
AUDIT REPORT

DUTCHESS COUNTY

MAINTENANCE IN LIEU OF RENT (MLR) REPORT



AUGUST 2025



OFFICE OF THE

DUTCHESS COUNTY COMPTROLLER

DAN AYMAR-BLAIR, COMPTROLLER

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Brian D. Kelly
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Dear County Officials and Taxpayers,

The Dutchess County Comptroller's Office has completed an audit report of the 2024 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, such as repair, janitorial, and security services for the maintenance of County-occupied 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 **\$9.95 million** was identified as maintenance in lieu costs which is an increase of **\$603,090** over 2023 costs. DPW provided detailed explanations for the increased costs and these explanations are included in Exhibit II. The Comptroller's Office continues to encourage departments to budget for actual MLR costs in order for DPW to recoup the costs incurred for building maintenance.

Approximately **\$2 million** was billed by DPW between County departments, contract agencies, and the Unified Court System. Of the amount billed, a total of **\$1.47 million** was received as revenue. 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,



Dan Aymar-Blair
Dutchess County Comptroller

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I. Background and Organization

The Dutchess County Department of Public Works (DPW) prepares an annual report detailing the Maintenance in Lieu of Rent (MLR) costs. Maintenance in Lieu of Rent is a procedure for computing occupancy-related costs, such as repair, janitorial, and security services for the maintenance of County-occupied buildings processed by the DPW Buildings Division. The data compiled in the MLR report is primarily used to provide an accounting of costs for each County building. The results are used to:

- Bill County departments which may be able to claim state and federal revenue
- Bill agencies that occupy space in County buildings
- Identify costs for the enterprise funds (Aviation and Public Transit)
- Have the information available for the preparation of the Indirect Cost Allocation Plan (ICAP)

A total of **\$2,034,753** was billed by DPW as follows: County departments - **\$1,317,394**, contract agencies - **\$115,516**, and the Unified Court System - **\$601,843**. Of the amount billed, a total of **\$1,470,132** was received as revenue by DPW. Additional funds are received via the indirect cost claim for the Department of Community & Family Services as part of the Indirect Cost Allocation Plan (ICAP).

II. 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 2024. A total of **\$9,949,074** was recorded as MLR expenses for 2024, which is an increase in expenses of **\$603,090** from 2023. Attached as **Exhibit I** is the listing of MLR costs by building location. **Exhibit II** describes explanations for the year-to-year variances in MLR expenses for selected locations.

III. Objectives

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

IV. Methodology

DPW's process for obtaining the MLR information regarding expenses was reviewed. The billing information and the subsequent receipts were examined. Documentation received from DPW was compared to the County's financial management system and was verified for accuracy.

V. Summary Finding

The calculations, allocations, and summary of data for the 2024 MLR were accurate. Minor anomalies identified during our analysis 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 within the County's financial management system: The Project Transaction Report and the Project Time and Attendance Report. Both reports are run quarterly to account for all expenses associated with each building location.

Observations

- Total salaries reported were verified against 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 against the total expenses reported on the MLR for the Enterprise Fund locations. Insurance costs are not billed as they are paid directly.
- The Comptroller's Office completed a preliminary review of the report and calculation/formula anomalies were corrected before final submission.

Findings

- The Department of Mental Health and the Medical Examiner's Office did not pay their MLR costs to DPW.
- Multiple project names were set up for the same MLR location in the County's financial management system, which created difficulty in retrieving accurate data for a given location.
- The Department of Finance received and recorded two separate cash receipts totaling approximately **\$8,000**. An MLR project code was not assigned in the County's financial management system to the receipt which understated DPW's revenue. As of the writing of this audit, DPW corrected the cash receipts by assigning the proper MLR project code. In addition, DPW Finance has worked with the Office of Central Information Services (OCIS) to add a project field requirement when processing future cash receipts in the County's financial management system.

Recommendations

- Departments are encouraged to budget for actual MLR costs in order for DPW to recoup the costs incurred 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 cash receipts should be reconciled by DPW to ensure accuracy by location.

V. Summary Finding, cont.

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. In 2024, a total of **\$1,317,394** was billed to the County departments, of which **\$752,772** was received and a total of **\$115,516** was received from contract agencies. **Exhibit III** shows the rental billings to contract agencies. **Exhibit IV** shows a 3-year historical review of billings to county departments.

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 2024, a total of **\$601,843** was billed and received for the period April 2023-March 2024.

Observations

- Total invoice amounts billed and revenues received were verified against the county's financial management system.
- Billing to the Bardavon 1869 Opera House ceased in 2024 due to the theater's HVAC upgrade, thus eliminating the need to utilize the County's HVAC equipment.

