

**Bonadio & Co., LLP**  
Accounting, Consulting & More

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April 1, 2025

Kyle Lovell – City Manager  
City of Oneida  
109 North Main Street  
Oneida, NY 13421

Re: City of Oneida

Dear Kyle,

This letter is to confirm and specify the terms of our engagement with the above referenced entities and to clarify the nature and extent of the services we will provide.

**Entire Agreement**

This engagement letter ("Agreement") constitutes the entire agreement between the entities listed above ("Client" or "you") to whom such engagement letter is addressed and any other legal entities referred to therein and Bonadio & Co., LLP, a New York limited liability partnership ("Bonadio & Co., LLP" "we" or "us"), regarding the services described in this Agreement.

**Responsibilities of Bonadio & Co., LLP**

The outsource accounting services we provide will cover the period beginning May 1, 2025 and ending April 30, 2026.

Our engagement is limited to performing the following services noted on **Appendix A**. If you would like to receive additional services that are not included, please notify us so that we can ensure that these services captured as part of this Agreement.

Our engagement for services cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. Further, we have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement. However, we will inform you of any material errors and of any evidence of information that comes to our attention during the performance of our procedures regarding illegal acts that may have occurred.

### **Third Party Software**

As part of this Agreement, we may provide you with access to and use of certain software (the "Software"). You are solely responsible for compliance with any terms and conditions associated with its use and/or the end user license agreement, if any. We offer no warranties, expressed or implied, regarding the functionality or capabilities of the Software. By executing this agreement, you understand and agree that we will pass through to you, any and all software fees or subsequent software fee increases, if any. This arrangement is not, nor is it implied that this is a hosting arrangement as defined by the AICPA's Code of Professional Conduct.

### **Use of Specialists of Software**

Because of the nature of these services, we may be required to share your confidential information with the Software provider(s). However, we remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information.

### **Hardware and Software Warranties**

During the course of the engagement, we may recommend a purchase and installation of computer or technological hardware, software, communications, or services by your company. Warranties, to the extent they exist, are provided only by the manufacturer/developer/vendor of those computer or software products. We will do our best to provide appropriate recommendations when available, but the final decision and responsibility to purchase any computer or software products is at your sole discretion.

This engagement does not cover the preparation of any tax returns or financial statements, which, if we are to provide, will be covered under a separate engagement letter.

### **Responsibilities of the Client and Listed Entities**

Your management is responsible for:

- designing, implementing, and maintaining internal controls, including those relevant to bookkeeping processes, monitoring ongoing activities;
- preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud;
- identifying and ensuring that you comply with the laws and regulations applicable to your activities; and
- making all personnel, financial records and related information available to us on a timely basis and ensuring that the records and information are complete and accurate.

In circumstances where the Client and Listed Entities is a business entity, the Client and Listed Entities agrees to identify those individuals authorized to request services from Bonadio & Co., LLP under the terms of this Agreement. Individuals authorized to request services agree to identify the purpose of the services and identify for whom the services are to be performed (e.g., the corporation, an employee, a director) at the time the services are requested.

A fundamental term of this Agreement is that the Client and Listed Entities will provide us with all information relevant to the services to be performed and to provide us with any reasonable assistance as may be required to properly perform the engagement. The Client and Listed Entities agrees to bring to our attention any matters that may reasonably be expected to require further consideration to determine the proper treatment of any relevant item.

The Client and Listed Entities also agrees to bring to our attention any changes in the information as originally presented as soon as such information becomes available. Client and Listed Entities consents to the use, by Bonadio & Co., LLP staff visiting or working from the Client and Listed Entities site, of the Client and Listed Entities's resources, including, but not limited to network, Internet and extranet access, for the purpose of accessing similar Bonadio & Co., LLP resources. Client and Listed Entities acknowledges that it retains all management responsibilities related to judgments and decisions regarding the Client and Listed Entities's financial, tax or business matters.

### **Electronic Communications**

In performing services under this Agreement, Bonadio & Co., LLP and/or The City of Oneida 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. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. 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. We shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

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.

### **Computer Consulting Limitations**

We have a basic understanding of computer hardware, but our area of expertise is in accounting software and related integrated applications. We do not have the skill set to work on your network, computer hardware, Windows configuration, mapping of drivers or any other computer related issues. We advise that you maintain an ongoing relationship with a qualified IT professional and/or company to ensure that you have assistance available when technology needs arise. This includes your obligation to ensure that you have access to the internet in order to work with the software solutions and other "cloud-based" applications that we will use as a core part of the services we provide to you. If you ask us to integrate with, or use any particular software, platform, or system (collectively, the "**Technologies**") that we have not provided to you or previously vetted, you expressly agree that you shall and hereby do assume all responsibility for management of those Technologies, and you further expressly agree to defend, indemnify, and hold harmless Bonadio in connection with any losses that may arise out of or result from any data breaches or security incidents stemming from or otherwise associated with the use of those Technologies.

### **Recordkeeping**

It is our policy to keep records for seven years. However, we do not keep any of your original records, so we will return those to you upon the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

### **Your Investment**

Your investment in the outsourced accounting services you will receive from us will be structured as follows:

- Monthly Outsource Accounting: \$10,850
- Out-of-Scope services: Billed at standard hourly rates

All invoices are due and payable upon presentation. Amounts not paid within 45 days from the invoice date will be subject to a late payment charge of 1.5% per month.

As part of our commitment to delivering exceptional services, we may provide access to certain technology solutions to you at a discounted rate based on the level of accounting services provided under the scope of this engagement. These discounts are extended as a goodwill gesture to enhance the value proposition of our services and are contingent upon the agreed-upon scope of work. Any change in the scope of services outlined in this engagement may impact the applicability of the discounted technology costs.

