

Audit Report

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

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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). All monies received are 100% federal dollars. The County with a consortium of villages, towns and the City of Beacon representatives, recommends funding for local infrastructure, housing, human service, and economic development projects. Recommendations for funding are made by the County Advisory Committee and Planning – CD with final approval granted by the County Executive. Additional information is available at the website: www.co.dutchess.ny.us/CountyGov/Departments/Planning

Audit Scope, Objective and Methodology

An audit was conducted of the Planning – CD division for the period January 1, 2006 through December 31, 2006. A total of \$3,876,789.67 was received including \$147,713.40 for repayment of loans and \$3,737,023.29 was expended. The audit included a review of:

- Planning's internal records detailing Revenues and Expenses for 2006 including: project files, claims, invoices and related supporting documentation;
- Internal controls regarding grant handling.

Summary of Findings

- While the Planning – CD internal revenue records were in agreement with expenditures, the County Finance Department's revenue entries had mispostings.
- Testing of the project files revealed expenditures incurred and revenues receipted were in accordance with the department's written policies and procedures.

Detailed Findings

Funding & Internal Procedure Review

Funding in 2006 from HUD 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)
- Senior Citizens - Owner Occupied Property Rehabilitation (CD)

Exhibits and Addendum:

- Exhibit I (page 6) is a summary of the funding received and distributed for each of the above programs for the period January 1, 2006 through December 31, 2006.
- Exhibit II (page 7) details the recipients and the amounts claimed and paid through CDBG funding.
- The Addendum (pages 8-11) is a brief description of each funding source and the 2006 transactions.

Evidence of Planning – CD’s implementation of policies and procedures included:

- All expenses matched revenue drawdown from federal funding sources.
- A selection of files reviewed found supporting documentation for the various project phases including: request of funds, awardance of funds and project completion.
- Site visits were conducted and a review of related project files found supporting documentation for the following:

<u>Recipient</u>	<u>Projects</u>
T/O Hyde Park V/O Red Hook	Rail station parking lot, Sewage disposal system at Hackett Hill Sidewalks
T/O Red Hook Red Hook Seniors I LP - Red Hook Commons	Addition to Village Hall; Construct road connecting Rte 9 & Rte 199; PERX Red Hook Seniors LLC
V/O Rhinebeck Various Contractors Dutchess County First Time Homebuyers	Water main; eliminate dead end; create loop between Locust Grove Rd & Astor Dr Four Senior Citizen Owner-Occupied Rehab Projects Two First Time Homebuyers

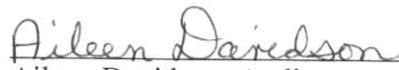
Expenses

- Expenditures incurred during 2006 were reviewed from the county financial system and compared to Planning – CD’s internal documents. A sample of claims and invoices for selected projects were verified to reported expenditures.
- Administration claims expensed to the CD program were reviewed. Submittals were received for: Planning – CD’s administrative costs (\$342,531.99), County Attorney’s legal services (\$3,743.01), and Comptroller’s audit services (\$6,516.20) as they related to CD accounts. Expenditures were paid as billed and revenue was recorded to the respective department’s revenue account.
- Expenditures for rehabilitation loans and grants totaled \$395,026.00. This included \$295,000.00 for the remediation of the PERX property in the Town of Red Hook.

Revenues

- Planning – CD’s internal detail of revenues was verified to the county financial account totals. Revenue drawdowns recorded for the various funding sources were in balance with expenditures. However, the County Finance Department’s revenue entries had mispostings which resulted in the Annual Financial Report understating revenue received.
- In 2006 revenue received from the CD- In House Rehabilitation loans was as follows:

<u>Funding Source</u>	<u>Recipient</u>	<u>2006</u>
CDBG	Monthly Repayments	\$15,578.27
CDBG	Monthly Repay 108 Loan	13,857.57
CDBG	Satisfactions	33,123.85
HOME County	Monthly Repayments	11,821.16
HOME County	Satisfactions	32,833.72
HOME C/Poughkeepsie	Satisfactions	40,498.83
	Total Expended	<u>\$147,713.40</u>


