

Town/Village of Harrison, New York
Report to Those Charged with Governance
December 31, 2022

September 11, 2023

Prepared by

Robert A. Daniele, CPA

Partner

rdaniele@pkfod.com



**KNOW
GREATER
VALUE**

September 11, 2023

The Honorable Supervisor/Mayor and the
Town/Village Board
Town/Village of Harrison, New York
1 Heineman Place
Harrison, New York 10528

We have audited the financial statements of Town/Village of Harrison, New York as of and for the year ended December 31, 2022 and have issued our report thereon dated September 11, 2023.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated December 6, 2021. Professional standards also require that we communicate to you the following information related to our audit.

We are pleased to be of service to you and the Town/Village of Harrison, New York and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the information and use of Those Charged with Governance and management of the Town/Village of Harrison, New York and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP

(This page intentionally left blank)

Contents

Status of the Audit	4
Required Communications and Other Matters.....	5
Internal Control Over Financial Reporting	10
On the Horizon.....	15

Appendices

- 1 - Corrected Misstatements
- 2 - Management Representation Letter
- 3 - About PKF O'Connor Davies, LLP

(This page intentionally left blank)

Status of the Audit

Audit of Financial Statements

- Audit fieldwork is complete.
- The financial statements have been drafted and reviewed by management.
- We have issued an unmodified report on the financial statements.

Required Communications and Other Matters

Required Item	Comments
Auditor's responsibility under professional standards and planned scope and timing of the audit	<p>We have communicated such information in our engagement letter to you dated December 6, 2021. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> • Forming and expressing an opinion on the financial statements. • Obtaining reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG"). • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
Supplementary information accompanying the financial statements	<p>Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town/Village's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.</p>

Required Item	Comments
Required supplementary information accompanying the financial statements	We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.
Other information in documents containing audited financial statements	Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the auditors' report, and we are not required to perform any procedures to determine that such other information is properly stated.
Our responsibilities under the Yellow Book	In connection with our audit we performed tests of the Entity's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.
Our responsibilities under Uniform Guidance (Federal Single Audit)	In accordance with Uniform Guidance, we examined, on a test basis, evidence about the Entity's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget ("OMB") Uniform Guidance Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the Entity's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it does not provide a legal determination on the Entity's compliance with those requirements.

Required Item	Comments
Responsibilities of management and TCWG	<p>Management's responsibilities include:</p> <ul style="list-style-type: none"> • The fair presentation of the financial statements, including the selection of appropriate accounting policies. • Establishing and maintaining effective internal control. • Complying with laws, regulations, grants and contracts. • Providing the auditors with all financial records and related information and a signed representation letter. • Evaluate if there are any conditions or events, considered in the aggregate that raise substantial doubt about the Entity's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter. • Setting the proper tone at the top. • Designing and implementing policies and controls to prevent and detect fraud. <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p>
Qualitative aspects of accounting practices - Accounting Policies	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except for the adoption of the provisions of Governmental Accounting Standards Board Statement No. 87, "Leases".</p> <p>The accounting policies of the Entity conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Entity's reports are based on all applicable GASB pronouncements.</p> <p>We noted no transactions entered into by the Entity during the year for which there is a lack of authoritative guidance or consensus.</p>
Qualitative aspects of accounting practices – Significant Unusual Transactions	<p>No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.</p>

Required Item	Comments
Qualitative aspects of accounting practices - <i>Accounting Estimates and Management's Judgment</i>	<p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.</p> <p>Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town/Village's financial statements were:</p> <ul style="list-style-type: none"> • Actuarial assumptions related to the Other Postemployment Benefit Liability ("OPEB") • Actuarial assumptions and proportionate share calculations related to pension liabilities • Asset lives for depreciable capital assets • Estimates of certain receivable balances and allowances for uncollectible amounts • Estimates for certain operating and long-term liabilities
Qualitative aspects of accounting practices - <i>Financial Statement Disclosures</i>	<p>Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are:</p> <ul style="list-style-type: none"> • Other postemployment benefit liabilities payable • Pension plan information • Outstanding bonded indebtedness • Fund balances <p>The financial statement disclosures are neutral, consistent and clear.</p>
Going Concern	<p>The auditor is required to communicate with TCWG events or conditions that, when considered in the aggregate; indicate a substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.</p> <p>Management has completed their assessment of going concern and has concluded that a going concern uncertainty does not exist.</p>

Required Item	Comments
Significant Risks	<p>We have identified the following significant risks in connection with our audit:</p> <p>Management override of internal controls</p> <p>Improper revenue recognition due to fraud.</p> <p>The audit procedures applied as a result of the aforementioned significant risks were designed to and have reduced the risk of material misstatement to low.</p>
Difficulties encountered in performing the audit	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
Corrected and uncorrected misstatements	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit (including passed adjustments and omitted financial statement disclosures), other than those that we believe are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.</p> <p>In addition, corrected misstatements that were brought to the attention of management as a result of our audit procedures are also included in Appendix 1.</p>
Disagreements with management	<p>For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.</p>
Management representations	<p>We have requested certain representations from management that are included in the management representation letter (see Appendix 2).</p>
Auditor independence	<p>We affirm that PKF O'Connor Davies, LLP is independent with respect to the Entity in accordance with relevant professional standards.</p>
Significant issues discussed with management prior to retention	<p>We generally discuss with management a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the Entity's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town/Village of Harrison, New York (the "Entity") internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion.

Professional standards require that we communicate to you, in writing, all significant deficiencies and/or material weaknesses in internal control that we identify in performing our audit. For this purpose, deficiencies in internal control are categorized as follows:

- A **deficiency in internal control** exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
- A **material weakness** is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.
- A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we share for your consideration on the following pages other observations about the internal control and operations.

