

December 6, 2021

Mr. Robert Wicks, Supervisor
Town of Lysander, New York
8220 Loop Road
Baldwinsville, New York 13027-2588

Dear Mr. Wicks:

We are pleased to confirm our acceptance and understanding of the services we are to provide to the Town of Lysander, New York (the Town), for the year ended December 31, 2022. This letter outlines the terms and objectives of our engagement and the nature and limitations of the services we will provide.

Our engagement will be designed to perform the following services:

- Initial assessment of processes and procedures related to the accounting function,
- Monthly bookkeeping and accounting assistance to supplement the Town's Comptroller/Clerk and assistance with the preparation of monthly accounting records to the Supervisor and Town Board for the 12-month period ending December 31, 2022,
- Assistance with the development of the Town's 2023 annual budget, including the presentation to the Town Board, and
- Preparation of the New York State Annual Update Document (AUD), including footnotes, as of December 31, 2021.

You are responsible for the full and accurate disclosure to us of all relevant facts affecting the above services. You also have final responsibility for the AUD and, therefore, the appropriate government officials should review the AUD carefully before an authorized official signs and submits it.

You are also responsible for (a) designing, implementing, and maintaining internal control; (b) preventing and detecting fraud; (c) identifying and ensuring that the Town complies with the laws and regulations applicable to its activities; and (d) making all financial records and related information available to us and for the accuracy and completeness of that information.

You are responsible for assuming all management responsibilities, and for overseeing the above services we provide by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

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We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

We are not being engaged to and will not perform an audit, review, or compilation of your financial information and therefore, we will not be providing an opinion or any other form of assurance thereon. Nor will we otherwise verify the data you submit for accuracy or completeness. Rather, we will rely on the accuracy and completeness of the documents and information you provide to us.

Our engagement cannot be relied upon to identify or disclose any misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations. We have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement.

In no event, unless it has been finally determined that Bonadio & Co., LLP was grossly negligent or acted willfully or fraudulently, shall Bonadio & Co., LLP be liable to the client or any of its officers, directors, employees or shareholders or to any other third party, whether a claim be in tort, contract or otherwise for any amount in excess of the total professional fee paid by you to us under this agreement for the particular service to which such claim relates. In no event shall Bonadio & Co., LLP be liable for any special, consequential, indirect, exemplary, punitive, lost profits or similar damages, even if we have been apprised of the possibility thereof.

In performing services under this letter, Bonadio & Co., LLP and/or Client may wish to communicate electronically either via facsimile, electronic mail or similar methods (collectively, "E-mail"). However, the electronic transmission of information cannot be guaranteed to be secure or error free, and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. Unless you notify us otherwise, we shall regard your acceptance of this Agreement as including your consent to use E-mail. All risks related to your business and connected with the use of E-mail are borne by you and are not our responsibility.

Both parties will carry out procedures to protect the integrity of data. In particular, it is the recipient's responsibility to carry out a virus check on any attachments before launching or otherwise using any documents, whether received by E-mail or on disk or otherwise.

Client agrees to indemnify and hold harmless Bonadio & Co., LLP and its personnel from any and all Third-Party claims, liabilities, costs, and expenses, including reasonable attorney fees, arising from or relating to the services under this Agreement, except to the extent finally determined to have resulted from the gross negligence, willful misconduct or fraudulent behavior of Bonadio & Co., LLP relating to such services.

Gregg H. Evans, CPA, is the engagement partner and is responsible for supervising the engagement.

You agree that any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the County of Monroe, New York and any ensuing litigation shall be conducted within said county, according to New York law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

In the unlikely event that differences concerning this Agreement or our services provided hereunder should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, Bonadio & Co., LLP and the Client agree not to demand a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement.

We have the right to withdraw from this engagement if you do not provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests, or misrepresent any facts. Our withdrawal will release us from any obligation to complete our services and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

We estimate that our fees for these services will be approximately \$58,800 and will be as follows:

- Initial assessment of processes and procedures related to the accounting function is expected to be 20-24 hours at approximately \$175 an hour for an estimated \$4,200,
- Monthly bookkeeping and accounting assistance to supplement the Town's Comptroller/Clerk and assistance with the preparation of monthly accounting records to the Supervisor and Town Board is expected to be approximately 20 hours for an estimated \$3,500, but will not exceed \$5,000 per month, unless otherwise discussed in advance,
- Assistance with the development of the Town's 2023 annual budget, including the presentation to the Town Board is expected to be 30-40 hours for an estimated \$5,600, and
- Preparation and submission of the New York State Annual Update Document (AUD) and footnotes as of December 31, 2021 not to exceed \$7,000.

If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

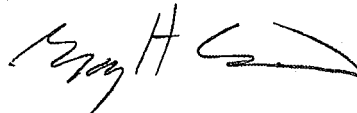
If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed and you will be obligated to compensate us for all fees incurred through the date of termination.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you concerning the scope of the additional services and the estimated fees. We will issue a separate engagement letter covering the additional services.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you acknowledge and agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

BONADIO & CO., LLP



by:

Gregg H. Evans, CPA
Partner

RESPONSE:

This letter correctly sets forth the understanding of the Town of Lysander, New York.

Signature

Title

Signature

Title

COPY