

**TOWN OF RIVERHEAD  
JUSTICE COURT**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CASH BALANCES**

Year Ended December 31, 2023

# **TOWN OF RIVERHEAD JUSTICE COURT**

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## Independent Auditors' Report

Honorable Supervisor and Town Board  
Town of Riverhead  
Riverhead, New York

### Report on the Audit of the Financial Statement

#### *Opinion*

We have audited the statement of cash receipts, cash disbursements and cash balances of the Town Justice Court of the Town of Riverhead, New York, as of and for the year ended December 31, 2023, and the related note to the financial statement.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the cash receipts, cash disbursements and cash balances of the Town Justice Court of the Town of Riverhead, New York as of December 31, 2023, and for the year then ended in accordance with the cash basis of accounting described in Note A.2.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Town Justice Court of the Town of Riverhead, New York, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter – Basis of Accounting*

We draw attention to Note A.2 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note A.2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

## ***Auditors' Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Justice Court of the Town of Riverhead, New York's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town Justice Court of the Town of Riverhead, New York's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Restriction on Use***

This report is intended solely for the information and use of the Town of Riverhead's Town Board, the Office of Court Administration and management and is not intended to be and should not be used by anyone other than these specified parties.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**  
Hauppauge, New York  
February 22, 2024

**TOWN OF RIVERHEAD**  
**JUSTICE COURT**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CASH BALANCES**  
**Year Ended December 31, 2023**

	Town Justices				
	Lori M. Hulse	Sean M. Walter	Bail Account	Petty Cash Account	Combined
Cash Balance at the Beginning of the Year	\$ 48,487	\$ 31,819	\$ 236,719	\$ 100	\$ 317,125
Add:					
Collection of Fines, Penalties, and Fees	730,609	522,105			1,252,714
Bail Collected			71,480		71,480
Less:					
Disbursements to the Town of Riverhead	742,850	521,262			1,264,112
Return of Bail and Other			246,788	100	246,888
Cash Balance at the End of the Year	<u>\$ 36,246</u>	<u>\$ 32,662</u>	<u>\$ 61,411</u>	<u>\$ -</u>	<u>\$ 130,319</u>

See note to the financial statement.

**TOWN OF RIVERHEAD**  
**JUSTICE COURT**  
**NOTE TO THE FINANCIAL STATEMENT**  
December 31, 2023

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting Entity

The Town of Riverhead, New York, Justice Court (the "Justice Court") is a special fund established by the Office of the New York State Comptroller pursuant to Section 99-a of the State Finance Law. The purpose of Section 99-a is to provide centralized accounting for the fines, penalties, forfeitures and fees collected by all of the justice courts in New York State, including the Town of Riverhead, New York, Justice Court. All justice courts in New York State are administered by the Division of Local Government and School Accountability, Justice Court Fund, within the Office of the State Comptroller.

The cash balances and related liabilities of the individual Town of Riverhead Justices are reported in the Town of Riverhead's general fund. Cash balances and related liabilities relating to bail, are reported in the Town of Riverhead's Custodial Fund.

2. Basis of Presentation

The financial statement was prepared to present the cash receipts, cash disbursements, and cash balances of the Justice Court. Under this presentation, fines, penalties, forfeitures, fees and bail collections are considered to be increases to the related cash balances and disbursements to other governments, the return of bail and forfeited bail are considered decreases to the related cash balances. The operating expenditures for the Justice Court are accounted for in the General Fund of the Town of Riverhead (the "Town"). The financial statement is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

3. Cash Balances

The cash balances of the Town Justices at December 31, 2023 represent fines, penalties, forfeitures, and other items collected during December 2023 that have not yet been remitted to New York State and the Town. The bail account cash balance at December 31, 2023 represents the bail deposits collected by the Justice Court that have not yet been returned, or applied towards fines, penalties, forfeitures or fees.

The Justice Court's investment policy is governed by State statutes and the Town's investment policy. Justice Court monies must be deposited in FDIC-insured commercial banks and trust companies located within the state. The Town is authorized to use certificates of deposit, savings, time, demand, and money market accounts. Permissible investments include direct obligations of the United States Government, including treasury bills and notes.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**TOWN OF RIVERHEAD**  
**JUSTICE COURT**  
**NOTE TO THE FINANCIAL STATEMENT**  
December 31, 2023

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

3. Cash Balances (continued)

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40, *"Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3"*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2023.

4. Disbursements to Town of Riverhead

Chapter 465, Laws of 1998 permits the Justice Court to transmit monthly collections directly to the Town without first sending them to the Office of the New York State Comptroller for distribution. The Town will then remit any amounts owed to New York State.