



Village of Sleepy Hollow Parking Ticket Collections

Report of Examination

Period Covered:

June 1, 2015 — June 30, 2016

2016M-408



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	1
INTRODUCTION	2
Background	2
Objective	2
Scope and Methodology	2
Comments of Local Officials and Corrective Action	3
PARKING TICKET COLLECTIONS	4
Recommendations	5
APPENDIX A Response From Local Officials	6
APPENDIX B Audit Methodology and Standards	9
APPENDIX C How to Obtain Additional Copies of the Report	10
APPENDIX D Local Regional Office Listing	11

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

February 2017

Dear Village 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 of Sleepy Hollow, 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 New York State 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 of Sleepy Hollow (Village) is located in the Town of Mount Pleasant in Westchester County. The Village covers approximately five square miles and has 9,870 residents. It is governed by an elected Board of Trustees (Board) composed of six Trustees and a Mayor. The Board is responsible for the general management and control of Village finances and overseeing financial activities including those of the Justice Court (Court). The Village has one elected Justice and one appointed Acting Justice who preside over Court operations and two full-time clerks appointed by the Board.

The Court has jurisdiction over vehicle and traffic, criminal, civil and small claims cases. The Justices' principal duties include adjudicating legal matters within the Court's jurisdiction and administering money collected from fines, bail, surcharges, civil fees and restitution. In addition, the Court is responsible for collecting, recording and reporting parking fines and penalties, and for maintaining files of all issued parking tickets, processing them when they are paid or protested and recording the dispositions. The Justices are required to submit monthly reports to the Office of the State Comptroller's Justice Court Fund (JCF) on the financial activities of the preceding month.

The clerks collect payments to the Court and assist the Justices with their financial duties. As of 2012, the Village has contracted with a vendor to assist with the processing of parking tickets, record and monitor revenue from parking violations and enforce payment of unpaid parking tickets. The Board has authorized the vendor to mail collection letters and report delinquencies to the New York State Department of Motor Vehicles (DMV). During our audit period, the Village issued 6,005 tickets and collected approximately \$255,690 in fines, penalties and fees for parking violations.

Objective

The objective of our audit was to examine the Village's processes and procedures over cash receipts from parking violations. Our audit addressed the following related question:

- Did Village officials ensure parking ticket fees were collected, recorded and deposited in a complete and accurate manner?

Scope and Methodology

We examined Court records and reports for the period June 1, 2015 through June 30, 2016.

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. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

**Comments of Local
Officials and
Corrective Action**

The results of our audit and recommendations have been discussed with Village officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Village officials generally agreed with our recommendations and indicated they have taken, or plan 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 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 Clerk's office.

Parking Ticket Collections

Parking ticket fines can be a substantial revenue source for Village operations. The Board is responsible for adopting policies for collecting and enforcing unpaid parking tickets. The Justices are responsible for implementing Board policy and establishing procedures to ensure that unpaid parking violation fines are properly pursued and any funds collected are deposited into the Village's bank account. In addition, because a fine will not necessarily be collected for each parking violation issued, a benchmark rate for collections should be established to periodically assess how effectively the Village's vendor is performing.

The clerks deposited receipts for fines collected intact and in a timely manner. However, Village officials have not established sufficient procedures for collecting unpaid parking violation fines or set a benchmark for collection rates. Although the Village's parking ticket collection rate exceeded 80 percent during fiscal years 2011 through 2015, the Village had \$2.2 million in cumulative unpaid parking tickets outstanding as of June 30, 2016. This included 25,532 parking tickets totaling approximately \$1.7 million that have been outstanding for more than five years and 5,323 unpaid parking tickets totaling \$459,540 outstanding for less than five years.

The Village has implemented some informal procedures for collecting parking ticket fines, such as contracting with the vendor. The Board has authorized the vendor to send out up to three delinquent letters to violators and report vehicles with three or more unpaid parking tickets within an 18-month period to the DMV Scofflaw Program (Program).¹ The vendor's representatives said they met with Village officials to discuss removing some of the older outstanding parking tickets or implementing a way to increase the collection rate. For example, the Police Department could issue an arrest warrant for the vehicle registrant, undertake civil action (i.e., place a default judgment against the violator), implement a program to impound (tow) or boot (immobilize with a locking device) vehicles, offer an amnesty program to collect outstanding fines or contract with a collection agency to supplement the Village's enforcement efforts. However, as of June 30, 2016, the tickets remained on the vendor's report of unpaid parking tickets and no additional actions were taken to collect these amounts.

