

Town/Village of Harrison, New York
Report to Those Charged with Governance
December 31, 2021

July 8, 2022

Prepared by

Robert A. Daniele, CPA

Partner

rdaniele@pkfod.com



**KNOW
GREATER
VALUE**

July 8, 2022

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, 2021 and have issued our report thereon dated July 8, 2022.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, 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 - Management Representation Letter
- 2 - Corrected Misstatements
- 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. |
| Required supplementary information accompanying the financial statements | <p>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.</p> |
| Other information in documents containing audited financial statements | <p>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.</p> |

| 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.</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 Post Employment 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 apply as a result of the aforementioned significant risk were designed to and have used 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.</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 2.</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 1).</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> |

| Required Item | Comments |
|--|--|
| 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
July 8, 2022

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. Additionally, our audit identified discrepancies between the Harrison Meadows Country Club vendor's monthly reports and the Town/Village's general ledger balances.

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 two deposit accounts in the General Fund listed below, which have deposits greater than one year old.

| | |
|-----------------------------------|-----------|
| ▪ Storm Water Inspect Fees | \$630,416 |
| ▪ Performance/Surety Bond/In Lieu | 639,179 |

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 three trust accounts, entitled "Recreation Downtown Seniors", "Klingenstein Park", and "Veterans Honor Roll" 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 \$1,639 in the Fire Protection District Fund No. 5 at December 31, 2021.

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. Current year expenses have required cash funding from the General Fund.

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 \$690,195 for the fiscal year ended December 31, 2021 and an overall deficit of \$485,032.

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. While the operations of the Harrison Meadows Country Club will effectively begin in 2022, 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 \$126.7 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.

On the Horizon

GASB Statement No. 87 – *Leases*

Potentially pervasive changes are coming to lease accounting. Under the provisions of GASB Statement No. 87, nearly every lease will be considered a capital lease. While local governments and school districts would most likely be lessees in these kinds of transactions, some might also be involved in transactions where they are the lessor of these assets.

Under this standard, lessees will now be required to recognize in their entity-wide Statement of Net Position a lease liability and an intangible right-to-use lease asset when the lease begins. The intangible asset will be similar to other capital assets by requiring amortization over the life of the lease term, similar to depreciation of tangible capital assets. Also similar to other capital assets, leases will need to be assessed for impairment.

Lessors will do the opposite. Lessors will recognize a lease receivable and a deferred inflow of resources at the start of a lease. The receivable will be reduced and revenue recognized as lease payments are received each year. The lessor will continue to report the capital asset on its own Statement of Net Position.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. GASB Statement No. 95 postponed by eighteen months the effective date of this statement. Accordingly, the provisions of this Statement are **effective for fiscal years beginning after June 15, 2021 (i.e., the Town/Village's financial statements for the year ended December, 2022).**

Appendix 1

Management Representation Letter



**TOWN OF HARRISON
VILLAGE OF HARRISON**

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



Telephone: (914) 670-3081
Fax: (914) 835-2759

MAUREEN MacKENZIE
Comptroller • Treasurer
July 8, 2022

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, 2021, 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) 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.
- 4) 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.
- 5) 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.
- 6) Significant assumptions we used in making accounting estimates are reasonable.
- 7) 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.
- 8) 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.
- 9) The Town/Village has disclosed a contingency note to describe the effects of COVID-19 on the Town/Village's finances and operations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the Town/Village's future financial position at this time. The management of the Town/Village does not believe that the effects of COVID-19 will affect the Town/Village's ability to operate as a going concern.
- 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 we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including 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 \$59,648,750 as of December 31, 2021 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, 2021 from the Harrison Parking Authority, a component unit of the Town/Village, for \$429,859 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) The Town/Village has implemented Phase I and Phase II of GASB Statement No. 73 regarding its Fire Length of Service Awards Program ("LOSAP") reporting such assets within the fund financing

the LOSAP program, the Fire Special District Fund with an offsetting restriction of the fund balance. The use of a pension Trust Fund has been eliminated. Currently, there has been no substantive changes to the current note disclosure and required supplementary information.

- 51) 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.
- 52) 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.
- 53) 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.
- 54) We have not completed the process of evaluating the impact that will result from adopting the provisions of Government Accounting Standards Board ("GASB") Statement No. 87 "Leases", as discussed in Note 5. The Town/Village is therefore unable to disclose the impact that adopting GASB Statement No. 87 will have on its financial position and the results of its operations when the Statement is adopted.
- 55) Expenditures of federal awards were below the \$750,000 threshold for the year ended December 31, 2021, and we were not required to have an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards* ("Uniform Guidance").