Findings

- Contract #17-0364-12/17-BCH was a lease agreement between Astor Services for Children and Families and Dutchess County for use of space at 233 Main Street in Beacon. The lease agreement was specifically for the 2017 calendar year with an option to extend for 5 additional one-year terms. The contract ended on December 31, 2017 and the tenant continues to occupy the space. There are no known amendments for this contract, and a new lease agreement has not been initiated between the tenant ("Agency") and landlord ("County").
- Astor Services for Children and Families operates at a County-owned property located at 233 Main Street in Beacon. The tenant is responsible for paying the County a proportionate share of the operational costs based on its square footage in the building. A floor plan for 233 Main Street in Beacon was provided by DPW in 2Q 2024, which showed the square footage occupied by Astor Services for Children and Families as 1,471 sq. ft. The 2Q, 3Q, and 4Q billings to the agency were based on incorrect square footage of 1,380 sq. ft., resulting in an underbilling of **\$1,147**.

Recommendations

- A new lease agreement/contract should be initiated immediately between the tenant ("Agency") and the landlord ("County") with proper terms, extensions, and rent provisions clearly defined.
- All quarterly billings to Astor should reflect accurate square footage amounts in order for operational costs to be billed correctly to the tenant. As of 2025, DPW Finance is using the proper square footage for their billings to Astor.

VI. Department Response

SUE SERINO
COUNTY EXECUTIVE



ROBERT H. BALKIND, P.E.
COMMISSIONER

DAVID C. WHALEN
DEPUTY COMMISSIONER

DUTCHESS COUNTY GOVERNMENT DEPARTMENT OF PUBLIC WORKS

August 4, 2025

Dan Aymar-Blair, Comptroller
County Office Building, 4th Floor
22 Market Street
Poughkeepsie, NY 12603

RE: 2024 Maintenance in Lieu of Rent (MLR) Audit Report

Dear Comptroller Aymar-Blair:

Thank you for the opportunity to provide comments on the 2024 MLR Audit Report. The Department of Public Works, through its Finance Division, is responsible for the MLR process. The Department's Buildings Division staff populates the MLR program with employee time and expenses allocated to each county building and/or project.

The Department, in cooperation with the Comptroller's Office, has refined and improved the MLR data collection and reporting process, and the 2024 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.

Sincerely,

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

Robert H. Balkind, P.E.
Commissioner

c: Mary F. Aldrich, MA, CPFO, DPW Director of Fiscal Services
Brendan McAllister, DPW Buildings Administrator

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Exhibit I - Maintenance in Lieu of Rent by Location

2024 Maintenance in Lieu of Rent	Amount
10 Market St. - CH	\$635,621
100/108 Parker Ave. - Veith Bldg./LEC	256,622
112 Delafield St. - Elections	25,092
114 Delafield St. - Aging	57,780
14 Commerce St. - Public Transit	178,975
140 North Hamilton St. - 1995 Former Jail Site	150,199
150 North Hamilton St. - JTC	394,908
168 Washington St. - Medical Examiner	106,057
170 Washington St. - Records	112,679
22 Market St. - COB & Booth Coverage	1,550,916
26 Oakley St.	86,924
228 Main St. - Comm. of Jurors	109,827
230 North Rd. - Mental Health	584,717
230 North Rd. - ITAP	9,831
236 Main St. - Court House Annex	393,704
278 Mill St. - Grand Jury	41,848
35 Montgomery St. - YOU Center	9,203
378 Violet Ave. - Central Services	52,228
392 Creek Rd. - Emergency Response	299,412
45 Jackson St. - Public Defender	12,322
45 Market St. - Public Defender	107,795
50 Market St. - Probation	933,400
503 Haight Ave. - OCIS	182,043
60 Market St. - DCFS	782,109
85 Civic Ctr Plaza - DA	0
85 Civic Ctr Plaza - Health*	105,413
85 Civic Ctr Plaza - Planning	19,262
85 Civic Ctr Plaza - Youth Bureau	2,655
Airport	337,507
Amenia Outpost	22,978
Auto Center**	114,132
Bardavon Chillers	0
Beacon Center	315,507
Beekman Outpost	40,321
BOE Warehouse	47,404
Camp Nooteeming	101,671
Clove Mountain - Emerg Resp	3,511
*Includes Family Partnership Health Clinic	
**Includes Electric Vehicle Charging	

Exhibit I - Maintenance in Lieu of Rent by Location, cont.

