

# Town of Lodi

---

## Town Hall Capital Project

2024M-130 | July 2025

# Contents

---

**Report Highlights . . . . . 1**

**Town Hall Capital Project . . . . . 2**

    How Should a Board Plan, Manage and Monitor a Capital Project? . . . . . 2

    The Board Did Not Adequately Plan the Project. . . . . 2

    The Board Did Not Adequately Oversee the Project’s Procurements . . . . . 3

    The Board Did Not Adequately Monitor the Project . . . . . 4

    What Do We Recommend? . . . . . 6

**Appendix A – Purchase of New Town Hall . . . . . 8**

**Appendix B – Response From Town Officials . . . . . 9**

**Appendix C – OSC Comment on the Town’s Response. . . . . 11**

**Appendix D – Audit Methodology and Standards . . . . . 12**

**Appendix E – Resources and Services. . . . . 13**

# Report Highlights

## Town of Lodi

### Audit Objective

Determine whether the Town of Lodi (Town) Board (Board) adequately managed the Town Hall Capital Project (Project).

### Key Findings

The Board did not adequately manage the Project. As a result:

- The Board did not develop or formally establish a total estimated Project cost, or provide an itemized Project budget or detailed timeline, for the renovation of a church into the new Town Hall and food pantry.
- The Board did not oversee the competitive bidding process for the pantry portion of the Project.
- The Board and its contractors did not ensure that required permits were obtained and required inspections were performed throughout the Project.
- Work associated with six change orders totaling \$65,537 was completed without the Board’s approval.
- The Board approved 17 payments totaling approximately \$930,000 to construction contractors without adequate supporting documentation, such as a certification that the work was performed and completed according to contract terms.

### Key Recommendations

The audit report includes nine recommendations that, if implemented, will improve the Board’s oversight of capital projects.

Town officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action. Appendix C includes our comment on an issue that was raised in the Town’s response letter.

### Audit Period

January 1, 2022 – July 23, 2024.

We extended our audit period back to January 1, 2017 to include additional historical events related to the project.

### Background

The Town is located in Seneca County (County) and is governed by the elected Board, which includes the Town Supervisor (Supervisor) and four Board members.

In 2020, the Board approved the Project, which included the acquisition and renovation of a church, to meet the Town’s Town Hall and food pantry needs.

The Board is responsible for overseeing capital projects, including awarding contracts, authorizing contract amendments and change orders and approving claims. The Project (purchasing and renovating a new Town Hall) was funded by grants, bonds and Town funds.

The Town Clerk (Clerk) is responsible for maintaining official records, including Board meeting minutes and resolutions, and submitting bid advertisements.

Quick Facts	
As of April 30, 2024	
Board-Approved Project Contracts	\$1.05 million
Project Payments	\$1 million
Invoices Outstanding	\$243,000

# Town Hall Capital Project

---

## How Should a Board Plan, Manage and Monitor a Capital Project?

A town board (board) is responsible for overseeing capital projects, including ensuring that projects are properly authorized, planned and managed. Proper planning of a capital project requires the board to have a thorough understanding of the project's overall scope, estimated cost and financing sources before authorizing the project and adopting an itemized capital project budget and timeline.

The board should use competitive bidding and requests for proposals (RFPs)<sup>1</sup> to award construction contracts, where applicable, and purchase materials for the capital project to help ensure the prudent and economical use of public money in the town's best interests. To further ensure transparency during the procurement process, all bids should be publicly opened and read aloud by a town representative, and the board's acceptance of each bid should be documented.

Effective monitoring includes overseeing the capital project during construction to ensure that:

- The project is progressing within the expected time frame.
- Expenditures are not exceeding the budget for each phase.
- The work performed aligns with original project design, expected quality and contract terms.
- Any changes to the project or contract terms are properly documented and approved.

The board can ensure changes are properly documented and approved by using change orders, which are formal amendments to a construction contract that modify the original terms of the agreement and are used to officially make changes to a signed contract.

