

DRESCHER & MALECKI LLP

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January 7, 2025

Honorable Joel Maerten, Supervisor
Town of Pendleton
6570 Campbell Blvd.
Lockport, New York 14094

Dear Supervisor Maerten:

Drescher & Malecki LLP ("D&M", "we", "us" or "our") is pleased to provide the Town of Pendleton, New York (the "Town" or "you") with the professional services described below. This letter, and the attached Terms and Conditions Addendum and any other attachments incorporated herein (collectively, "Agreement"), confirms our understanding of the terms and objectives of our "accounting services" engagement and the nature and limitations of the services we will provide during the Town's fiscal year ending December 31, 2025. This engagement between the Town and our firm will be governed by the terms of this Agreement.

Accounting Services. We will assist with various accounting services and projects of the Town by providing staffing during the 2025 calendar year. Services may include, but are not limited to, those items listed in Exhibit A. Additionally, D&M will be available for technical questions and issues that arise throughout the course of business.

When applicable, we will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARSS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on financial information within our work product.

Our engagement cannot be relied upon to identify or disclose any financial information misstatements relating to our work product, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

Carl A. Widmer is the engagement partner for the accounting services specified in this letter. His responsibilities include supervising D&M's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign any relevant reports. In performing our services, D&M will comply with the AICPA's Code of Professional Conduct, which includes the ethical principles applicable to the services we have agreed to perform.

Town's Responsibility. The Town is responsible for the accuracy and completeness of records, documents, explanations, and other information, including significant judgements, you provide to us for the engagement. The Town will provide us with trial balances and other supporting data needed to perform our procedures. The Town is responsible for adopting sound accounting policies to maintain an

adequate and efficient accounting system to allow for the safeguarding of assets, the proper authorization transactions, retention of adequate supporting documentation for those transactions and the design of a system of effective internal controls.

The Town is responsible to prevent and detect fraud and to ensure that the Town complies with the laws and regulations applicable to its activities. By your signature below, you also acknowledge that the Town is responsible for all management decisions and responsibilities and for designating Joel Maerten, Supervisor, whom you believe has suitable skills, knowledge, and experience to oversee our preparation of the Town's financial information. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Confidentiality. During the course of this engagement we may have access to proprietary information of the Town, including, without limitations, oral and written information and material concerning or pertaining to personnel information, plans and/or projects. We acknowledge that such information, regardless of its form, is confidential and proprietary to the Town, and that we shall not use, copy, or disclose the information in whole or in part in any manner or to any person or entity without the express prior written consent of a duly authorized officer of the Town.

Indemnity. To the extent we are acting on behalf of the Town and at the direction of management, the Town agrees to indemnify us for any damages that may result from our good faith actions.

Fees. The Town will only be billed for actual time worked. The services provided relating to the filing assistance of the 2024 Annual Financial Report to the New York State Comptroller, and the 2026 Budget analysis will be itemized costs of \$7,200 and \$6,775, respectively. All other services will be billed based on the hours of service provided at the following hourly rates during 2025: Partners \$225; Senior Managers \$200; Managers \$175; Seniors \$150; and, Staff \$100.

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Sincerely,

Drescher & Malecki LLP

Accepted and approved by the Town of Pendleton, New York:

Hon. Joel Maerten, Supervisor
Town of Pendleton, New York

January 7, 2025

Drescher & Malecki LLP is available to provide the following accounting services upon request:

1. Provide the Supervisor with anticipated on-site times
2. Communicate to the Town Board significant issues or concerns as necessary
3. Attend Town Board work sessions and board meetings
4. Be available for technical questions and issues that arise throughout the course of business
5. Assist with drafting finance-related resolutions
6. Provide the Town with monthly invoices for work performed
7. Advise the Supervisor and Town Board in fiscal matters
8. Assist with responses to any questions or requests initiated by the New York State Office of the State Comptroller and other regulatory agencies
9. Provide guidance pertaining to maintenance of the Town's general ledger
10. Meet with department managers
11. Coordinate the external audit (as necessary)
12. Policies and procedures:
 - a) Read the current Town processes and prepare narratives/flowcharts of the key accounting processes including accounts payable, payroll, cash receipts, journal entry processing, bank reconciliation performance, budgetary transfers and amendments, issuance and payment of debt, etc. and provide recommendations.
 - b) Meet with management to identify areas of improvement and opportunity
 - c) Work with the Town to initiate a finance department policies and procedures manual
 - d) Provide the Town with recommended accounting practices alternatives
13. Assist in the preparation of bank account reconciliations
 - a) Assist in the preparation of consolidated checking, trust and agency, M&T general savings, M&T water savings, marina merchant, capital projects and accounts payable bank reconciliations.
14. General ledger functions:
 - a) Propose manual journal entries when identified
 - b) Propose and assist in the preparation of budget amendments/transfers
 - c) Compare and reconcile interfund loans and transfers
 - d) Ascertain that the trial balance reflects appropriate month-end balances
 - e) Propose non-routine/complex entries when identified
 - f) Propose year-end closing procedures
 - g) Review vouchers and enter abstracted vouchers into the general ledger
15. Capital projects:
 - a) Assist in the accounting of capital projects, including maintenance of encumbrances, retainage amounts and construction-in-progress
16. Debt:
 - a) Assist with the accounting for the issuance and payment of bonds, bond anticipation notes and leases
 - b) Provide the Town's Fiscal Advisors various accounting information and statistics
17. Budget monitoring:
 - a) Compare actual revenues and expenditures to the adopted budget
 - b) Present actual to budget performance comparison on a quarterly basis to the Town Supervisor
 - c) Meet with department managers as appropriate to analyze operational and financial data and compare to departmental objectives and needs
 - d) Propose budget amendments and transfers to the Town Board
 - e) Draft budget transfer resolutions as requested

EXHIBIT A

18. Budget assistance:
 - a) Consultation and meetings
 - b) Budget preparation
 - c) Budget proof and review
 - d) Tax cap submission assistance
 - e) Fund balance projections
19. Final budget and tax rates:
 - a) Final proof and printing
 - b) Preparation and review
20. Annual independent audit assistance (as necessary):
 - a) Compile information for the annual audit
 - b) Assist in providing auditors with reports and schedules
 - c) Assist with responses to any questions or requests from the auditor
 - d) Follow up on prior years' management letter comments issued by the auditors
21. NYS Annual Financial Report assistance (AFR)
22. Other items:
 - a) Monitor the use of, and adjustment to, the Town's fund balances
 - b) Assist the Town with implementation of Governmental Accounting Standards Board (GASB) statements
 - c) Provide guidance, including relevant financial information and suggestions, to the Town Board in their decisions

Terms and Conditions Addendum**Overview**

This addendum to the engagement letter describes our standard terms and conditions ("Terms and Conditions") related to our provision of services to you. This addendum and the accompanying engagement letter comprise your agreement with us ("Agreement"). If there is any inconsistency between the engagement letter and this Terms and Conditions Addendum, the engagement letter will prevail to the extent of the inconsistency.

For the purposes of this Terms and Conditions Addendum, any reference to "we," "us," or "our" is a reference to Drescher & Malecki LLP, and any reference to "you," or "your" is a reference to the party or parties that have engaged us to provide services. References to "Agreement" mean the engagement letter or other written document describing the scope of services, any other attachments incorporated therein, and this Terms and Conditions Addendum.

Billing and Payment Terms

We will bill you for our professional fees and out-of-pocket costs monthly as work progresses. Payment is due within 30 days of the date on the billing statement.

Electronic Data Communication and Storage

In the interest of facilitating our services to you, we may send data over the Internet, or store electronic data via computer software applications hosted remotely on the Internet or clouds. Your confidential electronic data may be transmitted or stored using these methods. We may use third party service providers to store or transmit this data, such as providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws, regulations, and professional standards. We require our third party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third party service providers during this engagement.

Third Party Service Providers or Subcontractors

In the interest of enhancing our availability to meet your professional service needs while maintaining service quality and timeliness, we may use a third party service provider to assist us in the provision of services to you which may include receipt of your confidential information. This provider has established procedures and controls designed to protect client confidentiality and maintain data security. As the paid provider of professional services, our firm remains responsible for exercising reasonable care in providing such services, and our work product will be subjected to our firm's customary quality control procedures. By accepting the terms and conditions of our engagement, you are providing your consent and allow us to disclose your confidential information to a third party service provider, if such disclosure is necessary to deliver professional service or provide support services to our firm.

