commitment, and judgment of the professionals performing the work. SBC professionals hold themselves to the highest standards, and you can expect:

- **Involvement** – Partners and managers are fully dedicated to the engagement and actively involved in resolving issues quickly and efficiently.
- **Responsive Service** – We act promptly and work diligently to meet your needs in a dynamic environment.
- **Substantive Business Advice** – We anticipate issues, provide timely guidance, and help identify challenges and opportunities early.
- **Open Working Relationships** – We prioritize candid communication and a clear mutual understanding of goals, services, and expertise.
- **Attention to Detail** – We deliver quality through careful execution, strong oversight, and a balance of technical precision and strategic perspective.

Our Approach

SBC's top-down audit approach emphasizes early and active involvement by partners and managers to guide seniors and staff, ensuring a more hands-on engagement and faster issue resolution. Through upfront review of financial reporting and transactional processes, our team confirms information efficiently through testing rather than discovery. This approach supports timely completion while delivering large-firm quality, demonstrated by clean peer reviews, strong desk review and site visit results, and no history of litigation. Our audit begins with a collaborative understanding of financial statement line items, underlying accounting, key processes, risks, and historical issues. This drives risk-based planning and targeted internal control walkthroughs and transactional testing. Accounting issues and disclosures are addressed prior to year-end to streamline reporting. Substantive testing is guided by analytics and misstatement analysis to focus on higher-risk, more material areas. Financial statements and footnotes are independently reviewed to ensure accuracy and consistency, minimizing end-of-audit issues and supporting timely issuance. Throughout the engagement, we communicate in real time, resolve issues quickly through strong partner and manager oversight, and coordinate closely with your staff to reduce management's burden. Our risk-based work programs and FORCAM project management methodology ensure a structured, efficient, and effective audit process.

FORCAM—Focus on Risks, Controls, Analysis, and Account Misstatement—is SBC’s risk-based audit methodology designed to help ensure an efficient, transparent audit focused on the areas that matter most to you. The graphic below provides a visual overview of how this approach is applied throughout the engagement.



This approach is grounded in our top-down methodology, with partners involved early and throughout the engagement. Within our FORCAM framework, partners work directly with clients to understand operations, risks, and related controls, then direct staff to verify that understanding through walkthroughs and testing. Walkthroughs allow staff to observe key processes and controls in action, while transaction testing validates that those controls operated as designed throughout the year.

Significant risks are risks of material misstatement that require special audit consideration. These are typically nonroutine transactions that require significant judgment, such as the application of new accounting principles or valuations of hard-to-value assets. Every audit, including audits of small and medium-sized entities, has at least one significant risk (i.e., management override) that requires special audit consideration. We have preliminarily identified the following significant risks: Revenue recognition, including donor restrictions; Collectability of receivables; Completeness of liabilities; Cash reconciliations; Capital expenditures; Lease accounting; Debt accounting and compliance; Valuation of postemployment benefits; Investment accounting; Intercompany transactions; and Allocation of expenses. We will design audit procedures to reduce these risks to an acceptable level.

The following provides a detailed description of each phase of our audit approach.

Planning – Understand the Client and Audit Risk

Understanding your business is fundamental to our audit. This phase focuses on gaining knowledge of you, your industry, operating environment, and risk factors that may affect the risk of financial misstatement. We evaluate management's ethics and integrity, the overall control environment, and key issues facing financial statements. Our review includes budgets, revenue sources, liquidity, business strategy, organizational charts, manuals, and strategic plan.

Understand and Test the Design and Operating Effectiveness of Controls

In this phase, we link financial statement risks to the processes that control those risks and identify what could go wrong within each process. We then identify the controls designed to mitigate those risks.

We perform walkthroughs to observe controls and related documentation to assess design effectiveness. Detailed transaction testing is then performed to determine whether controls operated effectively throughout the year. We conclude on both design and operating effectiveness and provide management recommendations for any deficiencies. During this phase, we also determine which controls we will rely upon.

Use of Sampling

Sample sizes are determined using statistically sound sampling plans. Control and compliance testing uses attribute sampling, while substantive sampling typically emphasizes higher-dollar transactions but ensures the entire population is subject to testing.

Financial Close and Reporting Misstatement Analysis

We perform analytical procedures using our Financial Misstatement Analysis (FMA) tool, which compares ratios, benchmarks, third-party data, and other indicators to recorded financial statement amounts. This tool is customized at the partner level during planning. For example, it may compare published investment fund returns to the calculated returns during the audit. Significant variances are investigated. We also evaluate your processes for closing the books, accumulating and verifying final account balances, selected accounting methods, components of financial statement balances, and the adequacy of footnote disclosures.

Substantive Testing

Based on our control testing and analytical results, we design and perform substantive testing and review the financial statements for appropriate disclosures.

GAAS Compliance & Reporting

We complete all remaining Generally Accepted Auditing Standards ("GAAS") requirements, including legal and management representation letters, related-party procedures, subsequent events reviews, and other requirements under generally accepted auditing standards.

Audit Results Reporting

During this phase, all reports and financial statements are reviewed by the engagement manager and partner in accordance with SBC's internal quality control procedures, and results are discussed with management prior to issuance. This phase also includes presentation of audit results to the Board of Directors or Audit Committee.

Type of Audit Program

We use customized audit programs based on our risk assessment, along with standard programs to ensure compliance with GAAS, government, and firm standards. Based on planning and control testing, we develop tailored audit programs by transaction class and account. These programs focus on key processing and control points. Upon completion, we meet with your staff to coordinate timing and assignment of procedures.

Workpaper Retention, Access, and Security

SBC maintains electronic audit workpapers in secure systems with controlled access limited to authorized engagement team members. Our workpaper retention policies comply with applicable professional standards and regulatory requirements. Data security measures include encryption, secure file transfer protocols, and firmwide cybersecurity controls to protect confidential client information throughout the engagement lifecycle.

Data Analytics

The following describes the extent of analytical procedures used in the engagement.

Traditional Analytics

SBC uses its Financial Misstatement Analysis (FMA) tool on all engagements to analyze each financial statement balance for higher-risk misstatement areas. This tool applies predictive tests, reasonableness tests, relationships, and comparisons using our understanding of your operations, prior results, industry data, and control testing.

Data Analytics

Data analytics are fully integrated into SBC's FORCAM audit methodology. Our five-phase analytics process strengthens known risk identification and uncovers potential unknown risks.

Data Determinations and Retrieval

We work with management to assess data availability, structure, and formatting, and coordinate secure retrieval and transfer in a manner that minimizes disruption to operations.

Analytic Analysis

We analyze data using advanced tools that allow our team to identify anomalies and nonconforming transactions. This 100% population review provides greater risk precision than traditional sampling.

Finalize Results and Confirm Results

We investigate potential issues to determine whether they represent actual findings, potential concerns, or resolved items. Results are categorized accordingly. We also assess patterns of repeated "rational explanations" to ensure emerging risks are fully addressed.

Approach to Gain and Document an Understanding of Your Internal Control Structure

We relate financial statement risks to the controls that mitigate those risks and identify what could go wrong in each process. Through discussions with management, we identify key mitigating controls. Walkthroughs are performed to assess design effectiveness, followed by transactional testing to assess operating effectiveness. Deficiencies are communicated through management recommendations. We also evaluate and test general and application IT controls using the same methodology.

Approach to be Taken in Determining Laws and Regulations that will be Subject to Audit Test Work

We understand that governmental regulations and compliance are governed by numerous laws and regulations. Auditing standards require assurance that financial statements are free of material misstatement resulting from noncompliance with laws and regulations.

During planning, we meet with management and review the various industry regulations to assess applicable legal requirements and related risk. We review regulations and codes you must comply with. Based on this review and management input, we identify the laws and regulations subject to audit testing.

Our procedures include:

- Inquiries of your personnel;
- Review of your meeting minutes;
- Review of contracts and agreements;
- Review of prior compliance findings;
- Review of federal and state monitoring reports;
- Review of applicable financial, purchasing, and personnel policies; and
- Review of the OMB Compliance Supplement for major federal programs.

Approach to be Taken in Drawing Audit Samples for Purposes of Tests of Compliance

Sampling is an integral part of our audit methodology. We use statistical software to calculate sample sizes, select random items, and summarize results. Our objective is to comply with professional standards while maintaining efficient and effective testing.

Our sampling steps include:

1. Planning sample sizes
2. Selecting sample items
3. Evaluating sample results

The sampling method selected depends on expected error rates, materiality, control reliance, and whether the test is primary or secondary. Statistical sampling is used when projecting results to the full population. Whenever we need to project the sample results to the entire population, we use statistical sampling. The following sampling and selection methods are utilized by the firm:

Sampling Methods	Selection Methods
<ul style="list-style-type: none"> - Judgmental - Systematic - Statistical <ul style="list-style-type: none"> ▪ Attribute ▪ Variable ▪ Murphy Unit Sampling (MUS) 	<ul style="list-style-type: none"> - Random - Systematic - Haphazard (i.e., without bias) - Judgmental

For an AICPA accepted attribute or variable statistical sampling, a random selection is required.

Test of Controls

For tests of controls, we generally use the AICPA-accepted statistical sampling approach, selecting random samples of 25, 40, or 60 items depending on the expected error rate and the acceptable level of combined risk. When more than three errors are expected or when results must be expressed as a confidence level, we use attribute statistical sampling.

For controls on which we plan to place primary reliance and that affect material assertions, we test to a **low combined risk**. For secondary controls or areas supported by significant substantive testing, we test to a **moderate or slightly below maximum combined risk**, depending on other planned procedures. Statistical sampling is used when significant errors are expected or when results must be projected to the population.

Given the level of control reliance anticipated, we will use **attribute sampling with a 95% confidence level and a 3% tolerable error rate**.

Substantive Testing

For substantive testing, we typically use a **stratified sampling approach**, selecting all large or unusual items and then sampling from the remaining population so all items have a chance of selection. For non-high-dollar or routine items, we use **statistical, MUS, or judgmental sampling**, depending on the nature of the population and the risk assessment.

AICPA Allowable Sampling Method (Non-Mathematical Statistical)

Planned Assessed Level of Control Risk	Number of Expected or Actual Deviations			
	0	1	2	3
Low	60	*	*	*
Moderate	25	40	60	60
Slightly Below Maximum	*	25	25	40
Maximum	*	*	*	*

**Use of other form of sampling is required*

Review of Automated Systems and Security

As part of our standard audit approach, SBC evaluates the automated systems used by clients to understand how transactions are initiated, processed, recorded, and reported. Our procedures are designed to assess the reliability of automated processes, the integrity of data used in financial reporting, and the effectiveness of relevant controls within the system environment.

SBC incorporates audit technology tools to support this evaluation by enhancing our ability to analyze large data sets, identify anomalies, and assess risks associated with automated processes. These tools allow us to focus audit effort on higher-risk areas while maintaining appropriate professional judgment and oversight. Our use of technology supports the following objectives:

- Improving the accuracy and reliability of audit procedures;
- Increasing efficiency and reducing manual processing;
- Enhancing the identification of anomalies and potential fraud; and
- Providing deeper insight through data analysis.

IT Audit Approach

As reliance on information technology continues to grow, SBC incorporates expanded IT procedures into the audit. Our IT application audit approach begins with walkthroughs to understand data flows, inherent risks ("what could go wrong"), and the systemic functions identified as key control points. For example, in a general ledger system, we trace transactions from entry points such as journal entries or interfaces from accounts payable, payroll, or grants.

Identify the critical systemic functions in the application.

The walkthrough focuses on identifying functions that support the completeness, accuracy, and integrity of transactions. Examples include controls that prevent unbalanced entries or restrict posting to valid accounts.

For applications such as accounts payable, we identify systemic functions such as required data fields, approvals, and two- or three-way matching, which serve as key control points.

Identify the Information Security functions within the application.

We evaluate logical access controls, audit logs, password management, and disaster recovery planning, including the ability to restore critical applications from a remote location.

Evaluate and test key general IT controls.

We evaluate and test key general IT controls to assess whether they are designed and operating effectively to support the reliability of system-generated information used in financial reporting.

Cybersecurity risk management and recovery planning.

We review your policies and procedures for identifying and mitigating cybersecurity threats, including recovery planning, to assess how risks are managed and how operations would be restored following a cyber incident. Additionally, we take into consideration best practices when reviewing your cyber security procedures.

Review of third-party processing controls.

Where third-party service providers support financial reporting systems, we review third-party system evaluation reports and related user controls to assess how those services and controls are operating and monitored, and whether complementary user entity controls are in place.

Discuss and identify the potential for error (inherent risk) and identify the systemic functions that are key control points.

During walkthroughs, we identify inherent risks by determining "what could go wrong." We then assess whether those risks are mitigated by systemic functions or operational controls. Where risks are not adequately mitigated, we evaluate whether a design deficiency exists.

Document our understanding.

We document data flows, systemic functions, key control points, and inherent risks in flowcharts. These are shared with you to confirm our understanding before proceeding.

Timely implementation of high and medium security patches and use of vendor support versions of the software.

We evaluate whether vendor-supported software versions are in use and whether high- and medium-risk security patches are implemented in a timely manner.

Change management.

We review controls over changes to the production environment to ensure changes are properly authorized, tested, and implemented.

Infrastructure support.

Based on the agreed-upon scope, we may review the supporting database and operating system to assess critical application dependencies.

Cloud security.

For applications hosted in SaaS, PaaS, or IaaS environments, we perform procedures to evaluate cloud-related risks and control effectiveness. We also review and hold discussions about service agreements around data ownership and recovery, security, backup, and service standards. Our team includes personnel with certified cloud security expertise.

Prepare an audit program.

We prepare an audit program to test key application control points and supporting processes within the agreed scope. The program includes data extracts used to assess whether key systemic functions are operating as intended.

Complete testing.














Testing is completed with ongoing meetings to discuss identified risks in real time. We communicate concerns and recommendations throughout the engagement rather than waiting until the end.


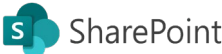



Final report preparation.

We issue a final report summarizing identified concerns and recommendations. There are no surprises, as all items are discussed with IT and financial management during the testing phase.

Technology Resources

To support audit execution, engagement management, secure information exchange, and consistent application of our audit methodology, SBC utilizes a suite of established audit and engagement management technologies, summarized below.

Resources	Description/Function
 ProSystem fx Engagement	<ul style="list-style-type: none"> Monitoring and controlling post-trial balance adjustments. Preparing lead sheets. Consolidating working papers. Preparing financial statements.
 ProSystem fx Practice Management	<ul style="list-style-type: none"> Budgeting and controlling engagement time and expenses. Recording actual time. Tracking client and engagement information. Client database.
 ProSystem fx Planning  ProSystem fx Tax	<ul style="list-style-type: none"> Providing tax research. Providing tax return processes. Planning solution for tax services.
 ProSystem fx [®] Portal	<ul style="list-style-type: none"> Secure file transfer site for client documentation.
 CCH a Wolters Kluwer business Accounting Research Manager [®]	<ul style="list-style-type: none"> Providing accounting and auditing research.
 Microsoft Access	<ul style="list-style-type: none"> Key tool for organizing, analyzing, and interpreting financial data, creating comprehensive databases that facilitate decision-making and financial management.
 	<ul style="list-style-type: none"> Documenting and calculating general working papers. Financial reporting process.
 utimaco [®] safe ware	<ul style="list-style-type: none"> Encryption software installed on all computers.
 dun & bradstreet FIRST RESEARCH	<ul style="list-style-type: none"> Providing industry data and analysis.
 KnowBe4	<ul style="list-style-type: none"> Cybersecurity and monitoring training tool.
 datasnipper	<ul style="list-style-type: none"> Tool used to review of large volumes of data by automating tasks such as document cross-referencing, data extraction, and exception analysis.

Resources	Description/Function
	<ul style="list-style-type: none"> Artificial Intelligence (AI) engine used for various audit procedures.
	<ul style="list-style-type: none"> Secure document storage, collaboration, and version control for engagement teams.
	<ul style="list-style-type: none"> Data visualization and reporting to support audit analytics and management review.
	<ul style="list-style-type: none"> Task tracking and workflow management to coordinate audit activities and deadlines.
	<ul style="list-style-type: none"> Project prioritization and team task management to ensure timely engagement execution.

Use of Artificial Intelligence (AI) and Protection of Client Data

SBC uses artificial intelligence (“AI”) tools in a responsible and controlled manner to improve quality, efficiency, and productivity while maintaining appropriate professional judgment and human oversight throughout the audit process. SBC maintains a formal Artificial Intelligence Usage Policy that is enforced firmwide and governs the approval, use, and monitoring of all AI tools. Only firm-approved AI applications may be used, and engagement partners are responsible for determining appropriate AI use on engagements and ensuring adherence to firm policy and client expectations.

AI is used as a tool to assist our professionals—not as a replacement for auditor judgment—and all conclusions and deliverables remain subject to review and approval by engagement leadership. At present, SBC uses AI to support research, documentation support, data analysis and summarization, data input, document review and comparison, review of large populations to identify missing or unexpected items, and preliminary drafting of documents. SBC currently utilizes AI-enabled audit tools, including *Microsoft Excel*, *Power Query*, and *Microsoft Access*, to enhance data analytics capabilities and efficiently analyze large and complex data sets.

Confidential client information, sensitive data, and identifying details are not entered into public or unauthorized AI systems. When AI tools are used, data inputs are limited, anonymized where possible, and handled in compliance with applicable data privacy laws and firm security requirements. SBC continues to refine its AI strategy as technology evolves, with an emphasis on data security, staff training, controlled implementation, and appropriate review, and anticipates expanding use only as applications mature and are appropriately tested.

Microsoft Access

SBC utilizes **Microsoft Access (“Access”)** as a powerful tool to organize, analyze, and interpret financial data in support of audit decision-making. Access allows us to build structured databases to store financial information and ensure data consistency and accuracy. Using Access query and reporting tools, including Query Designer and SQL view, we retrieve targeted data by time period, account, or transaction type. This enables us to analyze trends, track financial performance, and gain clear insight into your financial operations to support growth, stability, and sound decision-making.

DataSnipper

SBC leverages **DataSnipper**, an advanced audit automation tool that enhances efficiency, accuracy, and transparency. DataSnipper streamlines the review of large data sets by automating document cross-referencing, data extraction, and exception analysis, allowing our team to focus on higher-value risk assessment and professional judgment. By reducing manual processing and the risk of human error, DataSnipper enables timely, precise audits. Its ability to quickly identify discrepancies and anomalies strengthens audit quality and supports your goal of strong financial oversight and accountability.

Communicating Recommendations to Management

Our service philosophy is built on creating long-term relationships that continually deliver value. We prioritize clear, consistent communication to meet your needs and exceed expectations. Our methodology combines preventive, required, requested, and proactive services to ensure complete solutions that address every aspect of your operations. This approach delivers value by focusing on business risks, promoting early issue identification, leveraging best practices, and encouraging knowledge sharing. Client feedback is essential to us. Our effectiveness depends on co-developing solutions, renewing strategies, and measuring results against expectations. We aim to exceed those expectations by remaining available for real-time discussions, returning calls within hours, and aligning on research plans and timelines. Our **"field-driven" audit approach** ensures **practical, actionable results**. We will provide management with recommendations on financial reporting, internal controls, systems, procedures, and liquidity concerns. Based on management and governance expectations and conditions inconsistent with the entity's strategy, we will present observations for consideration related to cost reduction, industry trends, efficiencies, and revenue opportunities. These recommendations will be discussed as they develop and refined with management's input, with written responses included in our final letter. Additionally, we maintain ongoing communication throughout the year to stay informed of developments and offer timely advice as issues arise.

SBC Single Audit Experience and Benefits

SBC has the expertise to perform Single Audits and audits in accordance with Government Auditing Standards and has extensive experience serving governmental and nonprofit organizations. Our Single Audit approach is based on a risk-based methodology that incorporates all requirements of OMB Uniform Guidance (2 CFR Part 200). Using a top-down risk approach for each major program, we gain an understanding of internal controls over federal programs and tailor our procedures based on control effectiveness and program-specific risks. When possible, we integrate Single Audit testing with our financial statement audit procedures to improve efficiency and minimize disruption.

A partner at SBC previously served in a national leadership role on the AICPA Auditing Standards Board ("ASB") committee that developed the current Single Audit reporting requirements. Through this leadership experience and prior service with the AICPA Government Audit Quality Center ("GAQC"), SBC maintains direct access to AICPA technical resources, OMB guidance, and GAO developments. This experience allows us to anticipate challenges, apply best practices, and deliver fully compliant Single Audit reports while remaining current on all regulatory updates.

SBC Single Audit Approach

The graphic below outlines SBC's comprehensive, risk-focused Single Audit approach, designed to ensure a seamless and compliant audit from planning through report issuance.



1. Extensive Planning and Major Program Selection

We begin with an entrance meeting with your management to understand the major programs selected for testing. This meeting establishes mutual expectations, minimizes effort, and helps avoid surprises. We also discuss the workpapers and templates to be used, establish a preliminary timeline with key milestones, and obtain your initial risk assessment based on program and departmental experience.

2. Understanding the Programs and Risk Evaluation

We gain a full understanding of each federal program's purpose, requirements, outcomes, and the departments/personnel responsible for administration. Our procedures include:

- Obtaining the relevant Compliance Supplement;
- Reviewing OMB updates;
- Reviewing grant agreements;
- Reviewing the prior two years of audit findings;
- Reviewing correspondence from awarding and cognizant agencies; and
- Conducting team risk-planning discussions.

This phase ensures a thorough understanding of the programs, related departments, internal controls, operating pressures, and the overall control environment, including management's integrity and ethical culture.

3. Analysis of Program Expenditures and Cash Receipts

We obtain year-to-date expenditures by program and by function, including:

- Payroll;
- Vendors and subcontractors;
- Subrecipients;
- Benefit payments;
- Capital expenditures; and
- Indirect costs.

We use this data to perform materiality calculations, high-level financial analysis, budget comparisons, and reasonableness assessments to guide sample selection.

4. Evaluation and Testing of Internal Accounting and Compliance Controls

We identify all processes related to the direct and material compliance requirements and interview process owners to assess controls in place. Using the COSO framework, we evaluate:

- Control environment;
- Risk assessment;
- Information and communication;
- Control activities; and
- Monitoring.

We identify "what could go wrong," determine mitigating controls, perform walkthroughs to assess design effectiveness, and conduct transaction testing to assess operating effectiveness. Deficiencies are evaluated for potential Single Audit findings. We also identify and test key IT/EDP controls relied upon for compliance.

5. Testing of Compliance Requirements

We perform compliance testing for all direct and material requirements using results from internal control testing to determine sample sizes. Dual-purpose testing is used when possible. Testing is based on (1) OMB Compliance Supplement guidance; (2) Control testing results; and (3) Prior program experience. Issues are discussed in real time with departments and tracked in our issues matrix, which documents responsibility, discussions, and conclusions.

6. Drafting and Issuing Findings and Reports

We prepare all findings in accordance with OMB requirements and conduct exit meetings with departments to confirm accuracy. You are provided time to prepare your corrective action plan and submit formal responses. We meet your required reporting deadline and assist with report preparation and Data Collection Form completion.

