

# General Brown Central School District

## Building Renovation Project

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APRIL 2019

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OFFICE OF THE NEW YORK STATE COMPTROLLER  
Thomas P. DiNapoli, State Comptroller

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# Report Highlights

## General Brown Central School District

### Audit Objective

Did the Board and District officials properly establish, monitor and account for the building renovation project?

### Noteworthy Achievements

- District officials properly established the budget for the three school buildings and garage renovation project.
- District officials ensured that work was completed within the scope of the project.
- We reviewed 34 check disbursements totaling over \$4.8 million for project claims paid during the audit period and determined they were supported by adequate documentation and properly audited.
- District officials established the necessary records to account for and monitor the building renovation project.

There were no recommendations as a result of this audit.

### Background

The General Brown Central School District (District) serves students in the Towns of Brownville, Hounsfield, Lyme, Pamela and Watertown and the City of Watertown in Jefferson County. The seven-member Board of Education (Board) is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the District's chief executive officer and is responsible, along with the Assistant Superintendent and other administrative staff, for the District's day-to-day management under the Board's direction and for the development and administration of the budget.

The District began a \$9.4 million capital project for renovations to its three schools and bus garage during the 2016-17 school year. The Superintendent, Assistant Superintendent and Director of Facilities manage the District's capital projects.

#### Quick Facts

Employees	213
Enrollment	1,460
2017-18 Appropriations	\$22.9 Million

### Audit Period

July 1, 2016 – October 18, 2018

# Building Renovation Project

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## **How Should the Board Plan, Authorize and Monitor Capital Projects?**

Proper planning of a capital project (project) requires that the board have a thorough understanding of the project's overall scope and cost prior to the project's authorization. Initial estimated costs must be realistic so the Board can plan financing and keep the taxpayers informed. The board should adopt a resolution at the inception of each project, identifying the project, authorizing the maximum estimated cost and establishing how the project will be financed. District officials also should prepare an itemized budget.

In general, capital projects involving building renovations require approval by a district's voters. District officials are also required to propose all phases of a capital project, including details of the scope of the work, to the New York State Education Department (NYSED) for approval. Additionally, officials are required to ensure that all work, as approved by voters and NYSED, has been completed and includes no work outside the scope.

The board should monitor the status of each project by reviewing monthly financial reports that compare actual project revenues and expenditures to the related budget. In addition, all claims against the district related to the project should be audited and approved prior to payment. An effective claims audit process helps ensure that every claim is subjected to an independent, thorough and deliberate review in a timely manner prior to authorizing payment; that the claim contains adequate supporting documentation to determine the amount claimed represents an actual and necessary project expenditure and is in accordance with any executed contracts.

## **The Board and District Officials Properly Planned, Authorized and Monitored Phase A of the Building Renovation Project**

The District embarked upon a capital project to renovate three school buildings and the District's bus garage. The Board held a public meeting on November 7, 2016, at which the architect presented the project's planned scope. On December 5, 2016, the Board adopted a resolution calling for a proposition to be submitted to District voters seeking approval of a capital project with an estimated maximum cost of \$9.4 million and to withdraw \$1.5 million from the District's capital reserve fund to be applied toward the cost of the project with the remainder to be funded by annual debt appropriations financed by State aid and real property taxes. The project was approved by District residents in February 2017.

The Project was initially estimated to be completed by October 2018. The majority of the project work consisted of paving parking lots at the District's two elementary schools,<sup>1</sup> the junior-senior high school and the bus garage, as well as new roofs

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<sup>1</sup> Brownville/Glen Park Elementary and Dexter Elementary schools

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at the Brownville/Glen Park Elementary gymnasium, the junior-senior high school and the bus garage. Additional work included, new classroom cabinetry at both elementary schools and two new vehicle lifts at the bus garage.

Because the original bids for project work received in March 2018 came in well below expectations, the Board decided to divide the Project into two phases. Phase A includes the original renovations to the District's three schools and the bus garage and is projected to cost \$6.6 million. This phase was substantially completed in October 2018. Phase B, to be completed with the remaining \$2.8 million, was related to other school improvements associated with the last building conditions survey, which the District received in 2015. District officials told us they expect Phase B to begin in April 2019 and be completed by the end of the summer just in time for the start of the 2019-20 school year.

The Board and District officials obtained proper approval from NYSED before project work on Phase A was performed. District officials monitored Phase A of the project by viewing work in progress and inspecting completed work. The Assistant Superintendent provides the Board with monthly budget to actual reports that are reviewed with the Board. This enables the Board to effectively monitor the project by ensuring financing sources are sufficient to fund expenditures incurred and comparing project expenditures to the estimated costs. Lastly, the architects and the clerk of the works<sup>2</sup> provided the Board with monthly progress reports on Phase A of the project. District officials have notified NYSED of their intent to move forward with Phase B of the project and are working to prepare the necessary documents (e.g., plans and specifications) for NYSED's review and approval.

We reviewed all 34 check disbursements totaling \$4,825,761 for project claims paid during the audit period<sup>3</sup> to determine whether the corresponding claims for these disbursements were supported by adequate documentation, for appropriate purposes and audited and approved before payment. All claims were supported by adequate documentation and for appropriate purposes and were audited and approved by the claims auditor prior to payment.<sup>4</sup>

### **How Should Capital Project Financial Transactions Be Recorded?**

Complete and accurate accounting records for projects are necessary for project management and proper financial reporting. Because projects are budgeted on an individual project basis, an individual project fund should be established for each authorized project to document the project's complete financial history,

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All claims were supported, for appropriate purposes and audited and approved prior to payment.

