
AUDIT REPORT

DUTCHESS COUNTY MAINTENANCE IN LIEU OF RENT (MLR) REPORT



July 2024



OFFICE OF THE
DUTCHESS COUNTY COMPTROLLER

A. GREGG PULVER, COMPTROLLER



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Dear County Officials and Taxpayers,

The Dutchess County Comptroller's Office has completed an audit report of the 2023 Maintenance in Lieu of Rent (MLR) report, produced annually by the Department of Public Works (DPW). DPW compiles this data to compute occupancy related costs for the maintenance of County-owned buildings. These costs may be billed to departments that are able to claim such expenses as direct program costs for the purpose of receiving state and/or federal revenue. This analysis is also important to accurately bill entities that occupy space in County buildings, identify costs for the Airport and Public Transit enterprise departments, and to verify the information which is used in preparation of the County's Indirect Cost Allocation Plan (ICAP).

Our objectives were to validate the process and calculations prepared, review the billings for accuracy, confirm collections, and recommend process improvements. DPW has streamlined their process over the last few years to ensure they are capturing and analyzing the needed data. Our review found minor calculation errors that DPW immediately corrected and were included in the final reports.

A total of **\$9.35 million** dollars was identified as maintenance in lieu costs which is an increase of **\$494,836** over 2022 costs. DPW provided detailed explanations for the increased costs and these explanations are included in **Exhibit II**. This report continues to recommend that departments budget for actual MLR costs in order for DPW to recoup incurred costs for building maintenance as some departments did not have the funds available to pay their 2023 bill.

A total of **\$2.13 million** was billed and **\$1.52 million** was received which is an increase of **\$381,521** from 2022. It is a goal to maximize revenue for the County and all potential opportunities to increase reimbursements from outside sources should be explored.

We appreciate DPW's professionalism and assistance in accommodating our Office's requests for information needed to conduct this audit.

Respectfully submitted,



A. Gregg Pulver
Dutchess County Comptroller

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Background and Organization

The Dutchess County Department of Public Works (DPW) prepares a report annually, detailing the Maintenance in Lieu of Rent (MLR) costs. Maintenance in Lieu of Rent is a procedure for computing occupancy related costs for the maintenance of county owned buildings processed through the DPW Buildings Division. The data compiled in the MLR report is primarily used to provide an accounting of all such costs for each county building. The results are used to: bill county departments which may be able to claim state and federal revenue; to bill agencies that occupy space in county buildings; to identify costs for the enterprise funds (Aviation and Public Transit); and have the information available for the preparation of the Indirect Cost Allocation Plan (ICAP).

A total of **\$2,126,333** was billed by DPW as follows: County Departments - **\$1,492,634**, Contract Agencies - **\$126,737**, and the Unified Court System - **\$506,962**. Of the amount billed, a total of **\$1,521,457** was received as revenue by DPW. Additionally, funds are received via the indirect cost claim for the Department of Community & Family Services as part of the Indirect Cost Allocation Plan (ICAP).

Audit Scope

This audit was conducted to review the processes and information utilized by DPW to prepare the Maintenance in Lieu of Rent report for the year ending 2023. A total of **\$9,345,984** was recorded as MLR expenses for 2023 which is an increase in expenses of **\$494,836** from 2022. Attached as **Exhibit I** is the listing of MLR costs by building location. **Exhibit II** provides explanations for the year-to-year variances in expenses for selected locations.

Objectives

- To validate the information prepared by DPW.
- To review the billings to departments and agencies for accuracy and completeness.
- To review the county revenue posted from billings.
- To identify/recommend possible additional revenue sources.

Methodology

DPW's process for obtaining the MLR information regarding expenses was reviewed. The billing information and the subsequent receipts were reviewed. Documentation was verified for accuracy.

Summary Finding

The 2023 MLR was reviewed and found to be accurate in its calculations, allocations, and summary of data. Anomalies identified during our review were corrected for this final presentation.

Expense and Contract Review

DPW primarily captures the information for the MLR for labor costs and other transactions from two internal reports: The Project Transaction Report and the Project Time Attendance Report. Both reports are run quarterly to account for all expenses associated with each building location.

Observations:

- Total salaries reported were verified to the County's financial management system. DPW's methodology uses an average hourly rate (by employee) to allocate the number of hours worked at a location for building staff.
- Total amounts billed were verified to the total expenses reported on the MLR for the Enterprise Fund locations. Insurance costs are not billed as they are paid directly.
- COVID related expenses ceased in 2023 and all related locations and operations have been shut down.
- The Comptroller's Office did a preliminary review of the report and calculation/formula anomalies were corrected before final submission.

Findings:

- Most locations billed by DPW were paid for with the exception of the Department of Behavioral and Community Health's Mental Hygiene Division and the Medical Examiner's Office.
- Multiple and inconsistent project names were set up for the same MLR location in the County's financial management system, which made it difficult to retrieve accurate data for a given location.
- Janitorial costs of approximately **\$119,000** were allocated incorrectly between two MLR locations, due to a year end closing issue. As of the publication of this audit, DPW has made the necessary correcting entry within the County's financial management system to reallocate the costs to the proper MLR location.