Signature: Richard D. Dineen

Signature: [Handwritten Signature]

Title: Supervisor/Mayor

Title: Assistant Treasurer

Appendix 2

Corrected Misstatements

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2021

| ACCOUNT | DESCRIPTION | DEBIT | CREDIT |
|---|--|---------------------|---------------------|
| General Fund - Town | | | |
| Adjusting Journal Entries JE # 3 | | | |
| To book encumbrances | | | |
| 521 00 00 | LIABILITY / ENCUMBRANCES | 231,552.00 | |
| 821 00 00 | LIABILITY / RESERVE FOR ENCUMBRANCES | | 231,552.00 |
| Total | | 231,552.00 | 231,552.00 |
| Adjusting Journal Entries JE # 6 | | | |
| To record liability accounts based on the implementation of GASB Statement No. 84 | | | |
| 203 00 00 AGENCY | CASH / POOLED CASH | 2,241,758.00 | |
| 380 00 00 AGENCY | ASSET / ACCOUNTS RECEIVABLE | 1,739.00 | |
| 790 00 00 | Liability / Knightsbridge Manor | 75,000.00 | |
| 811 00 00 AGENCY | LIABILITY / GUARDIAN LIFE INSURANCE | 726.00 | |
| 302 00 00 AGENCY | LIABILITY / FINES & FORFEITED BAIL | | 8,827.00 |
| 600 00 00 AGENCY | LIABILITY / ACCOUNTS PAYABLE | | 21,820.00 |
| 600 01 00 AGENCY | ACCOUNTS PAYABLE / JOURNAL ENTRIES | | 60,873.00 |
| 614 00 00 AGENCY | LIABILITY / CHASE REWARDS HOLDING ACC | | 976.00 |
| 617 00 00 AGENCY | LIABILITY / FIREWORKS | | 5,109.00 |
| 627 00 00 AGENCY | LIABILITY / POLICE FINGERPRINTING | | 350.00 |
| 752 00 00 AGENCY | LIABILITY / POLICE DEPT FUNDS | | 18,963.00 |
| 755 00 00 AGENCY | LIABILITY / PLANNING BD ESCROW | | 67,043.00 |
| 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 | | 997,879.00 |
| 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 | | 7,186.00 |
| 786 00 00 AGENCY | LIABILITY / POL.DONAT.CHIEFS DISCRETN | | 40,207.00 |
| 787 00 00 AGENCY | LIABILITY / ESCROW AVALON BAY/INT.BR | | 15,016.00 |
| 812 00 00 AGENCY | LIABILITY / TOWN VILLAGE PENSION | | 3,816.00 |
| 818 00 00 AGENCY | LIABILITY / PERFORMCE/SURTYBND/INLIEU | | 764,810.00 |
| 824 00 00 AGENCY | LIABILITY / FLEX MEDICAL SPENDING | | 8,504.00 |
| 825 00 00 AGENCY | LIABILITY / FLEX DEPENDENT CARE | | 3,686.00 |
| 828 00 00 AGENCY | LIABILITY / KNIGHTSBRIDGEMANOR/DEFAULT | | 75,000.00 |
| 829 00 00 AGENCY | LIABILITY / Insp.Fee Cascino Subdivis | | 9,600.00 |
| 930 00 00 AGENCY | LIABILT / TREES FOR HARRISON | | 1,396.00 |
| Total | | 2,319,223.00 | 2,319,223.00 |