7. Wrap-Up and Debriefs

We meet with you to evaluate the audit process, discuss improvements, and identify efficiencies for future Single Audits.

Identification of Anticipated Potential Audit Problems

SBC does not anticipate any significant audit problems associated with the proposed scope of services. Our audit approach and engagement process are designed to proactively identify and address issues early in the engagement to ensure that all deadlines established by the City are met. Based on our experience auditing governmental entities similar to the City, we do not anticipate any potential issues that cannot be resolved in a timely and efficient manner.

One area that may require additional audit procedures relates to the accounting and reporting standards associated with upcoming GASB pronouncements, GASB 103 and 104 related to the financial reporting model changes and capital asset disclosures. SBC will work closely with the City to assist management with the implementation.

SBC anticipates that any assistance required from the City will primarily involve providing timely access to relevant financial records, schedules, and supporting documentation related to lease agreements and other financial activities.

Fees

Our proposed annual fees for the engagement are presented below.

Fiscal Year	Fees
2026	\$14,000

In the event a single audit is required, the separate fee for completion of the single audit would be \$5,000.

Fee Philosophy

Our practice in billing clients is to live by the fee commitment we make to a client, even if our estimate of the time to complete the engagement is incorrect. If we incur additional time for additional services that are not part of the original scope of services, we will discuss the services with you in advance along with our estimate of the fees to be incurred. We will not bill for normal issues that may come up in an audit, adoption of new standards, or year-round meetings and consultation. This practice ensures there are no surprise bills. All of SBC's personnel are serving clients. There are no national office charges that are layered on top of the revenue needed to support the local office. Members of national offices are typically the most expensive personnel and do not interact with clients. This means that this cost is allocated to the local offices to pass on to their respective clients. We do not have national office costs that are allocated across the entire firm. As a result, it is not uncommon to have a national office incur up to 30% of the fees charged to a local client. By having 100% client service offices and partners, SBC reduces the need to have this overhead charge and can pass the savings along to you.

Appendix

The following items can be found in this section of the proposal:

Engagement Team Resumes

Peer Review Report

Maryland CPA Licenses



WILLIAM SEYMOUR

CPA, CGMA

ENGAGEMENT AND CLIENT SERVICE PARTNER



Profile

William (Bill) is a Partner at SBC and has more than 25 years of experience in public accounting. Before he joined SBC, Bill spent time at the global firm Arthur Andersen, LLP, where he was a part of its Mid-Atlantic State and Local Government Practice. Bill Leads SBC's public sector and has served many state and local government entities throughout his career.

Bill is a GFOA Certificate reviewer and is active in the industry, attending many GFOA, GFOA-PA, AICPA, and AGA events. He has testified on proposed government accounting standards to GGASB. Additionally, Bill has taught and spoken at several MDGFOA events. He is a past member of the Executive Committee of the AICPA, Government Quality Center.

Select Experience

- Anne Arundel County
- Cecil County, MD
- Charles County, MD
- City of Baltimore, MD
- City of Dover, DE
- City of Hazleton
- District of Columbia
- District of Columbia Highway Trust Fund
- DC Unemployment Insurance
- Frederick County, MD
- Harford County, MD
- Harford County Public Schools
- Harrisburg Housing Authority
- Howard Community College
- MissionSquare
- Montgomery County
- Lancaster County, PA
- Maryland Department of Transportation
- Maryland Supplemental Retirement Plans
- Maryland Transportation Authority
- Maryland Unemployment Insurance
- Metropolitan Washington Airports Authority Benefit Plans
- Montgomery County
- Pennsylvania Turnpike Commission
- PENNVEST
- Prince Georges County Memorial Library System
- St. Mary's County, MD
- Susquehanna Township, PA
- Town of Bel Air, MD
- Town of Garrett Park, MD
- Town of New Windsor, MD
- University System of Maryland
- U.S. Department of Housing & Urban Development
- Washington County, MD
- Washington Suburban Transit Commission
- WSSC Water

Professional Associations

American Institute of Certified Public Accountants (AICPA)

Former Member of Executive Committee to State & Local Government Employee Benefit Plan Quality

Maryland Association of Certified Public Accountants (MACPA)

Member

Maryland Association of Nonprofit Organizations

Member

Enhanced Peer Reviewer Status

Adjunct professor at Towson University

Maryland Government Finance Officers Association (MDGFOA) Board

Chair of Education Committee

Education & Certifications

Bachelor of Science in Accounting

Towson University

Contact

- ☎ 410-584-1404
- 📠 410-584-0061
- ✉ wseymour@sbandcompany.com



CHRIS LEHMAN



CPA
AUDIT PARTNER

Profile

Christopher (Chris) is a partner at SBC with 20 years of expertise providing financial auditing services for numerous clients in the government industry. He is accustomed to working in a customer service environment with a fast-paced, deadline-driven atmosphere. He will have day-to-day oversight, contact with the client and play a key role in decisions on all significant issues. As Chris has served many government clients, he understands regulations and reporting requirements. Chris has served as both a teacher and guest speaker at Maryland Government Finance Officers Association (GFOA), Maryland ASBO, GFOA-PA Central Region, and GFOA Washington Metropolitan Area.

Select Experience

- Anne Arundel County, MD
- Calvert County, MD
- Cecil County, MD
- Charles County, MD
- City of College Park
- City of Baltimore, MD
- City of Gaithersburg
- City of Hagerstown, MD
- City of Hazleton, PA
- City of Scranton, PA
- Charles County Public Library
- College Savings Plan of Maryland Compensation Plan
- District of Columbia
- New Castle County, DE
- Frederick County Library
- Frederick County Public Schools
- Frederick County, MD
- Harford Center
- Harford County, MD
- Harrisburg Housing Authority
- Kent County Library
- Kent County, MD
- Lancaster County, PA
- Maryland Department of Housing and Community Development
- Maryland Department of Transportation
- Maryland National Capital Park and Planning Commission
- Maryland Supplemental Retirement Plans
- Northumberland County, PA
- St. Mary's County Library
- St. Mary's County Public Schools
- St. Mary's County, MD
- St. Mary's County Library
- State of Maryland
- Susquehanna Township
- Talbot County, MD
- Town of Bel Air, MD
- Town of Centerville, MD
- Town of Ocean City, MD
- Washington County, MD
- Wilmington Housing Authority
- WSSC Water

Professional Associations

American Institute of Certified Public Accountants (AICPA)
Member
Enhanced Peer Reviewer Status
Executive Committee of the AICPA's State and Local Government Audit Quality
Member
Government Finance Officer's Association (GFOA)
Member
GFOA-PA Advisory Committee
Chair
GFOA-PA Membership Committee
Member
GFOA-PA Central Region Board
Member
Maryland Association of Certified Public Accountants (MACPA)
Member
Maryland Association of Nonprofit Organizations (MANO)
Member
Maryland Government Finance Officers Association
Trainer

Education & Certifications

Bachelor of Science in Accounting
Towson University

Master of Business Administration
University of Baltimore/, Towson University

Contact

- ☎ 410-584-2201
- 📠 410-584-0061
- ✉ clehman@sbandcompany.com



CHRISTOPHER MARK



AUDIT MANAGER

Profile

Christopher has been with SBC for 4 years and is a professional accountant with experience in auditing, compliance testing, payroll, and disbursement testing. He has worked on many government audits. As the engagement manager, he will oversee the work being performed, complete certain high-risk tasks, and review the work of the audit staff.

Select Experience

- CareFirst
- City of Hazleton
- City of Westminster
- Frederick Community College
- Gilman School
- Government Employees Retirement System
- Johns Hopkins Healthcare System
- Maryland 529
- Maryland National Capital Parks and Planning Commission
- MissionSquare
- Montgomery County, Maryland
- Pennsylvania Employees Retirement System
- Pennsylvania Tourism Signing Trust
- Prince George Financial Services Corporations,
- St. Mary's County Government
- Town of Belair
- Town of Ocean City
- Wilmington Housing Authority

Education

Bachelor of Science in Accounting
Towson University

Contact

- 443-823-0274
- 410-584-0061
- cmark@sbandcompany.com



JULIE PARIS

CISA

IT RISK MANAGER

Profile

Julie is a valuable addition to our IT Audit Team with over 30 years of IT risk experience. As an IT risk manager, she brings a unique wealth of experience understanding technology in a technical and comprehensive way that many IT auditors do not. She understands the entire life cycle since she supported various companies in determining their system and database needs and assisted with the development and implementation of enterprise application financial software needs and modifications for several clients. Previously, she had provided systems analysis, design programming, software training and implementations to address the everchanging needs of the business community. With experience conducting IT audits, Julie manages large, complex engagements maximizing our team's ability to communicate effectively with IT and lends her strong intuition and technical knowledge to assess IT risks and controls. Julie's previous IT risk experience before SBC includes providing software development and end user support for a large user community. Julie provided intricate system maintenance. She was responsible for researching and implementing Enterprise Resource Planning ("ERP") features.

Select Experience

- Anne Arundel County
- Arundel Community Development Services
- Baltimore City Community College
- Baltimore City Public Schools
- Cecil County, MD
- City of Baltimore, MD
- DC Health Exchange
- Frederick Community College
- Frederick County
- Government of the District of Columbia
- Hartford County Public Schools
- Howard Community College
- Lancaster County
- Montgomery County, MD
- Morgan State University
- State of Maryland
- University System of Maryland
- Washington Metropolitan Area Transit Authority

Professional Associations

Information Systems Audit and Control Association
(ISACA)
Member

American Institute of Certified Public Accountants
(AICPA)
Member

Education & Certifications

Bachelor of Science in Business
Administration

University of Baltimore

Contact

- 📞 443-353-5450
- 📠 410-584-0061
- ✉️ jparis@sbandcompany.com



Lisa M. Altschaffl, CPA
Jeffrey P. Anzovino, CPA, MSA
Cole F. Beehner, CPA

Joseph E. Petrillo, CPA
Stacey A. Sanders, CPA, CSEP
Daniel W. Wilkins, CPA

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

December 30, 2024

To the Partners of SB & Company, LLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of SB & Company, LLC (the firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under Single Audit Act, audits of an employee benefit plans; and examinations of service organizations (SOC 1 and SOC 2 engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of SB & Company, LLC, applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. SB & Company, LLC has received a peer review rating of *pass*.

Deluzio & Company LLP

Deluzio & Company LLP

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY

Item # 8.

12 07 34904 SB & COMPANY, LLC

6186 01-02-2025

MESSAGE(S):

!!!!!!SPECIAL ANNOUNCEMENT FOR CPA FIRM PERMIT HOLDERS!!!!!!

!! YOU MAY NEED TO HAVE A PEER REVIEW COMPLETED BEFORE YOUR NEXT RENEWAL !!

GOTO WWW.LABOR.MARYLAND.GOV/LICENSE/CPA. CLICK ON "PEER REVIEW". YOU WILL FIND USEFUL INFO ABOUT THE PEER REVIEW PROCESS, THE LIST OF APPROVED PEER REVIEW PROGRAMS AVAILABLE TO YOU & TIPS ON SCHEDULING A PEER REVIEW.

USE OUR WEBSITE FOR FAST SERVICE. CHANGE YOUR MAIL AND E-MAIL ADDRESSES; REQUEST LICENSE/EXAM VERIFICATION ONLINE! CHANGE FROM ACTIVE TO INACTIVE STATUS! YOU DON'T HAVE TO CALL OR E-MAIL THE BOARD TO DO THESE SERVICES. YOU CAN DO IT YOURSELF

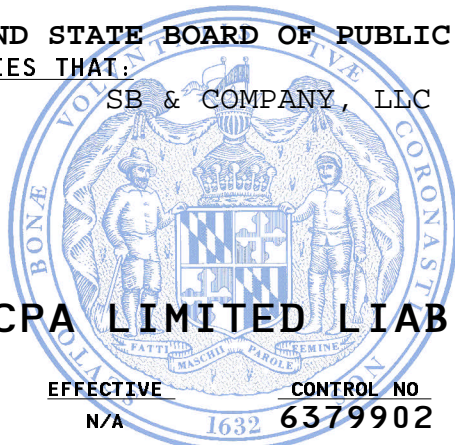


LICENSE * REGISTRATION * CERTIFICATION * PERMIT
STATE OF MARYLAND
MARYLAND DEPARTMENT OF LABOR

Wes Moore Governor
Aruna Miller Lt. Governor
Portia Wu Secretary

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY
CERTIFIES THAT:

SB & COMPANY, LLC



IS AN AUTHORIZED: 07 - CPA LIMITED LIABILITY COMPANY

Table with 4 columns: LIC/REG/CERT, EXPIRATION, EFFECTIVE, CONTROL NO. Values: 34904, 02-08-2027, N/A, 6379902

Handwritten signature of Portia Wu

Signature of Bearer

Secretary

WHERE REQUIRED BY LAW THIS MUST BE CONSPICUOUSLY DISPLAYED IN OFFICE TO WHICH IT APPLIES

12 07 34904

6,379,902

12 07 34904

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY
1100 N. EUTAW STREET
BALTIMORE, MD 21201

SB & COMPANY, LLC
10200 GRAND CENTRAL AVENUE
SUITE 250

OWINGS MILLS MD 21117

Summary box containing logo, header, seal, certifying text, table, signature, and title.

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY

Item # 8.

12 01 32467 WILLIAM ALEXANDER SEYMOUR

6275 04-01-2025

MESSAGE(S):

!!!!SPECIAL ANNOUNCEMENT FOR CPA LICENSE HOLDERS!!!!

YOU MUST HAVE COMPLETED CONTINUING EDUCATION HOURS BY THE TIME YOU FILE THE LICENSE RENEWAL APPLICATION. DO NOT REPORT ANY CONTINUING EDUCATION HOURS THAT YOU HAVE NOT COMPLETED.

ATTENTION!! THE BOARD NO LONGER PRINTS AND MAILES LICENSES ATTENTION!! CHECK YOUR EMAIL 1 BUS. DAY AFTER APPLICATION FOR INSTRUCTIONS TO PRINT OUT YOUR LICENSE AT THE MARYLAND DEPARTMENT OF LABOR LICENSING PORTAL

GOTO WWW.LABOR.MARYLAND.GOV/LICENSE/CPA FOR ALL YOUR INFORMATION NEEDS

YOU CAN CHANGE YOUR MAIL AND E-MAIL ADDRESSES! REQUEST VERIFICATION ONLINE!

STATUS! YOU DON'T HAVE TO CALL OR E-MAIL THE BOARD TO DO THESE SERVICES. YOU CAN DO QUICKLY AND AT ANY TIME DAY OR NIGHT!

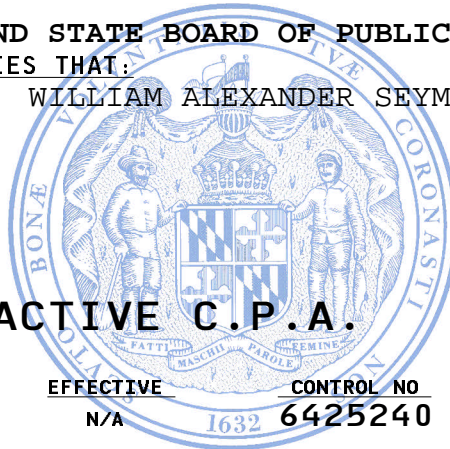


LICENSE * REGISTRATION * CERTIFICATION * PERMIT
STATE OF MARYLAND
MARYLAND DEPARTMENT OF LABOR

Wes Moore
Governor
Aruna Miller
Lt. Governor
Portia Wu
Secretary

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY
CERTIFIES THAT:

WILLIAM ALEXANDER SEYMOUR



IS AN AUTHORIZED: 01 - ACTIVE C.P.A.

LIC/REG/CERT	EXPIRATION	EFFECTIVE	CONTROL NO
32467	05-15-2027	N/A	1632 6425240

Signature of Bearer

Secretary

WHERE REQUIRED BY LAW THIS MUST BE CONSPICUOUSLY DISPLAYED IN OFFICE TO WHICH IT APPLIES

12 01 32467

6,425,240

12 01 32467

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY
100 S. CHARLES STREET
BALTIMORE, MD 21201

WILLIAM ALEXANDER SEYMOUR
1407 HIDDEN VALLEY COURT

FALLSTON

MD 21047

LICENSE * REGISTRATION * CERTIFICATION * PERMIT
STATE OF MARYLAND
MARYLAND DEPARTMENT OF LABOR

Wes Moore
Governor
Aruna Miller
Lt. Governor
Portia Wu
Secretary

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY
CERTIFIES THAT:
WILLIAM ALEXANDER SEYMOUR

IS AN AUTHORIZED: 01 - ACTIVE C.P.A.

LIC/REG/CERT	EXPIRATION	EFFECTIVE	CONTROL NO
32467	05-15-2027	N/A	1632 6425240

Signature of Bearer Secretary

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY

Item # 8.

12 01 38274

CHRISTOPHER GEORGE LEHMAN

6038 08-07-2024

MESSAGE(S):

!!!!SPECIAL ANNOUNCEMENT FOR CPA LICENSE HOLDERS!!!!

YOU MUST HAVE COMPLETED CONTINUING EDUCATION HOURS BY THE TIME YOU FILE THE LICENSE RENEWAL APPLICATION. DO NOT REPORT ANY CONTINUING EDUCATION HOURS THAT YOU HAVE NOT COMPLETED.

ATTENTION!! THE BOARD NO LONGER PRINTS AND MAILES LICENSES ATTENTION!! CHECK YOUR EMAIL 1 BUS. DAY AFTER APPLICATION FOR INSTRUCTIONS TO PRINT OUT YOUR LICENSE AT THE MARYLAND DEPARTMENT OF LABOR LICENSING PORTAL

GOTO WWW.LABOR.MARYLAND.GOV/LICENSE/CPA FOR ALL YOUR INFORMATION NEEDS

YOU CAN CHANGE YOUR MAIL AND E-MAIL ADDRESSES! REQUEST VERIFICATION ONLINE!

STATUS! YOU DON'T HAVE TO CALL OR E-MAIL THE BOARD TO DO THESE SERVICES. YOU CAN DO QUICKLY AND AT ANY TIME DAY OR NIGHT!

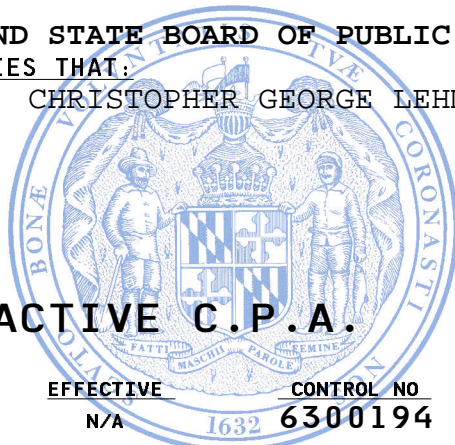


LICENSE * REGISTRATION * CERTIFICATION * PERMIT
STATE OF MARYLAND
MARYLAND DEPARTMENT OF LABOR

Wes Moore
Governor
Aruna Miller
Lt. Governor
Portia Wu
Secretary

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY
CERTIFIES THAT:

CHRISTOPHER GEORGE LEHMAN



IS AN AUTHORIZED: 01 - ACTIVE C.P.A.

LIC/REG/CERT	EXPIRATION	EFFECTIVE	CONTROL NO
38274	09-08-2026	N/A	1632 6300194

Signature of Bearer

Secretary

WHERE REQUIRED BY LAW THIS MUST BE CONSPICUOUSLY DISPLAYED IN OFFICE TO WHICH IT APPLIES

12 01 38274

6,300,194

12 01 38274

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY
1100 N. EUTAW STREET
BALTIMORE, MD 21201

CHRISTOPHER GEORGE LEHMAN
3001 JACKSON RIDGE COURT

PHOENIX

MD 21131

LICENSE * REGISTRATION * CERTIFICATION * PERMIT
STATE OF MARYLAND
MARYLAND DEPARTMENT OF LABOR

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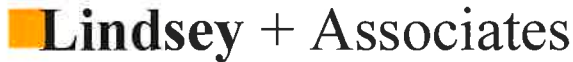
Signature of Bearer Secretary

**AUDIT PROPOSAL
TO
COTTAGE CITY**

Lindsey & Associates, LLC
Certified Public Accountants
110 West Road, Suite 217
Towson, Maryland 21204
Contact Person: Robert P. Diss
Tel. No.: (410) 825-1994
Fax No.: (410) 825-1997
E-mail: rdiss@acpafirm.com

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110 West Road
Suite 217
Towson, MD 21204

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May 29, 2026

Mr. John Hoatson, Town Manager
Town of Cottage City
3820 40th Avenue
Cottage City, MD 20722

1 – TRANSMITTAL LETTER

RE: AUDIT PROPOSAL

Dear Mr. Hoatson:

Enclosed is our proposal for independent auditing services.

Our Understanding of the Required Services

Lindsey + Associates, LLC (“L+A”) will for the years ended June 30, 2026 through 2028: (1) conduct an audit in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, (2) prepare the financial statements and applicable footnotes from the trial balance prepared by the Town, (3) issue all reports and letters required by the applicable auditing standards, (3) prepare the Uniform Financial Report, and (4) present the audit and required reports to the Town Council as requested.

This proposal is a firm and irrevocable offer for one hundred twenty (120) days. As President and owner of Lindsey + Associates, LLC, I am authorized to make representations for the firm.

Our firm is both committed to and capable of completing the audit on a timely basis because our firm has more experience auditing Maryland municipalities than any other firm, and because we have been the Town’s auditor for several years. In addition, the engagement team will be available throughout the year to assist the Town on an as needed basis. We are uniquely qualified to provide the services which are described in this transmittal letter because:

- Our firm's primary specialty is providing services to municipal entities. Our firm is well-known in the municipal arena, and we are currently the auditors for approximately two dozen municipalities, including most of your neighbors.
- Bob Diss, the Managing Partner, has conducted or managed hundreds of governmental audits, including the audit of the Howard County government.
- Unlike many public accounting firms, our auditors perform audits or other attestation engagements year-round. Our tax department is separate so that both our audit and tax personnel are specialists.
- We have experience with a wide variety of governmental entities at all levels, including conducting financial statement audits, Single Audits, fraud investigations, and other attestation engagements.
- We use state-of-the art audit software. Our audits are completely paperless, which allows us to be more efficient both in conducting the audit and in preparing financial statements.
- Lindsey + Associates is a **100% veteran-owned firm**, and is certified by the VA as a Veteran Owned Small Business.

Please contact me at (410) 825-1994 or rdiss@acpafirm.com should you have any questions or need additional information.

Very truly yours,



Robert P. Diss, CPA



Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

2 – Profile of the Firm

Our firm has been operating in the State of Maryland and issuing governmental financial statement opinions since 1995. Lindsey + Associates, LLC, founded in 1994, is located in Towson, Maryland and has earned a reputation as one of the Mid-Atlantic region's premier CPA and consulting firms.

Our firm's primary specialty is providing services to governmental entities, with **over half of our audit clients being municipal entities**. We are currently the auditors for approximately two dozen municipalities – more than any other firm in Maryland. Our Maryland governmental clients range from the Eastern Shore to the far western counties, and encompass all types of governmental and business-type activities.