¹ The DMV Scofflaw Program allows local justice courts to notify DMV when an individual has an unresolved traffic ticket for a 60-day period. DMV allows 30 additional days for the individual to address the issue before suspending the individual's license until they address the outstanding ticket.

Without a system to follow up on outstanding parking violations, established benchmarks for collection rates and additional enforcement methods for outstanding parking tickets, Village officials are not maximizing parking violation revenues and cannot effectively assess parking ticket enforcement procedures.

Recommendations

The Board should:

1. Consider implementing a more aggressive written collection and enforcement policy and establish a benchmark collection rate.
2. Examine the effectiveness of collection strategies and consider enhanced or alternative measures that may increase the collection of fines and related penalties.
3. Periodically monitor and review unpaid fees for parking violations to track the effectiveness of the vendor's collection system.

APPENDIX A
RESPONSE FROM LOCAL OFFICIALS

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

Village of Sleepy Hollow

Kenneth G. Wray
Mayor
(914) 366-5107

Glenn Rosenbloom
Deputy Mayor
(914) 366-5107

TRUSTEES

Rachelle Gebler
Samuel Gonzalez
John Leavy
Denise Scaglione
Sandra Spiro
(914) 366-5107



1874
More than a Legend

28 Beekman Avenue
Sleepy Hollow, New York 10591
(914) 366-5100 · Fax (914) 332-7074
www.sleepyhollowny.gov

Anthony P. Giaccio
Village Administrator
(914) 366-5105

Paula A. McCarthy
Village Clerk
(914) 366-5106

Sara A. DiGiacomo
Village Treasurer
(914) 366-5144

Clinton Smith
Village Attorney
(914) 366-5107

January 27, 2017

Chief Examiner Tenneh Blamah
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, NY 12553-4725

Dear Chief Examiner Blamah:

RE: Village of Sleepy Hollow
Parking Ticket Collections
Draft Audit Report 2016M-408 for period June 1, 2015 through June 30, 2016

On behalf of the Village of Sleepy Hollow, I am writing to acknowledge receipt of the Office of the State Comptroller's Report of Examination of Parking Ticket Collections of the Village for the period from June 1, 2015 through June 30, 2016. The following constitutes the Village's response, including our formal Corrective Action Plan as required. As expressed during the exit conference on January 4, 2017, the Village appreciates the time, effort and guidance of your staff throughout the entire audit process.

Given the scope of the audit, the Village is pleased that the Comptroller's Office found that it ensured parking ticket fees were collected, recorded and deposited in a complete and accurate manner. The Village did recognize back in January, 2012 that there was a need for a vendor to assist in the collection of our parking tickets, as there was a substantial amount outstanding as of 2011. We further agree that we can maximize parking violation revenues and effectively assess parking ticket enforcement procedures by formalizing a written policy to follow up on outstanding violations, establishing benchmarks for collection rates, and finding additional enforcement methods for outstanding tickets. In fact, the Village met with our current vendor back on March 29, 2016 to discuss alternative enforcement methods. We are currently in the process of contracting with a collection agency, and implementing boot and impound programs. The Village is also planning to determine on an annual basis which outstanding tickets should be deemed uncollectible, since the majority are currently over five years old.

CORRECTIVE ACTION PLAN

For each recommendation included in our audit report, the following is our corrective action(s) taken or proposed:

PARKING TICKET COLLECTIONS

Audit Recommendations:

1. The Board should consider implementing a more aggressive written collection and enforcement policy and establish a benchmark collection rate.

The Board began discussions on this very item back on March 29, 2016. The Board will be reviewing all written policies and procedures during the budget process (now through April 30, 2017). The Board is planning to implement a more aggressive written collection and enforcement policy, and establish a benchmark collection rate by April 30, 2017.

2. Examine the effectiveness of collection strategies and consider enhanced or alternative measures that may increase the collection of fines and related penalties.

The Board is also planning to examine the effectiveness of collection strategies and consider enhanced or alternative measures that may increase the collection of fines and related penalties. As previously mentioned, the Board in the process of contracting with a collection agency and this should be completed by March 31, 2017. The Board also plans to begin using alternative measures such as undertaking civil actions (for tickets older than five years old), and implementing both booting and impounding programs by June 30, 2017.

3. Periodically monitor and review unpaid fees for parking violations to track the effectiveness of the vendor's collection system.