Town/Village of Harrison, New York

**Material Corrected Misstatements
December 31, 2021**

| ACCOUNT | DESCRIPTION | DEBIT | CREDIT |
|---|-------------------------------|---------------------|---------------------|
| General Fund - Town (Continued) | | | |
| Adjusting Journal Entries JE # 8 | | | |
| Client Entry: Year end entry to adjust medical expenses | | | |
| 203 00 00 | CASH / POOLED CASH | 549,428.00 | |
| 001-3120-100.08-60 | MAJOR MEDICAL | | 323,506.00 |
| 001-9000-100.08-60 | MAJOR MEDICAL | | 225,922.00 |
| Total | | 549,428.00 | 549,428.00 |
| Adjusting Journal Entries JE # 14 | | | |
| To set up a deposit for down payment on property which closed in 2022 | | | |
| 490 00 00 | Deposits | 72,500.00 | |
| 001-1900-100.44-76 | PURCHASE OF PROPERTY | | 72,500.00 |
| Total | | 72,500.00 | 72,500.00 |
| Country Club - Enterprise Fund | | | |
| Adjusting Journal Entries JE # 16 | | | |
| To record due from Harrison Meadows CC for expenditures paid out of the General Fund. Harrison Meadows to reimburse the General Fund. | | | |
| 391 00 19 | DUE FROM HARRISON MEADOWS | 537,498.00 | |
| 203 00 00 | CASH / POOLED CASH | | 537,498.00 |
| Total | | 537,498.00 | 537,498.00 |
| Adjusting Journal Entries JE # 17 | | | |
| To transfer American Rescue Plan Act ("ARPA") revenues to Village Fund | | | |
| 688 00 00 | LIABILITY / OTHER LIABILITIES | 1,484,252.00 | |
| 203 00 00 | CASH / POOLED CASH | | 1,484,252.00 |
| Total | | 1,484,252.00 | 1,484,252.00 |

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2021

| ACCOUNT | DESCRIPTION | DEBIT | CREDIT |
|---|---|---------------------|---------------------|
| General Fund - Village | | | |
| Adjusting Journal Entries JE # 7 | | | |
| To adjust deferred tax revenue at 12/31/2021. | | | |
| 005 691 00 00 | LIABILITY / DEFERRED TAX REVENUE | 123,744.00 | |
| 005-0000-010.10-01 | REAL PROPERTY TAXES | | 123,744.00 |
| Total | | 123,744.00 | 123,744.00 |
| Adjusting Journal Entries JE # 12 | | | |
| Client Entry to adjust medical expenses based on analysis in Health Fund. | | | |
| 005 203 00 00 | CASH / POOLED CASH | 101,949.00 | |
| 005-9000-100.08-60 | MAJOR MEDICAL | | 101,949.00 |
| Total | | 101,949.00 | 101,949.00 |
| Adjusting Journal Entries JE # 13 | | | |
| To move water arrears from General Fund - Town to Water Fund. | | | |
| 005 275 00 00 | SUSPENSE ACCOUNT / SUSPENSE A/C | 124,362.00 | |
| 005 203 00 00 | CASH / POOLED CASH | | 124,362.00 |
| Total | | 124,362.00 | 124,362.00 |
| Adjusting Journal Entries JE # 14 | | | |
| Client Entry: To reclass exemptions for Due to Schools that were booked to the incorrect account. | | | |
| 005 646 00 00 | LIABILITY / SCHOOL TAXES | 75,718.00 | |
| 005 646 01 00 | SCHOOL TAXES / EXEMPTION VOIDS - SCHOOL | | 75,718.00 |
| Total | | 75,718.00 | 75,718.00 |
| Adjusting Journal Entries JE # 17 | | | |
| To reclass between bonds issued and premium on bonds issued for tax certiorari. | | | |
| 005-0000-057.57-10 | PROCEEDS FROM SERIAL BDS | 45,837.00 | |
| -0000-057.27.10 | Premium on Obligations | | 45,837.00 |
| Total | | 45,837.00 | 45,837.00 |
| Adjusting Journal Entries JE # 18 | | | |
| To adjust for \$46,640 of debt service that was booked incorrectly between the Water Fund and the General Fund - Village. | | | |
| 005-9501-100.09-07 | TRANSFER TO DEBT SERVICE | 46,640.00 | |
| 005 203 00 00 | CASH / POOLED CASH | | 46,640.00 |
| Total | | 46,640.00 | 46,640.00 |
| Adjusting Journal Entries JE # 19 | | | |
| To record the ARPA funds originally recorded in the General Fund - Town. | | | |
| 005 203 00 00 | CASH / POOLED CASH | 1,484,252.00 | |
| 005 688 00 00 | LIABILITY / OTHER LIABILITIES ARPA | | 1,484,252.00 |
| Total | | 1,484,252.00 | 1,484,252.00 |