2024 Maintenance in Lieu of Rent	Amount
Consumer Affairs	\$20,790
DMV Millbrook	7,897
DMV Wappinger Falls	10,668
Eastern Dutchess Government Center	348,702
Farm and Home Center	124,952
Highway - 626 Dutchess Tpke.	706,629
Homeless Shelter Pods	69,516
Intermodal - Public Transit	28,277
Millbrook Outpost	20,632
MLR Solar Credit - Applied	5,934
Parks - Quiet Cove	36,916
Parks - Bowdoin	133,907
Parks - Wilcox	77,178
Parks - Pocket Park	929
Parks - Upper Landing	10,929
Parks - War Memorial Main St.	9,484
Picnic/Aging	4,232
Pine Plains Outpost	10,524
Rail Trail	259
Rhinebeck Outpost	18,504
Stadium	99,355
Unallocated Difference	14,109
Veterans Affairs - Pleasant Valley	2,697
Wastewater Authority	1,480
	\$9,949,074

Exhibit II - Summary of Large Year-to-Year Differences

2024 Location	YTY Difference	Comments
22 Market St. - County Office Building & Booth Coverage	\$42,130	Increase in direct costs* due to Parking Lot Booth Coverage and glass repairs
50 Market St. - Probation	\$92,955	Increase in direct costs (new carpeting and other partially reimbursable tenant services)
60 Market St. - DCFS	\$37,059	Increase due to Pollution Liability coverage added to the County's insurance policy
85 Civic Center Plaza - Health		Decrease in liability insurance (due to the split of Dept. of Behavioral and Community Health into 2 distinct departments), offset by an increase in personnel for the Mental Hygiene move to 230 North Road
100/108 Parker Avenue - Veith Bldg./LEC	\$131,840	Increase due to Boiler Replacement project
140 North Hamilton St. - 1995 Former Jail Site	\$150,199	Increase in direct and indirect costs (site is being used by DCFS for caseworkers)
230 North Road - Mental Health	\$150,154	Increase in liability insurance (due to split of Dept. of Behavioral and Community Health into 2 distinct departments)
236 Main St. - Court House Annex	\$96,509	Increase due to 5th floor renovation costs
392 Creek Road - Emergency Response	\$76,349	Increase in direct costs (repairs on roof, HVAC, water pump, parking and loading dock)
626 Dutchess Turnpike - Highway	(\$121,997)	Decrease in direct costs due to several completed projects in 2023
Beacon Center	(\$44,493)	Decrease due to 2023 completion of floor replacement
Board of Elections Warehouse	(\$36,193)	Decrease due to completion of dock leveler and glass repairs in 2023
Camp Nooteeming	\$51,918	Increase in direct costs as DPW assumed more responsibility of the property in 2024
Homeless Shelter Pods	\$15,931	Increased costs due to aging temporary structures
Solar Credit - Applied	\$130,644	Inaccurate information obtained from Central Hudson; correcting adjustment to be received in 2025
**"Direct costs" refer 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 III - Contract Agency Rental Billings 2024

Contract Agency Rental Billings			
2024	Billed	Received	Difference
Cornell Cooperative Extension	\$6,281	\$6,281	0
USDA	27,345	27,345	0
Access Supports for Living, Inc.	55,870	55,870	0
Rehabilitation Support Services	4,800	4,800	0
Bardavon 1869 Opera House*	0	0	0
Beacon 226 Main St. LLC	1,440	1,440	0
Astor Services for Children and Families	19,780	19,780	0
Totals	\$115,516	\$115,516	\$0
*Bardavon 1869 Opera House no longer billed due to an HVAC upgrade, thus eliminating the need to utilize the County's chiller functionality.			

Exhibit IV - Three Year Historical Billings 2022-2024

	2022 Billed and Received	2023 Billed and Received	2024 Billed and Received
Department of Health			
Family Partnership Center	\$376	\$1,804	\$2,568
Beacon Center	17,366	36,447	28,635
Eastern Dutchess Government Center	8,466	14,606	14,509
85 Civic Center Plaza	7,087	7,226	20,995
Department of Health Total	\$33,295	\$60,083	\$66,707
Department of Community and Family Services			
60 Market St.	\$287,515	\$588,827	\$468,672
Beacon Center	3,457	6,357	5,028
Eastern Dutchess Government Center	13,873	21,804	22,493
DCFS Total	\$304,845	\$616,988	\$496,193
Youth Bureau Total	\$3,264	\$3,264	\$3,264
Airport Total	\$74,175	\$139,777	\$93,902
Public Transit			
Public Transit	\$58,320	\$62,391	\$66,133
Intermodal	5,716	5,034	26,573
Public Transit Total	\$64,036	\$67,425	\$92,706
Totals	\$479,614	\$887,538	\$752,772

Appendix I: Glossary of Terms

Anomalies: A sharp or noticeable difference in a pattern of information identified within a data set.

Direct Costs: Expenses that can be directly attributed to the production of specific good or services. Within the context of the current report (MLR) “Direct Costs” refer to personnel, utilities, repair contracts, security systems, building parts, professional services contracts, and liability insurance.

Enterprise Funds (ET): Self-supporting government funds that provide goods and services to the public for a fee. They rely primarily upon user charges rather than tax revenue to cover their costs.

Reimbursements: Repayments of amounts paid on behalf of another party.

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