This communication is intended solely for the information and use of management and others charged with governance and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

PKF O'Connor Davies, LLP
Harrison, New York
September 11, 2023

Town/Village of Harrison, New York

Control Deficiencies

- **Reconciliation of Accounting Balances**

The Town/Village maintains their accounting records using the current financial resources measurement focus and the modified accrual basis of accounting for its governmental fund financial statements. Revenues are reported in the governmental funds to the extent they are available. Expenditures are recorded when the related liability is incurred except for compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Proprietary funds and internal service funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing and the related cash flows.

During the current year audit, a number of journal entries were prepared and proposed by the auditor and accepted by the auditee so that the books, records and financials statements would be reflective of these accounting transactions and account balances for fair presentation in accordance with accounting principles and standards.

Recommendation

We recommend that the Town/Village continue to apply the criteria of these accounting methods to determine the accounting treatment of transactions and account balances in the accounting records for financial reporting. As far as the Harrison Meadows Country Club, we recommend that a monthly reconciliation between the Town/Village's reports and the vendors financial reports be performed on a timely basis.

- **General Fund - Town**

Outstanding Deposit Accounts

Our audit disclosed that there are several deposit accounts in the General Fund, which have deposits greater than one year old.

Recommendation

We recommend that a thorough review of all deposits recorded on the books and records be undertaken in order to obtain their current status. We have been advised that residents must perform certain tasks before these funds will be returned.

Town/Village of Harrison, New York

Control Deficiencies

- **Special Purpose Fund**

Inactive Accounts

The Special Purpose Fund is used to account for assets held by the Town/Village in accordance with a trust agreement. Our audit disclosed that two trust accounts, entitled "Recreation Downtown Seniors" and "Klingenstein Park" have remained financially inactive, except for interest earnings, for the entire year.

Recommendation

We suggest that the Town/Village analyze the balances and review the purpose of these bequests so that a determination may be made as to the proper disposition of the funds. Should it be determined that these amounts are no longer required to be held in trust, a Board resolution should be approved transferring these funds to the appropriate operating fund.

- **Special Districts Fund - Fire Protection District Fund No. 5**

Deficits place a financial burden upon a municipal entity. They are created either by revenue shortfalls or expenditures in excess of budgetary provisions. The effects of an increasing deficit are varied but their greatest impact will generally be felt on cash flow. The larger the amounts involved, the greater the problems. Revenue enhancements, financial controls and operational changes must be instituted to cure the deficit. The financial statements of the Town/Village reflect an unassigned deficit of \$1,744 in the Fire Protection District Fund No. 5 at December 31, 2022.

Recommendation

We suggest that the Town/Village continue to monitor its operations to ensure that this deficit is reduced or eliminated.

- **Enterprise Fund – Harrison Meadows Country Club**

The operation of the Harrison Meadows Country Club is recorded as a major enterprise fund. Enterprise funds are used to account for activities that are intended to operate as a business would. The financial accounting for enterprise funds is similar to accounting methods used in the private sector. Facility rentals, golf permits, green fees and cart rentals will eventually be the primary revenues sources for operating expenses.

Town/Village of Harrison, New York

Control Deficiencies

- **Enterprise Fund – Harrison Meadows Country Club** *(Continued)*

Operating income, net of operating expenses is a key indicator as to the profitability or cost recovery of the operations of the country club while non-operating revenues and expenses are generally excluded, as they often reflect policy decisions and/or temporary conditions which are immaterial when considering long-term operations. The Harrison Meadows Country Club enterprise fund reflects an operating loss of \$1,818,025 for the fiscal year ended December 31, 2022 and an overall deficit of \$1,206,941.

Deficits place a financial burden upon a municipal entity. They are created either by revenue shortfalls or expenditures in excess of budgetary provisions. The effects of an increasing deficit are varied, but their greatest impact will generally be felt on cash flow. The ability to generate additional revenue sources as well as the effect of more stringent expenditure controls should be examined.

Recommendation

Country clubs and municipal golf courses represent a significant commitment of resources for municipalities that are owned and operated by them. We suggest that financial oversight by both the Town/Village Board and management be continued to make sure that the deficit is eliminated and that a multiyear plan balancing revenues to expenditures be implemented.

- **Capital Assets**

Capital Assets (net of accumulated depreciation) amount to in excess of \$136.0 million in the government-wide Statement of Net Position. In order to reconcile, record and depreciate the Town/Village's capital assets, a system needs to be in place in which capital asset transactions are properly recorded on a timely basis and summarized, including additions, deletions and transfers from construction in progress. The current year additions are a vital component of the GASB Statement No. 34 Statement of Net Position. During our audit, we noted that the Town/Village did maintain a detailed schedule of the balances in capital assets, however we felt that it should be reviewed on a periodic bases and include internal/external inspections to verify existence. Additionally, all capital assets should be evaluated for impairment as a result of significant and unexpected decline in service utility. It has been some time since the Town/Village has had a full appraisal of its capital assets.

Town/Village of Harrison, New York

Control Deficiencies

- **Capital Assets** (*Continued*)

Recommendation

We recommend the Town/Village maintain the capital asset records and continue to reconcile these records to the general ledger on a timely basis, at least quarterly, to ensure the accurate accounting for capital assets. The accounting procedures should include the additions and disposals of property, plant and equipment documented by general ledger account code charged and tag numbers pertaining to location, if possible. Complete information for all capital assets provides excellent control for the safeguarding of these assets, which are material to the Town/Village's financial statements. The assessment and evaluation now can be made regarding the reliability of certain capital assets, the need for replacements as well as insurance coverage. We would also recommend that a full appraisal of the Town/Village's capital assets be performed, and this process could be performed internally over a period of time or externally.