Town/Village of Harrison, New York

**Material Corrected Misstatements
December 31, 2021**

| ACCOUNT | DESCRIPTION | DEBIT | CREDIT |
|--|--------------------------------------|----------------------|----------------------|
| Capital Project Fund | | | |
| Adjusting Journal Entries JE # 1 | | | |
| To move ban payable liability to the appropriate fund (the new Harrison Meadows Golf Club - Enterprise Fund. | | | |
| 626 00 00 | LIABILITY / BANS PAYABLE | 15,650,000.00 | |
| 203 00 00 | CASH / POOLED CASH | | 15,650,000.00 |
| Total | | 15,650,000.00 | 15,650,000.00 |
| Adjusting Journal Entries JE # 2 | | | |
| To record Harrison Meadows Country Club - Enterprise Fund expenses in the appropriate fund. | | | |
| 203 00 00 | CASH / POOLED CASH | 13,704,770.00 | |
| 006-1900-100.42-01 | PURCHASE OF LAND/PROPERTY | | 13,650,000.00 |
| 006-1900-100.98-05 | BONDING COSTS | | 18,273.00 |
| 006-1900-100.98-10 | ADVERTISING COSTS | | 1,494.00 |
| 006-1900-100.98-50 | CONTRACTOR'S PROJECTCOSTS | | 4,937.00 |
| 006-1900-100.98-95 | MISCELLANEOUS COSTS | | 66.00 |
| 006-9501-100.09-01 | TRANSFER TO TOWN | | 30,000.00 |
| Total | | 13,704,770.00 | 13,704,770.00 |
| Adjusting Journal Entries JE # 3 | | | |
| To record premium for projects from the 2021 Bond issued | | | |
| 203 00 00 | CASH / POOLED CASH | 1,719,434.00 | |
| 006-0000-057.27-10 | PREMIUM ON SECURITIES | | 1,719,434.00 |
| Total | | 1,719,434.00 | 1,719,434.00 |
| Water Fund | | | |
| Adjusting Journal Entries JE # 3 | | | |
| CLIENT ENTRY - To remove monies from Village Suspense Account and move to Fund 12 Water | | | |
| 203 00 00 | CASH / POOLED CASH | 124,362.00 | |
| 012-0000-015.21-41 | WJWW DIST. OF EARNINGS | | 124,362.00 |
| Total | | 124,362.00 | 124,362.00 |
| Adjusting Journal Entries JE # 4 | | | |
| To book CY Encumbrances | | | |
| 521 00 00 | LIABILITY / ENCUMBRANCES | 40,000.00 | |
| 821 00 00 | LIABILITY / RESERVE FOR ENCUMBRANCES | | 40,000.00 |
| Total | | 40,000.00 | 40,000.00 |

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2021

| ACCOUNT | DESCRIPTION | DEBIT | CREDIT |
|--|--------------------------------------|-------------------|-------------------|
| Water Fund (Continued) | | | |
| Adjusting Journal Entries JE # 5 | | | |
| To accrue 4 quarters for 2021 due from WJWW and defer April - Dec. amounts not collected and expected due within 1 year. | | | |
| 380 00 00 | ASSET / ACCOUNTS RECEIVABLE | 900,019.00 | |
| 012-0000-015.21-41 | WJWW DIST. OF EARNINGS | | 225,005.00 |
| 690 00 00 | LIABILITY / DEFERRED REVENUE | | 675,014.00 |
| Total | | 900,019.00 | 900,019.00 |
| Adjusting Journal Entries JE # 6 | | | |
| To adjust for the \$46,640 book incorrectly between Water Fund and General Fund - Village for debt service. | | | |
| 203 00 00 | CASH / POOLED CASH | 46,640.00 | |
| 012-9501-100.09-07 | TRANSFER TO DEBT SERVICE | | 46,640.00 |
| Total | | 46,640.00 | 46,640.00 |
| Fire Protection District No. 1 Fund | | | |
| Adjusting Journal Entries JE # 6 | | | |
| To record LOSAP payment. | | | |
| 010-9000-100.08-25 | LOCALPENSIONFUNDEMPLEBENEFT | 109,953.00 | |
| 600 01 00 | ACCOUNTS PAYABLE / JOURNAL ENTRIES | | 109,953.00 |
| Total | | 109,953.00 | 109,953.00 |
| Adjusting Journal Entries JE # 8 | | | |
| To record CY encumbrances. | | | |
| 521 00 00 | LIABILITY / ENCUMBRANCES | 37,452.00 | |
| 821 00 00 | LIABILITY / RESERVE FOR ENCUMBRANCES | | 37,452.00 |
| Total | | 37,452.00 | 37,452.00 |
| Fire Protection District No. 2 Fund | | | |
| Adjusting Journal Entries JE # 4 | | | |
| CLIENT ENTRY to record payments received in 2021. | | | |
| 203 00 00 | CASH / POOLED CASH | 47,851.00 | |
| 011-9000-100.08-60 | MAJOR MEDICAL | | 47,851.00 |
| Total | | 47,851.00 | 47,851.00 |
| Adjusting Journal Entries JE # 5 | | | |
| To record CY Encumbrances. | | | |
| 521 00 00 | LIABILITY / ENCUMBRANCES | 42,944.00 | |
| 821 00 00 | LIABILITY / RESERVE FOR ENCUMBRANCES | | 42,944.00 |
| Total | | 42,944.00 | 42,944.00 |