Our professional staff includes 3 CPAs, 2 accountants, and 1 IT consultant, all based from our Towson, MD office. Our audit staff consists of 3 CPAs and 1 staff auditor, **all of whom spend the majority of their time working on governmental audits**.

Our audit department is unique in that our auditors spend 100% of their time year-round on audit and other attestation services – not part time on taxes, as many public accountants do. Our tax department works full time on tax and accounting, so that our auditors are *specialists* in their field. We anticipate between one and two full-time auditors and no part-time auditors working on this engagement.

As full-time auditors, our staff is keenly aware of due dates. We are committed to meeting deadlines on or ahead of schedule. Our standard procedures include accomplishing as much of the audit as possible during interim testing so that less is left to do during year end fieldwork.

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

3 – Narrative of Qualifications

Lindsey & Associates is well-known for and has extremely broad experience in municipal auditing. We currently audit more municipalities than any other firm. The following is a partial list of our most recent audit clients:

	<u>From</u>	<u>Through</u>
Berwyn Heights	2002	present
Bladensburg	2011	2019
Brentwood	2000	present
Capitol Heights	2022	present
Chestertown	2012	present
Cheverly	2022	present
Chevy Chase Section 5	2009	present
Chevy Chase View	2009	present
Chevy Chase Village	2009	present
College Park	2018	2021
<i>Cottage City</i>	2000	2025
Edmonston	2000	present
Fairmount Heights	2006	present
Friendship Heights	2005	present
Greensboro	2022	present
Highland Beach	2001	present
Landover Hills	1998	present
Laurel	2005	present
Laytonsville	2001	present
North Brentwood	2008	present
Riverdale Park	2003	present
Seat Pleasant	2020	present
Somerset	2001	present
Union Bridge	2008	present
University Park	2000	2021
Upper Marlboro	2019	present
Washington Grove	2000	present

Independence

L+A is independent with respect to the Town and the Town's potential component units as defined by generally accepted auditing standards and *Government Auditing Standards*. We will give written notice to the Town should we provide services to any entity that may impair L+A's independence as it pertains to the Town.

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

Professional Relationships with Town in Last 5 Years

L+A has audited the Town's financial statements for many years. As such, we are extremely familiar with the Town, and have developed a strong relationship with Town personnel.

License to Practice in Maryland

L+A and all assigned key personnel are properly licensed to practice public accountancy in Maryland.

Peer Review

L+A is enrolled in the AICPA peer review program, and is committed to both the peer review program and maintaining a top-notch internal quality review program.

Our most recent external quality control review letter is included as Exhibit 1 to this proposal, and shows that we received the highest opinion – pass with no letter of comments. The external quality control review included a review of governmental audit engagements.

Quality and Continuity

Professional staff is encouraged to complete approximately 40 hours of continuing professional education annually. In addition, their professional development and performance is continually monitored. We endeavor to maintain the same professional staff on engagements to maximize our effectiveness and minimize client interruptions throughout the years of the audit engagement. **However, we believe it is important to rotate staff auditors periodically to avoid complacency. We will replace Jake Askin, the previous staff auditor, with Alexxa Espiritu for FY2026.**

L+A strives to keep the quality of its staff high by:

- Creating an environment that balances personal and professional lives
- Offering a challenging and rewarding career path to all employees
- Continuing to recruit the best available employees
- Providing competitive salaries and fringe benefit packages
- Encouraging employees to develop the proper balance between work and home
- Requiring accountants and auditors to participate in 40 hours of CPE annually – even before they become CPAs

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

Partner, Supervisory and Staff Qualifications and Experience

The following key professionals will be assigned to this engagement:

Robert Diss, CPA, Engagement Partner
Aliesha Scarlett, CPA, CFE, Audit Supervisor

Both Bob and Aliesha work on audits of municipalities for the majority of their time, and both have significant professional education in governmental accounting and auditing. Their resumes appear on the following pages.

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

Robert P. Diss, CPA
Managing Partner

Bob Diss, the engagement partner, holds a Bachelor's degree in Math from the University of Maryland. He joined Lindsey + Associates in 2000 as a staff auditor and has since risen to partner; as such he is responsible for our audit and assurance practice. He has managed audits of all sizes, ranging from the smallest nonprofits to governmental entities with over two billion dollars in assets. In addition, he has worked closely with the Town since FY2000.

While working for a regional firm, he managed the audit of the Howard County government, which included the audit for the *Timbers at Troy* golf course and the Howard County Library and 911 systems. He oversaw all phases of the audit, including internal control testing, year-end fieldwork, ACFR and UFR review, and workpaper review.

Prior to joining Lindsey + Associates he served for 11 years as an Arabic linguist in the Air Force and his awards include the Defense Meritorious Service Medal. He was also an internal auditor for several years with a local government contracting firm, managed the accounting functions for a multi-million dollar out-of-state contract and was the on-site manager of a quality control project for the Nuclear Regulatory Commission.

A partial list of recent relevant governmental experience includes conducting audits and/or attestation engagements or consulting engagements at the following clients:

State and Regional Governments

Maryland Aviation Administration
 Maryland Developmental Disabilities Administration
 Maryland Transit Administration

County and Other Governments

Baltimore County Revenue Authority
 City of Glenarden Housing Authority
 Wicomico County Housing Authority

Local Governments

Chevy Chase Village
 City of College Park
 City of Hyattsville
 City of Laurel
 City of Seat Pleasant
 City of Takoma Park
Cottage City
 Town of Bladensburg
 Town of Brentwood
 Town of Riverdale Park
 Town of University Park

Bob is a member of the Maryland Association of CPAs, the American Institute of CPAs, and the Association of Government Accountants.

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

Aliesha Scarlett, CPA, CFE, CGMA
Audit Supervisor

Aliesha Scarlett, CPA, graduated from SUNY in 2001 cum laude. Prior to joining Lindsey + Associates in 2007, she worked for Ulster Savings Bank in New York State and Ryan Insurance Company, an affiliated company to Ulster Savings Bank. She has extensive experience in accounting and compliance matters pertaining to commercial insurance, including workers' compensation insurance. Since joining L+A in 2007, she has become our audit manager, overseeing all aspects of fieldwork for our audits, *including nearly two dozen municipalities annually*. In 2015, she earned her Certified Fraud Examiner designation. Aliesha is a member of the Association of Certified Fraud Examiners, the MDGFOA, the MACPA and the AICPA.

State and Regional Governments

Maryland Aviation Administration
 Maryland Transit Administration
 American Recovery and Reinvestment Act Projects
 Amtrak Commuter Rail Contract Service Revenues and Costs Claimed
 BWI Parking Garage Agreement
 Revenues and Costs Claimed by CSXT Transportation (CSXT)
 Review of Passenger Vehicle Utilization
 Symphony Center Parking Garage Agreement

County and Other Governments

Baltimore County Revenue Authority
 City of Glenarden Housing Authority

Local Governments

Chevy Chase Village
 City of College Park
 City of Hyattsville
 City of Laurel
Cottage City
 Town of Bladensburg
 Town of Brentwood
 Town of Edmonston
 Town of Laytonsville
 Town of North Brentwood
 Town of Union Bridge
 Town of Washington Grove

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

Alexxa Espiritu, CPA
Senior Auditor

Alexxa Espiritu earned her Accounting degree with honors in 2022 and is a Certified Public Accountant, licensed in another jurisdiction. At Lindsey + Associates, LLC, her work primarily focuses on providing audit and accounting services to local governments and nonprofit organizations. A list of her audit clients follows:

County and Other Governments

Allegheny County Library System

Local Governments

Town of North Brentwood

Town of Brentwood

Town of Washington Grove

Town of Edmonston

Town of Laytonsville

Town of Lonaconing

Town of Westernport

Town of Fairmount Heights

Village of Chevy Chase Section 5

Others

Montgomery Municipal Cable Inc.

Prince George's County Memorial Library System Foundation

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

4 – Work Plan and Timeline for Completion of Audits

Typically, we start the audit process in May or June – by that time, most of the year has gone by and we can test nearly everything. That way, when we return after June 30 (in August or September), we are primarily testing balance sheet items, e.g., bank reconciliations, accounts receivable and payable, etc. This allows us to complete most of the audit ahead of time, leaving less to do closer to the deadline.

For this engagement, we intend to adhere to the following schedule:

Receipt/analysis of TB/GL	June
Sample selection	June
Tests of controls (interim testing)	June/July
Preliminary drafting of F/S	July
Substantive testing	August/September
MD&A	September
Final drafts	Early October
Submit financial statements and UFR	NLT October 25

Following this schedule will be dependent upon the Town being able to provide audit documentation according to the above timetable.

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

5 – Technical Approach

A very detailed audit program will be developed for each component of this engagement; however, a detailed summary follows.

Financial Statements

Planning and Preliminary Fieldwork

1. Conduct entrance conference
2. Complete acceptance form for a local government audit
3. Prepare the following correspondence on an as needed basis:
 - Audit engagement letter
 - Request for predecessor auditor to release information to successor auditor
 - Standard form to confirm account balance information with financial institutions
 - Confirmation of authorized signatures
 - Request for cutoff statements
 - Positive and/or negative accounts receivable confirmation
 - Confirmation of accounts payable, loans and other debt
 - Confirmation of any contingent liabilities
 - Confirmation of grant or contract payments and receivables
 - Confirmation of grant entitlements and drawdowns
 - Request for pension plan information
 - Confirmation of insurance coverage
 - Request for legal representation
 - Management representation - standard form
 - Related party questionnaire
4. Complete governmental accounting system documentation form
5. Complete the checklist for evaluating potential component units and determine major funds
6. Prepare detailed audit time budget
7. – 9. N/A
10. Prepare the planning materiality worksheet
11. Document an understanding of the information system relevant to financial reporting including:
 - Relative significance of the account or related transactions to the overall financial statements
 - Volume of transactions

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

Susceptibility of related assets to theft or similar loss
 Accounts or transaction classes that have traditionally required significant adjustments

12. Describe the extent to which the computer is used (either internally or by a service organization) in significant audit areas
13. List the significant computer applications run on the system, identify the source of the software used, and indicate whether the client has access to the source code included for each software used
14. Complete the governmental internal controls procedures forms including for
 - Budgeting
 - Cash
 - Petty cash
 - Investments
 - Revenue and receivables - governmental funds
 - Service revenue and receivables - proprietary fund types
 - Contributions - pension trust funds
 - Expenditures for goods and services and accounts payable
 - Payroll and related liabilities
 - Property, equipment and capital expenditures
 - Debt and debt service expenditures
 - Fiduciary fund types
15. Complete the computer controls questionnaire - general controls, including:
 - Organization controls
 - Access controls
 - Systems and program development controls
 - Operational controls
 - Disaster recovery/contingency planning
16. Complete the planning worksheet to determine the extent of substantive tests
17. Prepare the sampling and evaluation form for substantive tests
18. Complete the sampling worksheet for testing account coding and classification
19. Complete the inherent risk assessment form
20. Complete the test of controls form
21. Complete the tests of controls sampling form
22. Initiate the confirmation summary form

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Audit Proposal to the Town of Cottage City, MD

23. Initiate the governmental accounts receivable statistics form
24. Prepare the following forms for use during the fieldwork:

Closing entry and audit adjustment form
 Audit difference evaluation form
 Reportable control condition and management point development worksheet
 Governmental audit supervision, review and approval form

Fieldwork

Analytical Procedures

25. Perform preliminary analytical procedure by comparing account balance for the current period to similar amounts in the prior period

Trial Balance

26. For trial balance and other schedule prepared by Town personnel, perform the following:

Trace amounts to the general ledger
 Foot and crossfoot totals
 Trace opening balance to the closing balances in the prior period

Budget

27. Review the minutes of the meeting of the Board adopting the budget and those adopting amendments, if any, and compare adopted budget to the budget figures supplied by Town personnel, and reconcile any differences

Commitments and Contingencies

28. Perform a search for commitments and contingencies
29. Review the Town's files concerning litigation, including invoices from lawyers
30. Request the Town's attorney to report, as of the balance sheet date and a cutoff date near the end of the audit
31. Inquire of responsible officials concerning the existence and amount of contingent liabilities

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

32. Review cash disbursements for unusual transactions and nonstandard entries

Subsequent Events

33. Perform a review for subsequent events from the date of the balance sheet to the date of the auditors' report
34. Inquire of responsible officials about the existence of material subsequent events or transactions
35. Scan cash receipts and cash disbursements for unusual transactions and nonstandard entries

Related Party Transactions

36. At the start of the engagement, update the understanding of the identity of related parties
37. Provide all audit staff with the names of known related parties
38. Inquire of management about the existence of related party transactions
39. Consider obtaining a related party questionnaire from appropriate members of management and the Council

Minutes, Contracts, Ordinances and Laws

40. Review the minutes of the Board and any committees, and abstract information relevant to the audit.
41. Obtain a written representation on minutes
42. Obtain and review copies of new agreements and new amendments to existing agreements
43. Review the Town's charter to determine duties, powers, and other data relevant to the audit
44. Review general state statutes to the extent considered necessary
45. If any legal requirements relevant to the audit are unclear, request a written representation from legal counsel
46. Summarize in the workpapers information identified for disclosure in the notes to the financial statements

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

Cash

47. Develop and execute the appropriate audit steps to achieve the following audit objectives:

Cash in the combined balance sheet in on hand, in transit, or on deposit with third parties in the name of the Town

All cash is included in the combined balance sheet

Depositories are legally acceptable; adequate collateral has been pledged at depositories for the Town; and separate depository accounts are maintained for each fund for which required

Cash balances reflect a proper cutoff of receipts and disbursement and are stated at the correct amount

Cash balance are presented properly by fund type, restricted cash is presented separately by fund type, and related disclosure are adequate

Investments

48. Develop and execute the appropriate audit steps to achieve the following audit objectives:

Investment balances by fund type are evidenced by securities or other appropriate legal documentation either physically on hand or held in safekeeping by others and include all investments

Investments are of the types authorized by law, contract, and the investment policy of the Town and the State of Maryland

Investment values, income, gains, or losses are state correctly and allocated properly to funds

Investments are properly described and classified by fund type in the combined balance sheet, and related disclosures, including restrictions and commitments, are adequate

Revenue, Receivables, Including Due From Other Units of Government and Due From/To Other Funds and Deferred Revenue, and Receipts

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

49. Develop and execute the appropriate audit steps to achieve the following audit objectives

Only revenues that are available and measurable in this fiscal period have been recorded, and amounts uncollected at the end of the period presented as receivable are valid

All revenues that are available and measurable in this fiscal period have been recorded

The Town has satisfied the relevant legal requirement to receive all revenues recorded

Revenues have been billed or charged and recorded at the correct amount, and receivables are state at the net realizable amount

Revenues and receivables are properly classified by fund type in the financial statement, and related disclosures are adequate

Expenditures For Goods and Services and Accounts Payable, Including Accrued Liabilities

50. Develop and execute the appropriate audit steps to achieve the following audit objectives:

Recorded expenditures and cash disbursements are for goods or services authorized and received

Expenditures incurred for goods or services and related accounts payable have been identified

Expenditures for goods or services are authorized and in accordance with the budget and other regulations or requirements

Expenditures for goods or services and related disbursement and liabilities have been recorded correctly as to account, fund, budget category, period and amount

Expenditures for goods or services and related liabilities are properly presented by fund type and budget category and related disclosures are adequate

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

Payroll and Related Liabilities, Including Compensated Absences

51. Inquire about regulations pertinent to wages, salaries, and benefits and read relevant civil service regulations, local, state, and federal ordinances, and other regulations
52. Compare payroll expenditures to the prior period actual and current budget (by department or function and in total)
53. Reconcile payroll record totals to comparable total on Forms 941 filed
54. Compare accruals for compensated absences to the prior period's actual and current budget, and compare the relation of amounts to gross pay with same ratio for the prior period
55. Compare pension expenditures to the number of covered employees, and compare to the same relationship in the prior period
56. Identify bonuses or other unusual compensation, and inspect evidence for approval
57. Consider the reasonableness of the accrual for payroll expenditures at the end of the period
58. Conduct test for padded payroll (fictitious employees)
59. For selected payroll journals, foot and compare total net payroll with the deposit to the payroll bank account and the general fund disbursing check/transfer
60. Select a sample of payroll transactions during the year, and perform the procedures on page AP-104 of the firm's audit procedures
61. See page AP-104 and AP-105 of the firm's audit procedures for tests regarding salaries or fringe benefits that are made on behalf of the Town by another entity, and for proprietary fund types
62. If Town provides benefits to employee after retirement, determine if an accrual for post-retirement benefits is needed

Inventories

63. Inquire about Town's policies and procedures with respect to the following matters:
 - Individual funds that have recorded inventory
 - Date and procedures to be used for the physical inventory of each fund that records inventory

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

The accounting method used to record inventory for each fund

64. At the date of the count(s), obtain a copy of the physical inventory summary and perform selected audit steps, such as

Compare the dollar amount of inventory by fund to prior periods, and consider reasonableness in relation to knowledge of acquisitions and activity during the period

In light of this comparison, investigate significant fluctuations

65. Ascertain whether inventory amounts in the financial statements are properly classified by fund type and whether reservation of the fund balance has been made

Property, Equipment, and Capital Expenditures, Including Fixed Assets In Use and Facilities Under Construction

66. Develop and execute the appropriate audit steps to achieve the following objectives:

Property and equipment in the general fixed assets account group and proprietary funds represent a complete and valid listing of the capitalizable cost of assets purchased, constructed, or leased and physically on hand

Capital expenditures represent a complete and valid listing of the capitalizable cost by acquiring fund of the property and equipment acquired during the period, and capitalizable costs are excluded from repair and maintenance and similar expenditure accounts

Capitalized costs and, if applicable, related depreciation associated with all sold, abandoned, damaged, or obsolete fixed assets have been removed from the accounts

Depreciation charged on fixed assets of proprietary funds and, if applicable, of grant programs has been computed on an acceptable basis consistent with that used in prior periods, and related allowance accounts are reasonable, considering expected useful lives and salvage value

Capital expenditures and fixed assets are properly classified by fund type or account group in the financial statement, and related disclosures are adequate

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

Debt and Debt Service Requirements

67. Inquire about provisions of the charter, ordinances, or statues related to authority to borrow, and perform the following:

Obtain, or prepare, an analysis of debt activity during the year

Review legislative minutes for authorization to issue debt and, if applicable, records of voter referendums approving issuance

Confirm legal compliance of debt sales with bond counsel or the appropriate authorities

Trace debt authorized to accounting records, and consider the appropriateness of classification

68. Compare debt terms and balances as of the balance sheet date to amounts confirmed on standard financial institutions' confirmation or similar confirmations

69. Review loan documents, and draft disclosure points for pledged assets and restrictions, if any

70. Determine if Town is in compliance with restrictive covenants

71. Examine lease agreements, and determine if any leases should be capitalized

72. Review debt service schedule and scan expenditures for proper amounts and recording, and perform the following:

Consider the reasonableness of interest cost

Consider the need to inspect supporting documentation

73. Summarize in the workpapers information about terms, restrictions, guarantees, or commitments related to debt for disclosure in the notes to the financial statements

Fund Balances and Net Assets

74. Obtain, or prepare, an analysis of changes in the aggregate fund balance and components of the fund balance for each individual fund

75. Read minutes to identify authorization for reservations or designation of fund balances

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

76. Consider the need for reservation of fund balances for items such as encumbrances, inventories, and long-term assets
77. Vouch the charges or credits changing the aggregate fund balance to supporting documentation

Grant and Similar Programs

78. Obtain, or prepare a schedule of grants and similar programs and perform the following procedures:
 - Review the minutes to identify grants received and related restrictions
 - Review grant contracts and related laws and regulations
 - Discuss procedures used to monitor grants
79. Identify financial reports require under grants, and perform the following procedures
 - Review the status of prior grant audit reports to identify the nature and disposition of prior deficiencies
 - Reconcile grant financial reports to accounting records
80. For grant revenues and receipts, perform the following procedures:
 - Compare amounts to the prior period actual and current budget
 - Confirm direct advances and draws
 - Review selected grant receipts for proper classification and compliance with contracts and regulations
81. Select a sample of expenditures charge to grant programs, and review for proper classification and compliance with contracts, laws, and regulations
82. Examine documentation and approvals supporting allocation of indirect costs
83. Draft the portion of the management representation letter concerning financial and compliance aspects of grants
84. Summarize in the workpaper information related to grant programs for disclosure in the notes to the financial statements.

Lindsey + Associates, LLC
Audit Proposal to the Town of Cottage City, MD

Fiduciary Fund Types

85. Develop and execute the appropriate audit steps to achieve the following audit objectives:

Investment balances by fund type are evidenced by securities or other appropriate legal documentation either physically on hand or held in safekeeping by others and include all investments

Investments are of the types authorized by law, contract, and the investment policy of the Town and the State of Maryland

Investment values, income, gains, or losses are state correctly and allocated properly

Investments are properly described and classified in the combined balance sheet, and related disclosures, including restrictions and commitments, are adequate

Ending Fieldwork

86. Summarize and evaluate misstatements noted during the audit
87. Draft the financial statement and discuss significant accounting policies, accounting estimates, and the implications of audit adjustments with management
88. Draft the auditor's report on the financial statements after considering any GAAP departures, scope limitations, uncertainties, and other relevant matters
89. Summarize reportable conditions in internal control structure and all identified instances of noncompliance with applicable laws and regulations for communication to the appropriate officials
90. Draft other reports that are required for the engagement
91. If the Town has an audit committee or a group or individual formally designated with oversight of financial reporting, consider whether communication of the following matters has been appropriately made and documented:
- Auditor responsibility
 - Accounting policies
 - Estimates
 - Adjustments
 - Other relevant matter
 - Disagreements, if any
 - Difficulties

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92. Complete the governmental disclosure checklist

Sample Size and the Extent to Which Statistical Sampling Is to Be Used in the Engagement

Our firm uses statistical sampling whenever it is cost effective and efficient.

Our firm will most likely use audit sampling in the following areas:

- Substantive tests of details of balance sheet account balances
- Substantive tests of details of transactions
- Tests of controls
- Test of compliance with laws and regulations

Our approach to planning the extent of substantive tests follows:

Assess the appropriate level of tolerable misstatement - tolerable misstatement (as a rule of thumb is 75% of planning materiality)

Determine an amount for individually significant dollar items - any amount less than tolerable misstatement may be used (as a rule of thumb, one-third of tolerable misstatement is often used)

Identify unusual items - these items are tested 100%

Calculate remaining balance and percent of coverage after selecting individually significant items

Determine what procedures, if any, are needed to test the remaining balance

Our firm normally uses one of the three following approaches to selecting samples: random selection, systematic selection, and haphazard selection.

There is a basic relationship between degree of risk and sample size. As the allowable risk of incorrect acceptance decreases, the necessary sample size increases. Statistical sampling allows us to decide on a specific percentage of allowable risk of incorrect acceptance, such as 5% and, through use of a formula or a table to determine sample size, hold the risk to that level or measure the risk level actually achieved by the sample results.

