

December 15, 2025

City of Oneida
109 North Main Street
Oneida, NY 13421

Bonadio & Co., LLP (Bonadio) is pleased to submit this engagement letter to provide professional consulting services for assistance with the accounting and reporting of GASB 87, *Leases* and GASB 96, *Subscription Based Information Technology Arrangements* for Fiscal Year 2025 for City of Oneida (the "Government"). The proposed scope of services, roles and responsibilities, staffing, timing, and fees associated with this engagement are outlined below.

Overview

It is our understanding that the Government desires to engage Bonadio to provide assistance with the implementation of GASB 87, *Leases* and GASB 96, *Subscription Based Information Technology Arrangements*. These services will be performed for the Government and are meant to provide general information to management in their assessment of the consulting services. Please indicate the accounting standard(s) requested in the attached addendum.

Scope of Services and Roles and Responsibilities

The services under this engagement letter will be performed in accordance with the *Statement on Standards for Consulting Services* (SSCS) issued by the American Institute of Certified Public Accountants (AICPA). Consulting services differ fundamentally from attestation services. In an attest service, the practitioner expresses a conclusion about the reliability of a written assertion that is the responsibility of another party, the assertor. In a consulting service, the practitioner develops the findings, conclusions, and recommendations presented based only on the level of work as determined by the client. The nature, scope and limitations of work is determined solely by the agreement between the practitioner and the client. This work is performed by the practitioner only for the use and benefit of the client. Accordingly, our services will not constitute an audit, compilation, review, or attestation service of the Government's financial statements or any part thereof, as described in the pronouncements on professional standards of the AICPA or Governmental Accounting Standards Board, nor do they include an examination of management's assertions concerning the effectiveness of the Government's internal control systems, its information technology systems and procedures, or an examination of compliance with laws, regulations, or other matters. The specific procedures to be performed that have been approved by management are outlined in the attached addendum.

It will be the Government's responsibility to provide substantive involvement as part of the project team, determine the level of work desired by the consultant and how to proceed relevant to any recommendations or advice provided, and to maintain an adequate system of internal control and information technology system controls and policies and procedures to assure compliance with laws and regulations. We will not be making management decisions.

432 North Franklin Street, #60
Syracuse, NY 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

Bonadio Responsibilities

Bonadio will meet with your chosen personnel regarding the consulting engagement described in the "Overview" paragraph above. This consulting engagement will be approved by the Government's management and executed by us. We will direct, review, supervise, and conduct the day-to-day performance of the consulting services conducted by us. However, we will not perform management functions, make management decisions, or act or give the appearance of acting in a capacity equivalent to a member of the Government's management.

Any written reports issued in connection with this engagement may not be published or used in any other manner without the written consent of Bonadio. We will discuss significant matters that come to our attention with appropriate management representatives in draft form before we issue any final report. This will allow management an opportunity to review these matters in advance and determine whether they wish to engage us to perform extended procedures in response to the identified matters.

The consulting services contemplated within the context of this engagement letter may include the concepts of risk-based testing and sampling. Accordingly, these services would not necessarily include all aspects of your internal control system, nor would they include a detailed examination of all transactions. Therefore, they cannot be relied upon to disclose all errors or fraud that may exist. These services would also not ordinarily address abuses of management discretion.

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.

Government's Responsibilities

The Government is responsible for designating and assigning the appropriate person to be responsible for and direct the consulting services provided by us who possesses suitable skill, knowledge, or experience. This individual would be the primary liaison with Bonadio and be the coordinator for all consulting activities and services. The designated person will work with those charged with governance and management at the Government in determining the scope of our consulting activities. The assigned person will be the primary person responsible for evaluating the findings and results arising from consulting activities. That individual will also be the principal person responsible for all reporting of any consulting outcomes to those charged with governance or management. You agree to assume all management responsibilities for these services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

The Government's management is responsible for establishing and maintaining an effective internal control system. An effective internal control system reduces the likelihood that errors or fraud will occur and remain undetected; however, it does not completely eliminate that possibility. Our work does not guarantee that errors or fraud will not occur and may not detect errors or fraud should they occur. The Government's management will perform periodic reviews to determine, and shall be solely responsible for determining, when, whether, and how the recommendations suggested by Bonadio during the course of this engagement are to be implemented.

Government's Responsibilities (Continued)

The Government will provide reasonable workspace for Bonadio personnel and ensure that the Government's personnel are available, on a reasonable basis, to interact with Bonadio personnel. You will also ensure that all information provided to us is accurate and complete in all material respects, contains no material omissions, and is updated on a prompt and continuous basis. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation of our consulting efforts, (2) additional information that we may request for the purpose of the engagement, and (3) unrestricted access to persons within the organization from whom we determine it necessary to for us to perform our consulting services. You agree to assume all management responsibilities for these services we provide; The Government will advise Bonadio in a timely manner of any specific legal or other requirements concerning the services to be provided by Bonadio.

The Government agrees that Bonadio shall not be requested or required to undertake any task or function that Bonadio determines would impair its independence nor will Bonadio personnel perform any management functions. This engagement will be performed as a point in time engagement and does not make a declaration of assurance for any points not reviewed.

Limitation of Liability

In no event, unless it has been finally determined that Bonadio was grossly negligent or acted willfully or fraudulently, shall Bonadio 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 be liable for any special, consequential, indirect, exemplary, punitive, lost profits or similar damages, even if we have been apprised of the possibility thereof.

Confidential Information

All information shall be provided to Bonadio by the Government. Any information that has been provided orally or in writing by the Government on behalf of the Government or any of employees or clients 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 privileges and as proprietary information belonging to the Government, 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 the Government, the Government's clients or Bonadio's services hereunder, and all data, information, and records of or pertaining to the Government, the Government's employees, and the Government's clients, 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 the Government's 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 the request of the Government or upon the termination of this agreement.