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2021

| ACCOUNT | DESCRIPTION | DEBIT | CREDIT |
|---|--------------------------------|-------------------|-------------------|
| LOSAP | | | |
| Adjusting Journal Entries JE # 5 | | | |
| To record LOSAP activity per 2021 actuarial report. | | | |
| LOSAP 451 00 00 | FIXED IN MUTFND | 202,422.00 | |
| LOSAP 452 00 00 | INTERNATIONAL EQUITIES | 84,106.00 | |
| LOSAP 454 00 00 | OTHER ASSETS | 88,845.00 | |
| LOSAP 522 | PENSION BENEFITS | 82,633.00 | |
| LOSAP 380 00 00 | ACCOUNTS RECEIVABLES | | 380.00 |
| LOSAP 450 00 00 | US EQUITIES | | 56,710.00 |
| LOSAP 462 00 00 | SERVICE AWARDS PROGRAM | | 187,945.00 |
| LOSAP 980 01 | CONTRIBUTIONS | | 109,304.00 |
| LOSAP 980 02 | EARNINGS OF INVESTMENTS | | 46,344.00 |
| LOSAP 980 2000 | UNREALIZED (GAIN) OR LOSS | | 57,323.00 |
| Total | | 458,006.00 | 458,006.00 |
| Highway Fund | | | |
| Adjusting Journal Entries JE # 5 | | | |
| To record deposit accounts in respective funds per implementation of GASB Statement No. 84 in the prior year. | | | |
| 203 00 00 AGENCY | CASH / POOLED CASH | 131,050.00 | |
| 608 00 00 | LIABILITY / STREET OPENINGS | | 131,050.00 |
| Total | | 131,050.00 | 131,050.00 |
| Adjusting Journal Entries JE # 7 | | | |
| To remove accrual for snow & ice for revenues to be recognized in 2022. | | | |
| 003-0000-015.23-02 | SNOW REMOVAL SERVICE | 41,200.00 | |
| 410 00 00 | ASSET / DUE FROM FED/STATE/CTY | | 41,200.00 |
| Total | | 41,200.00 | 41,200.00 |
| Adjusting Journal Entries JE # 8 | | | |
| Client Entry: Year-end entry to adjust medical expenditures based on analysis in the Health Fund. | | | |
| 203 00 00 | CASH / POOLED CASH | 54,932.00 | |
| 003-9000-100.08-60 | MAJOR MEDICAL | | 54,932.00 |
| Total | | 54,932.00 | 54,932.00 |

