



**Independent Accountants' Report  
On Applying Agreed-Upon Procedures**

**The School Board of Osceola County, Florida**

**Denn John Middle School Comprehensive Renovations Project  
Close-Out Procedures**



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**INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES**

**Denn John Middle School Comprehensive Renovations Project  
 Close-Out Procedures**

The School Board of Osceola County, Florida  
 Kissimmee, Florida

We have performed the procedures enumerated below on the final construction costs and the adjusted guaranteed maximum price of the Denn John Middle School Comprehensive Renovations Project (the “Project”), as provided by Pirtle Construction Company (the “Construction Manager”). The Construction Manager is responsible for the final construction costs that support the adjusted guaranteed maximum price.

The School Board of Osceola County, Florida (the “District”) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to assist in determining the final construction costs and the adjusted guaranteed maximum price of the Project, as provided by the Construction Manager. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures applied and the related findings are as follows:

PROCEDURES	RESULTS
1. Obtain any updates to the Construction Management Agreement (the “Agreement”), dated November 14, 2017, between the District and the Construction Manager, and exhibits, attachments, and amendments to the Agreement (collectively referred to as the “contract documents”), relative to the Project.	<ul style="list-style-type: none"> <li>○ Carr, Riggs &amp; Ingram, LLC (“CRI”) obtained the Exhibit B, Guaranteed Maximum Price Amendment No. 1 to the Agreement, dated October 2, 2018, without exception.</li> </ul>
2. Inquire of the District and the Construction Manager as to whether there are any disputed provisions between the two parties, relative to the contract documents, or if there are any other unresolved disputes. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.	<ul style="list-style-type: none"> <li>○ The Construction Manager stated there were no disputes between them and the District or between the Construction Manager and its subcontractors.</li> </ul>

PROCEDURES	RESULTS
<p>3. Obtain from the Construction Manager, a copy of the final job cost detail, dated July 7, 2021 (the “final job cost detail”).</p>	<p>○ Obtained the final job cost detail without exception.</p>
<p>4. Obtain from the Construction Manager and the District, a copy of the final payment application request issued to the District, dated March 25, 2021 (“final pay application”).</p>	<p>○ Obtained the final pay application without exception.</p>
<p>5. Obtain from the Construction Manager a reconciliation between the final job cost detail and the final pay application.</p>	<p>○ Obtained the Construction Manager’s reconciliation without exception. However, the Construction Manager identified \$17,886 of general requirements costs, \$45,915 of general conditions costs, and \$1,941 of general liability insurance costs that were nonbillable. As these were identified by the Construction Manager, the reductions are included in the “Construction Manager job cost total” in Exhibit A.</p>
<p>6. From the final job cost detail, select (using computer assisted techniques as necessary) all subcontractors with total costs listed in excess of \$25,000 (“selected subcontractors”) and perform the following:</p> <p>a. Obtain the subcontract and related change orders, executed between the selected subcontractors and the Construction Manager. Compare the total amount recorded in the final job cost detail to the original subcontract amount plus/minus the related change orders.</p> <p>b. Obtain the applicable labor, equipment, and material pricing estimates, vendor invoices, and subcontractor markups (“supporting documentation”) for the subcontractor change orders in 6.a. above. Compare the change order amounts to the supporting documentation.</p> <p>c. Obtain from the Construction Manager the final lien releases or individual payment lien releases totaling the final subcontract value submitted by the selected subcontractor to the Construction Manager. Compare the final subcontract amount to the payment documentation.</p>	<p>○ Selected all 31 subcontractors from the final job cost detail with costs in excess of \$25,000.</p> <p>a. Obtained the subcontract agreements and the related change orders, and totaled the original subcontract amount, plus change orders, for each of the selected subcontractors. Compared these amounts to the amounts recorded in the final job cost detail for all selected subcontractors without exception.</p> <p>b. Obtained supporting documentation for the subcontractor change orders without exception. Additionally, compared the change order amounts to the supporting documentation and observed lump sum change orders totaling \$99,837, which all were approved by the Owner.</p> <p>c. Obtained payment documentation and compared to the final subcontract amount without exception.</p>

