



VILLAGE OF DOBBS FERRY BOARD OF TRUSTEES
REGULAR MEETING AGENDA

MEETING DATE: January 24, 2023

AGENDA ITEM SECTION: Resolutions

AGENDA ITEM NO. : 3

AGENDA ITEM:

Consider a resolution to allow Village Administrator to sign arrangement letter with BST & Co, CPAs, LLP

ITEM BACKUP DOCUMENTATION:

1. Draft resolution
2. Arrangement Letter dated January 17, 2023

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE VILLAGE OF DOBBS FERRY
AUTHORIZING THE VILLAGE ADMINISTRATOR TO EXECUTE A PROFESSIONAL
SERVICES AGREEMENT WITH BST & CO. CPAs, LLP FOR AUDITING SERVICES FOR
FISCAL YEAR END MAY 31, 2022**

WHEREAS, in accordance with applicable laws, the Board of Trustees has an obligation to provide for the completion of audits for fiscal year end May 31, 2022 for the Village and the Village Justice Court; and

WHEREAS, the Village has now received a proposal for such auditing services by BST & Co. CPAs, LLP and the Board of Trustees desire to move forward with engaging this entity to complete the audits as required by law.

NOW, THEREFORE, BE IT RESOLVED, that, the Village of Dobbs Ferry Board of Trustees hereby authorizes the Village Administrator to execute a professional services agreement with BST & Co. CPAs, LLP, with the address of 26 Computer Drive West, Albany, NY 12205, for audit services in connection with fiscal year ending May 31, 2022 in the amount of \$32,000.00 for the Village and \$3,700.00 for the Village Justice Court; and

BE IT FURTHER RESOLVED, that the professional services agreement shall be subject to review and approval of the Village Attorney and Village Administrator; and

BE IT FURTHER RESOLVED, that this Resolution shall take effect immediately.



January 17, 2023

Richard Leins, Village Administrator
Village of Dobbs Ferry, New York
112 Main Street
Dobbs Ferry, New York 10522

Dear Board Members:

The Objective and Scope of the Audit of the Financial Statements

You have requested that BST & Co. CPAs, LLP (BST, our, us, we) audit the Village, Inc.'s governmental activities, business-type activities, discretely presented component unit, each major fund and aggregate remaining fund information as of and for the year ended May 31, 2022, which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.



The Responsibilities of the Auditor - Continued

We will also communicate to the Board of Trustees: (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit; and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds that you have told us are maintained by the Village and that are to be included as part of our audit are consistent with those included in the audited May 31, 2021 financial statements.

Our report on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards identified above. Our report on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledges and understands that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For report distribution; and
6. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;



The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework - Continued

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Village complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse, or suspected fraud or abuse, affecting the entity received in communications from employees, former employees, analysts, regulators or others.

Management is responsible for the preparation of the supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Trustees is responsible for informing us of its views about the risks of fraud or abuse within the entity, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the entity.

You have informed us that you may issue public debt in the future and that you may include our report on your financial statements in the offering statement. You have further informed us that you do not intend for us to be associated with the proposed offering.

We agree that our association with any proposed offering is not necessary, providing the Village agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The Village agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

BST & Co. CPAs, LLP (BST), our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report. BST also has not performed any procedures relating to this official statement.



The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework - Continued

Because BST will rely on the Village and its management and Board of Trustees to discharge the foregoing responsibilities, the Village holds harmless and releases BST and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Village's management that has caused, in any respect, BST's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

Records and Assistance

If circumstances arise relating to the condition of the Village's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Village's books and records. The Village will determine that all such data, if necessary, will be so reflected. Accordingly, the Village will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Village personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Jeff Chuhta, Treasurer. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Non-Audit Services

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including financial statement preparation assistance. GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Village, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The Village has agreed that Jeff Chuhta, Treasurer possesses suitable skill, knowledge or experience and that the individual understands the financial statement preparation assistance services to be performed sufficiently to oversee them. Accordingly, the management of the Village agrees to the following:

1. The Village has designated Jeff Chuhta, Treasurer as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Jeff Chuhta, Treasurer will assume all management responsibilities for subject matter and scope of the financial statement preparation assistance services;



Non-Audit Services - Continued

3. The Village will evaluate the adequacy and results of the services performed; and
4. The Village accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the Village's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this letter documents that understanding.