Recommendations:

- Departments are encouraged to budget for actual MLR costs in order for DPW to recoup incurred costs for building maintenance.
- One project per MLR location should be established and used to track all MLR related expenses within the county's financial management system to ensure that data is accurately tracked.
- All MLR cost allocations should be reviewed to ensure accurate billings by location.

Billings to Departments/Agencies

DPW bills reimbursable County departments and selected contract agencies on a quarterly basis. The contract agencies that are not billed, pay per their lease arrangement. Reimbursement for County departments may include state or federal revenue sources. We reviewed the accuracy of the bills and found no discrepancies. In 2023, a total of **\$1,492,634** was billed to the County departments of which **\$887,758** was received and a total of **\$126,737** was received from contract agencies. **Exhibit III** shows the rental billings to contract agencies. **Exhibit IV** shows a 3-year historical review of billings.

In addition to the County departments and contract agencies, DPW claims selected courthouse cleaning and minor repair expenses to the New York State Unified Court System (NYS UCS). In 2023, a total of **\$506,962** was billed and received for the period April 2022-March 2023.

Observation:

- Total invoice amounts billed, and revenues received were verified to the county's financial management system.

Finding:

- Rent invoices for January and February 2023 were billed to Access Supports for Living, Inc. for space occupied at 26 Oakley Street. Per DPW, the agency vacated the property in January 2023. However, the invoices totaling **\$25,917** were never paid by the agency. This amount was subsequently written off by DPW Finance in December 2023.

Recommendation:

- Revenues should be collected as soon as possible from all contract agencies and aged receivables should be written off in a timely manner when necessary.

Exhibit I - Maintenance in Lieu of Rent by Location

2023 Maintenance in Lieu of Rent	Amount
10 Market - CH	\$611,548
100/108 Parker Ave - Veith Bldg/ LEC	124,782
112 Delafield St - Elections	28,244
114 Delafield St - Aging	62,166
14 Commerce St - Public Transit	163,164
150 North Hamilton St - Jail	422,744
168 Washington St - Medical Examiner	102,299
170 Washington St - Records	115,487
22 Market - COB & Booth Coverage	1,508,786
26 Oakley St	98,781
228 Main St - Comm. of Jurors	111,607
230 North Rd - Mental Health	434,562
230 North Rd - ITAP	14,967
236 Main St - Court House Annex	297,196
278 Mill Street - Grand Jury	30,136
316 Main Street	0
378 Violet Ave - Central Services	46,513
392 Creek Rd - Emergency Response	223,064
45 Jackson St - Public Defender	9,551
45 Market St - Public Defender	109,979
50 Market St - Probation	840,445
503 Haight Ave - OCIS	207,478
60 Market St - DCFS	745,050
85 Civic Ctr - DA	13,432
85 Civic Ctr - Health*	266,420
85 Civic Ctr - Planning	14,636
Airport	354,667
Amenia Outpost	37,402
Auto Center**	117,807
Bardavon Chillers	2,196
Beacon Center	360,000
<i>*Includes Family Partnership Health Clinic</i>	
<i>**Includes Electric Vehicle Charging Stations and PBS - Petro Bulk Storage</i>	

Exhibit I - Maintenance in Lieu of Rent by Location

2023 Maintenance in Lieu of Rent	Amount
Beekman Outpost	\$26,835
BOE Warehouse	83,598
Camp Nooteeming	49,753
Clove Mountain - Emerg Resp	3,629
Consumer Affairs	22,452
COVID***	0
DMV Millbrook	8,637
DMV Pawling	0
DMV Wappinger Falls	13,795
Eastern Dutchess Government Center	333,372
Farm and Home Center	137,513
Highway - 626 Dutchess Tpke	828,625
Homeless Shelter Pods	53,585
Intermodal - Public Transit	7,739
Millbrook Outpost	29,866
Millerton Garage	0
MLR Solar Credit - applied	(124,711)
Parks - Quiet Cove	40,021
Parks - Bowdoin	129,452
Parks - Wilcox	74,380
Parks - Pocket Park	452
Parks - Upper Landing	10,572
Parks - Tivoli	0
Parks - War Memorial Main St.	4,679
Picnic/Aging	1,404
Pine Plains Outpost	20,143
Pine Plains Salt Shed/DPW Salt Shed	0
Rhinebeck Outpost	31,450
Stadium	72,472
Unallocated Difference	0
Veterans Affairs - Pleasant Valley	7,486
Wastewater Authority	1,327
You 35 Montgomery St.	2,348
	\$9,345,984
***Includes Dover CSD and JCP Vacc Sites	