Aileen Davidson, Auditor


Diane Jablonski, Comptroller

Exhibit I

PROGRAM	RECIPIENT	EXPENSES	REVENUES
CDBG	Municipalities	\$991,896.28	
CDBG	Rehabilitations	100,026.00	
CDBG	T/Red Hook – PERX Property Remediation	295,000.00	
CDBG	Contract Agencies	267,401.00	
CDBG	Administration	305,044.51	
CDBG	Community Development Block Grants Total		\$1,959,367.79
			\$1,959,367.79
HOME	City of Poughkeepsie First Time Homebuyer	\$64,000.00	
HOME	City of Poughkeepsie Rehabilitation	61,870.00	
HOME	City of Poughkeepsie Administration	97,564.86	
HOME	County Administration	47,679.62	
HOME	Dutchess County First Time Homebuyer	28,000.00	
HOME	Meadow Ridge II Senior Residence	418,000.00	
HOME	City of Poughkeepsie 382 - 394 & 400 Block Main St	89,960.00	
HOME	Hudson River Housing 291 Mill Street Project	102,900.00	
HOME	Rebuilding Together	35,000.00	
HOME	Red Hook Commons	484,439.00	
HOME	HOME Total		\$1,429,413.48
			\$1,429,413.48
S+C	Contract Agencies	\$169,111.00	
S+C	Shelter + Care Total		\$169,111.00
			\$169,111.00
SHP	Contract Agencies	\$171,184.00	
SHP	Supportive Housing Program Total		\$171,184.00
			\$171,184.00
CDBG	The Hose Company - Hudson Beach Glass-Section 108	\$7,947.02	
CDBG	The Hose Company - Hudson Beach Glass-Section 108		\$7,947.02
			\$7,947.02
CDBG	Monthly Repayments		\$15,578.27
CDBG	Monthly Repay 108 Loan		13,857.57
CDBG	Satisfactions		33,123.85
HOME	Monthly Repayments		11,821.16
HOME	Satisfactions		73,332.55
CD	CD-In-House Rehab Loans		\$147,713.40
	Total Expended	\$3,737,023.29	\$3,876,789.67

Exhibit II

<u>Type</u>	<u>RECIPIENT</u>	<u>CDBG</u>
County Admin	Dutchess County Administration	\$305,044.51
Municipalities	Beacon City of	92,395.97
Municipalities	Amenia Town of	45,988.66
Municipalities	Fishkill Village of	191,326.70
Municipalities	Hyde Park Town of	105,768.13
Municipalities	Northeast Town of	12,151.35
Municipalities	Pine Plains Town of	100,000.00
Municipalities	Poughkeepsie Town of	34,920.60
Municipalities	Red Hook Village of	91,983.90
Municipalities	Red Hook Town of	326,367.70
Municipalities	Lagrange Town of	27,425.00
Municipalities	Pawling Village of	100,000.00
Municipalities	Stanford Town of	14,414.50
Municipalities	Wappinger Falls Village of	110,654.82
Municipalities	Millbrook Village of	33,498.95
Agency	Child Advocacy Center	15,142.42
Agency	Beacon Community Center - Youth Ed. & Develop Program	17,000.00
Agency	Hudson River Housing - River Haven	37,608.23
Agency	Martin Luther King Cultural Ctr. - After School Summer Prog	17,441.18
Agency	Grace Smith House Inc. - North East Shelter	11,843.89
Agency	DC Association for Seniors - RSVP/MIT	20,184.53
Agency	Family Services Inc. - Comp Serv. Families in Stress	19,646.00
Agency	DC Community Action Agency - Big Bros Big Sis	23,759.76
Agency	MARC - Residential Recovery Service	11,262.00
Agency	Northeast Community Council - Family & Youth Enrichment	17,000.00
Agency	Literacy Volunteers - Community Outreach	18,308.15
Agency	DC Economic Develop Corp - W HC	58,204.84
Rehab Vendor	Jo Van & Sons	3,800.00
Rehab Vendor	Kupiec Enterprises	14,625.00
Rehab Vendor	Nia Construction Services Inc.	8,958.00
Rehab Vendor	Niko Mechanical	15,000.00
Rehab Vendor	Patson Building	14,392.00
Rehab Vendor	River Remodeling	11,070.00
Rehab Vendor	Wilson Oil	5,500.00
Rehab Vendor	Woodside & Young	26,681.00
	Total Expended	\$1,959,367.79

ADDENDUM

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 2006 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 \$1,959,367.79 was expended and reimbursed during 2006 including \$305,044.51 for administrative costs. Funding was provided to 12 agencies, 14 municipalities, 8 contractors, and Dutchess County – Administration.