To adequately monitor capital projects, the board should receive and review monthly budget-to-actual financial reports to ensure funds are available for project expenditures, contracts are being followed and costs are within budget. Also, the board should receive other meaningful reports that include the percentage of project completion compared to the initial project timeline and significant changes to the project's scope or cost. Accurate project status reports provide the board with a reliable mechanism to ensure that projects are properly planned and managed, project funding is authorized and costs are kept within the approved budget, while minimizing the possibility of cost overruns that could negatively affect town finances. All supporting documentation should be filed with the town clerk who is the records management officer and legal custodian of all town records.

## The Board Did Not Adequately Plan the Project

While the Board discussed the estimated costs of the Project, the Board did not properly plan it. The Board did not:

- Develop an itemized Project budget or approve the total estimated Project cost.

---

<sup>1</sup> An RFP is a document that provides detailed information concerning the type of service to be provided, including minimum requirements and the evaluation criteria that will govern the contract award. Potential vendors typically are supplied with copies of the RFP and are requested to submit proposals by a specified date.

- 
- Develop a detailed Project timeline for the renovation of a church<sup>2</sup> into the new Town Hall and food pantry.

In addition, Project documents were inconsistent. For example, officials provided us with documents to support the Project's estimated cost, but the documented costs varied. The Town's community development block grant (CDBG) application had an estimated cost of \$1,357,000. However, the Town's approved bond resolution indicated a maximum Project cost of \$1,146,414, which is a difference of approximately \$210,000 (16 percent).

The Board's lack of proper planning hindered its ability to effectively monitor the status of the project.

### **The Board Did Not Adequately Oversee the Project's Procurements**

The Board did not adequately oversee the Project's procurements because it relinquished much of its procurement responsibilities to a committee (Building Committee) and did not provide proper oversight.<sup>3</sup> The Building Committee included the former Supervisor, the Town Justice, a Board member and two members of the public.

RFPs and Bids – In September 2020, the Board approved the Building Committee's request to use an RFP process to obtain architectural services. The committee received and reviewed the proposals (received from the RFPs) before providing its recommendation to the Board and did not provide the documents to the Clerk. Therefore, these documents were unavailable for our review. As a result, we could not ensure that these services were procured prudently and economically in the Town's best interests.

In December 2021, the Board approved the solicitation of Project bids for general construction – including sitework and plumbing, electrical and mechanical work. The Clerk provided us with the bid advertisement certification for the Project. However, the Clerk stated she was unable to provide us with copies of the individual bid responses because she said that she did not receive them.

The Board's meeting minutes indicated that the Building Committee recommended extending the bid response due to limited bid responses. However, the Town did not have any documentation to support that the Board opened the sealed bids or received them. Also, the Clerk could not provide us with evidence that the extension of the bid response due date was advertised. Although the Board approved construction contracts totaling \$1.05 million on July 14, 2022, there was no documentation available relating to the bid responses. According to the Clerk and current Supervisor, the former Supervisor told the Board that the architect provided his recommendations to the Board based on the one or two bid responses received for each category.

CDBG Funding – The former Supervisor, who filed the CDBG paperwork, and the Board were unaware that the New York State Homes and Community Renewal Agency required that the pantry portion of the Project be bid separately, because a significant portion of the CDBG grant money could not be used to

---

<sup>2</sup> Refer to Appendix A for further information on the Town's purchase of the church.

<sup>3</sup> On October 17, 2023, the former Supervisor resigned from his elected position. The deputy Supervisor assumed the Supervisor's responsibilities and was subsequently elected to his own four-year term commencing on January 1, 2024.

---

fund the municipal portion of the Project. In addition, the former Supervisor and Board did not consult with the CDBG grant administrator and the Town's legal counsel prior to soliciting RFPs and bids. Because they did not understand the CDBG requirements to receive CDBG funding, the Town had to request bids for the pantry portion of the Project that was already in progress.

In addition, the Board allowed the architect to seek, receive and open bids for the pantry portion of the Project. However, the Clerk and architect could not provide us with any evidence indicating that the sealed bids were opened publicly. The current Supervisor and two Board members also did not recall attending or hearing about a public bid opening. Because a Town representative was not in attendance at the bid opening, the Board may not have been aware of all responsible bidders before awarding the associated contracts in August 2023, which was five months after the bids' original due date.