- **Segregation of Duties**

An effective system of internal control provides for the segregation of duties among available personnel, in order to prevent and detect possible errors and/or fraud. Our audit revealed that the payroll clerk whose primary role is to process payroll is also able to add and modify employee information.

Recommendation

We suggest that the Town/Village keep these functions separate. The payroll clerk should not have the ability to add or delete employees, nor modify employee information.

On the Horizon

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (“SBITA”)*

A SBITA is defined as a contract that conveys control of the right to use another party's information technology (“IT”) software, alone or in combination with tangible capital assets (the underlying IT assets), as specific in the contract for a period of time in an exchange or exchange-like transaction. The subscription term not only includes the period during which a government has a noncancellable right to use the asset, but also include periods covered by an option to extend or terminate.

Under this Statement, a government generally should recognize the right-to-use subscription asset as an intangible asset and a corresponding subscription liability. The liability should be recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The liability should be initially measured at the present value of the subscription payments expected to be made during the subscription term. Any future payments should be discounted using the interest rate charged, or if not readily determinable, the government's incremental borrowing rate should be used.

The subscription asset will be measured as the sum of the liability amount, payments made to the vendor prior to commencing the subscription term and any implementation costs, offset by any incentives received from the vendor. The amortization of the subscription asset would then be reported as an outflow of resources over the subscription term.

The Statement does provide an exception for short-term SBITAs, which have maximum contractual terms of 12 months or less, including any option to extend regardless of their probability of being exercised. Any payments for these short-term SBITAs would be recognized as outflows of resources.

Further, the Statement provides for additional disclosure requirements detailing descriptive information about the SBITA, including but not limited to the amount of the subscription asset, accumulated amortization, other payments not included in the measurement liability, principal and interest requirements and any other essential information.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. The provisions of this Statement are **effective for fiscal years beginning after June 15, 2022 (i.e., the Town/Village's financial statements for the year ended December 31, 2023).**

Appendix 1

Corrected Misstatements

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2022

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
General Fund - Town			
Adjusting Journal Entries JE # 3			
To record encumbrances at December 31, 2022.			
521 00 00	LIABILITY / ENCUMBRANCES	320,820.00	
821 00 00	LIABILITY / RESERVE FOR ENCUMBRANCES		319,289.00
909 00 00	EQUITY / FUND BALANCE		1,531.00
Total		320,820.00	320,820.00
Adjusting Journal Entries JE # 6			
To record in General Fund per GASB Statement No. 84.			
203 00 00 AGENCY	CASH / POOLED CASH	8,565,903.00	
380 00 00 AGENCY	ASSET / ACCOUNTS RECEIVABLE	3,120.00	
790 00 00	Liability / Knightsbridge Manor	75,000.00	
811 00 00 AGENCY	LIABILITY / GUARDIAN LIFE INSURANCE	976.00	
302 00 00 AGENCY	LIABILITY / FINES & FORFEITED BAIL		8,827.00
600 00 00 AGENCY	LIABILITY / ACCOUNTS PAYABLE		53,451.00
600 01 00 AGENCY	ACCOUNTS PAYABLE / JOURNAL ENTRIES		77,746.00
614 00 00 AGENCY	LIABILITY / CHASE REWARDS HOLDING ACC		346.00
617 00 00 AGENCY	LIABILITY / FIREWORKS		3,109.00
624 00 00 AGENCY	LIABILITY / Hometown Hero Banners		7,487.00
627 00 00 AGENCY	LIABILITY / POLICE FINGERPRINTING		900.00
690 00 00 AGENCY	LIABILITY / DEFERRED REVENUE		1,306.00
752 00 00 AGENCY	LIABILITY / POLICE DEPT FUNDS		27,933.00
755 00 00 AGENCY	LIABILITY / PLANNING BD ESCROW		68,996.00
761 00 00 AGENCY	LIABILITY / INSPECTION FEE THE MEWS		27,000.00
762 00 00 AGENCY	LIABILITY / SUBDIVINSPECFEE/61BUCKOUT		10,000.00
763 00 00 AGENCY	LIABILITY / StrmWaterInfras.InspFees		945,049.00
767 00 00 AGENCY	LIABILITY / INSPECTION ESCROW SAROSCA		21,028.00
770 00 00 AGENCY	LIABILITY / FRIENDS OF THE OPERA		3,840.00
772 00 00 AGENCY	LIABILITY / Escrow-WoodlandRoadDepost		5,000.00
773 00 00 AGENCY	LIABILITY / HICKPINE/FAIRWAYDR.LC/LIU		66,431.00
775 00 00 AGENCY	LIABILITY / HARRISON HISTORIAL SOC		18,362.00
777 00 00 AGENCY	LIABILITY / StormwaterMtceAgreements		56,500.00
782 00 00 AGENCY	LIABILITY / DONATION POL.EQUIP/K-9		1.00
783 00 00 AGENCY	LIABILITY / 9/11 Memorial MaRiis Park		7,187.00
784 00 00 AGENCY	LIABILITY / MS HARRISON PILOTSECURITY		5,410,927.00
786 00 00 AGENCY	LIABILITY / POL.DONAT.CHIEFS DISCRETN		50,717.00
787 00 00 AGENCY	LIABILITY / ESCROW AVALON BAY/INT.BR		15,373.00
791 00 00 AGENCY	Liability / MS HarrisonFutureBldgFees		962,550.00
812 00 00 AGENCY	LIABILITY / TOWN VILLAGE PENSION		5,077.00
818 00 00 AGENCY	LIABILITY / PERFORMCE/SURTYBND/INLIEU		692,313.00
824 00 00 AGENCY	LIABILITY / FLEX MEDICAL SPENDING		7,013.00
825 00 00 AGENCY	LIABILITY / FLEX DEPENDENT CARE		4,534.00
828 00 00 AGENCY	LIABILITY / KNIGHTSBRIDGEMANOR/DEFAIT		75,000.00
829 00 00 AGENCY	LIABILITY / Insp.Fee Cascino Subdivis		9,600.00
930 00 00 AGENCY	LIABILTY / TREES FOR HARRISON		1,396.00
Total		8,644,999.00	8,644,999.00