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After the sample size is determined and the tests are performed on the sample, we then project the misstatement to the total population using either the ratio method or difference method.

For tests of controls using audit sampling, the population is usually all transactions of a particular type. Tests of controls using audit sampling are usually tests of details of transactions. To be efficient, our firm only focuses on those policies and procedures that are important to achievement of control objectives. We do not test all the policies and procedures involved in processing of transactions, but only those that will have a significant bearing on substantive procedures.

For purposes of determining sample size, our firm considers: tolerable risk, the risk of assessing control risk too low, and the expected rate of deviations from prescribed internal control structure policies and procedures.

Our firm combines compliance tests of laws and regulations with substantive tests of transactions or tests of controls. In other words, we perform a triple-purpose test of transactions, if possible. For example:

Recording the correct amount, account and period

Indications of performance of internal control structure policies and procedures, and

Indications of compliance with relevant laws and regulations

Type and Extent of Analytical Procedures to be Used in the Engagement

Analytical procedures are used in general planning to improve our understanding of operations and to identify audit areas for increased attention. SAS No. 56 requires the use of analytical procedures in the planning and overall review stages of all audits.

Typical analytical procedures are: comparisons of account balances between accounting periods and ratio and trend analysis. Analytical procedures are also more effective and efficient than tests of details for achieving particular substantive testing objectives. The appropriate mixture of analytical procedures and tests of details is a matter of professional judgment.

Analytical procedures are used most often in the following:

Engagement planning
 Engagement review
 Account balance review
 Debt and debt service requirements

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Governmental fund revenues
 Inventories
 Payroll
 Proprietary fund revenues

**Approach to Be Taken to Gain and Document an
 Understanding of the Town's Internal Control Structure**

Our firm's approach to gaining an understanding of the Town's internal controls and documenting the internal control structure follows:

1. Document an understanding of the information system relevant to financial reporting including:
 - Relative significance of the account or related transactions to the overall financial statements
 - Volume of transactions
 - Susceptibility of related assets to theft or similar loss
 - Accounts or transaction classes that have traditionally required significant adjustments
2. Describe the extent to which the computer is used (either internally or by a service organization) in significant audit areas
3. List the significant computer applications run on the system, identify the source of the software used, and indicate whether the client has access to the source code included for each software used
4. Complete the governmental internal controls procedures forms for governmental funds, proprietary funds, fiduciary funds, and two account groups: general fixed assets and long-term obligations.
 - Budgeting
 - Cash
 - Petty cash
 - Investments
 - Revenue and receivables - governmental funds
 - Service revenue and receivables - proprietary fund types
 - Contributions - pension trust funds
 - Expenditures for goods and services and accounts payable
 - Payroll and related liabilities
 - Property, equipment and capital expenditures
 - Debt and debt service expenditures
 - Self-insurance

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5. Complete the computer controls questionnaire - general controls, including:
 - Organization controls
 - Access controls
 - Systems and program development controls
 - Operational controls
 - Disaster recovery/contingency planning
6. Complete the sampling worksheet for testing account coding and classification
7. Complete the inherent risk assessment form
8. Complete the test of controls form
9. Complete the tests of controls sampling form

**Approach to Be Taken in Determining Laws and Regulations That Shall Be Subject to
Audit Test Work**

1. Review all
 - Material agreements and contracts
 - Loan documents
 - Grant files
2. Review prior auditors' workpapers
3. Discuss laws and regulations with Town's attorneys

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Approach to Be Taken in Drawing Audit Samples for Purposes of Tests of Compliance

Our firm uses a standard form (*GCX-17 Planning Worksheet to Determine Extent of Substantive Tests*). As a rule of thumb, sampling may not be efficient when the population is less than 100. In these instances, reviewing individually significant and unusual items, if any, and the internal control system often will be sufficient.

SOP 98-3, *Audits of States, Local Government, and Not-for-Profit Organizations Receiving Federal Awards*, indicates that it is not necessary to select separate sample sizes for each major program. The President's Council on Integrity and Efficiency Standards Subcommittee (though not authoritative) indicates that a sample size of 25 for testing compliance with laws and regulations is the minimum which federal agencies would consider acceptable.

Once the sample size is determined, the auditor normally uses random selection process for choosing the items audited.

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Schedules that Town Personnel are Responsible for Preparing

Trial balance for each fund
 General ledger for each fund
 List of bank accounts and investments
 Bank reconciliations for every bank/investment acct., including outstanding checks for June
 List of employees at June 30
 Contact information for Town Council
 Contact information for prior auditors
 Management letters provided to Town by prior auditors
 Correspondence regarding grants
 Schedules of:

- Taxes receivable
- Miscellaneous receivables
- Grants receivables
- Computation of uncollectible receivables
- Prepaid expenditures
- Investments by type
- Interest revenue
- Accrued interest
- Deferred revenue by source
- Accounts payable
- Compensated absences
- Operating transfers among funds
- Reconciliation of payroll per 941's to general ledger
- Legal fees paid
- Long-term debt activity
- Fixed assets additions and disposals
- Fixed assets by function and activity
- Federal financial aid received directly or indirectly from the federal government

Copies of

- New loan, bond and lease agreements
- Minutes of Town Council meetings
- Personnel handbook
- Charter
- Budget, original and amended

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6 – References

Lindsey + Associates has a long history of work with governmental entities, both large and small. Every engagement is unique; however, engagements performed in the past five years with demands similar to Cottage City follow:

Town of Riverdale Park	
Scope:	Financial statement audit, draft F/S and UFR
Date:	2003 to present
Partner:	Bob Diss
Total Hours:	~200 annually
Client Contact:	Paul Smith, 301/927-6381, psmith@riverdaleparkmd.gov

Town of Landover Hills	
Scope:	Financial statement audit, Single Audit, draft F/S and UFR
Date:	1998 to present
Partner:	Bob Diss
Total Hours:	~150 annually
Client Contact:	Mike Thompson, 301/773-6401, m.thompson@landoverhills.us

Town of Brentwood	
Scope:	Financial statement audit, draft F/S and UFR
Date:	2000 to present
Partner:	Bob Diss
Total Hours:	~150 annually
Client Contact:	Shelley Dorsey, 301/927-3344, treasurer@brentwoodmd.gov

Chevy Chase Village	
Scope:	Financial statement audit, draft F/S and UFR
Date:	2009 to present
Partner:	Bob Diss
Total Hours:	~200 annually
Client Contact:	Demetri Protos, 301/654-7300, Demetri.Protos@montgomerycountymd.gov

City of Laurel	
Scope:	Financial statement audit, Single Audit, draft F/S and UFR
Date:	2005 to present
Partner:	Bob Diss
Total Hours:	~ 250 annually
Client Contact:	Michele Saylor, 301/725-5300 X236, msaylor@laurel.md.us

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7 – Fee Schedule

The total all-inclusive fee for the services described in the RFP and in this proposal, along with our hourly rates for any additional services as may be requested are as follows:

Financial Statement Audit			
FY 2026			
	Hours	Rate	Total
Partner	8	\$ 210	\$ 1,680
Supervisor	24	128	3,072
Staff	80	102	8,160
Total	112		\$ 12,912
FY 2027			
	Hours	Rate	Total
Partner	8	\$ 210	\$ 1,680
Supervisor	24	128	3,072
Senior	80	105	8,400
Total	112		\$ 13,152
FY 2028			
	Hours	Rate	Total
Partner	8	\$ 210	\$ 1,680
Supervisor	24	130	3,120
Senior	80	110	8,800
Total	112		\$ 13,600

TOWN OF COTTAGE CITY EMPLOYEE HANDBOOK/POLICY AND PROCEDURE MANUAL



Date of Adoption:
Effective Date:

**This Employee Handbook Neither Constitutes Nor
Creates an Employment Contract.**

**The Policies and Procedures Set Forth Herein May
Be Unilaterally Changed by the Town at Any Time
and Without Prior Notice.**

TOWN MANAGER'S CERTIFICATION

**I HEREBY CERTIFY THAT THIS "EMPLOYEE HANDBOOK/POLICY AND
PROCEDURES MANUAL" IN ITS ENTIRETY (WAS DULY ADOPTED BY REFERENCE
AND AS PART OF RESOLUTION NO. _____,
HAVING BEEN PASSED BY THE REQUIRED YEA AND NAY VOTES OF THE COTTAGE
CITY COMMISSION ON THE _____.**

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DISCLAIMER

THIS EMPLOYEE HANDBOOK/POLICY AND PROCEDURES MANUAL (SOMETIMES REFERRED TO HEREIN AS THE “PERSONNEL MANUAL” OR “MANUAL”) DOES NOT CONSTITUTE AN EXPRESS OR IMPLIED CONTRACT. WHILE IT IS IMPOSSIBLE TO DRAFT A PERSONNEL MANUAL THAT ADDRESSES EVERY FACT-SPECIFIC CIRCUMSTANCE, THE STATEMENTS AND PROCEDURES CONTAINED IN THIS PERSONNEL MANUAL CONSTITUTE GENERAL POLICIES AND PROCEDURES OF THE TOWN. NO EMPLOYEE OF THE TOWN SHALL RELY UPON ANY STATEMENT OF ANY TOWN OFFICIAL, DEPARTMENT HEAD OR SUPERVISOR THAT CONFLICTS OR DIFFERS FROM THE ABOVE STATEMENT OR THE PERSONNEL PROCEDURES AND POLICIES.

EEO (EQUAL EMPLOYMENT OPPORTUNITY) STATEMENT

THE TOWN IS AN EQUAL EMPLOYMENT OPPORTUNITY EMPLOYER. THE TOWN EMPLOYS, RETAINS, PROMOTES, TERMINATES, AND TREATS ALL EMPLOYEES AND JOB APPLICANTS ON THE BASIS OF MERIT, QUALIFICATIONS, AND COMPETENCE. THIS POLICY SHALL BE APPLIED WITHOUT REGARD TO AN INDIVIDUAL’S race (including race-based discrimination on the basis of hairstyle and texture), color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, gender identity, disability, or genetic information, veteran status, military status, any other characteristic protected by federal, state, or county law or other non-merit factor.

SEVERABILITY

IF ANY PROVISION OF THE PERSONNEL MANUAL IS HELD OR DEEMED TO BE OR SHALL IN FACT BE INOPERATIVE OR UNENFORCEABLE BECAUSE IT CONFLICTS WITH ANY OTHER PROVISION OR PROVISIONS HEREOF OR ANY CONSTITUTION, STATUTE, RULE OF LAW OR PUBLIC POLICY, OR FOR ANY OTHER REASON BY A COURT OF COMPETENT JURISDICTION, SUCH CIRCUMSTANCES SHALL NOT HAVE THE EFFECT OF RENDERING THE PROVISION IN QUESTION INOPERATIVE OR UNENFORCEABLE IN ANY OTHER CASE OR CIRCUMSTANCES, OR OF RENDERING ANY OTHER PROVISION HEREIN CONTAINED INVALID, INOPERATIVE OR UNENFORCEABLE TO ANY EXTENT WHATEVER. THE INVALIDITY OF ANY ONE OR MORE PHRASES, SENTENCES, CLAUSES OR SECTIONS IN THE PERSONNEL MANUAL SHALL NOT AFFECT THE REMAINING PORTIONS OF THIS PERSONNEL MANUAL OR ANY PART THEREOF.

Disclaimer/EEO Statement/Severability

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SECTION I GENERAL PROVISIONS:

A. **PERSONNEL POLICY OBJECTIVES:**

By adoption of these Personnel Regulations the Cottage City Commission intends to create a Town Personnel System which results in:

- (1) Hiring, promotion, discipline, removal or any other actions affecting an employee's status without regard to race (including race-based discrimination on the basis of hairstyle and texture), color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, gender identity, disability, **or** genetic information, veteran status, military status, affiliation or non-affiliation with a labor organization, or any other characteristic protected by federal, state, or county law.
- (2) Employment is attractive as a career.
- (3) Appointments and promotions on the sole basis of merit and fitness.
- (4) A performance rating system that supports economy and effectiveness in personal services for the mutual benefit of the employees, officials, taxpayers and Town residents.
- (5) Employees rendering the best service at all times.
- (6) Discipline actions taken fairly.
- (7) An appropriate review process for employees who are disciplined, suspended, terminated, or demoted from their positions with the Town.

B. **DEFINITIONS:**

- (1) **DEPARTMENT HEAD:** The Chief of Police, the Supervisor of Public Works, and unless the position is vacant, the Town Manager, who shall oversee the Administrative Department.
- (2) **EMPLOYEE:** Any person working for the Town, except elected officials, and appointed Boards, and independent contractors hired by the Town Commission and including full-time employees. The Commission has the legal right to control the details of how the duties, services, or tasks are performed by its employees.
- (3) **FULL TIME EMPLOYEE:** These employees regularly work more than 39 hours per week and receive benefits.
- (4) **PART TIME EMPLOYEE:** These employees typically work less than 39 hours per week and receive no benefits.

- (5) **CONTRACTUAL EMPLOYEE:** (Terms of contract dictate benefits): These individuals are under contract by the Town as an employee. They may be full time or part time employees, but their benefits, if any, and terms of employment shall be as stated in the contract.
- (6) **INDEPENDENT CONTRACTOR:** (No benefits). An Independent Contractor is not an employee of the Town, but is under contract with the Town. Unlike an employee, an independent contractor does not work regularly for the Town but works as and when required by the contract.

C. **ADMINISTRATIVE:**

- (1) The Cottage City Commission or its designee(s) shall be responsible for the administration of and amendments to this Manual.
- (2) The Town Commission and the Town Charter have delegated to the Town Manager the responsibility for the day-to-day general supervision of employees and the enforcement of the provisions of this manual. These responsibilities shall include, but not necessarily be limited to:
- a. Administration of rates of compensation.
 - b. The recruitment, examination and investigation of the qualifications of applications for all positions.
 - c. Recommendations as to appointment, transfer, promotion, demotion, suspension, dismissal and/or any other change in employee status.
 - d. Maintenance of permanent personnel records of department employees.
 - e. Recommendation and justification for the establishment of new positions.
 - f. The implementation of all policies set forth in this Manual.
- (3) These policies shall supersede all previous personnel policies, except as specified in town ordinances and the town charter, and be applicable to all employees of the Town except as provided below:
- a. Appointed board and committee members unless expressly stated herein.
 - b. The general orders of the Police Department shall govern, unless they conflict with this Manual or Commission Policy and Action.
- (4) The Town Commission, in consultation with the Town Attorney, as appropriate, shall have sole authority for the interpretation of these regulations.

(5) The TOWN MANAGER shall oversee:

- (1) Administrative,
- (2) Public Works, and
- (3) Police Department

(6) The Commission shall hire a Town Manager who shall be responsible to oversee all departments and guide the administration of those duties in keeping with this Personnel Manual.

D. **SCOPE & APPLICABILITY:**

This handbook applies to all Town Employees as defined in Section 1.B.(2). Elected officials (Town Commissioners) are not “employees” under this handbook.

However, as compensated representatives of the Town, Commissioners are expected to comply with the following policies while performing official duties.

1. Personal Conduct (Section II.A)
2. Harassment, Discrimination, and Retaliation Prohibitions
3. Acceptance of Gifts (Section II.K)
4. Use of Town Vehicles (Section III)
5. Drug & Alcohol Use (Section II.H)

SECTION II EMPLOYEE RESPONSIBILITIES:

A. **PERSONAL CONDUCT:** Employees are representatives of the Town. Therefore, it is paramount that employees maintain the highest standards of professionalism and act and conduct themselves with other employees, officials and members of the public in a spirit of courtesy, restraint and respect of business and refraining from behavior that might be harmful or viewed unfavorably by the public at large.

Each Commissioner, Department Head and Employee is responsible for creating an atmosphere free of discrimination and harassment, sexual or otherwise. In addition, employees are responsible for respecting the rights of their co-workers. All Town employees and elected officials shall be required to comply with this policy and compliance shall be a factor considered in the evaluation of performance for all employees.

The following are examples of conduct or words or actions not suitable for employees and could result in disciplinary action up to and including dismissal:

(1) **Harassment:** Harassment based on race (including **race-based discrimination on the basis of hairstyle and texture**), color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, gender identity, disability, **or** genetic information, veteran status, military status, or any other characteristic protected by federal, state, or county law. Harassment includes improper interference with the ability of employees to perform their expected job

duties. Examples of such conduct would include, but are not limited to, physical contact of a sexual nature; sexual, racial, ethnic or religious related jokes, comments, insults, cartoons or innuendos; or personal conduct or mannerisms that could be construed as offensive. The Town's anti-harassment policy is in Exhibit A to this handbook and is incorporated herein to this policy by reference.

- (2) Sexual Harassment: With respect to sexual harassment, the Town specifically prohibits the following:
- a. Unwelcome sexual advances, requests for sexual favors and all other verbal and physical conduct of a sexual or otherwise offensive nature, especially where:
 - submission to such conduct is made explicitly or implicitly a term or condition of employment
 - submission to or rejection of such conduct is used as a basis for decisions affecting an individual's employment, or
 - such conduct has the purpose or effect of creating an intimidating, hostile or offensive working environment.
 - b. Offensive comments, jokes, innuendos and other sexual oriented statements.
- (3) Disparaging Terms: Terms that are used to degrade or imply negative statements pertaining to the categories listed above. They may include slurs, insults, printed materials, signs, photographs, symbols, posters or insignia. The mere usage of disparaging terms constitutes arbitrary discrimination.
- (4) Discrimination: Unfair or illegal treatment of a person on the basis of race (including **race-based discrimination on the basis of hairstyle and texture**), color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, gender identity, disability, or genetic information, veteran status, military status, or any other characteristic protected by federal, state, or county law. Such discrimination can occur overtly, covertly, intentionally, or unintentionally, by an act or by an omission.
- (5) Prejudice: Any set of rigid and/or unfavorable attitudes toward a particular group or groups which is formed in disregard of facts; and unsupported judgment usually accompanied by disapproval.
- (6) Stereotyping: A preconceived or oversimplified generalization involving negative beliefs about a particular group or class of people. Negative stereotypes are often the basis for prejudicial attitude and beliefs, since stereotyping allows for the disregard of people as individuals, but categorizes them as a member of a group, in which all think, act, and behave in the same manner and fashion.
- (7) Deliberate Bullying or Intimidation: This is behavior that tends to demean and intimidate others when there is no immediate reason for such behavior.

- (8) Anti-Semitism: This is a prejudicial, discriminatory attitude towards Jewish people.
- (9) Racism: Racism deals with the incorrect assumption that race determines specific cultural and psychological traits, and with the belief that one race is superior to another or all others.
- (10) Retaliation against an employee for exercising their rights: Retaliation against an employee for filing a harassment or discrimination complaint or other complaint of inappropriate treatment is prohibited, nor will there be retaliation against any person connected with or who participates in the investigation of such complaint or who participates in any litigation related to the complaint. Any such action will be reported to the Commission who, in turn will order an immediate investigation.
- (11) Insubordination: Conduct that amounts to refusal to obey or disobeying direct orders of anyone in a supervisory capacity. It also includes conduct where supervisory personnel are ridiculed by employees to other employees and/or members of the public and tends to create an atmosphere of disrespect.
- (12) False statements or any fraudulent, misleading or harmful statements, actions or omissions, whether oral or written, relating to an employee, Department Head, supervisor, Commissioner, other elected or appointed official, the Town of Cottage City or activities relating to the Town.
- (13) Theft, unauthorized use, removal, or damage to the property of the Town of Cottage City.
- (14) Non-justifiable threatened or actual physical violence.
- (15) The use of profane obscene and/or abusive language.
- (16) Carrying any weapon while on Cottage City Town business or during hours of employment. Excluded are sworn police officers in accordance with the laws of the State of Maryland.
- (17) Bringing onto Cottage City Town premises, possessing, being under the influence of, consuming, using, transferring, distributing or attempting to distribute any form of alcohol at any time during work hours whether or not on duty, and whether or not on Cottage City Town business or Cottage City Town premises, unless authorized by the Town Commission or Town Charter or Ordinances.
- (18) Bringing on to the Cottage City Town premises, possessing, being under the influence of, using, consuming, distributing or attempting to distribute, manufacturing for distribution a controlled dangerous substance (as defined in the criminal law Article, Section 5-101 of the Annotated Code of Maryland), as amended, during working hours whether or not on duty and whether or not on Cottage City Town business or Cottage City Town premises.
- (19) Organized gambling or disorderly or immoral conduct while on duty or off duty and on Cottage City Town premises.

(20) **Misrepresentation:** Lying including but not limited to unauthorized use of passwords, software systems, or other support systems of the Town.

- B. **PERSONAL APPEARANCE:** Discretion in style of dress and behavior is essential to the efficient operation of Cottage City. Employees who are not required to wear uniforms to work are required to dress in appropriate attire. Employees are required to use good judgment in choosing work attire. Employees are required to maintain high standards of personal hygiene and cleanliness and to keep their work areas clean and orderly. This includes Cottage City vehicles when assigned as part of work responsibilities.

Employees failing to adhere to these standards of personal appearance and hygiene are subject to disciplinary action.

- C. **TELEPHONE COURTESY:** Each telephone call to the Town of Cottage City may be the caller's first contact with the Town Government. Therefore, it is essential that all callers be treated courteously and politely with the announcement of the title of the office and the name of the operator. Information obtained from callers must be as thorough as possible and shall include name, address, title, agency and return phone number. The operator should be efficient but should refrain from speculating on the provision of the service or the content of the call.

- D. **PERSONAL USE OF THE TELEPHONE:** The Town of Cottage City recognizes that today's society requires flexibility in handling day to day situations that may arise from the juggling of careers, home responsibilities, child-care and school. Therefore, Cottage City allows up to three (3) non-emergency calls not to exceed five (5) minutes each during the workday. Long distance will be at the expense of the employee and will not be charged to the Town's telephone account. An employee who allows personal phone calls to distract from the accomplishment of job responsibilities or to distract other workers from the accomplishment of their job responsibilities will be subject to disciplinary action.

- E. **PERSONAL VISITS/NON-EMERGENCY:** Non-emergency personal visits from friends and relatives shall be limited to fifteen (15) minutes in duration and should not be encouraged by the employee. Employees will be held accountable for the conduct of those friends or relatives visiting and the visits shall not distract from the accomplishment of job responsibilities of the employee or fellow workers.

- F. **EXCESSIVE ABSENTEEISM AND LATENESS:** For Cottage City to function effectively, it is important that each employee be present when assigned to begin work and to remain at work during prescribed work hours. The Town recognizes, however, that illnesses and injuries may occur and has established sick leave and Worker's Compensation programs to compensate employees in these instances.

Should an employee be unable to work due to illness, the supervisor must be notified no later than fifteen (15) minutes after the start of the employee's work schedule. If possible, the employee should notify the supervisor before starting time, or as soon as he/she knows he/she is not able to report to work on time. Failure to notify a supervisor will result in an unexcused absence. The notification should be by phone, text or email.