Because the Board allowed the architect to accept and open the bids for the pantry work, the Board did not ensure that the Town possessed all documents required for the CDBG funding, such as bid summaries. In addition, the current Supervisor told us that the former Supervisor did not turn over all documents related to the Project to the Clerk upon leaving office. This required the Town to pay the architect \$1,800 to obtain copies of all contracts.

As a result, the Town had to request, and was granted, three extensions for the CDBG funding, with the last extension expiring on June 28, 2024. As of the end of our fieldwork, the Board was seeking its fourth extension in anticipation of gathering documents required for the release of CDBG funds to the Town.

The current Supervisor told us that the Board expected it might not be able to provide the required documentation, because the former Supervisor and architect did not obtain required documents, such as bid summaries. Without having all the required documentation, the current Supervisor believed that the Town could lose the grant funds and have to issue additional debt.

## **The Board Did Not Adequately Monitor the Project**

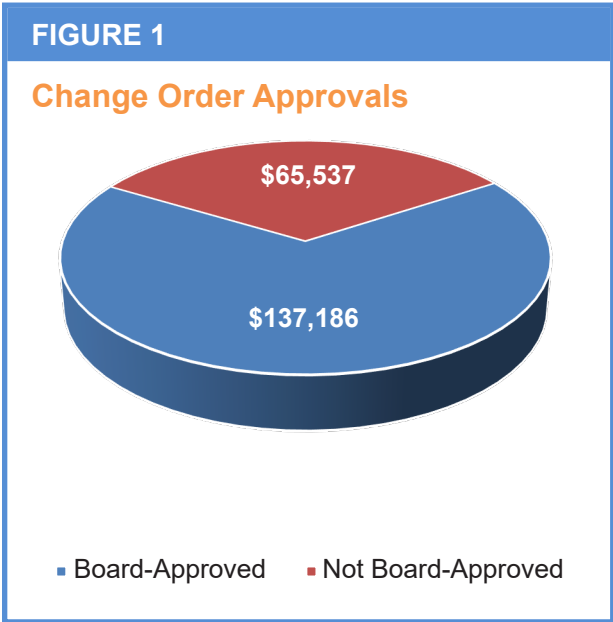
The Board did not adequately monitor the Project. Instead, the Board relied on the former Supervisor, architect and contractors to obtain required construction and permit approvals and keep the Project on track, but did not monitor the progress being made by these individuals. For example, the Town's contract with the project architect indicated that the architect would provide at least 20 site inspections during construction and additional inspections to determine substantial and final completion. However, the architect did not perform these contractually required obligations.

Had the Board monitored the architect's work, it could have determined whether the architect provided the required site inspections and identified that the architect did not obtain necessary construction approvals following the site inspections. By not monitoring the architect's work, the Board may have contributed to the unnecessary construction delays and costs.

Permits and Inspections – The Board did not properly oversee Project contractors. Two Board members, the current Supervisor and the architect told us that after construction began, the Project was shut down by a County code enforcement officer (County CEO) because the general contractor did not obtain a required building permit before commencing work. The general contractor obtained the permit

almost 30 days later and construction resumed. Also, the former Supervisor, Board and architect did not ensure that the general contractor obtained the 38 inspections that were required by the building permit.

The County CEO’s inspection notes, dated October 30, 2023, identified several missing inspections, which included inspections of the plumbing – water supply, air sealing, insulation, HVAC, electrical rough-in and final electrical, fuel line and truss certificate and placards. In addition, the inspection notes identified 32 items that needed correction, seven of which required mandatory remediation before the Town could obtain a certificate of occupancy allowing public access to the building. Furthermore, as of July 2024, the Town still did not have a certificate of occupancy.



Change Orders – During our audit period, the Project had 10 change orders totaling \$202,723. Of the 10 change orders, the former Supervisor inappropriately approved six totaling \$65,537 without Board approval (Figure 1). Because the Town did not have a policy that defined the change order approval process, he believed the changes could be made without Board approval due to the individual change order amounts being within the Project’s “contingency amount”<sup>4</sup>.

One change order totaling \$12,918 related to expenses incurred by the general contractor during the delay caused by the Project’s 30-day shutdown (while the Town waited for a building permit).

