

Audit Report

**Dutchess County
Department of Planning and Community Development – Housing and
Community Development**

Dutchess County Department of Planning and Community Development – Housing and Community Development

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Comptroller's Summary

Background and Organization

The Community Development section of the Dutchess County Department of Planning and Community Development (Planning – CD) is responsible for administering grant funds from the US Department of Housing and Urban Development (HUD). The County with a consortium of villages, towns and the City of Beacon representatives, recommend funding for local infrastructure, housing, human service, and economic development projects. Of the total funding received annually, approximately \$1.5 million is allocated to local communities. In addition, funding is drawdown by Planning for in-house personnel to provide administration of funds and technical assistance to municipalities with issues that include: housing, downtown revitalization, water resource management, land use changes and economic development.

Audit Scope, Objective and Methodology

An audit was conducted of the Planning – CD division for the period January 1, 2005 through December 31, 2005. A total of \$3,437,847.77 was received including accounts receivables and \$3,324,335.54 was expended. The audit included a review of:

- Reconciliation of Revenues and Expenses to the 2005 Dutchess County Annual Financial Report;
- Revenue and expenses;
- Project files, claims and original supporting documentation;
- Internal Controls regarding grant handling.

Summary of Findings

Comprehensive Internal Controls and processes regarding the handling of grant funds were in place. Testing of the project files revealed expenditures incurred and revenues

received were in accordance with the department's written policies and procedures. Records were found to be in good order.

Detailed Findings

Funding Review

Planning – CD receives funding annually from HUD and allocates it to various projects. All funding in the Planning – CD division is 100% federal dollars. Payment requests are reviewed and funding is drawdown after the approval process is completed. Remaining funds are carried forward into the following year based on the project contract terms. All related projects are reconciled with the Department of Housing and Urban Development annually.

Funding in 2005 was allocated to the following programs:

- Urban County Community Development Block Grants (CDBG)
- Home Investment Partnership Program (HOME)
- Supportive Housing Program (SHP)
- Shelter Plus Care (S+C)
- Section 108 Loan Guarantee Program (S108)
- Senior Citizens - Owner Occupied Property Rehabilitation (CD)

A summary of the funding received and distributed for each of the above programs for the period January 1, 2005 through December 31, 2005 is shown as Exhibit I. As shown, revenues were reported as \$3,437,847.77 and expenses as \$3,324,335.54. All expenses must be matched by revenue since monies drawdown from these federal funding sources must be expended within a specified time period. The additional \$113,512.23 revenue received represents monies paid on rehabilitation loans.

A report from the county financial records was created to determine the expenditures incurred during 2005. Account activity was compared to Planning's internal records. Planning – CD expenditures incurred were compared to the federal funds received. All revenues and expenditures were traced to the 2005 Dutchess County Annual Financial Report.

Internal Controls

Planning – CD staff in conjunction with the DC Community Development Advisory Committee have policies and procedures which provide comprehensive guidelines for the grant funds. Procedures can be found at the county website. We tested selected files and found evidence of records for each phase: This included the request of funds, the awardance of funds; the completion of the project. In addition, we conducted site visits of several projects, which were complete or near completion in the Southern Dutchess area.

Expenses

- Expenditures incurred during 2005 were reviewed from the county financial system and compared to Planning's internal records which included claims, invoices and the recording of payments by project. No discrepancies were noted in the overall expenditures.
- Administration claims expensed to the CD program were reviewed. Submittals were received for Planning's administrative costs, County Attorney's legal services, and Comptroller's audit services as they related to CD accounts. Expenditures were paid as billed and payments were traced to the respective department's revenue account.
- Expenditures for the Senior Citizens-Owner Occupied Property Rehabilitation Program totaled \$50.00. A total of \$43,104.69 was allocated from CDBG funding to provide Rehabilitation program funding in 2005.

Revenues

- Revenue recorded was verified from the county financial records to Planning's detail of revenues. This included revenue drawdowns recorded for the various funding sources which represented individual project expenditures. Revenues were in balance with expenditures..

- In 2005, Revenue for the Senior Citizens-Owner Occupied Property Rehabilitation Program represented loan repayments totaling \$113,562.23.

A brief description of each program providing funding in 2005 follows:

Urban County Community Development Block Grants (CDBG)

The Urban County Community Development Block Grants Program (CDBG) is funded from the US Department of Housing and Urban Development (HUD). Grants provide for the upgrading of overall living conditions, including compliance to codes (building, zoning, ADA, etc.), sidewalk construction, and water system improvements. Under this program, municipalities who belong to the Dutchess County Consortium are eligible to apply for these grants. The Dutchess County Consortium in calendar year 2005 included all municipalities with the exception of the Town of Fishkill, the Village of Tivoli, and the City of Poughkeepsie.

Through the Urban County Community Development Block Grants program, Human Service program services are also funded. Non-profit agencies are eligible to apply for these grants. These funds assist youth, senior citizens, and families in stress. A total of \$1,895,923.82 was expended and reimbursed during 2005 including \$413,154.69 for administrative costs. Exhibit II details the vendors and the amounts claimed and paid. As shown 14 agencies, 11 municipalities, 4 vendors, and Dutchess County – Administration received funding.