<u>Recipient</u>	<u>Total</u>
Agencies	\$267,401.00
Municipalities	991,896.28
Admin – County	305,044.51
Rehab – PERX Property	295,000.00
Rehab – Contractors*	100,026.00
Total Expended	<u><u>\$1,959,367.79</u></u>

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

HOME Investment Partnerships Program

The HOME Investment Partnership Program (HOME) provides funding to States and localities, 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. In addition, approved grants were provided to income eligible individuals to correct code violations. All projects are monitored and approved by Planning – CD staff.

Planning – CD is in the process of a major compliance review of rental housing projects that received HOME funding. Compliance forms have been sent to the administrators of these projects, those returned are being reviewed, and on-site monitoring to review the files and documents for compliance is planned. The project is scheduled to be completed by the end of 2007.

The following is a summary of the 2006 HOME Investment Partnership Program expenditures.

<u>Project</u>	<u>2006 Payments</u>
City of Poughkeepsie - First Time Home Buyer	\$64,000.00
City of Poughkeepsie - Rehabilitation*	61,870.00
City of Poughkeepsie - Administration	97,564.86
Dutchess County - First Time Home Buyer	28,000.00
Dutchess County - Administration	47,679.62
382-394 & 400 Block Main Street - City of Poughkeepsie	89,960.00
Meadow Ridge II Senior Residence - City of Beacon	418,000.00
291 Mill Street Project - Hudson River Housing Inc. - City of Poughkeepsie	102,900.00
Red Hook Commons (PERX property)	484,439.00
Rebuilding Together/Christmas in April	35,000.00
Total Expended	<u><u>\$1,429,413.48</u></u>

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

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 2006 S+C Program expenditures.

<u>Recipient</u>	<u>2006</u>
Mid Hudson Addiction Recovery Center, Inc.	\$66,691.00
Hudson River Housing, Inc.	102,420.00
Total Expended	<u><u>\$169,111.00</u></u>

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 2006 Supportive Housing Program expenditures:

<u>Recipient</u>	<u>2006</u>
Gateway Community Industries, Inc.	44,487.00
Grace Smith House, Inc.	16,852.00
Hudson River Housing, Inc. – River Haven	55,597.00
Mental Health Assoc in DC, Inc.	54,248.00
Total Expended	<u><u>\$171,184.00</u></u>

Section 108 Loan Guarantee Program

SECTION 108 LOAN GUARANTEE PROGRAM – Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) Program. The Section 108 Program is accessible as Dutchess County is a consortium of municipalities under the CDBG Program. Section 108 funding is available to the private sector for economic development activities, including commercial rehabilitation, small business loans, and infrastructure development. The loan benefits include lower interest rates, fixed interest rates, and longer terms. The loan activity must pass underwriting requirements and meet a national objective of the CDBG Program, one of which is to create or retain permanent jobs for low to moderate income persons. Section 108 loans are not risk-free, however; Dutchess County 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. The loan was processed at the end of 2005.

During 2006, Planning – CD received payments from The Hose Company quarterly for interest only. Planning – CD received a letter dated June 20, 2007 from HUD establishing the monthly payment schedule which includes principal and interest. The first monthly payment was due August 2007.

Senior Citizens- Owner Occupied Property Rehabilitation Loans

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



Dutchess County
Department of
Planning and
Development

Dutchess

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To: Diane Jablonski, Comptroller

From: Roger P. Akeley, Commissioner *RPA*

Re: *Community Development and Housing Division Audit*

Date: October 24, 2007

We have received the audit report for the CD and Housing Division of the Department of Planning and Development for the period of January 1, 2006, through December 31, 2006.

The minor changes discussed at the review meeting on Thursday, October 11, with my staff have been made and we are in agreement with the information in the audit.

There are no audit findings that need to be addressed. We did want to mention, however, that the HOME Investment Partnership Program monitoring is underway and will be completed by the end of 2007.

If you have any questions, please contact Beth Doyle, Community Development Administrator, at 486-3600 or edoyle@co.dutchess.ny.us.

RA/ed/mm

C: Beth Doyle

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