If an employee is absent for more than three (3) consecutive work-days a statement from a physician may be required before the employee will be permitted to return to work. In such instances, the Town reserves the right to require employees to submit to a physical examination by the Town's medical group. Also, the Town may require employees to submit statements from physicians and/or submit to physical examinations when abuse of sick leave is reasonably suspected. Excessive absenteeism will result in disciplinary action up to and including dismissal.

The only exceptions to this policy are those employees who may commence work in the field and report to a specific work location for initial assignments.

Employees who experience three (3) unexcused occurrences of late arrival in any month will receive a written warning. Any repeat infraction within a subsequent month may be grounds for disciplinary action up to and including dismissal.

Employees who take unauthorized leave (absence without approved leave) the day before or day after a holiday will not be paid for the holiday.

THREE (3) CONSECUTIVE WORKING DAYS OF ABSENCE WITHOUT AUTHORIZED LEAVE WILL BE CONSIDERED A RESIGNATION FROM EMPLOYMENT WITHOUT NOTICE. EMPLOYEES IN SUCH CASES WILL BE CONSIDERED TO HAVE ABANDONED THEIR POSITIONS, WILL BE REMOVED FROM THE PAYROLL AND EMPLOYMENT WILL BE TERMINATED.

- G. **HOURS OF WORK:** Employee work schedules may vary depending upon the needs of the various departments; however, the standard work week for Full-Time employees shall be forty (40) hours. Full-Time employees shall receive either a one (1) hour paid daily lunch break or two (2) fifteen (15) minute breaks and one (1) thirty (30) minute lunch break, as approved by their supervisor. At no time shall the office be left uncovered, and staffing must be maintained during normal office hours of 9:00 A.M. to 5:00 P.M. Police Department personnel who work ten (10) hours or more during a shift shall be entitled to normal break periods.
- H. **DRUG AND ALCOHOL USE:** The Town of Cottage City has a sincere concern for the safety, health and well-being of its employees. It recognizes that consumption of alcohol, cannabis, illegal drugs, controlled substances (including medical cannabis), and/or unauthorized controlled substances by employee's and applicants for employment can create significant problems.

The Town of Cottage City has a responsibility to its citizens to provide quality service in a timely and effective manner. The use of alcohol, cannabis, illegal drugs, controlled substances (including medical cannabis), and/or unauthorized controlled substances can affect severely the safe and effective operation of Town Government.

Cottage City has adopted a "Drug Free Work-Place Policy." Consequently, it is committed to making a good faith effort to ensure a safe, secure, and substance-free workplace for its employees consistent with the Drug-Free Workplace Act of 1988. Pursuant to this policy, all employees of the Town, whether full-time or part-time, are prohibited from the manufacture, distribution,

dispensation, possession, use, or sale of alcohol, cannabis, illegal drugs, controlled substances (including medical cannabis), and/or unauthorized controlled substances on Town property, in Town vehicles, or during working hours. Any employee determined to be in violation of this policy shall be subject to disciplinary action, up to and including termination. This policy does not apply to employees attending functions on Town property for which a license has been obtained to allow consumption of alcohol and provided the employee attending the function is not in an on-duty status.

Cottage City has a zero-tolerance policy for any employee, full-time or part-time, who reports to work or spends any work time, with their mental or physical abilities impaired by alcohol, cannabis, illegal drugs, controlled substances, unauthorized controlled substances, over the counter medications / drugs, or prescription medications (including medical cannabis). Any employee determined to be in violation of this policy shall be subject to disciplinary action, up to and including termination.

In addition, Cottage City has a zero-tolerance policy that prohibits off-premises abuse of illegal drugs, controlled substances (including medical cannabis), and unauthorized controlled substances by employees, as well as the possession, use, or sale of illegal drugs, controlled substances (including medical cannabis), and unauthorized controlled substances, when these activities adversely affect job performance, job safety, or the Town's reputation in the community. This zero-tolerance policy extends to the use of cannabis, including medical cannabis, by sworn law enforcement officers, employees whose essential job functions include the possession of a CDL license, and all employees who operate any type of motorized vehicle as part of their job duties.

Cottage City may require applicants to participate in a drug screening prior to employment. It further reserves the right to require any employee exhibiting symptoms of drug and/or alcohol intoxication or abuse during the workday to undergo drug and/or alcohol testing. Random drug testing may also be conducted for employees in safety sensitive positions or who operate motor vehicles or equipment for the Town.

Discipline

Compliance with this policy is a term and condition of employment. Notwithstanding any provision herein, this policy will be enforced at all times in accordance with applicable federal, state, and local law. Failure to observe this policy will result in disciplinary action, up to and including termination. As discussed below, employees who test positive or who refuse to submit to substance abuse screening will be subject to discipline, up to and including termination. Also, employees violating this policy could be charged criminally.

Employees that fail a drug or alcohol test shall be afforded the opportunity to participate in a drug/alcohol rehabilitation program only if the employee comes forward prior to the Town's knowledge of a drug/alcohol problem. Employees may use any and all leave options while receiving treatment. Employees must submit a description of the program to the department head and the program must be completed successfully before returning to work.

Please refer to Appendix B, which is incorporated herein, for documents related to the Town's drug and alcohol policy.

Drug and Alcohol Testing in General

Except as provided below, all drug and/or alcohol testing conducted pursuant to the terms of this handbook will be conducted at a licensed laboratory at the Town's expense. All testing will be conducted in accordance with federal and/or state law as applicable, and employees will be provided with copies of lab results, a copy of the Town's Substance Abuse policy, and all notices required by federal and/or state law.

Screening Applicants for Employment

All applicants for employment with the Town of Cottage City will be required to submit a blood or urine sample for analysis to a laboratory or clinic of the Town's choice. All samples will be analyzed for the presence of drugs and alcohol. Applicants who submit samples that test positively for the presence of any illegal drug will be immediately disqualified from consideration for employment with the Town. Any applicant's sample that tests positively for the presence of any other drug or alcohol at levels that the Town determines would impair the applicant's ability to satisfactorily and safely perform as a Town of Cottage City employee will be disqualified from consideration for employment.

Certain test results will not be revealed to the Town. Test results showing the presence of a non-prescription drug, excluding alcohol that is not prohibited under State law (i.e. over the counter cold remedies) or the use of a medically prescribed, are not to be revealed to the Town. Applicants must list medications currently being used on the authorization form.

All applicants for employment will, at the time they submit the blood or urine sample, authorize the release of the screening test results to the Town. Any applicant who refuses to authorize the release of this information will not be considered for Town employment.

This policy shall also apply to any promotional opportunity within the Town's merit system.

Reasonable Suspicion

Reasonable suspicion urine and/or breath alcohol testing shall be made based on specific, articulable, and contemporaneous observations. Reasonable suspicion observations and reports can only be made by individuals, including supervisors, who are trained to detect the signs and symptoms of controlled substance and alcohol use and who may reasonably conclude that an employee may be adversely affected or impaired in their work performance due to the use of a controlled substance or alcohol. The observing supervisor or manager is required to complete the appropriate documentation within twenty-four (24) hours of the observed behavior or before the results of a controlled substance test are released, whichever is sooner.

Reasonable suspicion testing shall be required and completed whenever possible within two (2) hours of the observation, but in any case, no later than eight (8) hours after the observation for breath alcohol testing and thirty-two (32) hours for controlled substance testing.

The Town maintains a Supervisor Checklist that supervisors should use in assessing an employee and the Reasonable Suspicion Test documents. If a supervisor or manager believes an employee is

under the influence, he or she shall retrieve these forms from the Town Administrator. The Police Department includes staff who are trained to recognize and evaluate for reasonable suspicion that may be called to assist with assessing an employee.

Employees required to undergo testing based upon reasonable suspicion will be transported to the testing site by another member of staff.

Post-Accident Testing

Federal Highway Administration regulations require alcohol and controlled substance testing following an accident for any employee who was performing safety-sensitive functions if the accident involved a fatality, or for any employee who receives a citation for a moving traffic violation. In addition, the Town may require testing for all employees whose performance may have contributed to the accident, as well as any employee who was, or employees who were, involved in an accident to which injury to a person requires transport to a medical treatment facility, or disabling damage to one or more vehicles requires towing from the accident site to occur.

Post-accident testing shall be required and completed whenever possible within two (2) hours of the accident occurrence, but in any case, no later than eight (8) hours after the accident for breath alcohol testing (BAT) and thirty-two (32) hours for controlled substance testing. An employee involved in an accident shall refrain from alcohol consumption for eight (8) hours following the accident or until the employee undergoes a post-accident alcohol test, whichever occurs first. The Town will document the reasons for not conducting the required tests promptly.

Any employee who leaves the scene of an accident without appropriate authorization prior to submission to post-accident controlled substance and alcohol testing shall be considered to have refused the tests. This does not require delaying medical attention or other necessary assistance in responding to the accident.

Employees required to undergo post-accident testing will be transported to the testing site by another member of staff.

Law enforcement personnel will follow the applicable General Orders when involved in an accident in a police vehicle.

Random Testing

Random testing shall be conducted on employees performing safety-sensitive functions. Random testing shall be unannounced and conducted with unpredictable frequency throughout the year, using an established, scientifically based selection method as articulated in Federal Highway Administration regulations. Testing shall be conducted whenever and as ordered by appropriate supervisory personnel, but no less frequently than required by federal law and regulations, as well as any applicable state laws.

Return to Duty Testing

Return to duty urine drug and/or breath alcohol testing shall be required for an employee who has previously tested positive for any individual controlled substance, or general category of such

chemicals, or who admitted to alcohol or substance abuse and received treatment for such abuse. The employee must test negative and be evaluated and released to return to work by a Substance Abuse Professional (SAP).

Follow-Up Testing

Follow-up testing of any employee who has been allowed to return to work will be required. The employee will be required to submit to frequent, unannounced, random urine and/or breath alcohol testing at least six (6) times in the following twelve (12) months after returning to work. Follow-up testing may be continued for a period of up to sixty (60) months from the employee's return to work date.

Confirmatory Testing

Any candidate or employee who questions the results of a required urine drug test under this policy may request that an additional test be conducted. The test must be performed on a split sample that was provided simultaneously with the original sample, and the test analysis may be conducted at a different, qualified laboratory than where the original test was performed. If the results of the additional test contradict those of the earlier initial and confirmation tests, and no irregularities pertaining the additional test results are discerned upon review by the Town Manager or designee shall declare the original tests to be canceled and invalid and note in the employee's records that the original test results are to be considered neither positive nor negative.

The candidate or employee shall pay all costs for employee-requested retesting in advance. The Town may, at its discretion, refund the cost of the retest if the second test invalidates the original test. The employee's request for a retest must be made to the Town Manager within seventy-two (72) hours of notice to the employee of the initial test results. Requests made after the seventy-two (72) hour limit will only be accepted if the delay was due to documentable facts that were beyond the candidate's or employee's control.

Consequences of Testing Positive

Upon notification that an employee whose breath alcohol or confirmation urinalysis test results have returned positive, the Town Manager or designee will immediately order that the employee in question be removed from duty. The Town is not required to return employees who have tested positive or otherwise violated this policy to a safety-sensitive position or to otherwise retain them as employees. Moreover, an employee cannot return to safety-sensitive duties until they have been evaluated by a substance abuse professional, have complied with recommended rehabilitation, and have received negative results on a return-to-duty test. The Town will allow employees to take time off to meet these requirements as unpaid administrative leave. The employee may choose to use their accrued leave to receive income during this period.

Failure to Test

Any employee who:

1. Fails to report immediately to the test site, and/or
2. Fails to submit to the required testing, including all the necessary testing procedures, and/or

3. Fails to provide an adequate sample of urine for controlled substance testing or breath for alcohol testing without medical justification, and/or
4. Provides an altered sample of urine

will be considered to have refused to test and will be treated as if they had tested positive for either alcohol or a controlled substance. Such individuals shall be subject to disciplinary action up to and including termination. An employee who states at the time of the test that they are physically unable to provide an adequate urine or breath sample shall be evaluated by a licensed physician selected by the Town.

- I. **SAFETY HABITS:** Safety of employees is paramount, and departments are encouraged to conduct periodic training that relates to safe work habits. In addition, Cottage City may sponsor meetings/trainings that relate to a variety of safety topics. Department Heads and all employees will be, when practical, notified, in advance, of mandatory training sessions to enhance proper scheduling. Department Heads are accountable for the scheduling of subordinate's attendance at these training sessions.

All employees are required to sign off on any safety meetings/trainings attended and/or instructions given. Employees shall immediately contact a supervisor when they believe unsafe conditions or violations of safety rules exist.

- J. **POLITICAL ACTIVITIES:** Participation in politics or political campaigns and the free expression of political opinion by employees shall not be prohibited.

All employees retain the rights provided to them by the Constitution of the United States of America and the Constitution and laws of the State of Maryland, however no employee shall:

1. Engage in political activity while on the job during working hours; or
2. Advocate the overthrow of the government by unconstitutional or violent means.
3. Make statements in public or on social media that are not protected speech such as defamation, obscenities, slurs, or matters causing disruption in the workplace that are not a public concern as defined by law.

- K. **ACCEPTANCE OF GIFTS:** It is important that Cottage City employees maintain high standards of integrity. Acceptance of gifts, rewards, or other tangible valuable consideration, by an employee, when given under circumstances indicating the hope or expectation of receiving a special favor or better treatment is prohibited. CHAPTER 15 of the Code of Cottage City sets forth the law regarding the solicitation and/or acceptance of gifts and is incorporated herein by reference.

- L. **OUTSIDE EMPLOYMENT:** An employee accepting employment outside Cottage City's service shall notify their Department Head, in writing, prior to accepting the employment. Outside employment shall not impinge upon the Town's workday and workforce. Employees assigned to the Police Department must have prior approval of the Chief of Police before accepting outside employment. SECONDARY EMPLOYMENT OF POLICE OFFICERS THAT MAY REQUIRE THE USE OF POLICE POWERS SHALL REQUIRE AN EMPLOYMENT AGREEMENT ENTERED INTO BY BOTH EMPLOYERS AND THE EMPLOYEE. THE EMPLOYMENT

AGREEMENT SHALL CONFORM WITH ANY APPLICABLE POLICE DIRECTIVES AND INCLUDE AN INDEMNIFICATION CLAUSE AND SHALL BE APPROVED AND SIGNED BY THE TOWN MANAGER AND COMMISSION. Any injury sustained in outside employment shall be immediately reported, in writing, to the employee's immediate supervisor and Department Head.

M. LOST OR DAMAGED EQUIPMENT:

- (1) Employees of the Town are responsible for the proper use and care of the Town equipment.
- (2) Employees may be charged for lost or damaged equipment that has been placed with their control.
- (3) Charges for lost or damaged equipment will be decided upon by the employee's Department Head. In the case of loss or damage by a Department Head, the Commission will determine whether or not to charge the Department Head.

- N. EMPLOYEES CLOCKING IN:** All non-exempt employees shall clock in at the beginning of their workday/shift and clock out at the end. This will be done in conjunction with any paper timesheet as deemed appropriate by the Town Manager.

SECTION III USE OF TOWN VEHICLES:

- A. AUTHORITY TO USE:** Only Town Employees, officials, members of the Commission, visitors on Official Town Business, or other authorized persons are permitted to ride, operate or be in or on any vehicle or piece of motor driven equipment owned or operated by the Town, except in cases of emergency (Exception: Take-home vehicles; see below). Town vehicles may be used only for transportation related to the conduct of Town business or Town-related activities, unless approved in advance by the Commission. Any employee or official of the Town who violates or permits the violation of any of the provisions of this section shall be subject to disciplinary action, up to and including termination.

Police personnel shall follow the General Orders for vehicle use, in addition to the following which shall be followed by all other employees or officials.

B. OPERATOR'S LICENSE REQUIREMENTS:

- (1) Any employee who operates a Town licensed motor vehicle must have a valid driver's license.
 - a. Any employee whose license is revoked or suspended shall report the change to his/her supervisor at once and shall not operate a Town vehicle during the time of suspension or revocation.
 - b. Any employee holding a restricted driver's license shall comply with such restrictions whenever operating a Town vehicle.

- c. Prior to authorizing an employee to use a Town vehicle, an employee's driving records are subject to review. Should an employee decline to authorize review of their driving records, the employee will not be permitted to use a Town vehicle. Reviews of the employee's driving records may be done on a yearly basis.
- (2) An employee who is expected to operate a Town vehicle in the course of his/her duties who ceases to have a valid driver's license for whatever reason is subject to job transfer, demotion or dismissal in accordance with the best interests of the Town. The same action may be taken if it is determined that an employee has developed a poor-driving record.
- C. **INSURANCE:** An employee who does not qualify for Town insurance coverage due to a poor driving record or for some other reason is subject to job transfer, demotion or dismissal in accordance with the best interests of the Town.
- D. **CONDITION OF VEHICLE:**
- (1) **OPERATOR'S RESPONSIBILITY:** All vehicle operators must ensure that Town vehicles are kept in good operating condition. Each driver must make sure that the proper levels of oil, water, fuel and air in tires are maintained, and that the battery system and special equipment is operable. If an employee becomes aware of needed regular maintenance or maintenance repairs, he/she must report to his/her supervisor or to the person in the employee's department responsible for maintenance and operation of motor vehicles. Failure to report the need for maintenance or repairs to a vehicle may result in discipline up to and including termination.
- (2) **UNSAFE VEHICLES:**
- a. Any employee may refuse to operate a vehicle which is not in safe operating condition. The employee's supervisor shall have the vehicle inspected and, if necessary, repairs made as soon as possible. The employee shall be assigned another vehicle if available or other duties not requiring a vehicle.
- b. If a supervisor determines that a vehicle questioned by an employee is in fact in safe operative condition, he/she may direct the employee to continue to operate it. The employee, however, shall have the right to appeal the supervisor's decision to the Commission.
- E. **ACCIDENTS:**
- (1) **REPORTING OF THE ACCIDENT:**
- a. As soon as possible, and whenever possible, before the vehicle is moved from the scene of the accident, an employee involved in an accident while driving a Town vehicle must immediately report the accident to the Administrative office, to his/her supervisor, and if in another jurisdiction, to the proper agency.

- b. A written report of the accident must be filed with the Administrative Office as soon as possible and not more than one working day after the accident. Failure to report an accident involving a Town vehicle may result in discipline, up to and including termination.
- c. All employees involved in such an accident will be subject to immediate drug and alcohol testing.
- d. For the first occurrence of a preventable accident resulting in damage or injury (which requires medical treatment) in which the employee is determined to have contributed, a written warning is recommended. In addition, the employee will be placed in a remedial training program to correct the deficiency which led to the accident. The employee may also be required to contribute to the cost of repair or replacement of damaged equipment. An employee who tests positive for drugs or alcohol in a post-accident drug test for the first occurrence of an accident or injury as described here will be suspended from work for a period of no less than 3 days, but may be subject to termination.
- e. Following the second occurrence of a preventable accident within a 12-month period resulting in damage or injury (which requires medical treatment) in which the employee is determined to have contributed, the employee will be suspended without pay or terminated and may be required to contribute to the cost of repair or replacement of damaged equipment.
- f. Following the third occurrence of a preventable accident (within a 2-year period) resulting in damage or injury in which the employee is determined to have contributed, the employee is subject to discipline, up to and including termination.
- g. Nothing in this subsection shall be construed to prevent other forms of disciplinary action from being taken including dismissal from employment regardless of the severity of an accident or the number of accidents in a twelve-month period.

(2) **OUTCOME OF THE ACCIDENT:**

- a. An employee operating a Town vehicle involved in an accident may be required to reimburse the Town for all or a portion of the loss, depending on the circumstances and who is to blame.
- b. An employee involved in an accident as a result of negligence or unlawful operation is subject to disciplinary action.

(3) **WORK RELATED INJURIES:**

All work-related injuries will be reported to the Department Head (if he/she is not already aware) as soon as possible. The Department Head will be responsible for notifying and coordinating necessary reports with the Administrative Office as soon as possible.

F. **UNATTENDED VEHICLES:**

(1) **BREAKDOWNS:** When a vehicle has broken down, the employee must make every effort to remove the vehicle from the travel lanes of the roadway. If a vehicle must be left standing in the travel lane of a roadway, appropriate measures must be taken to warn other vehicles of the stopped vehicle.

(2) **ITEMS IN VEHICLE:**

a. When materials, supplies, or equipment of value are left unattended, the vehicle doors must be locked, and, if possible, valuable items shall be stored out of sight in a locked compartment. If it is not possible to secure valuables, they must either be removed, or the vehicle shall not be left attended.

b. If an employee fails to take appropriate measures to secure or protect property, and as a result property is lost or stolen, he/she may be required to reimburse the Town for all or a portion of the value of the property. The Town is not responsible for loss of an employee's personal property left in a Town vehicle.

G. DRIVING SAFETY:

(1) **SEAT BELTS:** Seat belts shall be used by all parties in a vehicle whenever the vehicle is moving.

(2) **PASSENGERS:** The driver of a Town vehicle is responsible for the safety and conduct of all passengers. Employees are prohibited from transporting family members, friends, associates or other persons who are not employees of the Town or serving the interest of the Town without the approval of the department head. Passengers in trucks must ride in the passenger compartments.

(3) **LIGHTS:** Drivers shall use lights at all times while operating a Town vehicle.

H. OPERATION OF TOWN VEHICLES WHILE UNDER THE INFLUENCE OF ALCOHOL OR OTHER DRUGS:

(1) Town personnel regulations prohibit consuming alcoholic beverages, cannabis or illegal drugs during work hours.

(2) In addition, no employee may consume alcohol, cannabis or illegal drugs at home and then report to work under the influence of the alcohol or drugs. Failure to obey these regulations will subject the employee to disciplinary action.

(3) If an employee is called in to work in an emergency situation, such as for snow removal, it is conceivable that he/she may have been consuming alcohol prior to reporting to work. Any employee who has been drinking shall not report for work until the effects of the alcoholic consumption have worn off. Any employee observed to be impaired to any extent as the result of drinking alcoholic beverages or consuming drugs (either controlled dangerous substances or

prescription drugs causing side effects such as drowsiness), shall be tested for alcohol and drugs and be subject to discipline, up to and including termination.

I. **TRAVEL:**

(1) APPROVAL AND ATTENDANCE:

- a. These procedures apply to all town employees and members of the commission.
- b. Each employee and department head is expected to exercise sound and prudent judgement when arranging for, incurring and approving travel expenditures.
- c. All travel must be pre-approved by the department head or town manager, except in the case of a commissioner.
- d. Employees are not guaranteed attendance at conferences and training seminars. Department heads have the authority and the responsibility to approve or disapprove requests for conferences, training seminars, and other business travel. Departments are encouraged to provide these opportunities appropriately and fairly.
- e. The town manager must approve requests where multiple employees are requesting attendance at the same event outside the town metropolitan area and when overnight travel is involved. This approval is required even if these employees are from different departments.