Town/Village of Harrison, New York

Material Corrected Misstatements December 31, 2022

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
General Fund - Village			
Adjusting Journal Entries JE # 5			
To adjust deferred tax revenue at December 31, 2022.			
005-0000-010.10-01	REAL PROPERTY TAXES	359,781.00	
005 691 00 00	LIABILITY / DEFERRED TAX REVENUE		359,781.00
Total		359,781.00	359,781.00
Adjusting Journal Entries JE # 12			
To adjust for ARPA funds transferred to Enterprise Fund - Harrison Meadows but unspent at 12.31.2022.			
005 203 00 00	CASH / POOLED CASH	1,534,676.00	
005-0000-040.40-91	MISCELLANEOUS FEDERAL AID	1,534,676.00	
005 688 00 00	LIABILITY / OTHER LIABILITIES		1,534,676.00
005-9501-100.09-19	TRF TO HMCC ENTERPRIS FND		1,534,676.00
Total		3,069,352.00	3,069,352.00
Capital Project Fund			
Adjusting Journal Entries JE # 2			
To reflect Premium on Fire #2 Bond in the DSF with the exception of \$95,000 reflected in Capital Projects fund and used to paydown BAN prior to conversion to Bond			
006-0000-057.27-10	PREMIUM ON SECURITIES	350,629.00	
203 00 00	CASH / POOLED CASH		350,629.00
Total		350,629.00	350,629.00
Adjusting Journal Entries JE # 3			
To move harrison meadow related fixed assets/expenses out of the Capital Payroll Fund and into the Enterprise Fund - Harrison Meadows.			
203 00 00	CASH / POOLED CASH	1,214,957.00	
006-1900-100.98-45	LANDSCAPING/PLANTINGCOSTS		22,973.00
006-1900-100.98-50	CONTRACTOR'S PROJECTCOSTS		743,362.00
006-1900-100.98-70	EQUIPMENT COSTS		448,622.00
Total		1,214,957.00	1,214,957.00
Water Fund			
Adjusting Journal Entries JE # 4			
To accrue, defer and recognize amounts due from WJWW for FYE 2022.			
380 00 00	ASSET / ACCOUNTS RECEIVABLE	2,412,861.00	
012-0000-015.21-41	WJWW DIST. OF EARNINGS		603,215.00
690 00 00	LIABILITY / DEFERRED REVENUE		1,809,646.00
Total		2,412,861.00	2,412,861.00
Fire Protection District No. 1 Fund			
Adjusting Journal Entries JE # 6			
To record LOSAP payment FYE 2022.			
010-9000-100.08-25	LOCALPENSIONFUNDEMPLENFT	103,716.00	
600 01 00	ACCOUNTS PAYABLE / JOURNAL ENTRIES		103,716.00
Total		103,716.00	103,716.00

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2022

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
Fire Protection District No. 1 Fund (Continued)			
Adjusting Journal Entries JE # 7			
To correct opening Fund Balance.			
600 00 00	LIABILITY / ACCOUNTS PAYABLE	6,428.00	
909 00 00	EQUITY / FUND BALANCE	103,525.00	
600 01 00	ACCOUNTS PAYABLE / JOURNAL ENTRIES		109,953.00
Total		109,953.00	109,953.00
LOSAP			
Adjusting Journal Entries JE # 5			
To record prior year activity			
LOSAP 380 00 00	ACCOUNTS RECEIVABLES	214,091.00	
LOSAP 450 00 00	US EQUITIES	343,964.00	
LOSAP 451 00 00	FIXED IN MUTFND	954,342.00	
LOSAP 452 00 00	INTERNATIONAL EQUITIES	273,324.00	
LOSAP 454 00 00	OTHER ASSETS	88,845.00	
LOSAP 462 00 00	SERVICE AWARDS PROGRAM	45,293.00	
LOSAP 600 00 00	ACCOUNTS PAYABLE		3,214.00
LOSAP 899 00 00	RESERVE FOR SERVICE AWARDS		1,916,645.00
Total		1,919,859.00	1,919,859.00
Highway Fund			
Adjusting Journal Entries JE # 6			
To record GASB 84.			
203 00 00 AGENCY	CASH / POOLED CASH	319,500.00	
608 00 00	LIABILITY / STREET OPENINGS		319,500.00
Total		319,500.00	319,500.00
Library Fund			
Adjusting Journal Entries JE # 3			
To move non fiduciary activity to Library Fund.			
203 00 00 AGENCY	CASH / POOLED CASH	69,628.00	
788 00 00	LIABILITY / HARRISON PUBLIC LIB.FUNDS		69,628.00
Total		69,628.00	69,628.00