PROCEDURES	RESULTS
<p>(6. Continued)</p> <p>d. Obtain a listing of owner direct purchases (“ODP”) from the District related to each selected subcontractor. Compare the ODP amounts to the sum of the deductive ODP change orders, per the selected subcontractor.</p>	<p>d. Obtained the listing of ODPs from the District and compared the amount to the sum of the deductive ODP change orders for each of the selected subcontractors without exception.</p>
<p>7. Trace and agree subcontractor costs and credits included in Owner change orders and contingency usage to corresponding change orders with the subcontractor, which have been reviewed in accordance with 6. above.</p>	<p>o Traced and agreed subcontractor costs and credits included in Owner change orders and contingency usages to corresponding change orders to selected subcontractors without exception.</p>
<p>8. If there are reimbursable labor charges included in the final job cost detail, from the total number of Construction Manager employee payroll transactions listed in the final job cost detail, select a sample of at least 10 Construction Manager payroll transactions. Each sampled payroll transaction will be for a specific, identified time period of the Project.</p>	<p>o Selected a sample of 32 Construction Manager payroll transactions from the final job cost detail.</p>
<p>9. From the items selected in 8. above, perform the following:</p> <p>a. Obtain copy of or access to, the original timesheet and a payroll register, for the time period of the selected transaction, showing gross pay to the employee for each employee selected.</p> <p>b. Compare the amount listed for each sample in the final job cost detail to the items obtained in 9.a. above.</p>	<p>a. Obtained access to the original timesheets and Payroll Register Report for each selection in 8. above without exception.</p> <p>b. Compared the amount listed for each sample in the final job cost detail to the items obtained in 9.a. above, without exception.</p>
<p>10. If the labor burden percentage is fixed, agree the labor burden rate applied in the final job cost detail to the fixed percentage per the contract documents.</p>	<p>o The Construction Manager's final job cost detail did not properly apply the fixed labor burden rate stated in the contract documents. However, the Construction Manager adjusted its general conditions downward in its reconciliation, in procedure 5. above, in an amount that exceeded the labor burden difference. Therefore, no further adjustment is necessary.</p>

PROCEDURES	RESULTS
<p>11. From the final job cost detail, select all non-subcontractor vendors for which the costs exceed \$25,000 and perform the following:</p> <ul style="list-style-type: none"> <li>a. For each non-subcontractor vendor selected, obtain a copy of or access to at least 5 of the original invoices or pricing documents reflected in the final job cost detail, and a copy of the cancelled check or other proof of payment for each item selected.</li> <li>b. Compare the documents obtained in 11.a. to the amount recorded in the final job cost detail.</li> </ul>	<ul style="list-style-type: none"> <li>o Selected the 4 non-subcontractor vendors from the final job cost detail with costs in excess of \$25,000.</li> <li>a. Selected five line items for each vendor that was in excess of \$25,000 and obtained the invoices, electronic payments and copies of cancelled checks for each of the selections.</li> <li>b. Compared the supporting documentation obtained in 11.a. to the amounts recorded in the final job cost detail without exception.</li> </ul>
<p>12. From the final job cost detail, select amounts for payment and performance bond costs and builder's risk insurance (as applicable) and perform the following:</p> <ul style="list-style-type: none"> <li>a. Obtain a copy of or access to the original invoices and a copy of the cancelled check or other proof of payment paid directly to a third party. Compare the documentation obtained to the amounts recorded in the final job cost detail.</li> </ul>	<ul style="list-style-type: none"> <li>o Selected the payment and performance bond charge from the final job cost detail. No builder's risk insurance charges were noted in the final job cost detail.</li> <li>a. Obtained a copy of the invoice from a third party and a cancelled check relative to the charge for the payment and performance bond. Compared the documentation to the amount recorded in the final job cost detail without exception. CRI also obtained a bond credit invoice from a third party to be applied to the project costs amounting to \$1,884 which is reported in Exhibit A.</li> </ul>
<p>13. From the final job cost detail, select amounts for general liability insurance and perform the following:</p> <ul style="list-style-type: none"> <li>a. Where applicable, obtain the Construction Manager's internal allocation for general liability insurance charges.</li> <li>b. Inspect the internal allocation method and calculation. Compare the documentation obtained in 13.a. above to the amounts recorded to the final job cost detail.</li> </ul>	<ul style="list-style-type: none"> <li>o Selected all general liability insurance charges from the final job cost detail.</li> <li>a. Obtained the Construction Manager's internal allocation for general liability insurance charges without exception.</li> <li>b. Inspected the internal allocation method and compared it to the amounts recorded in the final job cost detail. The internal method was used to support the amounts in the final job cost detail.</li> </ul>