In the event that a subpoena or other legal process in any way concerning the Confidential Information is served on Bonadio, we shall notify the Government immediately upon receipt thereof and shall cooperate with the Government in any legal process to assert that any and all such information is exempt from disclosure as subject to attorney-client privilege.

Confidential Information (Continued)

We may, from time to time and depending on the circumstances, use third-party service providers (including those located outside the United States) 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. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Project Expectations

It is expected that the Government will be the main consulting resource for this project. We understand that this engagement will begin at a mutually acceptable time. Bonadio consultants' inability to access, collect, review, and compare any of the above information may affect our findings and/or our final report and efforts required. Government will provide the needed personnel, data and efforts required for Bonadio to complete this engagement to the best of its ability.

Electronic Communications

In performing services under this engagement, Bonadio and/or the Government may wish to communicate electronically either via facsimile, electronic mail, cloud-based portal or similar methods (collectively, "Electronic Means"). 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 engagement as your consent to use Electronic Means. It is therefore your responsibility to notify Bonadio when/if your employee(s) no longer require access to Electronic Means that are controlled by Bonadio. Such notice may be sent by email to the partner responsible for this engagement at the address noted in the signature section of this engagement. All risks related to your business, including access connected with the use of Electronic Means by you or your employees are borne by you and are not our responsibility. It is therefore your responsibility to notify Bonadio when/if your employee(s) no longer require access to Electronic Means that are controlled by Bonadio.

Indemnification

The Government agrees to indemnify and hold harmless Bonadio 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 relating to such services.

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.

Dispute Resolution (Continued)

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 your 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.

Fees – Check Desired Option

Option 1

Our fees will be a flat rate of \$6,250 which includes our staff time and the costs of the valuation software for each lease or Subscription Based Information Technology Arrangements to be paid in two invoiced installments. Half at the time of signing this engagement letter and half at the time of report issuance.

Option 2

Our fees will be generated as a product of the hours and rates listed below for the applicable levels and costs relating to the use of valuation software for each lease or Subscription Based Information Technology Arrangements as noted below and will be billed monthly.

Level	Hourly Rate
Partner/EVP/Principal	\$475
Manager	\$295
Supervisory Staff	\$215
Staff	\$165

Our professionals will utilize software to value the activity and prepare footnote disclosures. The use of this software greatly reduces the hours needed to prepare the information required for the implementation. In addition, the Government will be annually responsible for a per lease cost of \$65 for each lease or agreement valued under the respective standard for as long as we provide this service to the Government.

The fee is based on anticipated cooperation from you and your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate. 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.

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. This Agreement will be governed by the laws of the State of New York.

Other Provisions (Continued)

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fee. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

If you have any questions regarding the information contained in this proposal or on any other matter, please contact me at tdoyle@bonadio.com or 518-250-7705. If this letter correctly expresses your understanding, please sign the enclosed copy where indicated below and return it to us. We appreciate the opportunity to serve you.

Very truly yours,

BONADIO & CO., LLP



by:
Timothy J. Doyle, CPA
Partner

Accepted and agreed to:

Management signature: _____

Title: _____

Date: _____

Addendum

We will perform the following procedures at City of Oneida.

GASB 87 Leases

Phase 1 – Inventory leases

The cost of this phase is highly dependent on how many leases exist, how complicated each agreement is and how easily a complete list of agreements can be obtained.

- **Completeness** – We will inquire of designated individual if any new agreements need to be added to the prior year lease population, or if there has been any modification to existing leases that need to be revalued. Where applicable, we will obtain all new/modified lessor or lessee agreements from the organization.
- **Determine required inputs** – Our consultants will read the agreements and determine the required inputs necessary for valuation.
- **Compile the data** – We will compile all of the agreements and required inputs into a data file that encompasses the population of all applicable leases.

Phase 2 – Value Inventory

The cost of this phase is highly dependent on how many leases exist.

- **Valuation** – Our consultants will value the leases and agreements using our valuation tools.
- **Aggregate Leases** – Disclosure is required by aggregate lease type. We will compile the lease agreements that have been valued and compile a lease inventory that is aggregated by lease type.

Phase 3 – Develop Accounting for transactions and required financial statement disclosures

- From a lease inventory, we will develop and provide accounting entries required at the fund and/or entity-wide reporting level.
- All required financial statement disclosures will be developed and provided from the underlying lease.

GASB 96, Subscription Based Information Technology Arrangements.

Phase 1 – Inventory Subscription Based Information Technology Arrangements (SBITA)

The cost of this phase is highly dependent on how many arrangements exist, how complicated each agreement is and how easily a complete list of agreements can be obtained.

- **Completeness** – We will inquire of management and staff, identified by management, to determine what agreements should be in place and considered. We will obtain all agreements from the organization.
- **Determine required inputs** – Our consultants will read the agreements and determine the required inputs necessary for valuation.
- **Compile the data** – We will compile all of the agreements and required inputs into a data file that encompasses the population of all applicable leases.

GASB 96, Subscription Based Information Technology Arrangements. (Continued)

Phase 2 – Value Inventory

The cost of this phase is highly dependent on how many arrangements exist.

- Valuation – Our consultants will calculate the agreements using our valuation tools.
- Aggregate Leases – Disclosure is required by aggregate arrangement type. We will compile the agreements that have been valued and compile an inventory that is aggregated by type.

Phase 3 – Develop Accounting for transactions and required financial statement disclosures

- From an inventory, we will develop and provide accounting entries required at the fund and entity wide reporting level.
- All required financial statement disclosures will be developed and provided from the underlying agreements.