
AUDIT REPORT

DUTCHESS COUNTY MAINTENANCE IN LIEU OF RENT (MLR) REPORT



July 2023



OFFICE OF THE
DUTCHESS COUNTY COMPTROLLER

ROBIN L. LOIS, COMPTROLLER

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Dear County Officials and Taxpayers,

The Dutchess County Comptroller's Office has completed an audit report of the 2022 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. A total of **\$8.85 million** dollars was identified as maintenance in lieu costs and a total of **\$1.71 million** was billed. It is a goal to maximize revenue for the county.

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.

Our report recommends 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 2022 bill.

It is important that the County continues to explore opportunities to expand billings to other entities to increase reimbursement to the County to reflect the actual cost of operations for those entities.

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

Respectfully submitted,



Robin L. Lois
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: (1) Bill County departments which may be able to claim state and federal revenue; (2) To bill agencies that occupy space in County buildings; (3) To identify costs for the Enterprise Funds (Aviation and Public Transit); and (4) To have the information available for the preparation of the Indirect Cost Allocation Plan (ICAP).

A total of **\$1,711,012** was billed by DPW as follows: County Departments - **\$1,050,690**, Contract Agencies - **\$163,686**, and the Unified Court System - **\$496,636**. Of the amount billed, a total of **\$1,139,936** 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, Objectives, and Methodology

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 2022. A total of **\$8,851,148** was recorded as MLR expenses for 2022, which is an increase in expenses of **\$1,104,674** from 2021. Attached as **Exhibit I** is the listing of MLR costs by building location, including 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.
- To identify COVID expenses.

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

Summary Finding

The 2022 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

Observations:

- Total salaries reported were verified by 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.
- The MLR was reviewed for accuracy. Noted calculation/formula errors were corrected before the report was submitted.
- Due to a timing issue, Q4 Janitorial Services in the amount of **\$130,937** were not billed to DCFS. DPW will be billing these charges to DCFS in 2023 if DCFS can still receive reimbursement.
- COVID related expenses totaling **\$145,808** identified were primarily for salaries and supplies. These costs were not allocated and billed to individual locations due to the nature of the expenses. The breakdown of costs are as follows: (1) Salaries - **\$22,357**, (2) Fringe - **\$11,039**, (3) Supplies, Utilities, and Contracts - **\$46,871**, (4) Property/Liability Insurance - **\$7,538**, and (5) Indirect Costs - **\$58,003**.
- Additional efforts by DPW of calculations and allocations, prior to distribution of this MLR report, has assisted in the verification of the information. The Comptroller's Office did an early review of the report and anomalies were corrected before submission.

Findings:

- Most locations billed by DPW were paid except for Mental Hygiene and the Medical Examiner's Office.

Recommendations:

- Departments are encouraged to budget for actual MLR costs in order for DPW to recoup incurred costs for building maintenance.

Billings to Departments/Agencies

DPW bills reimbursable County departments and some contract agencies on a quarterly basis. Certain contract agencies are not billed but pay per the 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 2022, a total of **\$1,050,690** was billed to the County departments, of which **\$479,614** was received and a total of **\$163,686** was received from contract agencies. **Exhibit II** shows the billed and received amounts for each department that paid. **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 2022, a total of **\$496,636** was billed and received for the time period April 2021-March 2022.

Observations:

- Total invoice amounts billed and revenues received were verified by the County's financial management system.

Finding:

- One invoice billed to the Bardavon 1869 Opera House pertaining to contract #04-0230-4/25-PW for annual chiller operations was posted to the incorrect revenue G/L account in 2022.

Recommendation:

- Invoices should be reviewed and revenues reconciled to ensure accurate billings.

Exhibit I
Maintenance in Lieu of Rent by Location

2022 Maintenance in Lieu of Rent	Amount
10 Market St - CH	\$631,100
100/108 Parker Ave - Veith Bldg/LEC	110,930
112 Delafield St - Elections	278,508
114 Delafield St - Aging	58,390
14 Commerce St - Public Transit	126,661
150 North Hamilton t - Jail	237,510
168 Washington St - Medical Examiner	105,104
170 Washington St - Records	114,957
22 Market - COB & Booth Coverage	1,291,858
26 Oakley St	45,294
228 Main St - Comm of Jurors	133,215
230 North Rd - Mental Health	614,827
230 North Rd - ITAP	31,472
236 Main St - Court House Annex	352,560
278 Mill Street-DA	22,538
316 Main St	1,566
378 Violet Ave - Central Services	36,611
392 Creek Rd - Emergency Response	204,339
45 Jackson St - Public Defender	6,094
45 Market St - Public Defender	82,387
50 Market St - Probation	769,258
503 Haight Ave - OCIS	191,507
60 Market St - DCFS	678,361
85 Civic Ctr - DA	3,836
85 Civic Ctr - Health*	65,039
85 Civic Ctr - Planning	7,920
Airport	286,534
Amenia Outpost	15,851
Auto Center**	164,155
Bardavon Chillers	1,653
Beacon Center	329,379
Beekman Outpost	12,972
BOE Warehouse	37,842
Camp Nooteeming	113,967
Clove Mountain - Emerg Resp	915
Consumer Affairs	30,449
COVID***	145,808
DMV Millbrook	4,616
DMV Pawling	1,069