<u>Recipient</u>	<u>Total</u>
Agencies	\$286,873.59
Municipalities	1,152,234.62
Admin – County	413,660.92
Rehab - Vendor	43,104.69
Total Expended	<u>\$1,895,873.82</u>

HOME Investment Partnerships Program

The HOME Investment Partnership Program (HOME) provides funding to States and localities that communities use, often in partnership with local nonprofit groups, to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. All projects are monitored and approved by Planning – CD staff, including site inspections for proposed funding and at the project completion. Approved grants were provided to income eligible individuals to correct code violations.

The following is a summary of the 2005 HOME Investment Partnership Program expenditures.

<u>Project</u>	<u>2005 Payments</u>
City of Poughkeepsie - First Time Homebuyer	\$8,000.00
City of Poughkeepsie – Rehabilitation*	171,722.00
Dutchess County - Administration	54,385.74
Retaining Wall - Main Street Wappingers Falls Community Service Programs Inc.	25,000.00
Northside Home Ownership Project Hudson River Housing, Inc.	260,982.60
Community Housing Development Organizations – Operating Expense Community Service Programs Inc.	39,000.00
Rebuilding Together/Christmas in April	35,000.00
	<u>\$594,090.34</u>

*City of Poughkeepsie - Rehabilitation represents payments issued to various homeowners. In most cases the payments were made to a contractor and the homeowner.

The Supportive Housing Program

The Supportive Housing Program is authorized by Title IV, Subtitle C, of the McKinney-Vento Homeless Assistance Act of 1987, as amended. It is designed to

promote, as part of a local Continuum of Care strategy, the development of supportive housing and supportive services to assist homeless persons in the transition from homelessness and to enable them to live as independently as possible.

The following is a summary of the 2005 Supportive Housing Program expenditures:

<u>Recipient</u>	<u>2005</u>
DC Commissioner of Finance - Administration	\$952.00
Gateway Community Industries, Inc.	71,352.24
Grace Smith House, Inc.	38,304.00
Hudson River Housing, Inc.	10,853.00
Hudson River Housing, Inc. – River Haven	102,034.00
Mental Health Assoc in DC, Inc.	69,690.86
Total Expended	<u><u>\$293,186.10</u></u>

Shelter Plus Care Program (S+C)

Shelter Plus Care (S+C) is a program designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases).

The following is a summary of the 2005 S+C Program expenditures.

<u>Recipient</u>	<u>2005</u>
Mid Hudson Addiction Recovery Center, Inc.	\$43,160.28
Rehabilitation Support Services, Inc.	51,310.00
Hudson River Housing, Inc.	146,735.00
Total Expended	<u><u>\$241,205.28</u></u>

Section 108 Loan Guarantee Program

Section 108 is the loan guarantee provision of the CDBG program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. Local

governments are permitted to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods. Such public investment is often needed to inspire private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas. Section 108 loans are not risk-free, however; local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security for the loan.

The Hose Company, LLC applied to Planning – CD for a Section 108 loan to assist in the purchase of 162 Main Street, Beacon, NY as an economic development project. Upon HUD’s approval, a total of \$299,930.00 was provided to the Hose Company LLC through contract #05-0430-9/25-PL. A site visit to this facility was conducted. The building has been renovated and business is being conducted. The loan was processed at the end of 2005. Payments were received in the beginning of 2006 and will be reviewed during the 2006 audit.

Senior Citizens - Owner Occupied Property Rehabilitation Program

CDBG monies and income from previous CDBG loans supplied the funding for an in-house loan program. Approved loans and/or grants were provided to income eligible seniors to correct code violations of senior occupied homes. The maximum amount of a loan was \$15,000.00.

The following is a summary of the revenue received during 2005:

<u>Funding Source</u>	<u>Recipient</u>	<u>2005</u>
CDBG	Monthly Repayments	\$20,648.60
CDBG	Satisfactions	68,667.41
HOME	Satisfactions	24,246.22
	Total Program Income	<u><u>\$113,562.23</u></u>

Expenditures for the Senior Citizens-Owner Occupied Property Rehabilitation Program totaled \$50.00. Funding for Rehabilitation totaling \$43,104.69 was provided from the CDBG expenditures in 2005 as shown on page 5.