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2022

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
Debt Service Fund			
Adjusting Journal Entries JE # 1			
To reclass designated for sub years.			
909 00 00	EQUITY / FUND BALANCE	424,085.00	
910 00 00	LIABILITY / DESIGNATED SUB. YEARS EXP		424,085.00
Total		424,085.00	424,085.00
Adjusting Journal Entries JE # 4			
To record due from GF - Town.			
007-0000-9785-100.06-01	(Auditor created) Energy Performance Contract - Principal	162,572.00	
007-0000-9785-100.07-01	(Auditor created) Energy Performance Contract - Interest	30,057.00	
007-0000-050.50-01	TOWN		192,629.00
Total		192,629.00	192,629.00
Adjusting Journal Entries JE # 10			
To record Premium on securities for BAN conversion to Bond Fire#2 in the DSF with the exception of \$95,0000 which was used to paydown Principal.			
203 00 00	CASH / POOLED CASH	350,629.00	
007-0000-057.27-10	PREMIUM ON SECURITIES		350,629.00
Total		350,629.00	350,629.00
Enterprise Fund - Harrison Meadows Country Club			
Adjusting Journal Entries JE # 1			
To post Long Term Bonds payable.			
019-657 00 00	LIABILITY / BONDS PAYABLE	14,855,000.00	
019-629 00 00	LIABILITY / Bonds Payable - Long Term		14,855,000.00
Total		14,855,000.00	14,855,000.00
Adjusting Journal Entries JE # 2			
To record Harrison Meadows activity that was posted to the Capital Projects Fund.			
019-102 00 00	BUILDING & IMPROVEMENTS	69,382.00	
019-102 00 00	BUILDING & IMPROVEMENTS	10,350.00	
019-104 00 00	MACHINERY & EQUIPMENT	437,518.00	
019-104 00 00	MACHINERY & EQUIPMENT	65,231.00	
019-515 00 00	ASSET / CONSTRUCTION IN PROGRESS	593,395.00	
019-515 00 00	ASSET / CONSTRUCTION IN PROGRESS	366,522.00	
019-7030-100.02-40	LANDSCAPING/PLANTINGCOSTS	34,535.00	
019-7030-100.04-07	SPECIAL SERVICE/PROGRAMS	80,127.00	
019-203 00 00	CASH / POOLED CASH		1,214,957.00
019-7030-100.02-50	EQUIPMENT-FIXED ASSETS		65,231.00
019-7030-100.04-07	SPECIAL SERVICE/PROGRAMS		366,522.00
019-7030-100.04-07	SPECIAL SERVICE/PROGRAMS		10,350.00
Total		1,657,060.00	1,657,060.00

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2022

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
Enterprise Fund - Harrison Meadows Country Club (continued)			
Adjusting Journal Entries JE # 3			
To record deferred premium on Board issuance.			
019-0000-057.27-10	PREMIUM ON SECURITIES	960,828.00	
019-694 00 00	DEFERRED CHARGES		960,828.00
Total		960,828.00	960,828.00
Adjusting Journal Entries JE # 4			
To delete 2021 CIP and add it to 2022 Buildings & Improvements.			
019-102 00 00	BUILDING & IMPROVEMENTS	6,415,500.00	
019-515 00 00	ASSET / CONSTRUCTION IN PROGRESS		6,415,500.00
Total		6,415,500.00	6,415,500.00
Adjusting Journal Entries JE # 5			
To record current year depreciation expense.			
019-0000-000.00-00	DEPRECIATION EXPENSE	92,060.00	
019-0000-102.50	BUILDING ACCUMULATED DEPRECIATION		66,922.00
019-0000-104.50	MACHINERY AND EQUIPMENT ACCUMULATED DEPRECIATION		25,138.00
Total		92,060.00	92,060.00
Adjusting Journal Entries JE # 6			
To re-establish due to General Fund - Town.			
019-203 00 00	CASH / POOLED CASH	537,498.00	
019-630 00 01	DUE TO GF TOWN		537,498.00
Total		537,498.00	537,498.00
Adjusting Journal Entries JE # 8			
To record partial equipment purchase as CIP and Not expensed.			
019-515 00 00	ASSET / CONSTRUCTION IN PROGRESS	411,880.00	
019-7030-100.04-07	SPECIAL SERVICE/PROGRAMS		411,880.00
Total		411,880.00	411,880.00
Adjusting Journal Entries JE # 9			
To reflect, re-establish amounts received from General Fund Village for start-up costs - see corresponding AJE No. 9 in the General Fund - Village.			
019-7030-100.04-07	SPECIAL SERVICE/PROGRAMS	137,033.00	
019-630 00 02	Due to General Fund - Village		137,033.00
Total		137,033.00	137,033.00
Adjusting Journal Entries JE # 12			
To adjust revenue transfer in for ARPA funds not spent.			
019-0000-050.50-05	VILLAGE	1,534,676.00	
019-203 00 00	CASH / POOLED CASH		1,534,676.00
Total		1,534,676.00	1,534,676.00

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2022

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
Enterprise Fund - Harrison Meadows Country Club (continued)			
Adjusting Journal Entries JE # 13			
To adjust due to Troon to correct amounts.			
019-630 99 00	DUE TO / TROON/DUE TO OTHER FUNDS/INTERCOMPANY	2,635.00	
019-7030-100.04-07	SPECIAL SERVICE/PROGRAMS	157,729.00	
019-630 99 00	DUE TO / TROON/DUE TO OTHER FUNDS/INTERCOMPANY		157,729.00
019-7030-100.04-07	SPECIAL SERVICE/PROGRAMS		2,635.00
Total		160,364.00	160,364.00
Adjusting Journal Entries JE # 14			
To record golf fund leases (GASB 87).			
019-0000-000.00-00	DEPRECIATION EXPENSE	108,387.00	
019-105 00 00	RIGHT TO USE ASSET - EQUIPMENT	534,050.00	
019-0000-105.50	ACCUMULATED DEPRECIATION - RIGHT TO USE		108,387.00
019-627 00 00	LEASE LIABILITY - LT		285,222.00
019-658 00 00	LEASE LIABILITY - ST		140,345.00
019-7030-100.04-07	SPECIAL SERVICE/PROGRAMS		52,071.00
019-7030-100.44-93	TROON CONTRACTED LEASING		56,412.00
Total		642,437.00	642,437.00
Internal Service Fund			
Adjusting Journal Entries JE # 1			
To adjust liability @12/31/2022 based on Lag accrual.			
50-900008 60	MAJOR MEDICAL	461,000.00	
50-601 00 00	LIABILITY / ACCRUED LIABILITIES		461,000.00
Total		461,000.00	461,000.00