Exhibit II - Summary of Year-to-Year Differences

Summary of Large Year-to-Year Differences		
2023 Location	YTY Difference	Comments
22 Market St. - County Office Building & Booth Coverage	\$97,702	Increase in direct costs (personnel) due to DA Renovations and preparation for HVAC project
26 Oakley Street	\$53,487	Increase in direct costs (professional services contracts)
50 Market St. - Probation	\$71,187	Increase in direct costs (new carpeting)
60 Market St. - DCFS	\$66,689	Increase in direct costs (replacement compressor)
112 Delafield - Board of Elections	(\$250,264)	Lease expenses and corresponding payments moved from MLR to BOE budget
150 North Hamilton - Jail	\$185,234	Justice Transition Center (JTC) completed in 2023
626 Dutchess Turnpike - Highway	\$120,513	Increase in direct costs (Renovations on bathroom and break room, painting of salt shed, increased security services, and garage exhaust system evaluation)
Airport	\$68,133	Increase in direct costs (water/septic repairs as well as security software)
Beacon Center	\$30,621	Increase due to floor replacement and outsourcing of security services (offset by a decline in personnel)
Board of Elections Warehouse	\$45,756	Increase in direct costs (warehouse dock leveler installation and glass repairs)
COVID Vaccination Sites	(\$145,808)	All Dutchess County locations shut down in 2023
Homeless Shelter Pods	\$26,077	Increase in direct costs (replace filters and heat exchanger)
<i>"Direct costs" include personnel, utilities, repair contracts, security systems, building parts, professional services contracts, and liability insurance.</i>		
<i>Justifications for the year-to-year differences verified by DPW Staff.</i>		

Exhibit III - Contract Agency Rental Billings 2023

Contract Agency Rental Billings				
2023	Billed	Received	Difference	
Cornell Cooperative Extension	\$6,158	\$6,158	0	
USDA	27,345	27,345	0	
Access Supports for Living, Inc.	55,870	55,870	0	
Access Supports for Living, Inc. - 26 Oakley St.	0	0	0	
Rehabilitation Support Services	4,800	4,800	0	
Bardavon 1869 Opera House	3,000	3,000	0	
Beacon 226 Main St LLC	1,440	1,440	0	
Astor Services for Children and Families	28,123	28,123	0	
DPW Miscellaneous Refund	0	0	0	
Totals	\$126,737	\$126,737	\$0	

Exhibit IV - Three Year Historical Billings 2021-2023

	2021 Billed and Received	2022 Billed and Received	2023 Billed and Received
DBCH - Health			
Family Partnership Center	\$338	\$376	\$1,804
Beacon Center	15,306	17,366	36,447
Eastern Dutchess Government Center	9,985	8,466	14,606
85 Civic Center Plaza	8,578	7,087	7,226
DBCH - Health Total	\$34,208	\$33,295	\$60,083
Department of Community and Family Services			
60 Market St	\$253,485	\$287,515	\$588,827
Beacon Center	3,223	3,457	6,357
Eastern Dutchess Government Center	15,392	13,873	21,804
DCFS Total	\$272,100	\$304,845	\$616,988
Youth Bureau Total	\$3,264	\$3,264	\$3,264
Airport Total	\$67,989	\$74,175	\$139,777
Public Transit			
Public Transit	\$28,695*	\$58,320	\$62,391
Intermodal	18,025	5,716	5,034
Public Transit Total	\$46,721	\$64,036	\$67,425
Totals	\$424,281	\$479,614	\$887,538
<i>*DPW's invoice to Public Transit for 3Q 2021 listed incorrect descriptions with associated charges, overstating Public Transit's Intermodal billings.</i>			

Department Response: DPW

SUE SERINO
COUNTY EXECUTIVE



ROBERT H. BALKIND, P.E.
COMMISSIONER

DAVID C. WHALEN
DEPUTY COMMISSIONER

DUTCHESS COUNTY GOVERNMENT DEPARTMENT OF PUBLIC WORKS

July 17, 2024

A. Gregg Pulver, Comptroller
County Office Building, 4th Floor
22 Market Street
Poughkeepsie, NY 12603

RE: 2023 Maintenance in Lieu of Rent (MLR) Audit Report

Dear Comptroller Pulver:

Thank you for the opportunity to provide comments on the 2023 MLR Audit Report. The Department of Public Works, through its Finance Division, is responsible for oversight of the of the MLR process for DPW. The Department's Buildings Division staff populates the MLR program with employee time and expenses allocated to each county building and/or project.

Over the years, the Department, in cooperation with The Comptroller's Office, has refined and improved the MLR data collection and reporting process, and the 2023 Audit Report reflects these improvements.

Generally, the report appears to be complete and accurate. As with all reports and audits, the Department will use this report as an opportunity to improve its performance in managing the MLR process. I wish to acknowledge DPW Director of Fiscal Services Mary Aldrich and DPW Building Administrator Brendan McAllister for their efforts to make the MLR process efficient and accurate, and for cooperating with the Comptroller's Office in the preparation of this report. Thank you again for the opportunity to offer this response to the 2023 MLR Audit Report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robt Balkind".

Robert H. Balkind, P.E.
Commissioner

c: Mary Aldrich, MA, CPF0, DPW Director of Fiscal Services
Brendan McAllister, DPW Buildings Administrator

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