Other Relevant Information

BST may mention the Village's name and provide a general description of the engagement in BST's client lists and marketing materials.

In accordance with GAS, a copy of our most recent peer review report is enclosed for your information.

Fees, Costs, and Access to Workpapers

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Village personnel;
2. Timely responses to our inquiries;
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters; and
5. The assumption that unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Our proposed not-to-exceed fees for 2022 and the following four years are as follows:

Service Description	2022	2023	2024	2025	2026
Village Audit	\$28,300	\$28,900	\$29,500	\$30,100	\$30,700
LDC Audit	3,900	4,000	4,100	4,200	4,300
Justice Court Audit	3,700	3,800	3,900	4,000	4,100
Total:	<u>\$35,900</u>	<u>\$36,700</u>	<u>\$37,500</u>	<u>\$38,300</u>	<u>\$39,100</u>



Fees, Costs, and Access to Workpapers - Continued

Mutually agreed upon out-of-scope services will be billed based on actual hours incurred at our standard hourly rates.

Staff	2022 Hourly Rates
Partner	\$310-\$450
Director & Senior Manager	\$215-\$275
Manager	\$165-\$235
Senior Associate (In-Charge)	\$140-\$165
Associate	\$120-\$140
Internal Client Servers	\$115-\$125

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, BST may, at its sole discretion, terminate this arrangement letter without further obligation to the Village. Resumption of audit work following termination may be subject to our client acceptance procedures and, if resumed, will necessitate additional procedures not contemplated in this arrangement letter. Accordingly, the scope, timing and fee arrangement discussed in this arrangement letter will no longer apply. In order for BST to recommence work, a new arrangement letter would need to be mutually agreed upon and executed.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Village agrees it will compensate BST for any additional costs incurred as a result of the Village's employment of a partner or professional employee of BST.

The audit documentation for this engagement is the property of BST and constitutes confidential information.

Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

In the event we are requested or authorized by the Village or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Village, the Village will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of BST. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of BST audit personnel and at a location designated by our firm.



Termination

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Arrangement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Arrangement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Arrangement Letter.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Arrangement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Arrangement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Arrangement Letter will no longer apply. In order for us to recommence work, the execution of a new Arrangement Letter will be required.

We may terminate this Arrangement Letter upon written notice if we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

Indemnification and Claim Resolution

Because BST will rely on the Village and its management and the Board of Trustees to discharge the foregoing responsibilities, the Village holds harmless and releases BST and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Village's management that has caused, in any respect, BST's breach of contract or negligence.

The Village and BST agree that no claim arising out of services rendered pursuant to this arrangement letter shall be filed more than the earlier of two years after the date of the audit report issued by BST or the date of this arrangement letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. BST's liability for all claims, damages and costs of the Village arising from this engagement is limited to the amount of fees paid by the Village to BST for the services rendered under this arrangement letter.

These provisions shall survive the termination of this arrangement for services.



Information Security - Miscellaneous Terms

BST is committed to the safe and confidential treatment of the Village's proprietary information. BST is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Village agrees that it will not provide BST with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of the Village's information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

BST may terminate this relationship immediately in its sole discretion if BST determines that continued performance would result in a violation of law, regulatory requirements, applicable professional standards or BST's client acceptance or retention standards, or if the Village is placed on a verified sanctioned entity list or if any director or executive of, or other person closely associated with, the Village or its affiliates is placed on a verified sanctioned person list, in each case, including but not limited to lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the United Nations Security Council, the European Union or any other relevant sanctioning authority.

If any term or provision of this arrangement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

Reporting

We will issue a written report upon completion of our audit of the Village's financial statements. Our report will be addressed to the Board of Trustees of the Village. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the Village's financial statements, we will also issue the following types of reports:

1. Report on internal control related to the financial statements. This report will describe the scope of testing of internal control and the results of our tests of internal control;
2. Report on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements.

This letter constitutes the complete and exclusive statement of agreement between BST and the Village, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature.



Electronic Signatures and Counterparts - Continued

Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Very truly yours,

BST & Co. CPAs, LLP



Brendan K. Kennedy

BKK/ldb
Enclosure

CONFIRMED ON BEHALF OF VILLAGE OF DOBBS FERRY, NEW YORK.:

Richard Leins, Village Administrator

Date