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2021

| ACCOUNT | DESCRIPTION | DEBIT | CREDIT |
|--|---|----------------------|----------------------|
| Library Fund | | | |
| Adjusting Journal Entries JE # 6 | | | |
| To move Agency cash into Library Fund, deposits pursuant to GASB Statement No. 84. | | | |
| 203 00 00 AGENCY | CASH / POOLED CASH | 46,016.00 | |
| 788 00 00 | LIABILITY / HARRISON PUBLIC LIB.FUNDS | | 46,016.00 |
| Total | | 46,016.00 | 46,016.00 |
| Debt Service Fund | | | |
| Adjusting Journal Entries JE # 1 | | | |
| To reclass designated for sub years. | | | |
| 909 00 00 | EQUITY / FUND BALANCE | 64,184.00 | |
| 910 00 00 | LIABILITY / DESIGNATED SUB. YEARS EXP | | 64,184.00 |
| Total | | 64,184.00 | 64,184.00 |
| Adjusting Journal Entries JE # 4 | | | |
| To record Energy Performance Contract Principal and Interest Payments due from GF - Town. | | | |
| 007-0000-9785-100.06-01 | (Auditor created) Energy Performance Contract - Principal | 159,137.00 | |
| 007-0000-9785-100.07-01 | (Auditor created) Energy Performance Contract - Interest | 48,499.00 | |
| 007-0000-050.50-01 | TOWN | | 207,636.00 |
| Total | | 207,636.00 | 207,636.00 |
| Adjusting Journal Entries JE # 8 | | | |
| To reverse portion of the premium that should be recorded in Capital Projects Fund and General Fund for the 2021 bond as amounts will be used as part of Capital Projects. | | | |
| 007-0000-057.27-10 | PREMIUM ON SECURITIES | 1,719,434.00 | |
| 203 00 00 | CASH / POOLED CASH | | 1,719,434.00 |
| Total | | 1,719,434.00 | 1,719,434.00 |
| Adjusting Journal Entries JE # 10 | | | |
| To move premium related to the Harrison Meadows Ban to the Harrison Meadows Country Club Fund - Enterprise Fund. | | | |
| 007-0000-057.27-10 | PREMIUM ON SECURITIES | 133,182.00 | |
| 203 00 00 | CASH / POOLED CASH | | 133,182.00 |
| Total | | 133,182.00 | 133,182.00 |
| Harrison Meadows Country Club | | | |
| Adjusting Journal Entries JE # 1 | | | |
| To record ban payable. | | | |
| 019-203 00 00 | CASH / POOLED CASH | 15,650,000.00 | |
| 019-626 00 00 | BAN PAYABLE | | 15,650,000.00 |
| Total | | 15,650,000.00 | 15,650,000.00 |

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2021

| ACCOUNT | DESCRIPTION | DEBIT | CREDIT |
|---|---------------------------------|----------------------|----------------------|
| Adjusting Journal Entries JE # 2 | | | |
| To record purchase of Harrison Meadows golf club and other misc. Country Club - expenses. Originally posted to capital fund in error. | | | |
| Capital Projects Fund | | | |
| 019-203 00 00 | CASH / POOLED CASH | | 13,704,770.00 |
| 019-1900-100.42-01 | PURCHASE OF LAND/PROPERTY | 7,234,500.00 | |
| 019-1900-100.44-12 | BONDING COSTS | 18,273.00 | |
| 019-1900-100.44-13 | ADVERTISING COSTS | 1,494.00 | |
| 019-1900-100.98-95 | MISCELLANEOUS COSTS | 5,003 | |
| 019-9501-100.09-01 | TRANSFER TO TOWN | 30,000.00 | |
| 019-515 00 00 | CONSTRUCTION IN PROGRESS | 6,415,500.00 | |
| | | 13,704,770.00 | 13,704,770.00 |
| Adjusting Journal Entries JE # 3 | | | |
| To record due to General Fund - Town for expenditures the Town paid on behalf of the Harrison Meadow Country Club - Enterprise Fund. | | | |
| 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 # 5 | | | |
| To record premium on Ban for the Harrison Meadows Country Club. | | | |
| 019-0000-057.27-10 | PREMIUM ON SECURITIES | | 133,182.00 |
| 019-203 00 00 | CASH / POOLED CASH | 133,182.00 | |
| Total | | 133,182.00 | 133,182.00 |
| Internal Service Fund | | | |
| Adjusting Journal Entries JE # 1 | | | |
| Client Entry: To adjust medical expenses for other funds. | | | |
| 050-0000-015.40-01 | TOWN FUND | 225,922.00 | |
| 050-0000-015.40-02 | LIBRARY FUND | 40,348.00 | |
| 050-0000-015.40-03 | HIGHWAY FUND | 54,932.00 | |
| 050-0000-015.40-04 | POLICE DEPARTMENT | 323,506.00 | |
| 050-0000-015.40-05 | VILLAGE FUND | 101,949.00 | |
| 050-0000-015.40-11 | FIRE DISTRICT #2 | 47,851.00 | |
| 050-0000-015.40-12 | Water District #2 | 844.00 | |
| 050-0000-015.40-18 | SEWER RENT FUND | 4,648.00 | |
| 203 00 00 | CASH / POOLED CASH | | 800,000.00 |
| Total | | 800,000.00 | 800,000.00 |
| Adjusting Journal Entries JE # 2 | | | |
| To adjust Lag accrual @ 12/31/2021 | | | |
| 601 00 00 | LIABILITY / ACCRUED LIABILITIES | 525,000.00 | |
| 050-9000-100.08-60 | MAJOR MEDICAL | | 525,000.00 |
| Total | | 525,000.00 | 525,000.00 |