(2) TRANSPORTATION:

- a. It is expected that the most direct, practical and economical mode and route of travel will be arranged and used. Transportation is paid only if it is reasonable and necessary to accomplish the town's business.
- b. Town vehicles should be used for day or overnight travel whenever possible. Where town vehicles are not available, employees may use personal vehicles. When town vehicles are available and the employee or commissioner chooses to take their own vehicle the mileage reimbursement rate will be reduced from the irs rate by 5%.
- c. Personal vehicles should be used for transportation for local, day or overnight travel only when a town vehicle is not available or use of a town vehicle is highly inconvenient. Use of a personal vehicle on authorized business trips when a town vehicle is not available will be reimbursed at the town mileage rate which follows the standard irs rate less 5%.
 1. All expenditures that require use of a personal vehicle must be pre-authorized by your department head. The total rate for reimbursement is not to exceed the total cost of point-to point travel. The administrative office will use a mapping service such as google maps, mapquest, etc. To verify distances. Damage to a personal vehicle used on a business trip is not reimbursable.

2. The town requires mileage be calculated as the trip began and ended at the employee/representative's office location, not their home. Below is an example of how mileage should be calculated:

Example 1:

Mileage from home to airport (or other destination) 100 mileage from home to office (40)

Reimbursable mileage 60

Example 2:

Mileage from home to airport (or other destination) 10 mileage from home to office (35)

Reimbursable mileage zero

- d. Airplane, train, taxicab, shuttle bus, public transportation, and rental car: it is expected that the most economical and efficient mode and route of travel will be used and that all travel is necessary to accomplish the city's business. Transportation should be shared by employees traveling together whenever possible. Rental cars may be used only when necessary for official purposes while traveling. Expenses will be reimbursed at actual cost.

(3) LODGING:

- a. accommodations are arranged on a single occupancy basis only. Accommodations are arranged at (or closest to) the site of business. Town representatives must inquire about "government rates" when making reservations and confirming rates. Rates are capped at the maximum allowable rate by the gsa schedule for that location unless otherwise approved by the commission.
- b. Upon receipt of approval to travel, the individual may arrange for registration, lodging and/or common carrier needs utilizing a city credit card, or they may ask the office manager to make the lodging arrangements. If the individual elects to pay final costs with personal funds, reimbursement to the individual will be through the applicable reimbursement request form. If the individual elects not to pay final costs with personal funds, travel advance checks payable to the provider(s) may be generated and presented to the individual prior to departure as detailed in this standard.
- c. Any town employee/representative that is traveling is solely responsible to obtain a state sales tax exemption certificate and/or hotel/motel tax exemption form from the office manager before departing for their destination.
- d. No show charges: in the event of a change in arrangements, it is the responsibility of the employee/representative to cancel all guaranteed reservations. No show charges are the sole responsibility of the employee/representative and are not reimbursable.
- E. Ground transportation: ground transportation should be booked ahead of time if possible. The method of ground transportation that is reimbursable is dependent on the location,

duration and nature of the business trip. Many hotels offer complimentary shuttle service and, in some areas, a shuttle service offers a fast/convenient and economical mode of transportation from the airport to a downtown hotel. Shuttle services should represent a savings over standard taxi fare if selected as a transportation option.

- F. Lodging for overnight stays must be necessary and reasonable to accomplish the town’s business. It is at the department head’s discretion (with consideration of circumstances such as distance from home and times that training begins and ends, etc.) As to what constitutes a legitimate need for overnight lodging.

(4) MEALS AND INCIDENTAL EXPENSES:

Meals and incidental expenses, including tax and tips, will be reimbursed at the per diem rate for that location as specified by the GSA (General Services Administration)

J. RECOMMENDED CORRECTIVE ACTION FOLLOWING A MOVING VIOLATION

The recommended corrective action following a moving violation in a town vehicle or personal vehicle while driving in the course of business (without damage or injury):

- (1) First occurrence within 12 months – written warning and remedial training. Serious moving violations may result in immediate dismissal regardless of previous history.
- (2) Second occurrence within 12 months– suspension and remedial training.
- (3) Third occurrence within 36 months– termination of employment.

SECTION IV EMPLOYEE BENEFITS:

A. LEAVE TIME:

Annual Leave for Hourly Employees:

Accumulation: Full-time hourly employees shall accrue annual leave as follows:

<u>Length of Employment</u>	<u>Accrued Per Pay Period</u>
0 – 8 years	4 hours per pay period
8 + years	6 hours per pay period

Annual Leave for Salaried Employees:

Accumulation: Salaried employees shall accrue annual leave as follows:

<u>Length of Employment</u>	<u>Accrued Per Pay Period</u>
0 – 8 years	8 hours per pay period
8 + years	10 hours per pay period

Since annual leave is to be used for rest, relaxation and personal rejuvenation, Cottage City encourages all permanent employees to use at least one-half of their accrued annual leave during the calendar year as it is earned.

Employees may accrue up to one hundred fifty-six (156) hours (19.5 days) annual leave during the calendar year. However, accrued annual leave exceeding one hundred and twenty (120) hours by December 31st will be forfeited.

- a. Newly Hired Employees: Newly hired permanent full-time employees will accrue annual leave on the same basis as described above. However, annual leave will not ordinarily be approved for use until the new employee has satisfactorily completed three (3) months of continuous employment.
 - b. Advanced Annual Leave: Employees are permitted to use, upon approval, only an amount of annual leave that is equal to what has been accrued. However, in unusual circumstances and upon recommendation of the Department Head, the Commission can approve the advancement of additional leave in excess of what has been accrued. Upon termination of employment employees who have been granted advanced leave shall reimburse the Town for such leave unless waived by the Commission.
 - c. Compensation for Accrued Annual Leave Due to Resignation, Dismissal or Death: All employees that have been continuously employed by the Town for a period of more than six months shall be compensated for any accrued annual leave credited at the time of retirement, resignation, dismissal or death. All leave shall be paid at the rate prevailing at the time of retirement, resignation, dismissal or death.
- (2) Holidays: Employees shall be granted the following paid holidays:

New Year's Day	Labor Day
Martin Luther King Jr. Day	Native American Day (Columbus Day)
Inauguration Day (Every 4 Years)	Veterans Day
Presidents Day	Thanksgiving Day
Memorial Day	Day After Thanksgiving
Juneteenth Day	Christmas Eve
Independence Day	Christmas Day

An employee must be working or be on an approved leave status the day before and/or the

day after the holiday to receive holiday pay. If any Town paid holiday falls on a Saturday, the preceding Friday will be observed as the Holiday. If a Town paid holiday falls on a Sunday, the following Monday will be observed as the Holiday.

Employees required to work on holidays shall be paid one and one-half (1 and 1/2) times their hourly rate for hours worked, in addition to their regular holiday pay. Regular holiday pay for all employees, except police officers, shall be eight (8) hours. Police officers required to work on an authorized holiday shall be compensated at a rate of one and one-half (1 1/2) times the normal rate of pay for all scheduled hours and at 1 1/2 times their normal rate of pay for all additional hours.

Whenever an official holiday falls on a weekend and is celebrated on the preceding Friday or the following Monday, the day it is celebrated is considered a substitute holiday. Police officers required to work either on the official holiday or the substitute holiday shall be compensated at the holiday pay rate.

An employee who is required to work on both the official holiday and the substitute holiday shall be entitled to holiday pay for only one day. Whenever a police officer's regularly scheduled days off falls on the actual or celebrated holiday that officer shall receive one scheduled workday of holiday leave which must be used within 30 days of the holiday.

(3) Sick Leave (Paid):

- a. Accumulated Sick Leave: Full-time employees shall earn sick leave at the rate of one hundred and four (104) hours or thirteen (13) days per year. Sick leave will accrue at the rate of four (4) hours per pay period. Sick leave shall begin to accrue from the first day of employment and shall accumulate concurrently with the employee's continuous service. Sick leave may be accumulated up the maximum of four hundred and eight (480) hours or sixty (60) days. Beyond that point, no more sick leave can be accumulated. Sick leave is not compensable, or transferable to other employees, and will not be paid off at the time of any employee's resignation, dismissal or death.
- b. Advanced Sick Leave: Employees are permitted to use, upon approval by the Town Manager, advanced sick leave but will not exceed forty (40) work hours.
- c. Advance Notification of Use of Sick Leave: When an employee is sick, he/she shall notify his/her department head or other designated individual of the illness not later than one hour after the time he/she is supposed to work.
- d. Abuse of Sick Leave: Sick leave is to be used only when actually warranted. when there is reason to believe sick leave is being abused, an employee's supervisor may require the employee to obtain a licensed physician's certificate of explanation for the period of absence. After the employee has been absent for two or more consecutive days, or circumstances otherwise require it for the safety of the employee or others, a Medical

Release is required to return to work. Employees should realize that abuse of sick leave is just cause for disciplinary action, up to and including termination.

- e. Use of Sick Leave: Sick leave may be taken for the reasons noted below:
1. Personal Illness.
 2. Family Illness. For purposes of this section, “family” is defined as father, stepfather, mother, stepmother, son, stepson, daughter, stepdaughter, husband, wife, father-in-law, mother-in-law, or any relative living in the home.
 3. Bereavement Leave. In the event of death of an immediate family member. (Parent, Child, Stepchild, Spouse, Siblings, Stepsiblings, Grandparents or Grandchildren, Mother-in-law and Father-in-law or any relative living in the home) an employee is entitled to up to three (3) days leave with pay. Such leave shall not be deducted from any other leave. Leave does not apply to any day in which an employee is not scheduled to work.

(4) MARYLAND SICK AND SAFE LEAVE (UNPAID)

- a. This paragraph applies to part-time employees who are not entitled to paid sick leave. The Maryland Healthy Working Families Act requires that employers who employ fourteen (14) or fewer employees provide unpaid sick and safe leave for certain employees. Pursuant to Maryland law, employees of employers having fourteen (14) or fewer employees are entitled to earn (unpaid) sick and safe leave at the rate of 1 hour for every thirty (30) hours that an employee works up to a maximum of forty (40) hours of sick leave (unpaid) per year. The fiscal year commences on July 1 and ends on June 30. An employee accrues earned sick and safe leave at a rate of at least one hour for every 30 hours the employee works, however, an employee is not entitled to earn more than forty (40) hours of sick and safe leave in a year.
- b. An employee is not entitled to earn sick and safe leave (unpaid) during:
 - A two-week pay period in which the employee worked fewer than twenty-four (24) hours total;
 - A one-week pay period if the employee worked fewer than a combined total of twenty-four (24) hours in the current and preceding pay period; or
 - A pay period in which the employee is paid twice per month and the employee worked fewer than twenty-six (26) hours in the pay period.
 - An employee who is exempt from the overtime provisions of the fair labor standards act is assumed to work forty (40) hours per week.
- c. An employee may carry over any earned but unused sick and safe leave up to forty (40) hours but an employee may not accrue more than sixty-four (64) hours of sick and safe leave at any time.

- d. Employees will not be paid for any unused sick and safe leave upon termination of employment. If an employee leaves employment and is rehired within thirty-seven (37) weeks of leaving, any earned and unused sick leave that the employee had at the time of separation will be reinstated.
- e. UNPAID LEAVE USAGE:
1. Employees are not permitted to use leave (unpaid sick) during the first one hundred and six (106) calendar days of their employment.
 2. An employee is allowed to use earned sick and safe leave under the following conditions:
 - To care for or treat the employee's mental or physical illness, injury or condition;
 - To obtain preventative medical care for the employee or the employee's family member;
 - To care for a family member with a mental or physical illness, injury or condition;
 - For maternity or paternity leave; or
 - The absence from work is necessary due to domestic violence, sexual assault or stalking committed against the employee or the employee's family member and the leave is being used: (1) to obtain medical or mental health attention; (2) to obtain services from a victim services organization; (3) for legal services or proceedings; or (4) because the employee has temporarily relocated as a result of the domestic violence, sexual assault or stalking.
- f. A family member includes a spouse, child, parent, grandparent, grandchild, sibling, or legal guardian. For a complete list of family members included under the law, please see §3-1301(g) of the labor and employment article of the Maryland annotated code.
- g. Employees are permitted to use the sick leave (unpaid) in increments of not less than four (4) hours.
- h. ADVANCE SICK LEAVE (UNPAID):
1. An employee may use earned sick and safe leave before the leave has accrued up to a maximum of four (4) hours. If an employee wishes to use leave before it has accrued, the employee must sign an acknowledgement that any amount of earned sick and safe leave that is paid before it has accrued will be deducted from wages paid to the employee if the employee leaves employment prior to accrual.
 2. If the need to use sick and safe leave is foreseeable (for example a scheduled doctor's appointment), the employee must provide notice seven (7) days prior to leave use. Notice must be in writing and directed to the town manager. If the need to use leave is not foreseeable, the employee must provide notice as soon as practicable. A request for earned sick and safe leave may be denied if the employee fails to provide the required notice and the employee's absence will cause disruption to the employer.

3. Employees may only use earned sick and safe leave for one of the listed authorized reasons. Employees using earned sick and safe leave for unauthorized purposes or who have demonstrated a pattern of abusing sick and safe leave may be denied the right to use sick and safe leave in the future. If an employee uses sick and safe leave for more than two consecutive scheduled shifts, the employee must provide verification that the leave use was appropriate.
4. As indicated above, employees may not use sick and safe leave for the first one hundred and six (106) days of their employment. Employees who wish to use leave between the 107th through the 120th calendar days after beginning employment must provide verification that the leave use was appropriate as agreed upon at the time of hire, provided that the town and employee must have mutually agreed at the time of hire that the employee would provide such verification.

i. STATEMENT OF EARNED SICK AND SAFE LEAVE:

WITH EACH PAY PERIOD, EMPLOYEES WILL BE PROVIDED WITH A STATEMENT OF LEAVE USED AND AVAILABLE LEAVE.

1. Administrative Leave With Pay: of up to two (2) hours may be granted by the Town Manager for the purpose of voting in any municipal, state, or federal election.
2. Administrative Leave Without Pay: may be granted for up to thirty (30) days by a Department Head after consulting with the Town Manager. Any Administrative Leave with pay longer than three (3) days, or Administrative Leave without pay longer than two (2) weeks, must be approved by the Commission. Administrative leave lasting more than six (6) months will not be granted. At the end of six (6) months the employee must return to work or be involuntarily terminated.
3. Jury Duty: Employees called upon for jury duty shall be granted Administrative Leave without pay upon proof of service in this capacity. Any compensation for jury duty shall be retained by the employee.
4. Witness Leave: An employee summoned to appear in court on matters of official business pertaining to the Town and/or his/her job shall be permitted to be absent from his/her duties without loss of pay and without charge against his/her leave.
5. Leave Without Pay: The Town Manager may grant an employee leave without pay for a period greater than thirty (30) days. Leave Without Pay may be granted upon the determination that the employee is of more than average value to the Town and it is beneficial to retain the employee even at some additional cost. The employee's position may be filled by limited-term appointment, temporary promotion or temporary reassignment of another employee. This Leave status may be extended for a maximum of six months. If the employee cannot return to work within six (6) months, the employee will be involuntarily terminated. For those employees returning within six months the employee has the right to be reinstated to the position vacated, if the position still exists or to any other vacant position in the same class. Leave Without Pay shall

not constitute a break in service and will not affect seniority and pension rights. However, annual and sick leave shall not be accrued during the leave.

6. Military Leave: In accordance with Federal and State Law, Town Employees who are members of any United States Military Reserve or National Guard Unit and/or are required to engage in training exercises shall be entitled to Military Leave of absence from their respective duties without loss of accrued annual, sick or compensatory leave for a period of time not to exceed fifteen (15) days in any one-year period. Additional time off in excess of the authorized annual fifteen (15) days military leave shall be deducted from the employee's accrued annual leave. Military Leave is considered Leave without Pay and will be treated as such. The Town will always abide by the Uniformed Services Employment, Re-Employment and Rehabilitation Act.

7. FLEX-TIME HOURS: The use of flex-time allows an employee to work during hours other than those normally worked in order to create time off during work hours that day or week.
 - A. ELIGIBILITY: An employee may be eligible to work flextime hours only if he/she is not doing shift work, crew work, or some other type of work requiring specific hours.

 - B. APPROVAL: All flex time hours whether on a temporary or permanent basis must be approved and coordinated by the respective employee's department head. All flex time arrangements with a duration of more than three (3) days must be approved by the town manager.

8. Disability: (Please note that the Town has to engage in the investigative process)
 - a. If a Town employee is unable to perform the essential functions of his/her job, either temporarily (less than two (2) weeks) or permanently, the employee shall be considered disabled.

 - b. In the event that an employee is not able to resume the normal job activities within a one hundred and eighty (180) day time period, the Town shall determine that the individual is permanently disabled and involuntarily retire the employee from the Town's work force.

 - c. The Department Head may assign the affected employee to a position within the Town commensurate with his/her physical limitations if such is available. If the affected employee refuses to accept the temporary position, said employee shall forfeit rights to any additional disability payment from the Town in connection with that particular injury.

 - d. An employee shall not earn or accumulate sick or annual leave or receive holiday benefits while on disability.

 - e. The Town of Cottage City will pay the first three (3) DAYS of disability when it is

not covered by Worker's Compensation. Should the employee be awarded Worker's Compensation for the first three (3) days, the employee shall reimburse the Town for those three (3) days.

B. INSURANCE AND RELATED BENEFITS:

(1) Medical & Hospitalization Insurance:

- a. All full-time employees shall be eligible to participate in a group health plan or health maintenance organization plan, which may be established and/or approved by the Commission.
- b. The Town may pay an amount toward the premium for the participation of an eligible employee in the group health plan, as determined by the Commission through resolution, ordinance, or budget ordinance. The remainder of the premium cost shall be paid by the employee through payroll deduction. Currently, the Town of Cottage City shall contribute up to One Thousand Dollars \$1,000.00 per month toward an employee's health insurance premium. Any premium amount exceeding \$1,000.00 shall be the responsibility of the employee and shall be deducted through payroll deduction.
- c. Employees may authorize reduction in their compensation sufficient to pay the employee's share of the premium costs. This results in the employee's taxable income being reduced by the amount of premium expense.
- d. The Town may pay an amount towards the premium for the participation of an eligible employee's dependents in the group health plan, which the Commission shall determine in a resolution or ordinance including a budget ordinance.
- e. Should the Commission appropriate funds in the annual budget to be paid toward dependent health care on a pro rata basis by employee per department, the town manager and the department heads shall have the authority to reallocate any individual employee's unused or unneeded portion to another employee's dependents regardless of department on an as needed basis.

(2) Life Insurance: All full-time employees of the Town shall be covered by group life insurance policies in the amount of \$50,000. The full cost of the life insurance coverage shall be paid by the Town.

(3) Other Insurance Coverages: All employees shall be eligible to purchase additional insurance coverages, which may be available through the Town by private carriers. The full cost of the premiums for such insurance coverage shall be the responsibility of the employee and shall be deducted from said employee's salary through a payroll deduction plan. All efforts will be made by the Town to offer these policies on a pre-tax basis.

(4) Worker's Compensation: The Town shall participate in and adhere to the rules and regulations for Worker's Compensation coverage in the State of Maryland. Employees are required to report all on-duty work-related injuries no matter how minor. An "Employer's First Report

of Injury" form shall be completed by a person designated to do so by the Department Head.

Upon completion of the "First Report of Injury" form it shall be forwarded immediately to the Administrative Office. The Administrative Office will submit the required information to the Town's Workers Compensation insurance carrier.

- (5) **COBRA:** Employees may be eligible for a temporary extension of health care insurance for themselves and their dependents after termination of employment. Employees shall be notified of their COBRA rates as appropriate.
- (6) **Retirement Systems:** The Town offers a retirement or deferred compensation plan to eligible employees. The plan/plans will be approved by Commission resolution and copy of the plan provisions will be distributed to each eligible employee.

SECTION V. EMPLOYMENT PRACTICES

All employees of the Town are "at will" employees and can be dismissed with or without cause, at any time. Employees can only be dismissed by a majority vote of the Commissioners.

A. **RECRUITMENT:**

1. **APPLICANTS:** Individuals shall be recruited from a geographic area as wide as is necessary to obtain a qualified candidate. If a part-time position is upgraded to a full-time position, the part-time employee in that position will be given first consideration.
2. **RECRUITMENT:** All open positions for employment will be advertised in a newspaper of general circulation, recruitment website, or any internet site.

- B. **PROMOTIONAL APPOINTMENTS:** When a vacancy occurs in a position, the Department Head will determine whether any Town employee is qualified and willing to accept promotion and/or reassignment WITH THE APPROVAL OF THE COMMISSION.

Any employee who is promoted to a position having greater or substantially different responsibilities shall be subject to a probationary period of six (6) months. The employee shall retain all rights, privileges and benefits of an employee holding a regular position, except that should the employee fail to fulfill the additional responsibilities of the new position during the probationary period, the employee shall return to the former position, PROVIDED THE AUTHORIZED NUMBER OF EMPLOYEES IS NOT INCREASED.

C. **PAY FOR EMPLOYEES SERVICE IN AN ACTING CAPACITY:**

1. A Town employee assigned on a temporary basis to perform substantially all duties and responsibilities of a higher classification for a period in excess of one hundred and twenty (120) calendar days shall ordinarily receive pay commensurate with the position,

commencing on the 121st consecutive calendar day.

2. Once an employee assumes an acting position, the increased pay for this position will begin on day one hundred and twenty-one (121).
3. The increased pay must be initiated by a Department Head. If a Department Head is involved the Commission will make the decision.
4. The “Acting Capacity” status shall terminate when either the position is filled, the incumbent employee returns to work, or these additional duties are removed from the employee’s job responsibilities. The employee’s salary shall then revert to his/her previous positions pay.

D. **EMPLOYMENT OF RELATIVES:** For purposes of this section, a “relative” is defined as a spouse, child, parent or sibling. The Town of Cottage City permits the employment of qualified applicants who are relatives of employees as long as such employment does not, in the opinion of the Commission, create an actual or perceived conflict of interest. The following guidelines shall be followed:

1. Individuals who are related by blood or marriage are permitted to work for the Town, provided no direct reporting or supervisory relationship exists. Work responsibilities, salary or career progress cannot be influenced by a relative.
2. Employees who marry other employees shall adhere to these guidelines.
3. Any situation that exists at the adoption of these procedures will be permitted to continue.

E. **PERSONNEL FILES:** The Administrative Office shall maintain a permanent personnel file for each employee. These files shall contain documentation regarding all aspects of employment, such as performance appraisals, beneficiary designation forms, disciplinary warning notices and letters of commendation. Employees may review their files by scheduling appointments with the Administrative Office representative. Only supervisors, the subject employee, the Town Manager, the Town Attorney and the Commissioners when meeting regarding a personnel matter discussed in closed session are permitted to view the contents of an employee’s personnel record and medical information.

To ensure that, at all times, personnel files are up-to-date, employees shall notify the Administrative Office representative, in writing, of any change in name, telephone number, home address, marital status, number of dependents, and beneficiary designations.

F. **PERFORMANCE REVIEWS:** It is important that employees are recognized for above average job performance and that they receive appropriate suggestions for improvement when deemed necessary. Consistent with this goal, job performance will be evaluated by supervisors on an ongoing basis. Written evaluations will normally occur approximately six (6) months after an employee starts and, after that, annually thereafter on the employee’s anniversary date.

All written performance reviews shall be based on the employee’s overall performance in relation

to job responsibilities and will take into account the employee's conduct, demeanor and record of attendance.

