

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

Table of Contents

Transmittal Letter	2
Similar Engagements With Other Government Entities.....	4
SBC Biography.....	6
SBC Organizational Chart	7
Regulatory Reviews and Disciplinary Actions	10
Partner, Supervisory and Staff Qualifications and Experience.....	10
Continuing Professional Education.....	11
Equal Opportunity Employment.....	12
Staff Continuity and Turnover.....	13
SBC Audit Methodology.....	14
Assignment of Staff and Estimate Hours.....	15
Benefits of the SBC Audit Approach	15
IT Audit Approach.....	22
Technology Resources.....	24
SBC Single Audit Approach.....	27
Identification of Anticipated Potential Audit Problems.....	29
Fees	29
Appendix.....	30

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.

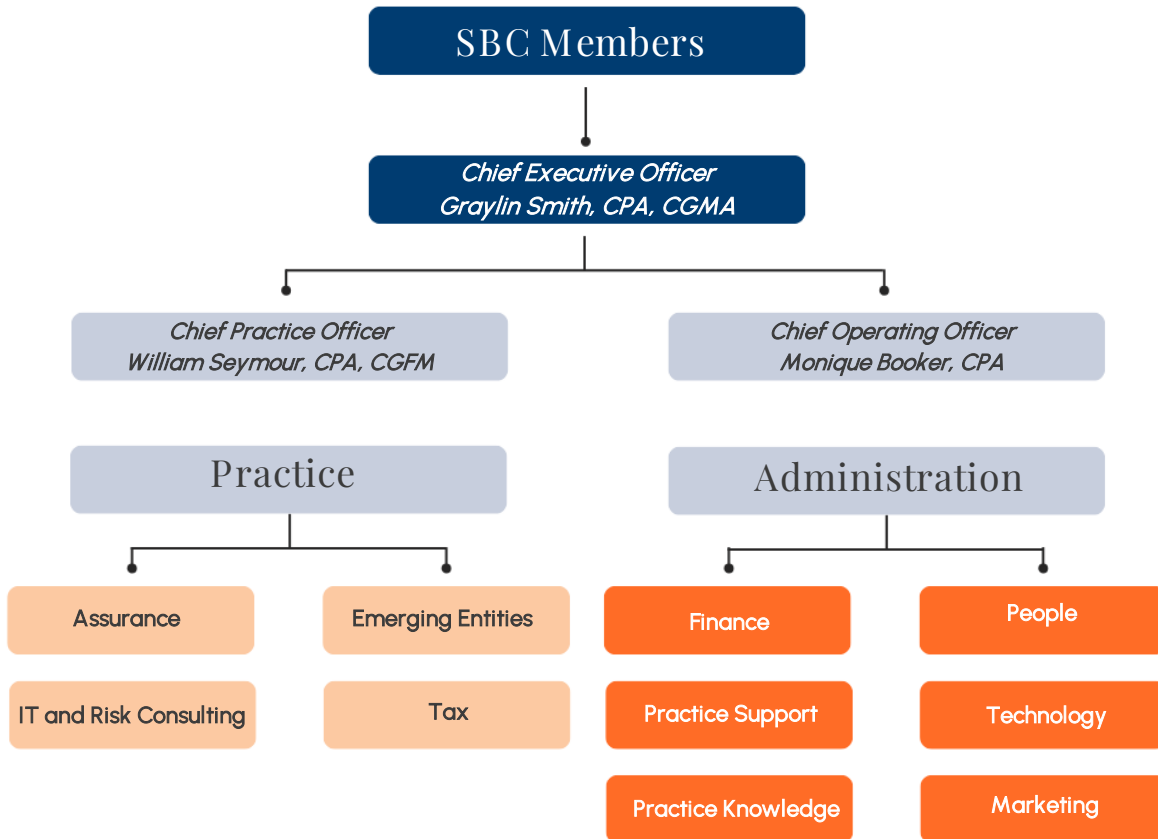
We provide audit, tax, risk consulting, and business consulting services with a proven record of leadership and exceptional client service. Our teams are driven by a passion for delivering the highest-quality work and a strong commitment to client service, ensuring innovative solutions and meaningful 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.