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2021

| ACCOUNT | DESCRIPTION | DEBIT | CREDIT |
|--|--|---------------------|---------------------|
| Custodial Fund | | | |
| Adjusting Journal Entries JE # 2 | | | |
| To move non fiduciary activity to the General Fund - Town. | | | |
| 302 00 00 | LIABILITY / FINES & FORFEITED BAIL | 8,827.00 | |
| 600 00 00 | LIABILITY / ACCOUNTS PAYABLE | 21,820.00 | |
| 600 01 00 | ACCOUNTS PAYABLE / JOURNAL ENTRIES | 60,873.00 | |
| 614 00 00 | LIABILITY / CHASE REWARDS HOLDING ACC | 976.00 | |
| 617 00 00 | LIABILITY / FIREWORKS | 5,109.00 | |
| 627 00 00 | LIABILITY / POLICE FINGERPRINTING | 350.00 | |
| 752 00 00 | LIABILITY / POLICE DEPT FUNDS | 18,963.00 | |
| 755 00 00 | LIABILITY / PLANNING BD ESCROW | 67,043.00 | |
| 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 | 997,879.00 | |
| 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 | 7,186.00 | |
| 786 00 00 | LIABILITY / POL.DONAT.CHIEFS DISCRETN | 40,207.00 | |
| 787 00 00 | LIABILITY / ESCROW AVALON BAY/INT.BR | 15,016.00 | |
| 812 00 00 | LIABILITY / TOWN VILLAGE PENSION | 3,816.00 | |
| 818 00 00 | LIABILITY / PERFORMCE/SURTYBND/INLIEU | 764,810.00 | |
| 824 00 00 | LIABILITY / FLEX MEDICAL SPENDING | 8,504.00 | |
| 825 00 00 | LIABILITY / FLEX DEPENDENT CARE | 3,686.00 | |
| 828 00 00 | LIABILITY / KNIGHTSBRIDGEMANOR/DEFAULT | 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 | | 2,241,758.00 |
| 380 00 00 | ASSET / ACCOUNTS RECEIVABLE | | 1,739.00 |
| 790 00 00 | Liability / Knightsbridge Manor | | 75,000.00 |
| 811 00 00 | LIABILITY / GUARDIAN LIFE INSURANCE | | 726.00 |
| Total | | 2,319,223.00 | 2,319,223.00 |

Town/Village of Harrison, New York
Material Corrected Misstatements
December 31, 2021

| ACCOUNT | DESCRIPTION | DEBIT | CREDIT |
|--|---------------------------------------|-----------------------|-----------------------|
| Custodial Fund | | | |
| Adjusting Journal Entries JE # 3 | | | |
| To move non fiduciary activity to the Highway Fund. | | | |
| 608 00 00 | LIABILITY / STREET OPENINGS | 131,050.00 | |
| 203 00 00 | CASH / POOLED CASH | | 131,050.00 |
| Total | | 131,050.00 | 131,050.00 |
| Adjusting Journal Entries JE # 4 | | | |
| To move non fiduciary activity to the Library Fund. | | | |
| 788 00 00 | LIABILITY / HARRISON PUBLIC LIB.FUNDS | 46,016.00 | |
| 203 00 00 | CASH / POOLED CASH | | 46,016.00 |
| Total | | 46,016.00 | 46,016.00 |
| Adjusting Journal Entries JE # 5 | | | |
| To record P&L Activity for amounts collected and Due to Other Governments. | | | |
| 599999999 | PYMTS OF RPT TO OTHER GOVTS | 144,662,972.00 | |
| 499999999 | RPT COLLECTED FOR OTHER GOVTS | | 144,662,972.00 |
| Total | | 144,662,972.00 | 144,662,972.00 |
| Adjusting Journal Entries JE # 6 | | | |
| To move Village school taxes receivable and payable to the Custodial Fund. | | | |
| 005 290 00 00 | CURRENT SCHOOL TAXES FROM VILLAGE | 45,769,964.00 | |
| 203 00 00 | CASH / POOLED CASH | 8,306,930.00 | |
| 005 646 00 00 | SCHOOL TAXES FROM VILLAGE | | 54,076,894.00 |
| Total | | 54,076,894.00 | 54,076,894.00 |