In addition, written performance evaluations may be conducted by supervisory personnel, at any time, to advise employees of the existence of performance or disciplinary problems.

- G. **TRAINING OPPORTUNITIES:** The Town encourages and supports employee participation in training opportunities, which are intended to improve the skills needed in the performance of an employee's duties. From time to time, as the need arises, the Town initiates and provides training sessions for employees.

SECTION VI. COMPENSATION PRACTICES

- A. **SALARY ADMINISTRATION:** To attract and retain employees, the Town endeavors to pay salaries competitive with those paid by other governmental agencies in the geographic area. The Town shall, periodically, monitor employee's salaries to ensure that they are in line with local economic conditions.

The Town may revise job descriptions and evaluate jobs and job specifications when deemed necessary and without prior notice.

- B. **WORK HOURS & SCHEDULES:** The duration of working hours as required by workload and Town services must be in accordance with the provisions of the Fair Labor Standards Act (FLSA) that established minimum wage, overtime pay, record keeping, and child labor standards affecting full-time and part-time workers in the private sector and in Federal, State, and local governments. (Exempt and non-exempt refers to employee status pursuant to FLSA.) The Town Manager and each Department Head are responsible to minimize the need for overtime, to ensure that non-exempt employee hours do not regularly exceed a standard work week and to manage the workload to ensure that staffing levels do not exceed the levels authorized in the annual budget. Salaried employees are FLSA-exempt and do not generally receive overtime compensation.

1. **DEFINITIONS:**

- a. **Core Work Hours:** Ordinarily, each Town office shall be open continuously at least from 9:00 a.m. until 5:00 p.m. Monday through Friday.
- b. **Overtime:** Hours worked in excess of the standard work hours in a standard work week or a standard work period.
- c. **Rotating Shift work Schedule:** Work hours for which the actual days an employee is scheduled to work frequently vary from week to week and for which the actual hours an employee is scheduled to work per day changes regularly from the core work hours to hours outside the standard work schedule (i.e. evenings and night shifts). Rotating shift work shall be planned so that each position is scheduled to work for a minimum of two thousand and eighty (2,080) hours per year.

- d. Shift work Schedule: A regular (non-overtime) employment work schedule for specified positions in which the majority of the hours scheduled are outside the Core Work Hours.
- e. Standard Work-Day: The standard work day is eight hours (8) of work per day plus a 30-minute paid meal period commencing at a time appropriate for the work of the particular office as determined by the Department Head.
- f. Standard Core Work Hours:
 - 1. Forty (40) hours per standard work week, or
 - 2. For sworn police officer positions on a rotating shift work schedule, eighty (80) hours per every two (2) weeks.
- g. Unusual Hours: A Department Head may allow an employee to work outside usual work hours, but only for one week in any year. Unusual work hours lasting beyond one week must be approved by the Commission.
- h. Standard Work Period: Typically, a period of three hundred and thirty-six (336) consecutive hours or fourteen (14) consecutive days.
- i. Standard Work Schedule: A regular (non-overtime) employment work schedule in which the majority of the hours scheduled are Monday through Friday during the Core Work Hours.
- j. Standard Work Week: Typically, a period of one hundred and sixty-eight (168) consecutive hours or seven (7) consecutive days.

2. WORK SCHEDULE POLICY:

- a. Each Town department shall ordinarily follow the Standard Work-Day and Core Work Hours set forth in the above definitions, unless the job description or the definition requires otherwise. No department may institute work hours outside the Core Work Hours (shift work or rotating shift work) without the written approval of the Town Manager for the specific positions.
- b. All employees shall be allowed a minimum of thirty minutes (30) for lunch each workday and this period is included in hours worked. (See page 11 Hours of Work)
- c. Employees On-Call. Each department may define the times and terms when certain employees are required to be available for service. Such employees, if they are non-exempt, shall be paid fair compensation based on the specific circumstances for their on-

call status as approved by the Commission. Whenever an employee is called in to work outside of normal hours, a minimum of two hours of pay at time and a half.

- d. Any training or alteration of the employee's schedule that exceed three (3) days, the Commission shall be notified.

3. **ATTENDANCE AND LEAVE RECORD:**

a. **Employees covered by the Fair Labor Standards Act:**

The hours that each employee works, is out on leave, or is off for a holiday, shall be recorded each day using time sheets, time-cards and time clocks, logs or any other method approved by the Administrative Staff.

When leave is taken by an employee, the amount and type utilized must be clearly indicated and recorded. If the hours worked by an employee in a standard workweek or work period exceed the standard work hours for that week or period for the employee's position, they constitute overtime hours and must be approved by a supervisor and be recorded and maintained as a payroll record. Each employee is responsible for ensuring that the information recorded for them is accurate and complete and is recorded in a timely manner.

b. **Employees Exempt from the Fair Labor Standards Act.**

1. Exempt employees have the flexibility to work a schedule that enables them to accomplish the job or task. However, exempt employees must consistently work at least forty (40) hours during the designated workweek. Exempt employees' schedules must be approved by their immediate supervisor and their schedules must be available to their supervisors, subordinates, and the general-public.
2. For each employee who has been determined by the Town to be exempt from the overtime provisions of the FLSA, daily work hours need not be recorded. However, hours of leave taken must be recorded and maintained as follows:
 - A. IF AN EXEMPT EMPLOYEE TAKES MORE THAN THREE (3) HOURS OF LEAVE AT ONE TIME, THE AMOUNT AND TYPE UTILIZED MUST BE CLEARLY RECORDED.
 - B. IF AN EXEMPT EMPLOYEE TAKES THREE (3) HOURS OR LESS HOURS OF LEAVE AT ONE TIME, THEY ARE NOT REQUIRED TO RECORD THE USAGE OF LEAVE.
 3. Regardless of the amount of leave that an exempt employee takes at a given time, the usage of leave must be approved by the immediate supervisor prior to them taking leave.

C. COMPENSATION:

1. For non-exempt employees only, hours worked in excess of the hours in the Standard Work Hours as defined above shall be compensated at one-and-one half the rate of pay of the employee. Only hours worked will be included in determining the hours worked in excess of the standard work hours except as provided immediately below. Such compensation will be reflected in the pay for the pay period in which it is earned.
2. Only upon approval of the Town Manager, may a Department Head set specific criteria for special circumstances/emergencies, when the Department Head can include leave time for purposes of calculating overtime.
3. For the purposes of computing overtime, all Town approved holidays and hours of authorized, paid, accrued leave do not count as hours worked except that an employee may not take paid time off and earn overtime in the same day.
4. For the purposes of computing overtime, forms of leave that are not accrued by employees, such as Administrative Leave, Bereavement Leave and Military Leave are not considered "hours worked" for purposes of computing overtime.
5. For purposes of computing overtime, paid time-off for a Worker's Compensation is not considered "hours worked" for purposes of computing overtime. However, any accrued leave used to supplement Disability payments does count towards hours worked.
6. All Department Heads shall be positions exempt from the Overtime Provisions of the FLSA.

D. FAILURE TO REPORT FOR OVERTIME: An employee's failure to report for mandatory overtime will be considered an unexcused absence and may subject the employee to disciplinary action up to and including termination.

E. PAY PROCEDURES: Employees are paid normally, every other Thursday. If a scheduled payroll date falls on a holiday, employees will be paid on the day before the holiday. All required deductions, such as federal, state and local taxes, and all contributory payments, such as health insurance premiums, will be automatically deducted from the employee's pay. Supervisors shall immediately notify the Administrative Office of reported errors in payroll amounts and of reports of lost or stolen payroll checks.

F. COST OF LIVING ADJUSTMENT (COLA): The Commission from time to time may recommend a cost-of-living adjustment. Cost-of-living adjustments may be included in the budget process and should normally take effect at the beginning of the Town's fiscal year.

SECTION VII. DISCIPLINARY ACTION

A. RESPONSIBILITY:

It is the responsibility of Department Heads, the Town Manager and Supervisors to maintain discipline and order in the workplace.

Department Heads and Supervisors are responsible for monitoring job performance of subordinate personnel and enforcement of the Town's policies and procedures. Department Heads and Supervisors are expected to take appropriate disciplinary action, for deficient job performance and violations of the Town's policies and procedures.

B. STEPS IN DISCIPLINE:

Generally, disciplinary action should be progressive as outlined below. However, any step outlined below may be skipped and immediate disciplinary action, up to and including dismissal may be justified by the circumstances or the conduct of the employee in the Town's and its agent's discretion.

1. **WRITTEN PERFORMANCE COUNSELING:** The Department Head or supervisor may issue written performance counseling if the work performance or conduct of the employee continues to decline, and inform the employee that stronger action may be imposed if performance or conduct does not improve. A copy of this counseling will be provided to the employee and a copy will be placed in the employee's personnel file. If the employee's performance improves the employee may request through his/her supervisor, to the Department Head, removal of the counseling after twenty-four (24) months. **AT THE TIME THE COUNSELING DOCUMENT BECOMES THE BASIS FOR FURTHER ACTION, IT MUST BE INCLUDED IN THE OFFICIAL PERSONNEL FILE. THE DISCUSSION AND DOCUMENTATION SHALL CLEARLY INDICATE THAT FAILURE TO ACHIEVE IMMEDIATE AND SUSTAINED IMPROVEMENT WILL RESULT IN FURTHER CORRECTIVE ACTION UP TO AND INCLUDING DISMISSAL.**
2. **ORAL WARNING:** AN ORAL WARNING MAY BE APPROPRIATE WHEN PRIOR COUNSELING HAS NOT PRODUCED THE DESIRED RESULTS OR WHEN THE VIOLATION OR OFFENSE IS MORE SERIOUS. THE SUPERVISOR SHALL VERBALLY AND PRIVATELY EXPLAIN TO THE EMPLOYEE THE DEFICIENCY IN PERFORMANCE, BEHAVIOR, OR CONDUCT. THE SUPERVISOR SHALL DESCRIBE THE SPECIFIC ISSUE, EXPLAIN WHAT MUST BE DONE TO CORRECT THE PROBLEM, AND ESTABLISH A TIME FRAME FOR CORRECTION. DOCUMENTATION SHALL BE PREPARED BY THE SUPERVISOR RESTATING THE PROBLEM AND THE CORRECTIVE ACTION PLAN.
3. **WRITTEN REPRIMAND:** The Department Head may issue a written reprimand to the employee, after a discussion and in case the previous warning has not improved the employee's performance. The written reprimand shall contain the nature of the violation and include the date and approximate time of the violation. In addition, it will include the dates of the discussion and verbal warnings. The employee shall sign and receive a copy of the written reprimand and a copy will be placed in the employee's personnel file.
4. **REMEDIAL TRAINING** may be appropriate when the employee's performance indicates a lack of understanding of standard operating procedures or work methods. Documentation shall be maintained by the supervisor and/or forwarded to the town manager for inclusion in the personnel file.

5. UNSATISFACTORY PERFORMANCE APPRAISAL: If an employee's deficient performance or conduct does not improve, the Department Head shall ordinarily conduct a performance appraisal of the employee to identify the areas which need improvement. If the employee's performance does not improve immediately, the Department Head may make a recommendation, in writing, supported by all available documentation, that further action be taken.
6. SUSPENSION/FINE: The Department Head, with the concurrence of the town manager may suspend or fine an employee for up to three (3) days but only after giving the employee the opportunity to be heard. Any suspension for a longer period must be approved by the Commission. An employee may be suspended with or without pay, pending investigation. The suspension without pay shall not exceed thirty (30) calendar days without the approval of the Cottage City Commission. Documentation shall be prepared by the supervisor, signed by the employee, and forwarded to administrative office for the personnel file.
7. DEMOTION: The town manager and Commission must approve any demotion of any employee. Employees may be demoted:
- (1) If their job performance is unsatisfactory; and/or
 - (2) As a form of discipline.
- The Commission shall be informed of all demotions prior to the effective date of the demotion.
8. NOTICE OF ADVERSE ACTION:
- Employees will be provided with written notice when adverse action is being recommended in accordance with established procedures. Adverse action means disciplinary suspension (with or without pay), disciplinary demotion, disciplinary pay reduction, or dismissal.
9. PROBATION: an employee may be placed in probationary status for up to one year for failure in performance or conduct. This means that the employee's job is in jeopardy and the employee may be dismissed from employment if further infractions occur.
10. TERMINATION. If an employee's performance is warrant, the department head may file a termination recommendation with the town manager and the Cottage City Commission. The Town Manager may recommend alternative disciplinary action. The termination recommendation shall include documentation of progressive disciplinary action taken, if any.

SECTION VIII CODE OF CONDUCT:

THE FOLLOWING ACTIONS WILL RESULT IN CORRECTIVE/DISCIPLINARY ACTION. THESE GUIDELINES ARE INTENDED FOR SAFE, EFFICIENT OPERATION AND ARE NOT ABSOLUTE, INFLEXIBLE RULES, BUT MUST BE TEMPERED WITH COMMON SENSE ON THE PART OF OUR EMPLOYEES. IN THE ABSENCE OF A REASONABLE BASIS FOR DEPARTURE FROM THE GUIDELINES, FAILURE TO PERFORM AND BEHAVE ACCORDING TO THE CODE OF CONDUCT WILL RESULT IN CORRECTIVE ACTION, DISCIPLINARY ACTION, UP TO AND INCLUDING DISCHARGE FROM EMPLOYMENT.

- (1) FAILURE TO WORK ASSIGNED HOURS, INCLUDING OVERTIME.
- (2) QUITTING WORK, WASTING TIME, LOITERING, OR LEAVING ASSIGNED WORK AREA DURING WORKING HOURS WITHOUT PERMISSION.
- (3) HABITUAL TARDINESS – REPORTING TO ASSIGNED WORK AREA AFTER SCHEDULED REPORTING TIME.
- (4) EXCESSIVE ABSENTEEISM.
- (5) ABSENCE WITHOUT EXCUSE, PERMISSION OR LEAVE.
- (6) FAILURE TO IMMEDIATELY REPORT A WORK-RELATED ACCIDENT OR INJURY.
- (7) FAILURE TO PROPERLY WEAR A COMPLETE TOWN UNIFORM WHEN REQUIRED BY THE DEPARTMENT.
- (8) FAILURE OF DRIVERS OR PASSENGERS TO WEAR SEAT BELTS WHILE DRIVING OR RIDING IN TOWN VEHICLES.
- (9) TRANSPORTING NON-EMPLOYEES IN TOWN VEHICLES WITHOUT THE APPROVAL OF APPROPRIATE SUPERVISORS.
- (10) SMOKING IN TOWN VEHICLES.
- (11) FAILURE TO USE HEADLIGHTS AT ALL TIMES WHILE DRIVING A TOWN VEHICLE.
- (12) MAKING OR PUBLISHING FALSE, VICIOUS, OR MALICIOUS STATEMENTS CONCERNING ANY EMPLOYEE, SUPERVISOR, THE TOWN, OR ITS OPERATIONS.
- (13) REFUSAL TO COOPERATE WITH ACCIDENT OR INCIDENT INVESTIGATIONS OR INTERFERENCE WITH AN INVESTIGATION.
- (14) UNAUTHORIZED PERSONAL USE OF ANY TOWN VEHICLE OR EQUIPMENT BY ANY EMPLOYEE.
- (15) OFFENSIVE CONDUCT OR USE OF OFFENSIVE LANGUAGE OR PROFANITY IN PUBLIC, OR TOWARD THE PUBLIC, TOWN OFFICIALS, OR CO-WORKERS.

- (16) DELIBERATE MISUSE, DESTRUCTION, OR DAMAGING OF TOWN EQUIPMENT, PROPERTY, OR PROPERTY OF ANOTHER EMPLOYEE.
- (17) FALSIFICATION OF PERSONAL OR TOWN RECORDS, INCLUDING EMPLOYMENT APPLICATIONS, ACCIDENT RECORDS, PURCHASE ORDERS, TIMECARDS, OR OTHER REPORTS OR WORK RECORDS.
- (18) CONVICTION OF A FELONY OR OTHER CRIME INVOLVING MORAL TURPITUDE.
- (19) VIOLATION OF A TOWN POLICY, LOCAL ORDINANCE OR STATE OR FEDERAL LAWS.
- (20) MAKING FALSE CLAIMS OR MISREPRESENTATIONS IN AN ATTEMPT TO OBTAIN SICKNESS OR ACCIDENT BENEFITS, OR WORKER'S COMPENSATION INSURANCE BENEFITS.
- (21) INSUBORDINATION BY THE REFUSAL TO PERFORM ASSIGNED WORK OR TO COMPLY WITH WRITTEN OR VERBAL INSTRUCTIONS OF A SUPERVISOR.
- (22) THEFT OR UNAUTHORIZED REMOVAL OF ANY TOWN PROPERTY OR PROPERTY OF ANY EMPLOYEE.
- (23) THREATENING, INTIMIDATING, COERCING, OR INTERFERING WITH FELLOW EMPLOYEES OR SUPERVISORS AT ANY TIME, INCLUDING THE USE OF ABUSIVE LANGUAGE.
- (24) SLEEPING DURING WORKING HOURS.
- (25) IMMORAL, UNLAWFUL OR IMPROPER CONDUCT, OR INDECENCY WHICH WOULD TEND TO AFFECT THE EMPLOYEE'S RELATIONSHIP WITH FELLOW WORKERS, REPUTATION OR GOOD WILL IN THE COMMUNITY, OR ABILITY TO PERFORM HIS/HER JOB DUTIES.
- (26) VIOLATION OF THE TOWN'S ALCOHOL AND DRUG POLICY.
- (27) PROVEN INCOMPETENCE OR INEFFICIENCY IN THE PERFORMANCE OF ASSIGNED DUTIES.
- (28) VIOLATING THE TOWN'S ANTI HARASSMENT POLICY.
- (29) FAILURE TO MAINTAIN REQUIRED LICENSES AND CERTIFICATIONS.
- (30) FAILURE TO RETURN TO WORK AFTER A LEAVE OF ABSENCE.
- (31) FAILURE TO REPORT A TRAFFIC VIOLATION WHICH MAY JEOPARDIZE THE EMPLOYEE'S SAFE DRIVING RECORD.

SECTION IX INFORMAL CONFERENCE AND DISCIPLINARY APPEALS PROCESS:

A full-time employee who has been suspended, demoted, or discharged may file a notice of appeal to the Commission through the Manager Town Manager's Office. The notice of appeal must be filed within fourteen (14) days of the employee's receipt of the written notice of the suspension, demotion, or discharge. A notice of appeal must be submitted in writing and describe the grounds for appeal.

The Commission will set a hearing date no earlier than fourteen (14) days or later than twenty-eight (28) days from the Town Manager's receipt of the employee's notice of appeal, unless the employee requests a later date, and the request is approved by the Commission. The Town Manager will notify the employee in writing at least seven (7) days prior to the hearing as to the hearing date, time, and place.

During the hearing, the employee, the supervisor, and the Town Administrator, shall be given the opportunity to discuss and explain the circumstances giving rise to the disciplinary action, including the decision to impose discipline, suspend or terminate. In addition, other individuals may be allowed to provide additional information at the discretion of the Commission.

After the hearing, the Commission may recommend affirming, reversing, or modifying the decision to suspend, demote, or discharge. The appellant will be notified in writing within fourteen (14) days after the final decision of the Commission.

An appointee, part-time employee, or full-time employee in his or her probationary period who is suspended, demoted, or discharged, is not entitled to this appeal process.

SECTION X. TERMINATION OF EMPLOYMENT:

A. VOLUNTARY: Employees are required to give at least two (2) weeks advance notice, in writing, to their Department Head, when resigning from the Town's work force. Proper notice will allow the Town to calculate all regular and overtime compensation, accumulated leave and any other payments due the employee.

Final payment will be made to the employee after certification has been received from the Department Head stating that all Town owned and issued property and equipment has been returned.

Employees who are retiring are urged to begin the process, at least two (2) months prior to their anticipated retirement date.

B. INVOLUNTARY: Employees can be recommended for involuntary termination by the Department Head or the Town Manager. Only the Commission can involuntarily terminate a non-probationary employee which employee shall ordinarily be granted an opportunity in closed session to be heard by the Commission or its designee(s) as to why the employee should not be involuntarily terminated, provided the employee in writing requests such an opportunity within five (5) days of receiving a Notice of Termination. The Commission shall use the applicable procedures outlined in Grievance Procedure Section XI.

Regardless of the reason for termination, all employees are required to return all Town property and equipment and to complete all necessary forms prior to receipt of their final payroll check.

- C. **AUTOMATIC TERMINATION:** Unless otherwise provided, any employee who is unable to perform all of the essential duties of his/her regular position for more than six calendar months (exclusive of time spent on military leave OR Workers Compensation) will be automatically discharged.

SECTION XI. GRIEVANCE PROCEDURE:

A. **POLICY:** It is the desire of the Town to resolve grievances informally in a prompt and equitable manner. Whenever possible this shall be done informally and both supervisors and employees are expected to make every effort to resolve problems as they arise. However, it is recognized that there may be grievances which can be resolved only after a formal appeal process. Nothing in this section is intended to enhance or change the status of any employee regarding probation, or status, as outlined in the Charter, ordinances and regulations of the Town. Nothing shall preclude any employee, including probationary employees from making a formal complaint regarding a violation of civil rights or retaliation with the Town. Alleged discriminatory treatment need not be stated as a grievance. The employee may report such to any federal, state, county or Town officer designated to take such complaints.

B. APPLICABILITY AND ELIGIBILITY:

- (1) This section governs grievances of all employees of the Town and supersedes any regulation, rule or order in all Town Departments.
- (2) Only a non-probationary employee may file a grievance.
- (3) Exclusions: A grievance may not be filed when it involves:
 - a. A grievant who is a temporary/seasonal, or probationary employee.
 - b. Actions taken by the Commission which are policy decisions and not management/administrative actions.
 - c. Non-selection for promotion when the sole reason for the grievance is based on personal opinion, and is not substantiated by fact.
 - d. Oral counseling or discussion.
 - e. Documented warnings not filed within the employee's official personnel records.
 - f. Performance appraisals-
 - g. Withholding a salary increase due to less than satisfactory performance.
 - h. Position classifications.
 - i. A supervisor's determination of the job responsibilities and performance standards of an employee's position.
 - j. The content of published Town policy.
 - k. Separation due to reduction in workforce.
 - l. The Town's decision not to renew an employment contract.

m. An involuntary termination.