The Court Clerk and Village Treasurer will review the Village's vendor's collection efforts bi-annually, beginning on February 1, 2017. Reviewing the amount collected and still unpaid, versus the number of parking tickets issued will be a useful tool in determining the vendor's effectiveness.

Again, the Village would like to thank you and your staff for your recommendations and expertise. Our goal as a Board is to efficiently manage operations and provide transparency, while ensuring our residents continue to receive excellent service at the lowest possible cost. The Village plans to continually monitor our Parking Ticket Collections procedures and the effectiveness of our collection strategies.

Sincerely,


Kenneth G. Wray
Mayor

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed Court and Village officials and the vendor to obtain an understanding of Court operations and Village policies.
- We obtained and reviewed a report of all unpaid and outstanding parking tickets as of June 30, 2016.
- From the report, we counted the number of outstanding parking tickets as of June 30, 2016 and calculated the potential additional revenue that could be generated from the related fines and penalties.
- We sorted the outstanding parking tickets by date of issuance to determine the number of tickets issued within five years prior to the end of our audit period and the number of tickets issued more than five years prior to the end of our audit period and calculated the potential additional revenue that could be generated from collecting the related fines and penalties for each period.

We conducted this performance audit in accordance with 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller
Public Information Office
110 State Street, 15th Floor
Albany, New York 12236
(518) 474-4015
<http://www.osc.state.ny.us/localgov/>

APPENDIX D
OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Andrew A. SanFilippo, Executive Deputy Comptroller
Gabriel F. Deyo, Deputy Comptroller
Tracey Hitchen Boyd, Assistant Comptroller

LOCAL REGIONAL OFFICE LISTING

BINGHAMTON REGIONAL OFFICE

H. Todd Eames, Chief Examiner
Office of the State Comptroller
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313
Email: Muni-Binghamton@osc.state.ny.us

Serving: Broome, Chenango, Cortland, Delaware,
Otsego, Schoharie, Sullivan, Tioga, Tompkins Counties

BUFFALO REGIONAL OFFICE

Jeffrey D. Mazula, Chief Examiner
Office of the State Comptroller
295 Main Street, Suite 1032
Buffalo, New York 14203-2510
(716) 847-3647 Fax (716) 847-3643
Email: Muni-Bufferalo@osc.state.ny.us

Serving: Allegany, Cattaraugus, Chautauqua, Erie,
Genesee, Niagara, Orleans, Wyoming Counties

GLENS FALLS REGIONAL OFFICE

Jeffrey P. Leonard, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396
(518) 793-0057 Fax (518) 793-5797
Email: Muni-GlensFalls@osc.state.ny.us

Serving: Albany, Clinton, Essex, Franklin,
Fulton, Hamilton, Montgomery, Rensselaer,
Saratoga, Schenectady, Warren, Washington Counties

HAUPPAUGE REGIONAL OFFICE

Ira McCracken, Chief Examiner
Office of the State Comptroller
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533
(631) 952-6534 Fax (631) 952-6530
Email: Muni-Hauppauge@osc.state.ny.us

Serving: Nassau and Suffolk Counties

NEWBURGH REGIONAL OFFICE

Tenneh Blamah, Chief Examiner
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553-4725
(845) 567-0858 Fax (845) 567-0080
Email: Muni-Newburgh@osc.state.ny.us

Serving: Columbia, Dutchess, Greene, Orange,
Putnam, Rockland, Ulster, Westchester Counties

ROCHESTER REGIONAL OFFICE

Edward V. Grant, Jr., Chief Examiner
Office of the State Comptroller
The Powers Building
16 West Main Street, Suite 522
Rochester, New York 14614-1608
(585) 454-2460 Fax (585) 454-3545
Email: Muni-Rochester@osc.state.ny.us

Serving: Cayuga, Chemung, Livingston, Monroe,
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

SYRACUSE REGIONAL OFFICE

Rebecca Wilcox, Chief Examiner
Office of the State Comptroller
State Office Building, Room 409
333 E. Washington Street
Syracuse, New York 13202-1428
(315) 428-4192 Fax (315) 426-2119
Email: Muni-Syracuse@osc.state.ny.us

Serving: Herkimer, Jefferson, Lewis, Madison,
Oneida, Onondaga, Oswego, St. Lawrence Counties

STATEWIDE AUDITS

Ann C. Singer, Chief Examiner
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313