In addition, the architect’s original septic system design was not approved by the County Health Department and required a change order totaling \$10,871. Not only did the required redesign cause

delays and increase costs, but it also will result in frequent future expenditures related to necessary recurring pump outs of the holding tank system. Furthermore, as of the end of our fieldwork, the redesigned system was still inoperable.

Because the former Supervisor approved change orders without Board approval, the Board could not ensure that the change orders were appropriate, reasonable or necessary. Also, the Board’s ability to monitor the Project was diminished.

Claims Audit – The Board did not adequately review and approve Project claims. All 17 payments totaling \$929,591 that were made directly to contractors from August 2021 through March 2024 were approved by the Board without adequate supporting documentation, such as contractor payment applications (submitted by contractors when requesting payment) and architect certifications of work

<sup>4</sup> Based on the original construction bids amounts totaling \$1,017,527, the architect budgeted for a 10 percent contingency amount for unforeseen construction expenditures.

---

performed. Instead, the Board relied on verbal assertions made by the former Supervisor that the Project was on track and that the presented Project claims were appropriate.

Also, the current Supervisor and two Board members told us that they did not receive any written progress reports detailing the Project's financial status or any significant financial changes during the project. Because the Board did not review supporting documentation when paying contractor invoices or receive regular detailed reports about the Project's progress and financial status, the Town had an increased risk that it paid for work that was not performed or that was not substantially completed before payments were remitted.

As a result, because the former Supervisor unilaterally controlled most of the work on the Project, and because the Board did not adequately oversee the Project or the work performed by the individuals to which it delegated management of the construction, the Project was not completed by February 24, 2023, which was the "substantial completion date."<sup>5</sup> As of the end of our fieldwork, there were approximately \$243,000 in outstanding construction contractor invoices awaiting approval.

Because the Board did not adequately plan, procure and monitor the Project, the Town Hall was inaccessible to the public as of the end of our fieldwork. Also, the Board cannot ensure that the renovations were completed in a cost-effective manner.

## **What Do We Recommend?**

The Board should:

1. Develop estimated capital project costs, detailed budgets and timelines for all capital projects, including all anticipated costs and financing methods, and transparently inform the public of all capital projects' total costs.
2. Use competitive bidding and RFPs to award construction contracts, where applicable.
3. Require periodic financial reports that show actual revenues and expenditures compared to the approved budget.
4. Designate an officer or employee to publicly open and read aloud all bids received, document the bidders in a prescribed form and present the form at the next Board meeting.
5. Directly oversee capital project approvals and their progress (which includes ensuring that all permits are obtained and all required inspections are completed) or monitor the project manager assigned to this task.
6. Develop and adopt a written change order policy that includes requirements for approvals and necessary documentation to be maintained.

---

<sup>5</sup> The substantial completion date is the date by which the majority of the Project is supposed to be completed and the date at which the Town is required to pay the remaining contractual balance.

- 
7. Ensure that officials submit all supporting documentation for capital project claims, including project status reports, with purchase vouchers and invoices before approving payment.
  8. Properly approve all change orders.

The Clerk should:

9. Obtain and retain all official Town documents, including those from officials who leave office.

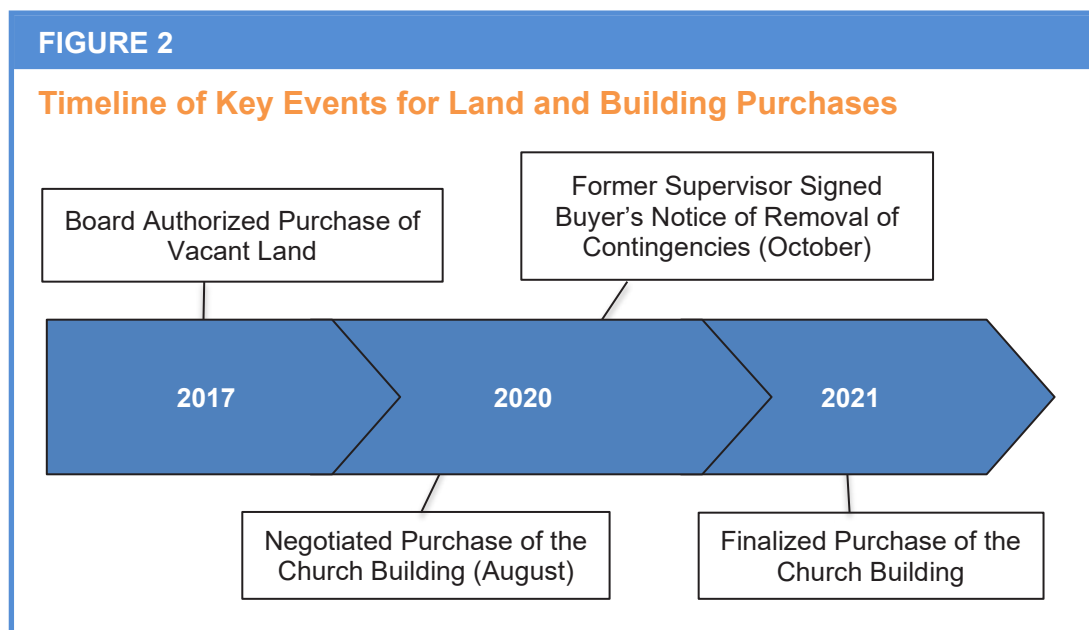
## Appendix A: Purchase of New Town Hall

During the previous decade, the Board considered various options for constructing a new Town Hall due to the old Town Hall's extreme disrepair. Only the first floor of the old Town Hall's three floors was usable, but even that floor was not compliant with the Americans with Disabilities Act (ADA) and did not have sufficient space for the Town Court's operations, inmate holding cells, private attorney/client meeting rooms or adequate security.

In 2017, the Board authorized and purchased land within the Village of Lodi (Village) and requested an architectural firm to draw up plans for constructing a new Town Hall. However, because the estimated cost to construct a new Town Hall was approximately \$1.8 million, the Board did not proceed with constructing a new Town Hall.

In 2020, the former Supervisor learned of an opportunity to purchase an old church building for \$67,828, which could be renovated for the Town's needs. In consideration of the low purchase price, the seller required the Town to allow a portion of the building to be used by a local food pantry. According to many Town officials, the property's low purchase price and location on State Route 414 was a better option than building a new Town Hall on property within the Village and also said that this option was more desirable to the Town's residents. In addition, the Board believed that including space for the food pantry made the Town eligible to receive a CDBG.

On August 25, 2020, the former Supervisor signed a contract for the sale and purchase of real estate to acquire the church building on the Town's behalf. On October 20, 2020, the former Supervisor signed a buyer's notice of removal of contingencies that waived the following inspections: engineering, home inspector, architectural, contractor, radon, chimney, pest infestation and septic system. The notice also waived the pumping of the septic tank and well potability and volume test requirements. The parties closed the sale and purchase of the property on April 12, 2021 (Figure 2).



# Appendix B: Response From Town Officials

---

## Town of Lodi

8491 Mill Street  
Lodi, NY 14860  
(607)-582-6800

11 June 2025

## Appendix B – Response From Town Officials

Response to Draft Audit Report Key Findings:

Dear Audit Team,

It appears that the project was not adequately managed by the Project Administrator, a licensed professional contracted by the town Board, provided by the Town's architectural firm and upon whom the Town Board relied for oversight of the project. The Project Administrator, through the Board's project lead (former Town Supervisor) and appointed building committee members did not accurately report project status to the Board and as a result, the Board was misinformed or untimely informed as to building progress, cost overruns and procedural deficiencies.

- The Project Administrator and the former Supervisor did not develop or formally establish a total estimated Project cost, or provide itemized Project budget updates or detailed timeline, for the renovation of a church into the new Town Hall and food pantry. The Board approved plans and budgeting that apparently were inaccurate and/or incomplete.
- The Town Board relied upon the Project Administrator and Grant Writer for guidance as to the need and process for competitive bidding as to additional work related to the food pantry. To the extent that the Board was advised, the Board followed the recommendations of their paid, professional advisors.
- Some contractors, including the licensed professional selected by the former Supervisor and hired by the Board to oversee the project including managing contracts, payment applications, etc., failed to ensure that required permits were obtained and required inspections were performed throughout the Project.
- The former Supervisor purported to unilaterally "approve" a total of 9 change orders without first informing the Board or obtaining the Board's approval for the change orders. Work associated with these change orders was completed with neither the Board's knowledge nor approval.
- The Board approved payments to construction contractors only with the understanding that payments were supported by adequate documentation. It is now apparent that our professional Project Administrator did not acquire the required supporting documentation

---

and certifications (and provide them to the former Town Supervisor as project lead) before recommending that the Board approve the payments.

