



Village/Town of Mount Kisco

Parking Ticket Collections

Report of Examination

Period Covered:

June 1, 2011 — May 31, 2012

2012M-255



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

May 2013

Dear Village/Town Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board of Trustees governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Village/Town of Mount Kisco, entitled Parking Ticket Collections. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Village/Town of Mount Kisco (Village/Town) is located in Westchester County. It comprises 3.25 square miles and has a population of 9,983. The Village/Town Court (Court) operates with two Justices and two Court clerks. The Court has jurisdiction over parking, vehicle and traffic, criminal, civil, and small claims cases.

The Justices are responsible for all Court operations. They are also responsible for all money received and disbursed by the Court and for safeguarding Court resources. The Justice's responsibilities include ensuring that an effective system is in place to provide reasonable assurance that cash and other resources are properly safeguarded; financial transactions are processed in a timely manner and recorded properly; appropriate financial reports are accurate and filed in a timely manner; applicable laws, rules and regulations are observed; and the work performed by those involved in the Court's financial operations is monitored and reviewed. Although the Justices are primarily responsible, the Village/Town Board (Board) also shares responsibility to ensure an effective system for overseeing Court operations. The Board provides guidance to the Court through adoption of policies and procedures.

The Village/Town contracted with a vendor (Contractor) to process parking tickets, record and monitor revenue from parking violations, and enforce payment of unpaid tickets. The Contractor provides remote access to its computer system to Court employees. Parking enforcement and police officers generate parking tickets from handheld computers which automatically updates the Contractor's database. The Court is responsible for functions relating to disposition of tickets. All payments are made through the Court, and Court employees process parking violation payments. The Contractor is responsible for mailing collection letters, and reporting delinquencies to the Department of Motor and Vehicles (DMV). The Contractor also monitors revenue from parking violations, which resulted in a collection rate of more than 90 percent for the last five years (2008 to 2012), and provides reports to the Court and Village/Town officials. During our audit period, the Village/Town issued about 29,870 parking tickets and collected approximately \$721,000 in fines and penalties for parking violations.

Objective

The objective of our audit was to examine the Village/Town's receivables for parking offenses. Our audit addressed the following related question:

- Is the system in place to collect and monitor outstanding parking tickets operating effectively?

**Scope and
Methodology**

We examined unpaid parking tickets for the period June 1, 2011, to May 31, 2012. We also established trends for fiscal years 2008 through 2012.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report.

**Comments of
Local Officials and
Corrective Action**

The results of our audit and recommendations have been discussed with Village/Town officials and their comments, which appear in Appendix A, have been considered in preparing this report. Village/Town officials generally agreed with our recommendations and indicated they planned to take corrective action.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Village/Town Clerk's office.

Parking Ticket Collections

It is the Board's responsibility to develop appropriate policies to define how to determine parking ticket collectability and when to deem parking tickets uncollectible and remove them from the records. Further, unpaid parking tickets expected to be available to help finance Village/Town activities should be reported as receivables at year end provided the Village/Town has a legal claim to the resources, and any receivables remaining unpaid for several years should be deemed uncollectible and removed from the accounting records.¹

The Village/Town's parking ticket collection rate exceeded 90 percent during fiscal years 2008 to 2012. Despite the high level of collection, the Village/Town still had \$1.17 million in cumulative unpaid parking tickets outstanding as of May 31, 2012. This included 12,792 unpaid parking tickets totaling approximately \$720,703 that have been outstanding for more than five years and 7,187 unpaid parking tickets totaling \$450,260 outstanding for less than five years.

Although the Village/Town has implemented procedures for collecting parking ticket fines, the amount of unpaid parking tickets continues to rise. The Contractor sends out delinquent letters to violators and reports vehicles with three or more unpaid parking tickets to the Department of Motor Vehicles (DMV) to suspend the vehicle's registration. Also, police cruisers have scanners attached to identify vehicles with three or more outstanding parking tickets. When identified, these vehicles are towed at the owners' expense. Village officials stated that they are in the process of removing some of these parking tickets. However, as of July 25, 2012, they still remained on the unpaid parking ticket record.

Village/Town officials stated that parking ticket receivables are not recorded, because of the uncertainty of collection. Instead, Village/Town personnel report parking ticket revenue only when the fine is collected (i.e., on a cash basis), and uncollectible parking tickets will remain on the unpaid parking records until the Board establishes a process to remove them.

¹ Under the modified accrual basis of accounting, the Town should recognize a receivable as soon as it has a legal claim to the resources. For example, if a defendant makes a payment for a citation or lets the response period expire without submitting a "not guilty" plea, the Town has a legal claim to the resources and would recognize a receivable for the amount of the citation and a revenue for the amount the officials believe would be collected during the Town's availability period. In the case of a citation that goes to court, recognition of the receivable occurs when the fine is imposed, as a legal claim is established at that time. Recognition of the revenue also occurs at that time if the defendant submits payment or the Town estimates the revenue will be collected within the Town's established availability period.

Village/Town officials could enhance their collection success by removing uncollectible parking tickets from relevant records and by developing a policy that would identify a level at which officials would deem parking tickets as uncollectible and remove them from the parking and accounting records. Without established benchmarks and relevant policies and procedures, there is an increased risk that parking tickets will not be properly accounted for or appropriately processed. Further, by not recording such revenues as receivables based on realistic expectations of collection, Village/Town officials do not have these moneys available for budgeting purposes.

Recommendation

1. The Board should adopt written policies and procedures for identifying uncollectible parking tickets and removing them from the records.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following page.

MAYOR

J. Michael Cindrich

VILLAGE TRUSTEES

George L. Griffin, Jr.
DEPUTY MAYOR

Jean M. Farber

Anthony C. Markus

Karen B. Schleimer



VILLAGE MANAGER

James M. Palmer

VILLAGE/TOWN OF MOUNT KISCO

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April 4, 2013

Ms. Tenneh Blamah, Chief Examiner

Office of the State Comptroller

110 State Street

Albany, NY 12236

Dear Ms. Blamah:

The Village/Town of Mt. Kisco has had an opportunity to review the draft audit report entitled Parking Ticket Collections received on March 5, 2013 and to also discuss the report with representatives of your Office on March 22, 2013. While the Village does not dispute the amount of outstanding and uncollected parking ticket fines, a majority of which are penalties on the original fines, it does wish to reiterate that all collection methods and statutory tools available have been pursued on these outstanding tickets. The Village is in agreement that a written policy and procedure memorializing the point at which unpaid tickets should be deemed uncollectible and then requesting that the Justice Court dismiss the tickets will be implemented. Such a policy will be presented to the Village Board of Trustees for their consideration and approval.

Upon issuance of the final report the Village will submit a Corrective Action Plan (CAP) inclusive of this policy, to your office within 90 days.

Sincerely,

James M. Palmer

Village Manager

Cc: Mayor Cindrich and Village Board of Trustees

Mount Kisco Town Justices

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

We conducted an on-site risk assessment, and, based on the result, decided to audit the unpaid parking and vehicle and traffic tickets. Our audit included the following steps:

- We interviewed Court officials, including the two Justices and Court clerks, along with the Village/Town Manager and Treasurer to obtain an understanding of Court operations and Village/Town policies.
- We obtained reports on parking operations from the vendor responsible for collecting revenue from parking tickets and prepared analyses, including showing the annual increase in unpaid parking tickets; reviewed voided and dismissed tickets, obtained explanations, and examined approvals; and recomputed collection rates.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX C

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