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2022

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
Custodial Fund			
Adjusting Journal Entries JE # 1			
To transfer non fiduciary activity to the Town Fund			
302 00 00	LIABILITY / FINES & FORFEITED BAIL	8,827.00	
600 00 00	LIABILITY / ACCOUNTS PAYABLE	53,451.00	
600 01 00	ACCOUNTS PAYABLE / JOURNAL ENTRIES	77,746.00	
614 00 00	LIABILITY / CHASE REWARDS HOLDING ACC	346.00	
617 00 00	LIABILITY / FIREWORKS	3,109.00	
624 00 00	LIABILITY / Hometown Hero Banners	7,487.00	
627 00 00	LIABILITY / POLICE FINGERPRINTING	900.00	
690 00 00	LIABILITY / DEFERRED REVENUE	1,306.00	
752 00 00	LIABILITY / POLICE DEPT FUNDS	27,933.00	
755 00 00	LIABILITY / PLANNING BD ESCROW	68,996.00	
761 00 00	LIABILITY / INSPECTION FEE THE MEWS	27,000.00	
762 00 00	LIABILITY / SUBDIVINSPECFEE/61BUCKOUT	10,000.00	
763 00 00	LIABILITY / StrmWaterInfras.InspFees	945,049.00	
767 00 00	LIABILITY / INSPECTION ESCROW SAROSCA	21,028.00	
770 00 00	LIABILITY / FRIENDS OF THE OPERA	3,840.00	
772 00 00	LIABILITY / Escrow-WoodlandRoadDepost	5,000.00	
773 00 00	LIABILITY / HICKPINE/FAIRWAYDR.LC/LIU	66,431.00	
775 00 00	LIABILITY / HARRISON HISTORIAL SOC	18,362.00	
777 00 00	LIABILITY / StormwaterMtceAgreements	56,500.00	
782 00 00	LIABILITY / DONATION POL.EQUIP/K-9	1.00	
783 00 00	LIABILITY / 9/11 Memorial MaRiis Park	7,187.00	
784 00 00	LIABILITY / MS HARRISON PILOTSECURITY	5,410,927.00	
786 00 00	LIABILITY / POL.DONAT.CHIEFS DISCRETN	50,717.00	
787 00 00	LIABILITY / ESCROW AVALON BAY/INT.BR	15,373.00	
791 00 00	Liability / MS HarrisonFutureBldgFees	962,550.00	
812 00 00	LIABILITY / TOWN VILLAGE PENSION	5,077.00	
818 00 00	LIABILITY / PERFORMCE/SURTYBND/INLIEU	692,313.00	
824 00 00	LIABILITY / FLEX MEDICAL SPENDING	7,013.00	
825 00 00	LIABILITY / FLEX DEPENDENT CARE	4,534.00	
828 00 00	LIABILITY / KNIGHTSBRIDGEMANOR/DEFALT	75,000.00	
829 00 00	LIABILITY / Insp.Fee Cascino Subdivis	9,600.00	
930 00 00	LIABILTY / TREES FOR HARRISON	1,396.00	
203 00 00	CASH / POOLED CASH		8,565,903.00
380 00 00	ASSET / ACCOUNTS RECEIVABLE		3,120.00
790 00 00	Liability / Knightsbridge Manor		75,000.00
811 00 00	LIABILITY / GUARDIAN LIFE INSURANCE		976.00
Total		8,644,999.00	8,644,999.00

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2022

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
Custodial Fund (continued)			
Adjusting Journal Entries JE # 2			
To move non fiduciary activity to the Highway Fund.			
608 00 00	LIABILITY / STREET OPENINGS	319,500.00	
203 00 00	CASH / POOLED CASH		319,500.00
Total		319,500.00	319,500.00
Adjusting Journal Entries JE # 3			
GASB 84: to move non fiduciary activity to the Library Fund.			
788 00 00	LIABILITY / HARRISON PUBLIC LIB.FUNDS	69,628.00	
203 00 00	CASH / POOLED CASH		69,628.00
Total		69,628.00	69,628.00
Adjusting Journal Entries JE # 4			
To record custodial fund P&L activity.			
599999999	PYMTS OF RPT TO OTHER GOVTS	147,748,410.00	
499999999	RPT COLLECTED FOR OTHER GOVTS		147,748,410.00
Total		147,748,410.00	147,748,410.00
Adjusting Journal Entries JE # 5			
To move Village School Taxes receivable and payable to the Custodial Fund.			
005 290 00 00	CURRENT SCHOOL TAXES FROM VILLAGE	44,452,506.00	
203 00 00	CASH / POOLED CASH	10,775,303.00	
005 646 00 00	SCHOOL TAXES FROM VILLAGE		55,227,809.00
Total		55,227,809.00	55,227,809.00

Appendix 2

Management Representation Letter



TOWN OF HARRISON
ALFRED F. SULLA, JR. MUNICIPAL BUILDING
1 HEINEMAN PLACE
HARRISON, NEW YORK 10528

Telephone 914-670-3081
Fax 914-835-2759



September 11, 2023

PKF O'Connor Davies, LLP
500 Mamaroneck Avenue Suite 301
Harrison, New York 10528

This representation letter is provided in connection with your audit of the basic financial statements of Town/Village of Harrison, New York, which comprise the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, (having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves) as of the date of this letter, the following representations made to you during your audit.

Our Responsibilities

- 1) We acknowledge that we have fulfilled our responsibilities as set forth in the terms of the engagement letter dated December 6, 2021 for:
 - a) The preparation and fair presentation of the financial statements in accordance with US GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity. The combining and individual fund financial statements have been prepared and presented in conformity with the accounting principles used to prepare the basic financial statements.
 - b) 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; and
 - c) The design, implementation, and maintenance of internal control to prevent and detect fraud.
- 2) We understand that the term "fraud" refers to intentional acts by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements. Two types of intentional misstatements are relevant to your audit – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in

financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets.

