



# BAHGAT & LAURITO-BAHGAT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

PROVIDING THE TOOLS FOR FINANCIAL SUCCESS

## Directors

Sham Dean Bahgat, CPA

Louann Laurito-Bahgat, CPA, CFE

Laura L. Napoli, CPA

January 2, 2023

To the Board Members of  
The Town of Arkwright  
Arkwright, NY 14718

We are pleased to confirm our acceptance and understanding of the services we are to provide for The Town of Arkwright for the year ended December 31, 2023.

You have requested that we perform the following services:

1. We will provide you with the following bookkeeping services:
  - Reconcile accounts with bank statements you provide each month. We will not review the cancelled checks or electronic copies of the checks for payees or endorsements.
  - Record credit card activity based on information you provide.
  - Prepare and reconcile your payroll records, payroll tax returns, and payroll tax deposits.
  - Record all income and expenses, deposits, and adjusting entries needed each month.

Our bookkeeping services will cover the year ended December 31, 2023.

2. We will also prepare the annual and monthly Statements of Revenues and Expenditures of the Town of Arkwright in accordance with the modified cash basis of accounting based on information provided by you for the year ended December 31, 2023. In addition, supplementary information will be prepared and presented with the Statements of Revenues and Expenditures – modified cash basis. Such supplementary information is the responsibility of management.

## **Our Responsibilities**

We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) 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, when performing the bookkeeping services and preparing the Statements of Revenues and Expenditures.

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 or provide any assurance on the Statements of Revenues and Expenditures.

Our engagement cannot be relied upon to identify or disclose any financial statement 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, 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.

### **Management Responsibilities**

The financial statement preparation portion of the engagement to be performed is conducted on the basis that you acknowledge and understand that our role is the preparation of the Statements of Revenues and Expenditures in accordance with the modified cash basis of accounting. Management has the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- a. The selection of the modified cash basis of accounting as the financial reporting framework to be applied in the preparation of the Statements of Revenues and Expenditures.
- b. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statements of Revenues and Expenditures – modified cash basis, that are free from material misstatement, whether due to fraud or error.
- c. The prevention and detection of fraud.
- d. To ensure that the Town complies with the laws and regulations applicable to its activities.
- e. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- f. To provide us with:
  - Documentation, and other related information that is relevant to the preparation and presentation of the Statements of Revenues and Expenditures,

- Additional information that may be requested for the purpose of the preparation of the Statements of Revenues and Expenditures,
- Unrestricted access to persons within the Town of whom we determine it necessary to make inquiries.

The Statements of Revenues and Expenditures will not be accompanied by a report. However, you agree that the Statements of Revenues and Expenditures will clearly indicate that no assurance is provided on them.

The supplementary information accompanying the Statements of Revenues and Expenditures is presented for purposes of additional analysis. We will not audit, review, or compile the supplementary information and, accordingly, we will not express an opinion or provide any assurance on such information.

### **Other Relevant Information**

We will also prepare the Annual Financial Report Update Document.

You are responsible for all management decisions and responsibilities, and for designating an individual with suitable skills, knowledge, and experience to oversee our bookkeeping and financial statement preparation. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

You are also responsible to obtain a completed W-9 form from all service vendors paid throughout the year covered by this engagement letter, and submit the completed W-9 forms to us no later than December 31 of that year. We will prepare and timely file 1099 forms based on information provided by you. Accordingly, if you do not provide completed W-9 forms, we will not be responsible for any penalties or interest you incur for noncompliance.

Louann Laurito-Bahgat, CPA is the engagement partner and is responsible for supervising the engagement.

Our fees for these services will be as follows:

- Monthly fee of \$1,000 for bookkeeping
- Annual fee of \$600 for preparation of the Annual Financial Report Update Document
- Annual fee of \$90 for preparation of the PCORI Form 720
- Hourly fee of \$125 for any ARPA related bookkeeping
- Annual minimum fee of \$125 for preparation of 1099 forms and reimbursement for provided postage costs
- Payroll services will be billed on a bi-weekly basis

You may request that we perform additional services not contemplated by this engagement letter. These services may include, but are not limited to, NYS Comptroller audits, requested attendance at any board meeting, and large capital projects. If this occurs, we will communicate with you regarding the scope of the additional services. Our hourly rate for these services is \$145 per hour. We also may 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. Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the terms of our engagement as described in this letter, and our respective responsibilities.

Sincerely,

A handwritten signature in black ink that reads "Bahgat & Laurito-Bahgat, CPAs". The signature is written in a cursive, flowing style.

Bahgat & Laurito-Bahgat  
Certified Public Accountants, P.C.

Acknowledged:  
The Town of Arkwright

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