Appendix 3

About PKF O'Connor Davies, LLP

FIRM OVERVIEW

Founded in 1891, PKF O'Connor Davies has evolved from an accounting firm to a corps of high-caliber professionals that delivers to a global and growing client base a complete range of audit, tax and advisory services as well as insights and expertise at the highest level. As our business has grown, our commitment to active value creation has allowed us to connect our clients to sound business advice, key players and resources across diverse industries.

An Acknowledged Global Leader

Not only are we one of the nation's most rapidly growing accounting and advisory firms, we are also the lead North American firm in the growing PKF global network of independent accounting and advisory firms. This enables us to provide clients with preferred access to top-tier experts and firms in over 400 locations, in 150 countries around the world. It also establishes us as the primary referral point for international businesses with needs in North America, an advantage for our domestic clients seeking connections outside the U.S.

Active Partner Involvement Dedicated Engagement Teams

We have built strong relationships with our clients by being proactive, thorough and efficient. Firm partners are involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. Multi-disciplinary teams ensure solutions are customized to address specific needs and integrated for greater efficiency.

A Higher Standard: Beyond Passive Value Calculation to Active Value Creation

Our focus on value has driven our growth, propelling PKF O'Connor Davies to the Top 26 on *Accounting Today's* 2022 "Top 100 Firms" list and gaining us acclaim as one of the country's fastest-growing firms. With unmatched client focus, we unlock genuine value hidden at key connection points in every engagement within regional, national and international arenas. Through these connections, our team of specialists continually drives efficiencies, uncovers opportunities and manages risk – delivering value where others can't.

Industry Recognition

- **Ranked 26 of "2022's Top 100 Firms"**
– *Accounting Today*, 2022
- **Ranked 6 of the "Top Firms in the Mid-Atlantic"**
– *Accounting Today*, 2022
- **"America's Best Tax and Accounting Firms"**
– *Forbes*, 2022
- **"Best Business Consulting Firm for Family Offices"**
– *Private Asset Management Awards*, 2022
- **"Best Accountancy Advisor"**
– *Family Wealth Report Awards*, 2021
- **"Best Family Office Management Consultancy"**
– *Family Wealth Report Awards*, 2021
- **"Best Accounting Firms to Work For"**
– *Accounting Today*, 2021
- **"Best Places to Work in New Jersey"**
– *NJBIZ*, 2021
- **Ranked #2 "Best Accounting Internship"**
– *Vault*, 2021
- **Ranked 15 of the 50 "Best Accounting Employers to Work for in North America"**
– *Vault*, 2022

KNOW GREATER VALUE®

Agility, Responsiveness and Recognition

Since our founding, PKF O'Connor Davies has maintained its commitment to gaining a deep understanding of each client's operations and financial history in order to help meet their every challenge and objective. We fulfill this mission by providing resources that match those of larger firms in scope – but with the agility only a mid-sized firm such as ours can demonstrate...and yet, we still rank among them. Our services include:

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 & Cybersecurity Reviews
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits & Compliance

International Services

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

Investment Banking Services

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

Tax Compliance and Planning Services

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

Advisory Services

- Bankruptcy & Restructuring
- Cybersecurity & Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Matrimonial Services
- Management Advisory Services
- PPP Loan Forgiveness Services
- Risk Advisory Services
- Specialty Industry Advisory Services
 - Business Solutions
 - Employee Benefit Plan Services
 - Healthcare Advisory Services
 - Hospitality Advisory Services
 - Medical and Dental Advisory Services
 - Public Sector Advisory Services
- Transaction & Financial Advisory Services
- Virtual Chief Information Security Officer Services
- Wealth Services

Family Office Services

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



Bethesda, MD | Boston, MA | Cranford, NJ | Harrison, NY | Hauppauge, NY | Livingston, NJ |
Middletown, NY | Mumbai, India | New York, NY | Newburgh, NY (Two Locations) |
Palm Beach Gardens, FL | Poughkeepsie, NY | Providence, RI | Shelton, CT | Stamford, CT |
Wethersfield, CT | Woburn, MA | Woodcliff Lake, NJ

www.pkfod.com