Terms and Conditions Addendum**Records Management***Record Retention and Ownership*

We will return all your original records and documents provided to us at the conclusion of the engagement. Your records are the primary records for your operations and comprise the backup and support for your work product. Our copies of your records and documents are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without our prior written consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements.

Our firm destroys workpaper files after a period of seven (7) years. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period as stated in our record retention policy.

Working Paper Access Requests by Regulators and Others

State, federal and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests may also come in the form of peer review, ethics investigations or in the sale of the accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by law or regulation, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate at your own expense to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

Summons or Subpoenas

All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis. If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement and we are not prohibited from doing so by law or regulation, we agree to inform you of such summons or subpoena as soon as practical.

You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate at your sole expense to attempt to limit discovery. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request. If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests. This paragraph will survive termination of this Agreement.

Terms and Conditions Addendum**Disclaimer of Legal and Investment Advice**

Our services under this Agreement do not constitute legal or investment advice. We recommend that you retain legal counsel and investment advisors to provide such advice.

Limitations on Oral and Email Communications

We may discuss with you our views regarding the treatment of certain items or decisions you may face. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may or may not be appropriate to proceed with any decision solely on the basis of any oral or email communication. You accept all responsibility, except to the extent caused by the gross negligence or willful misconduct of Drescher & Malecki LLP, for any loss, cost or expense resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this in a separate engagement letter.

Management Responsibilities

While Drescher & Malecki LLP can provide assistance and recommendations, you are responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge or experience to oversee any services Drescher & Malecki LLP provides. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are ultimately responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

Conflicts of Interest

If we, in our sole discretion, believe a conflict has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product.

Alternative Dispute Resolution

If a dispute arises out of or relates to this engagement letter including the scope of services engagement contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under the Professional Accounting and Related Services Dispute Resolution Rules before resorting to arbitration, litigation, or some other dispute resolution procedure. The mediator will be selected by agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. Any mediator so designated must be acceptable to all parties. The mediation will be conducted in New York State. The mediation will be treated as a settlement discussion and, therefore, will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs

Terms and Conditions Addendum

of any mediation proceedings shall be shared equally by all parties. Any costs for legal representation shall be borne by the hiring party.

Loss Limitation and Indemnification

Drescher & Malecki LLP's liability for all claims, damages, and costs arising from this engagement is limited to three times the total amount of fees paid by you to Drescher & Malecki LLP for services rendered under this agreement.

You agree to indemnify, defend, and hold harmless Drescher & Malecki LLP and any of its partners, principals, shareholders, officers, directors, members, employees, agents or assigns with respect to any and all claims arising from this engagement, regardless of the nature of the claim, and including the negligence of any party, excepting claims arising from the gross negligence or intentional acts of the firm.

Designation of Venue and Jurisdiction

In the event of a dispute, you and we agree that the courts of the state of New York, County of Erie, shall have jurisdiction, and we agree to submit all disputes to the courts of the state of New York, County of Erie or the U.S. District Court for the Western District of New York, which is the proper and most convenient venue for resolution. We also agree that the law of the state of New York shall govern all such disputes.

Proprietary Information

You acknowledge that proprietary information, documents, materials, management techniques and other intellectual property we use are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements and other documents which we make available to you are confidential and proprietary to us. Neither you, nor any of your agents, will copy, electronically store, reproduce or make available to anyone other than your personnel, any such documents. This engagement letter will apply to all materials whether in digital or "hard copy" format.

Statute of Limitations

You agree that any claim arising out of this Agreement shall be commenced within one (1) year of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against Drescher & Malecki LLP.

Termination and Withdrawal

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, your failure to comply with the terms of this engagement letter or as we determine professional standards require.

Terms and Conditions Addendum**Assumption**

All parties acknowledge and agree that the terms and conditions of this agreement will inure to any successor accounting firm by way of a merger or acquisition. As such, all rights and obligations under this engagement letter shall survive and be in force to the fullest extent permitted by law or regulation.

Severability

If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter.

Entire Agreement

This engagement letter, including the Terms and Conditions Addendum and any other attachments, encompasses the entire agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this engagement letter must be made in writing and signed by both parties.

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