Should we identify significant changes to the scope of engagement we will discuss it with you and arrive at a new fee estimate before we incur the additional costs or perform additional services.

### **Limitation of Liability**

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 City of Oneida 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.

### **Indemnification**

The City of Oneida 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.

### **Other Provisions**

Neither party shall be liable to the other for any delay or failure to perform any of the services nor obligations set forth in this Agreement due to causes beyond its reasonable control. All terms and conditions of this Agreement that are intended by their nature to survive termination of this Agreement shall survive termination and remain in full force, including but not limited to the terms and conditions concerning payments, warranties, limitations of liability, indemnities, and resolution of differences. If any provision of this Agreement, including the Limitation of Liability clause, is determined to be invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

We value every one of our Client's as well as every one of our employees. We have spent a great deal of time and resources to locate, train and retrain our employees. We respectfully request that you do not solicit our employees to work for you. If you do hire one of our employees within three months of when they last worked for Bonadio & Co LLP, we will be due a finder's fee equal to 100% of the annual salary they were earning as of their last day of employment. Payment will be due within 10 days of your receipt of our invoice.

We may from time to time, and depending on the circumstances, use certain third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

### **Dispute Resolution**

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 City of Oneida agree not to demand a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement.

### **Termination for Convenience**

Either Party shall have the right to terminate this Agreement for any reason or no reason, in such party's sole discretion by giving the other party at least ninety days advance written notice (for which an email shall be deemed sufficient). In the event that you choose to exercise your right to terminate this Agreement in accordance with the terms thereof, you expressly understand and agree that you will be responsible for all fees and expenses incurred by Bonadio & Co., LLP prior to the effective date of termination contained in such notice. Upon payment of any final invoice, neither party shall have any continuing liability nor obligation to the other arising hereunder excepting provisions, if any, which expressly survive termination.

### **Confidential Information**

All information shall be provided to Bonadio by Client and Listed Entities. Any information that has been provided orally or in writing by Client and Listed Entities on behalf of Client and Listed Entities or any of

Client and Listed Entities employees or Client and Listed Entities to Bonadio pursuant to this engagement or through any other type of contact, including information generated as a result of Bonadio's services thereunder ("Confidential Information"), shall be treated by Bonadio as being subject to attorney-Client and Listed Entities privileges and as proprietary information belonging to Client and Listed Entities, and shall be held in strict confidence by Bonadio both during and after the term of this engagement and thereafter. All financial data pertaining to Client and Listed Entities, Client and Listed Entities Client and Listed Entities or Bonadio's services hereunder, and all data, information, and records of or pertaining to Client and Listed Entities, Client and Listed Entities employees, and Client and Listed Entities Client and Listed Entities, shall be deemed to be Confidential Information.

With respect to all Confidential Information, Bonadio shall: (1) not provide or make available the Confidential Information in any form to any person other than Bonadio's or Client and Listed Entities employees, contractors, agents, and other personnel who have a need to know consistent with the authorized use of such Confidential Information; (2) not reproduce the Confidential Information except for use reasonably necessary to the performance of this agreement; (3) not exploit or use the Confidential Information except as permitted by this agreement; and (4) return or destroy all Confidential Information that is written or in graphic form, and any copies thereof, upon your request or upon the termination of this agreement, however we may keep archival copies of such Confidential Information if reasonably needed to comply with our professional standards, subject to the remaining terms of this paragraph.

In the event that a subpoena or other legal process in any way concerning the Confidential Information is served on Bonadio, we shall notify you immediately upon receipt thereof and shall reasonably cooperate with you and your legal counsel prior to the production of such Confidential Information as required by such subpoena or legal process. Any legal process to assert that any and all such information is exempt from disclosure as subject to attorney-Client and Listed Entities privilege would be the responsibility of your legal counsel.

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.

If this letter correctly describes your understanding of our engagements, please sign below and return one copy to our office. We will require a signed copy of this engagement letter back from you before we begin our work. If you disagree with any of these terms, please notify us immediately.

We want to express our appreciation for this opportunity to work with you.

Very truly yours,  
**BONADIO & CO., LLP**



By: Brett Schrader, CPA  
Partner

Agreed and accepted by:  
Kyle Lovell – City Manager  
City of Oneida

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Signature

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Date

<b>Appendix A: Accounting Responsibilities</b>
Monthly Bank and Credit Card Reconciliations
Budget Amendment requests & processing
Oversee the maintenance of City accounting system and record payments
Accounting on Capital Projects and/or Grants
Administer Debt Service needs (BAN renewals, Debt payments, Bond Resolutions)
Submit vouchers for payment as needed including School & County Tax Collections
Year End Close procedures
1099 Processing
Annual Financial Report Preparation
Assist with Annual Audit
Maintain Library Joint Debt Administration
Month End Chargebacks
Forward Insurance Claims/Notice of Claims
Respond to FOILS as needed
<b>Budget Preparation</b>
Provide Department Heads with historical data and budget documents
Record Department Requested, City Manager and Adopted Budget figures in software
Prepare salary, debt service, tax rate, fund balance and capital project schedules
Prepare budget lines for salaries, workers compensation, retirement, health insurance, Comptroller Dept, debt service, existing leases, IT, General Liability Insurance, Employee Benefits and interfund transfers
Provide City Manager with Department Requested Budget including historical budget data
Record changes to City Manager budget as requested by City Manager
Provide Common Council with City Manager Proposed Budget package
Record changes to proposed budget as provided by the Common Council