- 3) In regard to the financial statement preparation non-attest services performed by you, we have:
 - a) Assumed all management responsibilities.
 - b) Designated individuals within senior management, who have suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the result of the services.
- 4) We are further responsible for reviewing, accepting and processing the standard, adjusting, or correcting journal entries that you proposed during the course of your engagement. We confirm that we designated a suitably qualified individual who understands the nature and impact of the proposed entries to the financial statements, and we accept responsibility for the proposed entries that we authorized and processed.
- 5) We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules in accordance with US GAAP, and we believe the combining and individual fund financial statements, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the combining and individual fund financial statements and schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Financial Statements

- 6) The financial statements referred to above are fairly presented in conformity with US GAAP and include all disclosures necessary for such fair presentation. In that connection, we specifically confirm that:
 - a) The Town/Village's accounting policies, and the practices and methods followed in applying them, are appropriate and are as disclosed in the financial statements.
 - b) There have been no changes during the period audited in the Town/Village's accounting policies and practices.
 - c) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal award.
- 7) Significant assumptions we used in making accounting estimates are reasonable.
- 8) The following, where they exist, have been appropriately disclosed to you and accounted for and/or disclosed in the financial statements in accordance with the requirements of US GAAP:
 - a) The identity of all related parties and related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the Town/Village is contingently liable, if any.
 - c) The effects of all known actual, possible, pending or threatened litigation, claims and assessments.
- 9) We have evaluated events subsequent to the date of the financial statements through the date of this letter, and no events have occurred which would require adjustment or disclosure in the financial statements. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

- 10) We are in agreement with the adjusting journal entries you have prepared and they have been posted to the Town/Village accounts.

Information Provided

- 11) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if applicable.
 - c) Additional information that you have requested from us for the purpose of the audit.
 - d) Unrestricted access to persons within the Town/Village from whom you determined it necessary to obtain audit evidence.
 - e) Completeness and availability of all minutes of the meetings of the Town/Village Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - f) All significant contracts and agreements.
 - g) All documents and records provided electronically are accurate and complete reproductions of the original documents and records.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Based on our assessment, we did not identify any fraud risks that we believe would result in a material misstatement of the financial statements.
- 13) There are no deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Town/Village's ability to initiate, authorize, record, process, and report financial data reliably in accordance with US GAAP.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Town/Village and involves:
- a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Town/Village's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

Hosting Services

- 17) We acknowledge that electronic portals used during the audit are only a method of transferring data and the data may be deleted by you at any time.
- 18) We are responsible for maintaining our financial and non-financial information, licensing and hosting of any applications, and downloading and retaining anything you uploaded to such portal in a timely manner.

Government—specific

- 19) We have made available to you all financial records and related data.

- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 22) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 23) The Town/Village has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balance or net position.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial statements.
- 26) There are no violations or possible violations of budget ordinances/resolutions, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) Westchester Joint Water Works ("WJWW"), a joint venture of the Town/Village as reported in Note 4C, is currently being fined by the New York State Health Department for not meeting a Supreme Court of the State of New York ruling requiring the construction of a filtration plant by December 3, 2008. These fines amount to \$69,686,250 as of December 31, 2022 and continue to accrue at \$13,750 a day. The Town/Village's share of these fines is approximately 54.4 % of the total. Management of the WJWW has indicated that the State is holding in abeyance the imposition of these fines although they continue to be accrued by the WJWW. The Town/Village has not accrued their share in the Special District Fund – Water District as the expectation of management is that the fines will be suspended or replaced with a negotiated settlement as the WJWW signed an intermunicipal agreement with the County of Westchester, New York for a filtration plant alternative.
- 28) The Town/Village of Harrison retains a demand note receivable as of December 31, 2022 from the Harrison Parking Authority, a component unit of the Town/Village, for \$296,838 with interest at 4%. Since collectability is not assured within the next operating cycle, the funds have been classified as nonspendable fund balance – long term receivables. Such amounts will not be collected in sufficient time to use the funds to satisfy liabilities of the current period. These funds are not "available" for appropriation or expenditure even though the amounts are a component of current assets.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably with senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services We have reviewed, approved, and accepted responsibility for those financial statements and disclosures. We also understand that as part of your audit, you prepared various adjusting

journal entries, both on the fund and entity-wide level, and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.

- 31) The Town/Village has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The Town/Village has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 34) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 35) The financial statements include all fiduciary activities required by GASB Statement No.84.
- 36) The financial statements properly classify all funds and activities in accordance with GASB Statement No.34, as amended.
- 37) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 38) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 39) Investments, land and other held real estate held endowments are properly valued.
- 40) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 41) Provisions for uncollectible receivables have been properly identified and recorded.
- 42) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 43) We agree with the findings of specialists in evaluating the other postemployment benefit obligation and any other specialists utilized and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 44) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 45) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 46) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 47) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 48) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 49) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded, if applicable.

- 50) We have appropriately disclosed the Town/Village's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 51) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 52) Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.
- 53) Lease agreements have been appropriately accounted for and disclosed in accordance with the requirements of GASB Statement No. 87, "Leases". The Town made available all relevant information related to its leases.
- 54) With respect to federal award programs:
- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - d) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
 - e) We are responsible for establishing, designing, implementing and maintaining, and have established, designed, implemented and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
 - f) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
 - g) We have received no requests from a federal agency to audit one or more specific programs as a major program.

