

**TOWN OF RIVERHEAD
JUSTICE COURT
COMBINING SCHEDULE OF COLLECTIONS
AND DISBURSEMENTS**

Year Ended December 31, 2020

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Independent Auditors' Report

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

Report on the Financial Statement

We have audited the accompanying statement of cash receipts, cash disbursements and cash balances of the Town of Riverhead, New York, Justice Court, (the "Justice Court") as of and for the year ended December 31, 2020, and the related note to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the basis of accounting described in Note A.2; this includes 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash receipts, cash disbursements, and the cash balances of the Town of Riverhead, New York, Justice Court as of December 31, 2020 and for the year then ended, in accordance with the basis of accounting as described in Note A.2.

Basis of Accounting

We draw attention to Note A.2 to the financial statement, which describes the basis of accounting. The financial statement was 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 that matter.

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 24, 2023

TOWN OF RIVERHEAD
JUSTICE COURT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CASH BALANCES
Year Ended December 31, 2020

	Allen M. Smith	Lori M. Hulse	Sean M. Walter	Bail Account	Petty Cash Account	Combined
Cash Balance at the Beginning of the Year	\$ 140,552	\$ 137,190	\$ -	\$ 392,182	\$ 100	\$ 670,024
Add:						
Collection of Fines, Penalties, and Fees	174,430	786,122	11,465			972,017
Bail Collected				51,951		51,951
Less:						
Disbursements to the Town of Riverhead	314,982	870,633	-			1,185,615
Return of Bail and Other				131,309		131,309
Cash Balance at the End of the Year	<u>\$ -</u>	<u>\$ 52,679</u>	<u>\$ 11,465</u>	<u>\$ 312,824</u>	<u>\$ 100</u>	<u>\$ 377,068</u>

See note to the schedule.

TOWN OF RIVERHEAD
JUSTICE COURT
NOTE TO FINANCIAL STATEMENT
December 31, 2020

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, 2020 represent fines, penalties, forfeitures, and other items collected during December 2020 that have not yet been remitted to New York State and the Town. The bail account cash balance at December 31, 2020 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 FINANCIAL STATEMENT
December 31, 2020

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 risk at December 31, 2020.

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.