

(copy)

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September 10, 2007

Earle C. Reed, Town Supervisor
Town of New Hartford
48 Genesee Street
New Hartford, NY 13413-2397

FOR THE 16 MONTH PERIOD
SEPTEMBER 10, 2007 TO
DECEMBER 31, 2008

Dear Earle:

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature of the services we will provide. We will provide and invoice you for the following consultation services:

- Assistance with the annual budget process.
- Advice and guidance on financing and/or expensing various highway, planning and administrative costs.
- Updating accounting and record-keeping procedures and bookkeeping systems.
- Other accounting and management advisory services as requested by Town Supervisor or Town Board.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. However, we will inform you of any material errors and of any evidence or information that comes to our attention during the performance of our services, that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our services regarding illegal acts that may have occurred, or deficiencies in your internal controls, unless they are clearly inconsequential.

You are responsible for management decisions and functions, and for designating an individual with suitable skills, knowledge, or experience to oversee any bookkeeping services, tax services, or other services we provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

Our fee for these services will be at our standard hourly rates (reduced as noted on our 09-10-2007 e-mail correspondence) plus the cost of telephone calls/conferences, e-mail transmissions, memos, letters, correspondence and any other out-of-pocket costs. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your engagement. Services performed by our CPA/Senior Staff Accountant will be billed @ the rate of \$80.00 per hour and services performed by other staff accountants will be billed @ the rate of \$75.00 per hour. Services performed by the CPA/president of our firm will be billed @ the rate of \$150.00 per hour. Our invoices for these fees will be rendered each month and are payable upon presentation. In the event that you should disagree with or question any amount due under an invoice, you agree that you shall communicate such disagreement to us in writing within (15) working days of the invoice date. Disagreement with any amount not made known to us in writing within that period is considered invalid. We retain the right to discontinue services and at our option, terminate the engagement if the Town of New Hartford's account balance becomes 30 days past due.

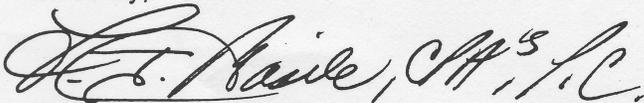
Our fees are based on anticipated cooperation from you and the assumption that unexpected circumstances will not be encountered during this engagement. If you request that we perform additional services not contemplated by this engagement letter, additional time and costs will result. If significant additional time is necessary beyond the normal scope for this engagement, we will explain these charges in detail as they are incurred.

If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not completed the above listed services. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination, including attorney fees expended by our firm with regard to collection for payment from you. The suspension or termination of our work may result in adverse consequences to you including your failure to meet deadlines imposed by governments, lenders or other third parties. You agree that we will not be responsible for your failure to meet such deadlines, or for penalties or interest that may be assessed against you resulting from such failure.

We shall be pleased to discuss this letter with you at any time.

If the foregoing is in accordance with your understanding, please sign this letter in the space provided and return it to us. A copy is provided for your files.

Sincerely,



FRANK J. BASILE, CPA's, P.C.

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Acknowledged and Accepted:
Town of New Hartford

By: 
Mr. Earle C. Reed, Town Supervisor