- h) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement* (including its Addendum), relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- i) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- j) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- k) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, Subpart E).
- l) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- m) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- o) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- p) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.
- q) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- r) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s) We have charged costs to federal awards in accordance with applicable cost principles.
- t) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- u) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

Signature: _____



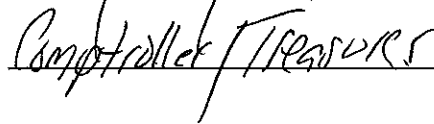
Signature: _____



Title: _____



Title: _____



(This page intentionally left blank)

Appendix 3

About PKF O'Connor Davies, LLP



Founded in 1891, PKF O'Connor Davies has evolved from a regional accounting firm to an emerging national leader with more than 1,500 professionals and 18 offices in the U.S. Our team of top-notch professional delivers a complete range of audit, tax and advisory services to a diverse and growing global client base. By bringing together a boutique firm culture with big-firm resources, we have a unique ability to connect with clients on a deeper level and create value where others can't.

REGIONAL CONNECTIONS BACKED BY GLOBAL EXPERTISE

We are the lead North American firm in the PKF International network of independent accounting and advisory firms with offices in over 400 cities, in 150 countries around the world. It's a relationship that delivers unmatched access to global expertise and strengthens our ability to serve clients anywhere in the world as their needs and their businesses continue to evolve.

PROACTIVE SERVICE MODEL, ENGAGED PARTNER BASE

With a proven, proactive service model and an engaged Partner base, PKF O'Connor Davies has built long-lasting, valuable relationships with our clients.

Our Partners are actively involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. The Firm's seasoned professional staff members employ a team approach to all engagements, providing clients with the utmost quality and timely services aimed at helping them succeed.

KNOW GREATER VALUE

Our unwavering focus on value has consistently driven growth and delivered strong outcomes for our clients and our Firm. PKF O'Connor Davies currently ranks 25th on *Accounting Today's* 2023 "Top 100 Firms" list and continually gains acclaim as one of the country's fastest-growing firms. With more professionals, in more places every day, our teams are on the ground, at the ready and in the know. As the world changes, PKF O'Connor Davies clients will always **Know Greater Value.**

INDUSTRY RECOGNITION

Ranked 25 of "2023's Top 100 Firms"
Accounting Today, 2023

"America's Best Tax and Accounting Firms"
Forbes, 2023

"Top Tax Firm"
Accounting Today, 2023

Ranked 5 of the "Top Firms in the Mid-Atlantic"
Accounting Today, 2023

"Best Places to Work in Westchester"
914INC., 2023

Ranked 10 of the 50 "Best Accounting Employers to Work for in North America"
Vault, 2024

Ranked #1 in Three Diversity Categories
Vault, 2024

"Accounting/Due Diligence Firm of the Year"
The M&A Advisor, 2022

"Best Accountancy Advisor"
Family Wealth Report Awards, 2022

"Best Family Office Management Consultancy"
Family Wealth Report Awards, 2022

"Best Accounting Firm in Westchester"
914INC., 2022

"Best Places to Work in New Jersey"
NJBIZ, 2022

KNOW GREATER VALUE®

At PKF O'Connor Davies we maintain a relentless commitment to understanding each client's operations and financial history so we can uncover every challenge, help meet every objective and exceed expectations. Through our unwavering client focus we create deeper connections, delivering tailored support and expertise that drive real-world value.



ACCOUNTING AND ASSURANCE SERVICES

- Accounting Outsourcing
- Agreed-Upon Procedures (AUPs)
- Audits, Reviews and Compilations
- Elite Accounting Services
- Employee Benefit Plans
- Endowment Fund Accounting
- International Financial Reporting Standards (IFRS)
- IT Audit and Cybersecurity Reviews
- Peer Review
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits and Compliance



ADMINISTRATION SERVICES

- Fund Administration Services
- Outsourced CFO Services
- Outsourced Portfolio Company Accounting



ADVISORY SERVICES

- Bankruptcy and Restructuring
- Cybersecurity and Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- ESG, Sustainability and Impact Optimization
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Management Consulting Services
- Matrimonial Services
- Operational and Cost Effectiveness
- PPP Loan Forgiveness Services
- Private Client/Business Owner Services
- Recruiting and Human Resources Consulting
- Risk Advisory Services
- Strategy and Transformation
- System Organization Control (SOC) Reports
- Transaction and Financial Advisory Services
- Virtual Chief Information Security Officer Services (vCISO)
- Wealth Services
- Services Offered by PKF Clear Thinking – Turnaround Advisory, Performance Improvement and Creditors' Rights



FAMILY OFFICE SERVICES

- Accounting and Reporting
- Advisory
- Charitable Giving
- Family Advisory Services
- Investment Monitoring and Oversight
- Lifestyle Support
- Personal Financial Management
- Tax Planning
- Wealth Planning



INTERNATIONAL SERVICES

- China Desk
- General Data Protection Regulation (GDPR)
- German Desk
- Latin America Desk
- Transfer Pricing



INVESTMENT BANKING SERVICES

- Acquisition Advisory
- Exit Readiness and Transaction Planning
- Sell-Side Advisory



TAX COMPLIANCE AND PLANNING SERVICES

- Employee Benefit Planning and Tax Compliance
- International Tax Services
- IRS Representation and Tax Controversies
- Personal Financial Planning
- Private Client/Business Owner Services
- Private Foundation Services
- State and Local Tax (SALT)
- Tax Compliance and Reporting
- Tax Research and Strategic Planning
- Tax-Exempt Organizations
- Trust and Estate Planning

"PKF O'Connor Davies" is the brand name under which PKF O'Connor Davies LLP and PKF O'Connor Davies Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. PKF O'Connor Davies LLP is a licensed CPA firm that provides attest services and PKF O'Connor Davies Advisory LLC and its subsidiary entities provide tax and advisory services. PKF O'Connor Davies is a member of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.



pkfod.com