C. PROCEDURES:

- (1) Grievance Criteria. Subject to the eligibility requirements and exclusions above, an employee may file a written grievance when the employee is adversely affected as a result of 1) the application of the provisions of this manual to the employee, 2) the actions of a supervisor, 3) alleged discrimination or unfair treatment, or unsafe or unhealthy working conditions. All grievances shall be in writing and shall set forth all pertinent four (4) facts including:
- a. The name and position of the person whose action is the subject of the grievance.
 - b. The date of the action which is the subject of the grievance.
 - c. A full description of the action, which is the subject of the grievance, including all facts which the employee deems necessary to explain the grievance fully.
 - d. The names and addresses or phone numbers of all witnesses.
- (2) Compliance. A failure on the part of an employee to comply with the time limits and requirements set forth in this section shall result in the employee waiving his or her right to pursue the matter as a grievance or appeal of such.
- (3) The final decision of the Town shall be the decision at the highest step or level to which the grievance or appeal was made. Unless the Commission determines otherwise the adverse action that is the subject of the grievance shall ordinarily not be effective until the final decision by the Town.
- (4) An employee must file the grievance with the Department Head, unless the Department Head is the subject of the grievance, in which case the grievance will be filed with the Commission. The grievance shall be filed within fourteen (14) days of the adverse actions that is the subject of the grievance. The Department Head or the Conference Office, as appropriate, should allow the employee the opportunity to be heard and should respond in writing as soon as possible.
- (5) Miscellaneous:
- a. Any party to a grievance may have an attorney present to advise and/or represent them at any step in a grievance.
 - b. No new issues may be added to the appeal of any grievance after the initial grievance is filed.. Hence, after the employee's initial grievance, any step or level of grievance above the initial step or level of grievance shall be limited to the issues raised in the first grievance.
- (6) Conference:
- a. The Department Head shall meet with the employee as soon as possible and may also conduct a separate investigation. However, the Department Head shall give the employee a written decision

and the reasons for the decision within five (5) business days after the date of the meeting with a copy to the Commission. Unless the Department Head affirmatively in writing extends the time to respond, when the Department Head fails to render a written decision within the five (5) day period, the grievance shall be deemed denied.

- b. An employee who is dissatisfied with the decision(s) of the Department Head may file a written grievance/appeal with the Town Manager. Such appeals must be received by the Town Manager within five (5) days after the date of the Department Head's answer or the date on which such answer was due.

The Town Manager or his/her designee(s) shall ordinarily be the Conference Officer. The Conference Officer shall hear the grievance and have all authority to decide the matter.

- c. The Conference Officer shall promptly conduct a conference in the presence of the grievant and the appropriate Town employee, both of whom shall have the right to produce such relevant evidence as may be desired.
- d. The conference shall be closed to the public in all cases unless the grievant elects otherwise, all parties agree, and the conference officer finds that the interests of the Town and of any Town employee can not be harmed by the conference being open to the public.
- e. The Conference Officer shall determine prior to the conference a) whether the Department Head or Grievant or both, shall present evidence, b) the order in which the parties shall present the evidence, c) such other matters as the Conference Officer considers appropriate to conduct a fair conference. The conference shall be recorded, videotaped, or transcribed, witnesses shall be sworn by the Clerk or appropriate individual, and all documentary evidence shall be marked. Formal rules of evidence shall not apply, but efforts shall be made to admit only credible, material or relevant evidence.
- f. The Conference Officer shall have full authority and discretion to decide all procedural and substantive issues in the grievance. The decision of the Conference Officer shall be final except as provided otherwise herein.

APPENDIX A.
ANTI-HARASSMENT POLICY

A. POLICY

It is the policy of the Town of Cottage City that all employees have a right to work in an environment free of discrimination, which encompasses freedom from sexual harassment. The Town of Cottage City strongly disapproves of sexual harassment of its employees in any form, and states that all employees at all levels of the Town must avoid offensive or inappropriate sexual and/or sexually harassing behavior at work and will be held responsible for ensuring that the workplace is free from sexual harassment.

B. PROHIBITED ACTS

1. Specifically, The Town of Cottage City prohibits the following:
 - a. Unwelcome sexual advances,
 - b. Requests for sexual favors, whether or not accompanied by promises or threats with regard to the employment relationship,
 - c. Other verbal or physical conduct of a sexual nature made to any employee that may threaten or insinuate either explicitly or implicitly that any employee's submission to or rejection of sexual advances will in any way influence any personnel decision regarding that person's employment, evaluation, wages, advancement, assigned duties, shifts or any other condition of employment or career development.
 - d. Any verbal or physical conduct that has the purpose or effect of substantially interfering with the employee's ability to do his or her job.
 - e. Any verbal or physical conduct or any gesture which is sexual in nature.
2. Such conduct may result in disciplinary action up to and including dismissal.
3. Other sexually harassing conduct in the workplace, whether physical or verbal, committed by supervisors or non-supervisory personnel is also prohibited. This behavior includes but is not limited to: commentary about an individual's body, sexually degrading words to describe an individual, offensive comments, off-color language or jokes, innuendoes, and sexually suggestive objects books, magazines, photography, cartoons or pictures.

4. All employees of Cottage City are responsible for assisting in the prevention of discrimination or sexual harassment through the following acts:

- a. Refraining from participation in, or encouragement of actions that could be perceived as discrimination or sexual harassment.
- b. Reporting acts of discrimination or sexual harassment, whether involved as a victim or witness.
- c. Encouraging members who confide that they are victims of discrimination or sexual harassment to report such acts.
- d. When encountering discrimination or sexual harassment, telling the person causing it that their actions are unwelcome and offensive.
- e. Notifying a supervisor in a timely manner of any violation of this policy.
- f. Reporting any employee who is in possession of or in use of sexually explicit materials, pictures, printed materials, audio/visual, graphics, etc. in the workplace unless obtained during the course of an official investigation.

C. Reporting Process: Should any employee feel that they have been discriminated against or harassed, the employee may undertake one or more of the following steps:

1. Tell the person that their actions are unwelcome and offensive and document all incidents in order to provide the fullest basis for investigation.
2. Report the incident(s) to their Department Head as soon as possible, by memorandum. In the event of Department Head involvement or personal reasons, the employee may report the offense directly to the Town Manager, and/or the Full Commission.
3. The Town Manager receiving the complaint will immediately meet with the employee and ensure that the alleged incident(s) are documented carefully. In the event of Department Head involvement, the Town Manager will meet with the employee and ensure that the alleged incidents are documented carefully.

D. Investigation of Complaints: The Town Manager will receive complaints from department heads and determine if the complaint will be investigated as discrimination or sexual harassment as opposed to some other form of misconduct.

1. If any complaint alleges criminal activity, the investigation may be referred to the Police Department for investigation.
2. If the claim involves allegations against a sworn police officer, the investigation should be dealt with as appropriate.

3. The investigation will determine whether other employees are being harassed or discriminated against by the person, and whether other Town employees participated in or encouraged the harassment or discrimination.

The Department Head or Town Manager conducting the investigation will complete the investigation in a timely manner. Appropriate disciplinary action will be assessed by the Department Head or Town Manager. Disciplinary action can be as severe as termination of employment.

A file of such complaints involving civilian employees will be maintained in a secure location in the Administrative Office. Files involving the investigation of sworn police officers will be maintained in the Office of the Chief of Police.

E. Outcome: An employee may file a grievance/appeal in accordance with Section X of the Town Personnel Manual and Department procedures if they disagree with the investigation or disposition of a harassment or discrimination claim.

Employees who have complaints of sexual harassment or other harassment by anyone at work, including any supervisors, co-employees, or visitors are urged to report such conduct to their supervisor, Department Head, Town Manager, Chairman or member of the Commission so that the Town of Cottage City may investigate and resolve the problem. Employees may bring such matters to the direct attention of their immediate supervisors, to the Department Head, Town Manager or to the Commission if the complaint involves the employee's supervisor or someone in the direct line of supervision, or if the employee for any reason is uncomfortable in dealing with his or her immediate supervisor, the employee may go to the Town Manager, or the Commission.

The Town of Cottage City will make every attempt to maintain the information provided to it in the complaint and the investigation process as confidentially as possible.

There will be no retaliation against employees for reporting sexual harassment or any other harassment type or assisting the Town in the investigation of a complaint. However, if after investigating any complaint of harassment or unlawful discrimination the Town learns that the complaint is not bona fide or that an employee has provided false information regarding the complaint, disciplinary action may be taken against the individual who provided the false information.

This policy does not prohibit any employee from filing a complaint or grievance with an outside agency

**APPENDIX B
TOWN OF COTTAGE CITY DRUG AND ALCOHOL ABUSE POLICY DOCUMENTS**

ATTACHMENT A

TOWN OF COTTAGE CITY EMPLOYEE DRUG AND ALCOHOL SCREENING
AUTHORIZATION AND ACKNOWLEDGEMENT

I hereby authorize a medical facility to draw blood and/or obtain a urine specimen from me as requested by the Town of Cottage City.

I further authorize the medical facility to release to the Town of Cottage City the results of these tests.

I am taking/using the following medications now:

If the individual is above 18 years of age:

Date

Signature

Date

Witness

Date

Witness

If the individual is below 18 years of age:

Date

Consenting Parent/Legal Guardian

ATTACHMENT B

TOWN OF COTTAGE CITY EMPLOYEE DRUG SCREENING APPEALS PROCEDURE

TO: Town of Cottage City Commission

FROM: _____
(Name of Employee)

The laboratory selected by the Town to conduct drug screening is:

Should an employee want to appeal the results of the drug screen, the following appeal procedure is to be followed:

(PLEASE READ, COMPLETE, AND INITIAL TO THE LEFT OF EACH STATEMENT)

I. APPEAL

I hereby appeal the results of my drug screen test.

II. PAYMENT

I agree to pay in advance of the test being conducted \$_____, which is the cost of conducting the GCMS test by the laboratory. (Please make the full amount payable to the laboratory).

III. SHIPMENT OF SPECIMEN

I understand upon payment, I hereby authorize to arrange transportation by courier a portion (Aliquot-minimum 30cc) of my same specimen which was originally screened to my selected laboratory as designated in II. I understand a strict chain of custody on my specimen will be

observed.

IV. AUTHORIZATION FOR LABORATORY TO CONDUCT TEST

I hereby authorize my designated laboratory to conduct a Gas Chromatograph/Mass Spectrophotometry (GCMS) test on the same specimen, which was originally screened.

V. AUTHORIZATION TO RELEASE INFORMATION

I hereby authorize my designated laboratory to release any and all drug screening test results, including raw test data summary sheets, computer, and individually generated reports and notes to:

If the individual is above 18 years of age:

Date

Signature

Date

Witness

Date

Witness

If the individual is below 18 years of age:

Date

Consenting Parent/Legal Guardian

APPENDIX C USE OF PERSONAL COMPUTER POLICY DISCLAIMER

Use of Town Owned Computers - Use of personal or laptop computers and networks owned or controlled by the Town is a privilege that requires each user to act responsibly and ethically. Because electronic information is volatile and easily reproduced, lost, or corrupted, users must exercise care in acknowledging and respecting the work of others through strict adherence to software licensing agreements, copyright laws, and Town policy including those that may apply to personal conduct.

Users do not own accounts on Town office computers, but are granted the privilege of use. Misuse of computers, networking, or information resources may result in the loss of computing and/or network access. Additionally, misuse can be prosecuted under applicable statutes. Illegal production of software and other intellectual property protected by U.S. copyright law is subject to civil damages and criminal prosecution including fines and imprisonment. Employees shall refrain from unauthorized use of Town owned computers. Employees will also refrain from attempting to access confidential material, including, but not limited to, information related to personnel matters absent a legitimate business reason.

Use of Personal Computer Policy

This policy statement and the procedures hereunder are intended for Town use only. The policies, procedures and regulations are for internal administrative purposes and are not intended to create any higher legal standard of care of liability in an evidentiary sense than is created by law. Violations of internal policies, procedures, regulations or rules form the basis for disciplinary action by the Town. Violations of law form the basis for civil and/or criminal sanctions to be typically determined in a proper judicial setting, not through the administrative procedures of the Town.

POLICY

It is the policy of the Town of Cottage City that all Personal Computer (PCs) that are Town owned are under the administrative control of the systems administrator or Town's designee.

Software and/or hardware must not be installed, moved, and/or modified on any PC without written approval from the administrator or other designee. Any Department Head may request that a given piece of software and/or hardware be installed on a computer assigned to his/her department.

Software may not be copied from Town of Cottage City PC or from a Town owned distribution disk or other media for use on an individual's personally owned computer, if the duplication would violate the Copyright or Licensing Laws. Software piracy is a violation of Federal Law.

SUMMARY

Procedures to be followed when using a PC apply to all Town employees, appointed or elected officials.

DEFINITIONS:

- ADMINISTRATOR – the person the Commission appoints in charge of the Computers.
- APPLICATION/PASSWORD – a password that a user may assign within an application and/or document in a PCS that prohibits others from opening the secured application or document.
- HOME DIRECTORY – a directory that is located on the main server. The name of the directory will be the same as the user’s login name.
- LOGIN NAME – a user’s name that is derived from the employees last name and first letter of the employee’s first name. (I.e., User: browng, Login Name: browng.)
- LOGIN PASSWORD – a unique password that is used by an individual employee to login and gain access to a computer system
- PC – a personal computer or similar device that is owned by the Town of Cottage City and is assigned to an individual workstation and/or Department.
- POWER-ON PASSWORD – a password assigned to the hardware of a PC that prevents other users from starting the system
- WORK PRODUCT – any document, spreadsheet, program or other electronic file that is created or produced on a PC. -

PROCEDURES:

1. The administrator will assign the following to all Town personnel:
 - A. Network User-Name/Login Name.
 - B. An initial login password. All users will be required to change their password upon their first log in and every sixty days thereafter.
2. Department Heads will determine the need for Internet and e-mail privileges of their employees.
 - A. E-mail users will be assigned a home directory/folder on the Master Server in Novell Group.
 - The directory will be backed up frequently by the administrator.
 - Documents and/or files stored in the home directories will be secure from other users.
 - NOTE: Documents and/or files that are stored locally in other applications will not be backed up or secured (i.e. Word, Access, Excel, etc.)
3. To install software on a PC:

A. Submit a memorandum to the Department Head. Include the following:

- The name and type of software the employee is requesting to install.
- The reason for the proposed installation.
- How the software will benefit the Town, Department or individual in the performance of his/her duty.
- Which PC the software will be loaded on.

B. If approved, the Department Head will forward the request to the administrator.

C. The administrator will grant written approval based on the following criteria:

- The Town of Cottage City or the individual wishing to use it must own the legal copy of the software.
- The User's Manual must remain in close proximity to the computer. This will allow all users to utilize the software.

4. The administrator will periodically monitor and audit the entire system. If any unauthorized software, hardware, and/or any Power-On and/or Application passwords are discovered. The administrator will:

A. Remove the software, hardware, and/or password(s) from the PC.

B. Document and report the discovery by sending an interoffice memorandum to the Department Head where the violation was discovered.

5. If a PC malfunction or problem with the system occurs, notify the administrator during normal office hours, Monday through Friday, between 0900 and 1700 hours.

A. During non-office hours leave a voicemail message.

REGULATIONS:

1. The administrator shall have control of all PC's, which are on the Town network.

2. PC hardware shall not be moved or modified in any way without prior approval from the administrator.

3. Employees shall not copy software from a PC for use on their personally owned computers.
4. Software shall not be installed on any PC without obtaining written approval from the administrator.
5. All work products that are created on a PC are considered to be owned by the Town of Cottage City.
6. Employees shall not put on a PC any information that violates Town Policy and Procedure.
7. Employees shall not put Application Passwords or Power-On Passwords in a Town PC.
8. E-mail messages are not considered confidential and may be examined by proper authority upon the authorization of the administrator.
9. Employees shall not share nor give their personal Login Password to another employee.
10. The use of the internet is to carry out Town business only unless authorized by the administrator

APPENDIX D TOWN OF COTTAGE CITY ACCOMMODATIONS FOR DISABILITIES

I. Background and Purpose

No Town employee will discriminate against any qualified individual because of disability with respect to any term, condition, or privilege of employment. The Town will make reasonable accommodations to the known physical and mental limitations of otherwise qualified individuals with disabilities, unless such accommodations would impose an undue hardship on the Town's business operations. Both job applicants and employees are covered by the Americans with Disabilities Act and this policy.

II. Definitions

Definition of Qualified Individual: A qualified individual with a disability is one who, with or without reasonable accommodation, can perform the essential function(s) of the position that such individual holds or desires.

III. Scope

The prohibition on discrimination applies to all terms, conditions, and privileges of employment, including but not limited to:

- Recruitment, selection, and hiring
- Job assignment and classification
- Promotions, transfers, layoffs, reduction in force
- Compensation
- Leave and Benefits
- Education and training
- Employer-sponsored activities.

IV. Job Openings: Information about job openings shall be accessible to people with disabilities and available in alternate formats upon request.

V. Interviewing: After reviewing the job description, interviewers may ask applicants if they are able to perform the essential job functions with or without reasonable accommodations. Interviewers may not ask direct questions about whether an applicant has a disability or about the nature of the disability. Medical information cannot be discussed until after an offer of employment has been extended.

VI. Medical Examinations: Supervisors are prohibited from requiring a medical exam before making an employment offer.

VII. Medical Information: Information on an employee's medical condition or history is kept in a separate file from other employee information. Access to this information is limited to those who have a legitimate need to know.

VIII. Confidentiality Regarding Disabilities: All employees with responsibilities which may require knowledge of disabilities are to treat this knowledge in a confidential manner. All information regarding a disability or medical condition will be kept completely confidential except:

A. Supervisors who are responsible for assigning work responsibilities will be informed regarding restrictions on the work or duties of employees with disabilities and any accommodations that have been made.

B. First aid and safety personnel may be informed at appropriate times if the employee's condition may require emergency treatment.

C. Appropriate officials investigating compliance with federal/state/local laws may be informed.

IX. Reasonable Accommodations: An employee with a disability may request a reasonable accommodation in accordance with Federal, State and Local law. Supervisors who have questions regarding the organization's ability to make reasonable accommodations or the reasonableness of a request should contact the Town Manager.

APPENDIX E. FLEXTIME POLICY

The Town understands the importance of its employees having a proper work-life balance in order to be more efficient and productive. The Town recognizes that allowing employees to have some control over their work schedules makes it easier for them to manage non-job-related responsibilities and their professional commitment to the job. Consequently, the Town supports flexible work scheduling options for employees, provided that such schedules are mutually beneficial to employer and employee and continue to satisfy the needs and objectives of the organization.

I. Definition

Flexitime is a way of restructuring the traditional work schedule so an employee may work daily hours that are different from regular office hours. Currently, the Town's regular office hours are Monday through Friday 9 a.m. to 5 p.m. Under this Flexitime policy, an employee and department head are able to establish the employee's work schedule between the hours of 7:00 a.m. – 6:00 p.m., pursuant to the provisions herein. Flexitime does not refer to the hours of operation stated in an offer letter. This policy excludes those hours that are implemented for seasonal operations.

II. Eligibility

All full-time staff are eligible.

III. Guidelines

A. The flexitime work schedule will be a consistent, approved daily schedule for an individual employee with established starting and ending times that remain the same week after week. For example, each eligible employee may select a different work starting time between the hours of 7:00 a.m. and 9:00 a.m. and an ending time between 4:00 p.m. and 6:00 p.m., subject to department head approval. The flexitime work schedule starting/ending times must be in 30-minute increments, i.e., start time, 7:00 a.m., 7:30 a.m., etc.

All requests for seasonal operation hours must be requested in writing and must be submitted to _____.

B. Employees and their department heads will also be able to select a thirty (30) minute lunch period.

C. Regardless of the flexitime work schedule, full-time employees are required to work a minimum of forty (40) hours per week, working eight (8) hours each workday of the week.

D. Lunch cannot be eliminated from the daily flexitime work schedule in order to reduce the number of hours in the workday.

E. The granting of flexitime work schedules will not result in a change in the department's regular hours of operation. Each department head will be responsible for ensuring that all services of the department are available to internal and external clientele during regular business hours and that the efficiency and effectiveness of the department's operations will not be interrupted.

F. While it is not required that flextime work schedules be uniformly available to all positions in a department, the department head is responsible for ensuring the fair and equitable administration of this procedure to employees.

G. Participation in the flextime schedule is voluntary. Working a flextime schedule is a privilege, not an employee right, and flextime schedules are not appropriate for all jobs or all situations. Denial of a request for a flextime work schedule is not grievable.

H. Department Head or Town Manager reserves the right to alter the participants established work schedule to accommodate work demands or for any other official purpose.

I. Flexible work may not be used as a substitute for dependent care.

IV. Requests for Flextime Work Schedule

Flexible work options require department head and Town Manager approval and depend on a partnership between the department head and employee to ensure that the needs of both the employee and the Town are being met.

Flexible work options may be introduced in a work environment by an employee who determines that he/she would like to have a flexible work option. However, department heads may also suggest flexible work options for some or all staff members.

Employees and their department heads are encouraged to discuss their needs and to work together to develop the best possible arrangements for their situation. Here are the steps for introducing a flexible work option:

1. Review the Options

Review all of the flexible work options and determine which would be most desirable and appropriate.

- Personal needs and preferences,
- Personal work style and capabilities,
- The demands of the job,
- The office situation and organizational needs, with particular focus given to opportunities for improved accountability, cost effectiveness and customer satisfaction, and

2. Prepare a Request Form

Prepare a written proposal to the department head requesting the flexible work option, covering:

- Benefits to the Town
- Reasons the option will work for the job

- Why employee is suitable for this option
- What processes will be needed to maintain good communication and continue to achieve the work goals, and
- How accountability, cost effectiveness and office needs will be addressed. The form will then be forwarded to the Town Manager for review and approval.

3. Town Manager Formalizes the Arrangement

If the Town Manager determines that the proposal is satisfactory, the arrangement must be formalized with a written agreement. The option will be most comfortable for all parties if a collaborative effort contributed to the final plan.

4. Option is Piloted[WW4]

Next, the option should be "piloted." During the pilot experience, the department head and staff member should meet regularly, at pre-arranged intervals, to discuss how the arrangement is going. The following questions should be reviewed:

- Are expectations clearly understood?
- Is productivity being maintained?
- Are there benefits that can be identified?
- Are there adjustments to the arrangement that might be desired by either party?
- Should the option be maintained?
- Is the employee able to maintain the quality and quantity of their work?
- Do the work assignments and responsibilities of the employee's position warrant continued participation?
- Is the employee's most recent performance appraisal rating at least fully successful in all critical elements?

At the end of the pilot period, the option should be evaluated. It should be understood from the start that either the department head or employee may end the arrangement if the goals of the arrangement are not being met.

EMPLOYEE ACKNOWLEDGEMENT FORM

The employee handbook describes important information about the Town of Cottage City, and I understand that I should consult my supervisor or the town manager regarding any questions not answered in the handbook. I have entered into my employment relationship with the Town of Cottage City voluntarily and acknowledge that there is no specified length of employment. Accordingly, either the Town of Cottage City or I can terminate the relationship at will, with or without cause, at any time, so long as there is no violation of applicable federal or state law.

Since the information, policies, and benefits described here are necessarily subject to change, I acknowledge that revisions to the handbook may occur, except to the Town of Cottage City's policy of employment-at-will. All such changes will be communicated through official notices, and I understand that revised information may supersede, modify, or eliminate existing policies. Only the Commissioners of the Town of Cottage City has the power to adopt any revisions to the policies in this handbook.

Furthermore, I acknowledge that this handbook is neither a contract of employment nor a legal document. I have received the handbook, and I understand that it is my responsibility to read and comply with the policies contained in this handbook and any revisions made to it.

EMPLOYEE'S NAME (printed):

EMPLOYEE'S SIGNATURE:

DATE: _____