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:

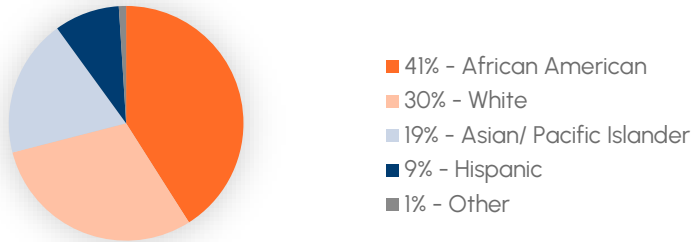
- All staff work undergoes levels of supervisory review;
- The engagement is continuously monitored for compliance with Government Auditing Standards. The engagement team utilizes internal tools to ensure compliance, such as standardized work programs, checklists, and technical bulletins;
- Two partners 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.

The remainder of this page is intentionally left blank.

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 <small>a Wolters Kluwer business</small> 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 [®] <small>safe ware</small>	<ul style="list-style-type: none"> Encryption software installed on all computers.
 dun & bradstreet <small>FIRST RESEARCH</small>	<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
 Microsoft Copilot	<ul style="list-style-type: none"> Artificial Intelligence (AI) engine used for various audit procedures.
 SharePoint	<ul style="list-style-type: none"> Secure document storage, collaboration, and version control for engagement teams.
 Power BI	<ul style="list-style-type: none"> Data visualization and reporting to support audit analytics and management review.
 Planner	<ul style="list-style-type: none"> Task tracking and workflow management to coordinate audit activities and deadlines.
 PRIORITY MATRIX	<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

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

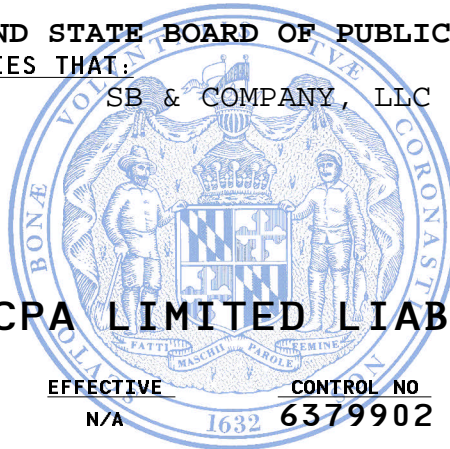


LICENSE * REGISTRATION * CERTIFICATION * PERMIT
STATE OF MARYLAND
MARYLAND DEPARTMENT OF LABOR

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

LIC/REG/CERT	EXPIRATION	EFFECTIVE	CONTROL NO
34904	02-08-2027	N/A	1632 6379902

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

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

LIC/REG/CERT	EXPIRATION	EFFECTIVE	CONTROL NO
34904	02-08-2027	N/A	1632 6379902

Signature of Bearer
Secretary

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY

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!

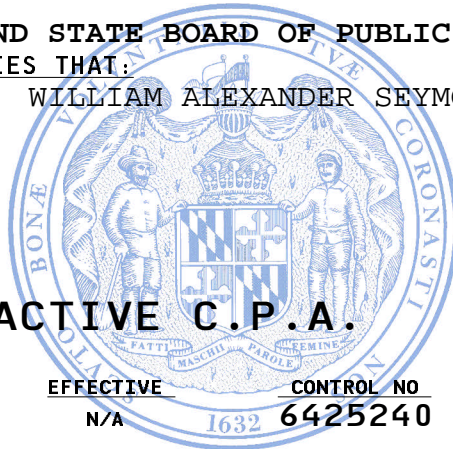


LICENSE * REGISTRATION * CERTIFICATION * PERMIT
STATE OF MARYLAND
MARYLAND DEPARTMENT OF LABOR

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

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!

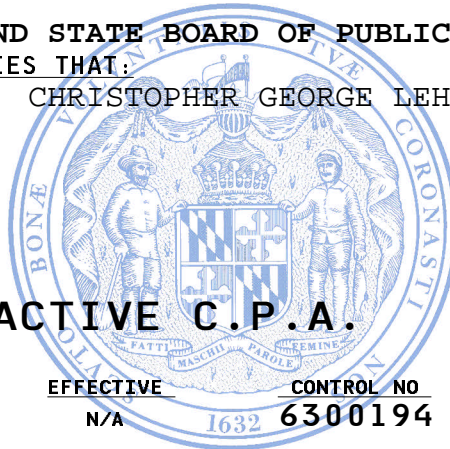


LICENSE * REGISTRATION * CERTIFICATION * PERMIT
STATE OF MARYLAND
MARYLAND DEPARTMENT OF LABOR

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

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