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<sup>2</sup> The role of clerk of the works is to act as a liaison between the architects, contractors and the District and inspect and monitor capital projects to ensure adherence to architectural specifications and quality.

<sup>3</sup> July 1, 2016 – October 18, 2018

<sup>4</sup> The Board appointed a claims auditor to examine and approve or disapprove claims for the District.

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including assets, liabilities, fund equity and results of operations (revenues and expenditures). Project records must be maintained in a manner that allows for a ready comparison of the project's budget to actual financing sources received and expenditures incurred throughout the course of the project.

### **District Officials Properly Recorded and Maintained Accounting Records for the Building Renovation Project**

District officials established adequate capital project records necessary to account for and monitor the District's building renovation project. Our audit found that project transactions were posted accurately and in a timely manner, furnishing the Board and others with necessary project progress reports. In addition, our audit determined that the District issued \$5,038,752 in Bond Anticipation Notes for Phase A of the project and deposited the debt proceeds into a separate bank account, as required, and that the records effectively tracked the appropriate use of capital reserve fund money used during the project. Lastly, monthly interest earned on the proceeds of obligations issued for the project were appropriately transferred to the Debt Service Fund to be used to pay for the future interest expense related to the debt issued.

### **Conclusion**

Overall, we found that the Board properly authorized the Building Renovation project and ensured the project was adequately funded and the claims auditor conducted an effective audit of project claims prior to payment. Furthermore, District personnel maintained adequate capital project accounting records and generated necessary financial reports that, coupled with monthly progress reports from the architect and the clerk of the works, allowed the Board to effectively monitor the status of the project.

# Appendix A: Response From District Officials

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## GENERAL BROWN CENTRAL SCHOOL DISTRICT

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### General Brown Junior-Senior High School

17643 Cemetery Road  
Dexter, NY 13634  
Tel 315-779-2300 / Fax 639-3444

### Brownville/Glen Park Elementary School

PO Box 10  
Brownville, NY 13615  
Tel 315-779-2300 / Fax 788-6976

### Dexter Elementary School

415 East Grove Street  
Dexter, NY 13634  
Tel 315-779-2300 / Fax 639-6845



**BARBARA J. CASE**  
**Superintendent of Schools**

PO Box 500  
Dexter, NY 13634  
Telephone: 315-779-2300 / Fax 315-639-6916

### Board of Education

Sandra Young Klindt, President  
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Daniel Dupee II

Brien Spooner

Jamie Lee

Albert J. Romano, Jr.

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[www.gbliions.org](http://www.gbliions.org)

March 26, 2019

Rebecca Wilcox, Chief Examiner  
Office of the State Comptroller  
Syracuse Regional Office  
State Office Building, Room 409  
333 East Washington St.  
Syracuse, NY 13202-1428

Dear Ms. Wilcox:

This correspondence serves as the General Brown Central School District's response to the Building Renovation Project audit covering the period July 1, 2016 – October 18, 2018.

The District appreciates the oversight and feedback provided by the Office of the State Comptroller. While the audit did not provide the District with any recommendations, we sincerely appreciate the acknowledgement and commendation of our efforts in properly establishing, budgeting, monitoring and accounting for the building renovation project. As the District embarks on Phase II of the project during the summer of 2019, the District will continue to follow the same procedures for monitoring the final phase.

Thank you, again, for providing this valuable feedback. The Board of Education, Leadership, and staff of the General Brown Central School District are committed to the fiscal integrity of the District and accountability to the taxpayers of the District, and this report reflects our efforts.

Sincerely,

Barbara J. Case  
Superintendent of Schools

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and subscribe to receive E--Alert Updates.

## Appendix B: Audit Methodology and Standards

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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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials and reviewed the Board minutes to determine whether the Board adopted a resolution at the inception of the project that identified the project, authorized the maximum estimated cost and established how the project would be financed and prepared an itemized budget for the project.
- We assessed the adequacy of the monthly financial reports the Assistant Superintendent provided to the Board during the audit period.
- We reviewed all check disbursements for project claims paid during the audit period to determine whether the corresponding claims for these disbursements were supported by adequate documentation, for appropriate purposes and audited and approved before payment.
- We reviewed the District's accounting records during the audit period to determine whether separate accounting records including assets, liabilities, fund equity, revenues and expenditures were maintained for the project.
- We reviewed all financing sources received related to the project during the audit period to determine whether they were deposited into separate bank accounts established for the project.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://www.osc.state.ny.us/localgov/regional_directory.pdf)

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

[www.osc.state.ny.us/localgov/costsavings/index.htm](http://www.osc.state.ny.us/localgov/costsavings/index.htm)

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

[www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm](http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm)

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

[www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm](http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm)

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

[www.osc.state.ny.us/localgov/planbudget/index.htm](http://www.osc.state.ny.us/localgov/planbudget/index.htm)

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

[www.osc.state.ny.us/localgov/pubs/cyber-security-guide.pdf](http://www.osc.state.ny.us/localgov/pubs/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.state.ny.us/localgov/finreporting/index.htm](http://www.osc.state.ny.us/localgov/finreporting/index.htm)

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

[www.osc.state.ny.us/localgov/researchpubs/index.htm](http://www.osc.state.ny.us/localgov/researchpubs/index.htm)

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

[www.osc.state.ny.us/localgov/academy/index.htm](http://www.osc.state.ny.us/localgov/academy/index.htm)

## 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)

[www.osc.state.ny.us/localgov/index.htm](http://www.osc.state.ny.us/localgov/index.htm)

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

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