Aileen Davidson
Aileen Davidson, Auditor

Diane Jablonski
Diane Jablonski, Comptroller

Exhibit I

<u>PROGRAM</u>	<u>RECIPIENT</u>	<u>REVENUE</u>	<u>EXPENSE</u>
CDBG	Contract Agencies	\$286,873.59	\$286,873.59
CDBG	Owner occupied	43,104.69	43,104.69
CDBG	Municipalities	1,152,234.62	1,152,234.62
CDBG	Administration	413,660.92	413,660.92
CDBG	TOTAL	\$1,895,873.82	\$1,895,873.82
HOME	Administration	\$54,385.74	\$54,385.74
	Poughkeepsie/City of First Time Homebuyer	8,000.00	8,000.00
HOME	Poughkeepsie/City of Rehabilitation	171,722.00	171,722.00
	Wappinger Falls - Main Street retaining wall	25,000.00	25,000.00
HOME	Northside Homeownership Project	260,982.60	260,982.60
	Community Housing Development Organizations - Operating Expenses	39,000.00	39,000.00
HOME	Rebuilding Together/Christmas in April DC	35,000.00	35,000.00
HOME	TOTAL	\$594,090.34	\$594,090.34
SHP	Administration	\$952.00	\$952.00
SHP	Contract Agencies	292,234.10	292,234.10
SHP	TOTAL	\$293,186.10	\$293,186.10
S+C	Contract Agencies	\$241,205.28	\$241,205.28
S+C	TOTAL	\$241,205.28	\$241,205.28
S108	The Hose Company LLC	\$299,930.00	\$299,930.00
S108	TOTAL	\$299,930.00	\$299,930.00
CD	Monthly Repayments	\$20,648.60	
CD	Satisfactions	68,667.41	
HOME	Satisfactions	24,246.22	
CD	CD-In-House Rehab Loans		\$50.00
CD	CD-IN-HOUSE REHAB LOANS	\$113,562.23	\$50.00
		\$3,437,847.77	\$3,324,335.54

Exhibit II

SUMMARY OF 2005 PAYMENTS TO VARIOUS VENDORS

<u>Type</u>	<u>Recipient</u>	<u>CDBG</u>
County Admin	Dutchess County - Administration	\$413,660.92
Municipalities	Amenia Town of	44,011.34
Municipalities	Beacon City of	572,916.91
Municipalities	Dover Town of	136,674.00
Municipalities	Fishkill Town of	24,843.19
Municipalities	Millbrook Village of	12,500.89
Municipalities	Northeast Town of	108,000.00
Municipalities	Pawling Village of	43,000.00
Municipalities	Pleasant Valley Town of	13,000.00
Municipalities	Poughkeepsie Town of	187,893.27
Municipalities	Stanford Town of	7,966.13
Municipalities	Washington Town of	1,428.89
Agency	Astor Home for Children	4,886.00
Agency	Beacon Community Center Inc	14,290.00
Agency	Child Abuse Prevention Center Inc	23,542.44
Agency	DC assoc for Senior Citizens Inc	14,524.60
Agency	DC Community Action Agency Inc	18,077.48
Agency	DC Economic Development Corporation	56,736.71
Agency	Family Services Inc	20,952.93
Agency	Grace Smith House Inc	14,683.50
Agency	Hudson River Housing Inc	5,750.00
Agency	Hudson River Housing Inc - River Haven	45,575.00
Agency	Literacy Connections Dutchess Co Inc	20,858.10
Agency	Martin Luther King Cultural Ctr Inc	12,683.95
Agency	Mid Hudson Addiction Recovery Ctr Inc	13,579.00
Agency	Northeast Community Council Inc	20,733.88
Rehab Vendor	Contarino Bruce Edward	12,636.69
Rehab Vendor	Donohue Dennis DBA	13,070.00
Rehab Vendor	Patson Building & Structures Inc	11,156.00
Rehab Vendor	Woodside & Young Inc	6,242.00
	Total Expended	\$1,895,873.82

Dutchess

April 19, 2007

Diane Jablonski, Comptroller
Dutchess County Comptroller's Office
County Office Building
22 Market Street
Poughkeepsie, NY 12601

Dear Diane:

**Dutchess County
Department of
Planning and
Development**

We are in receipt of the audit report of the Community Development and Housing division of the Dutchess County Department of Planning and Development, a copy of which is attached. The audit covers the period from January 1, 2005 through December 31, 2005.

William R. Steinhaus
County Executive

The minor changes discussed at the review meeting on Tuesday, April 3rd with my staff have been made and we are in agreement with all the information in the audit.

Roger P. Akeley
Commissioner

Richard Birch
Assistant Commissioner

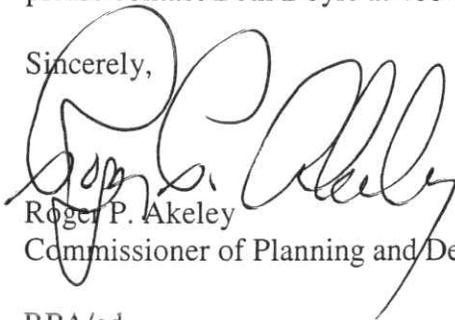
We also appreciate the detailed exhibits included in the revised format and find the program financial information more accessible presented this way.

27 High Street
Poughkeepsie
New York
12601

There are no audit findings that need to be addressed. If you have any questions, please contact Beth Doyle at 486-3600 or edoyle@co.dutchess.ny.us.

(845)486-3600
Fax(845)486-3610

Sincerely,



Roger P. Akeley
Commissioner of Planning and Development

RPA/ed