- The Board has authorized its counsel to pursue appropriate legal action to recover and mitigate its losses incurred as a result of the foregoing, and that action is now pending.
- The Board has instituted a policy through Lodi Town Board Resolution # 22, dated June 11, 2025, addressing the issues raised in the Draft Report and as a first step in developing a comprehensive capital projects procedural policy.

The majority of observations are consistent with the concerns identified by the current Supervisor and escalated in 2023 to the New York State Comptroller, ultimately resulting in the Comptroller's audit. The board agrees with many of the observations identified within the draft audit, however it disagrees with the Comptroller's conclusion that the responsibility lies with the town board; simply the town board was not properly informed, updated, and/or presented with documentation (e.g. change orders that were contractually approved but never shared, how would the board know the change orders even existed at the time).

See Note 1 Page 11
--------------------------

This town board is committed to seeing that the tax payers of this town are made whole, that the residents, town employees, and elected officials have a safe town hall environment that is compliant with New York State Building & Sanitary Codes, that the applicable individuals and businesses who accepted public funds are held accountable to deliver services for which they have been reimbursed, and ultimately, that the town enact and execute to policy that mitigates the risk of these observations from recurring.

---

Lucas Latini  
Current Town Supervisor

Cc  
Connie Rosbaugh (Town Clerk)

## Appendix C: OSC Comment on the Town's Response

---

### Note 1

The Board was responsible for overseeing capital projects, including awarding contracts, authorizing contract amendments and change orders, and approving claims. Therefore, the Board should have taken steps to ensure that it obtained the necessary information it needed to properly oversee the Town's capital project.

## Appendix D: Audit Methodology and Standards

---

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We gained an understanding of the Project planning, approval and monitoring by interviewing current and former Supervisors, Board members, Building Committee members, construction contractors and the Town's grant administrator. We also reviewed the Board's meeting minutes and resolutions related to the Project, RFPs, bid advertisements, advertisement certifications and applications, construction contracts and grant applications.
- We summarized Project costs by reviewing Project fund expenditures, the closing statement for the purchase of the building and lot, contract bid amounts, change orders, contractor payment applications and architect certifications for payments, unpaid construction invoices and all payments made from the Project account.
- We reviewed the building permit, and the required building inspections list and report, to determine whether required inspections were performed.
- We reviewed all available construction contracts and change orders for evidence of approval.
- We reviewed all 17 payments to construction contractors totaling \$929,591, made from August 2021 through March 2024, for the Project to determine whether the payments had adequate supporting documentation, so that the Board could properly approve each payment.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in the Clerk's office.

## Appendix E: Resources and Services

---

### **Regional Office Directory**

[www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf](http://www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf)

### **Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

### **Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.ny.gov/local-government/fiscal-monitoring](http://www.osc.ny.gov/local-government/fiscal-monitoring)

### **Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

### **Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.ny.gov/local-government/resources/planning-resources](http://www.osc.ny.gov/local-government/resources/planning-resources)

### **Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf)

### **Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.ny.gov/local-government/required-reporting](http://www.osc.ny.gov/local-government/required-reporting)

### **Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

### **Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.ny.gov/local-government/academy](http://www.osc.ny.gov/local-government/academy)

## Contact

Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

<https://www.osc.ny.gov/local-government>

Local Government and School Accountability Help Line: (866) 321-8503

**ROCHESTER REGIONAL OFFICE** – Stephanie Howes, Chief of Municipal Audits

The Powers Building • 16 West Main Street – Suite 522 • Rochester, New York 14614-1608

Tel (585) 454-2460 • Fax (585) 454-3545 • Email: [Muni-Rochester@osc.ny.gov](mailto:Muni-Rochester@osc.ny.gov)

Serving: Cayuga, Livingston, Monroe, Ontario, Schuyler, Seneca, Steuben, Wayne, Yates counties