2022 Maintenance in Lieu of Rent	Amount
DMV Wappinger Falls	15,235
Eastern Dutchess Government Center	324,723
Farm and Home Center	117,041
Highway - 626 Dutchess Tpke	708,112
Homeless Shelter Pods	26,278
Intermodal - Public Transit	6,993
Millbrook Outpost	25,269
Millerton Garage	1,019
MLR Solar Credit - applied	(41,008)
Parks - Quiet Cove	14,318
Parks - Bowdoin	109,054
Parks - Wilcox	63,280
Parks - Pocket Park	1,401
Parks - Upper Landing	278
Parks - Tivoli	96
Parks - War Memorial Main St.	63
Picnic/Aging	1,955
Pine Plains Outpost	10,201
Pine Plains Salt Shed/DPW Salt Shed	19,134
Rhinebeck Outpost	20,715
Stadium	62,820
Unallocated Difference	13,398
Veterans Affairs - Pleasant Valley	1,890
Wastewater Authority	1,829
Total	\$8,851,148
*Includes Family Partnership Health Clinic	
**Includes Electric Vehicle Charging Stations and PBS (Petro Bulk Storage)	
***Includes Dover CSD and JCP Vaccination Sites	

Summary of Large Year-to-Year Differences

Location	YTY Difference (2021 vs. 2022)	Comments
10 Market Street	\$124,160	Increase in direct costs
22 Market Street & Booth	234,581	Increase in direct costs
626 Dutchess Turnpike	132,023	Increase in direct costs
Camp Nooteeming	113,967	Newly acquired property in 2022
Auto Center	92,441	Increase in direct costs
Beacon Center	74,582	Increase in security services and repair contracts offset by a decline in personnel
50 Market Street	71,316	Increase in direct costs
60 Market Street - DCFS	62,459	Increase in direct costs
26 Oakley Street	45,294	Newly acquired property in 2022
BOE Warehouse	37,842	Newly leased building from 2021 MLR Report
Direct Costs include but are not limited to personnel, utilities, repair contracts, security systems, building parts, professional services contracts, and liability insurance.		

Justifications for the year-to-year (YTY) differences verified by DPW staff.

Exhibit II County Departments Billed & Received in 2022

DBCH - Health	2022 Billed and Received
Communicable Disease Control Clinic (29 North Hamilton St.)	\$376
Beacon Center	17,366
Eastern Dutchess Government Center	8,466
85 Civic Center Plaza	7,087
DBCH - Health Total	\$33,295
Department of Community and Family Services	
60 Market St	\$287,515
Beacon Center	3,457
Eastern Dutchess Government Center	13,873
DCFS Total	\$304,845
Youth Bureau	\$3,264
Airport	\$74,175
Public Transit	
Public Transit	\$58,320
Intermodal	5,716
Public Transit Total	\$64,036
Totals	\$479,614

Exhibit III
Contract Agency Rental Billings 2022

Contract Agency Rental Billings 2022	Billed	Received	Difference
Cornell Cooperative Extension	\$6,038	\$6,038	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.)	51,833	51,833	0
Rehabilitation Support Services	4,800	4,800	0
Bardavon 1869 Opera House	3,000	3,000	0
Beacon 226 Main St LLC	4,320	4,320	0
Astor Services for Children and Families	10,480	10,480	0
DPW Miscellaneous Refund	0	0	0
Totals	\$163,686	\$163,686	\$0

Exhibit IV
Three Year Historical Billings 2020-2022

	2020 Billed and Received	2021 Billed and Received	2022 Billed and Received
DBCH – Health			
Communicable Disease Control Clinic - 29 No Hamilton St	\$411	\$338	\$376
Beacon Center	15,133	15,306	17,366
Eastern Dutchess Government Center	7,960	9,985	8,466
85 Civic Center Plaza	6,242	8,578	7,087
DBCH - Health Total	\$29,746	\$34,208	\$33,295
Department of Community and Family Svcs			
60 Market St	\$258,591	\$253,485	\$287,515
Beacon Center	3,145	3,223	3,457
Eastern Dutchess Government Center	12,590	15,392	13,873
DCFS Total	\$274,325	\$272,100	\$304,845
Youth Bureau	\$3,264	\$3,264	\$3,264
Airport	\$41,597	\$67,989	\$74,175
Public Transit			
Public Transit	\$60,761	\$28,695	\$58,320
Intermodal	7,516	18,025*	5,716
Public Transit Total	\$68,277	\$46,721	\$64,036
Totals	\$417,210	\$424,281	\$479,614

**DPW's invoice to Public Transit for Q3 2021 listed incorrect descriptions with associated charges, overstating Public Transit's Intermodal billings.*

DPW Response

WILLIAM F.X. O'NEIL
COUNTY EXECUTIVE



ROBERT H. BALKIND, P.E.
COMMISSIONER

DAVID C. WHALEN
DEPUTY COMMISSIONER

COUNTY OF DUTCHESS DEPARTMENT OF PUBLIC WORKS

July 24, 2023

Robin Lois, Comptroller
County Office Building, 4th Floor
22 Market Street
Poughkeepsie, NY 12603

RE: AUDIT OF DUTCHESS COUNTY DPW MAINTENANCE IN LIEU OF RENT (MLR) 2022 ANNUAL REPORTING

Dear Comptroller Lois:

Thank you for the opportunity to provide comments on the 2022 Maintenance in Lieu of Rent (MLR) audit report. Working closely with the Comptroller's Office, the Department has made several operational improvements and instituted better financial controls to further improve the way MLR expenses and revenues are recorded and tracked. The MLR process continues to be managed by Mary Aldrich, DPW Director of Fiscal Services in collaboration with the County's Budget Office and Finance Department. Overall, the audit report appears to validate the work done within the Department to constantly improve the MLR process.

The audit appears to be complete and accurate. As with all audits, the Department will use your report as an opportunity to improve its performance when preparing future MLR annual reporting.

Thank you for the opportunity to offer this response to the 2022 Maintenance in Lieu of Rent (MLR) audit report.

Sincerely,

Robert H. Balkind, P.E.
Commissioner

c: David C. Whalen, DPW Deputy Commissioner
Mary F. Aldrich, MA, CPFO, DPW Director of Fiscal Services

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