PROCEDURES	RESULTS
<p>(13. Continued)</p> <p>c. If applicable, obtain third party invoices for internal allocation amounts.</p> <p>d. If applicable, obtain supporting documentation for the allocation base, i.e. annual company-wide revenue for the Construction Manager.</p> <p>e. If applicable, recalculate the Construction Manager's internal allocations and compare the recalculation to the amounts in the final job cost detail.</p>	<p>c. Obtained declaration documents and premium information statements from the insurance carriers as evidence of the third party premium rates for internally allocated amounts. Relative to general liability insurance, per inquiry of the Construction Manager, there is a company-wide allocation of deductible payment amounts internally generated that represents .04% of the total premium percentage for 2018.</p> <p>d. For the general liability insurance allocation, obtained supporting documentation for the allocation base from the premium statement and confirmed that base does not include owner direct purchases.</p> <p>e. Recalculated the Construction Manager's internal allocations for general liability and compared the recalculation to the amounts in the final job cost detail. The recalculation for general liability insurance resulted in an adjustment to reduce adjusted final job costs by \$2,017 as reported in Exhibit A.</p>
<p>14. Inquire of the Construction Manager to determine if there are any expenditures, in the final job cost detail, to entities related by common ownership or management to the Construction Manager.</p>	<p>o Inquired of the Construction Manager regarding expenditures in the final job cost detail to entities related by common ownership or management to the Construction Manager. The Construction Manager stated there were none.</p>
<p>15. From the final job cost detail, select at least five transactions (unless internal charges total less than \$3,000) determined to be the Construction Manager's internal charges to the Project, and perform the following:</p> <p>a. Obtain calculations for internal charge rates and vendor invoices that support the calculation of the Construction Manager's internal rates.</p>	<p>o Selected 3 computer charges and all vehicle charges from the final job cost detail.</p> <p>a. Obtained supporting documentation for the internal charges as follows:</p> <ul style="list-style-type: none"> <li>• Relative to the computer charges, obtained a "Computers and Software Costs per Project Staff Member/Workstation" report from the Construction Manager, which identified the calculation for computer charges. CRI verified these costs and obtained approval from the Owner regarding the acceptance of these costs.</li> </ul>

PROCEDURES	RESULTS
<p>(15.a. Continued)</p> <p>b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 15.a. above.</p>	<ul style="list-style-type: none"> <li>• For the vehicle charges, the charges are set at \$850 per month for a contractually limited number of vehicles. CRI obtained the schedule of values for the general requirements, which includes the vehicles, for the allowable monthly charge.</li> </ul> <p>b. Compared the internal charges for the computer charges and vehicles in the final job cost detail to the supporting documentation obtained in 15.a. without exception.</p>
<p>16. Obtain the Project’s Notice to Proceed (“NTP”) from the District and inspect the dates of the charges in the final job cost detail for recorded costs with dates prior to the date on the NTP.</p>	<p>o Obtained the NTP and did not identify any charges in the final job cost detail prior to the NTP date.</p>
<p>17. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program (“subguard”) for subcontractor bonding requirements. If so, perform the following:</p> <p>a. Inspect the final job cost detail, as well as, subcontracts and change order line items for the selected subcontractors noted in 6. above, for line items described as subcontractor bond costs.</p> <p>b. Obtain an invoice and cancelled checks for the subguard charges found in the final job cost detail, if paid to a third party.</p> <p>c. If the charges for subguard are the result of an internal allocation, obtain the internal allocation calculations that support the amounts in the final job cost detail and compare the calculations to the amounts in the final job cost detail.</p>	<p>o Per inquiry of the Construction Manager, a subguard program was utilized for the Project.</p> <p>a. Inspected the final job cost detail and subcontractor change orders for all selected subcontractors for the inclusion of bond costs and found none. Additionally, CRI observed the subcontract agreements for all selected subcontractors and noted the subcontract agreements stated this was a subguarded project and, therefore, no bond costs were to be included in the subcontractor’s costs.</p> <p>b. The subguard premiums were not paid to a third party vendor, because the subguard program is self-insured by the Construction Manager. Subguard premiums are charged to the Project based on a third party rate sheet, such rate (1.25%) being multiplied by the final subcontract value for each subcontractor, including the owner direct purchases.</p> <p>c. The subguard charges are calculated as mentioned above in 17.b. The subguard rate is a company-wide rate that is applied to each project based on that particular project’s subcontract values. CRI obtained the calculation of the subguard premium without exception.</p>

PROCEDURES	RESULTS
<p>(17. Continued)</p> <p>d. If internal allocation are used, recalculate the internal allocations and compare the recalculation to the charges in the final job cost detail.</p> <p>e. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications.</p>	<p>d. Recalculated the internal allocations and compared them to the charges in the final job cost detail without exception.</p> <p>e. Obtained written representation from the Construction Manager that the subcontractors on the Project, that were enrolled in the subguard program, have not included bond costs in their pay applications.</p>
<p>18. Obtain all signed and executed change orders between the District and the Construction Manager for the duration of the Project.</p>	<p>o Obtained all signed and executed change orders between the District and the Construction Manager without exception.</p>
<p>19. Obtain from the District, a log of the ODPs plus sales tax savings for the entirety of the Project.</p>	<p>o Obtained the ODP log from the District without exception.</p>
<p>20. Compare the ODP plus sales tax savings amount per the log obtained in 19. above, to the total change order amounts obtained in 18. above relative to ODPs.</p>	<p>o Compared the ODPs plus sales tax savings per the ODP log to the total signed and executed change order amounts relative to ODPs without exception.</p>
<p>21. Recalculate the adjusted guaranteed maximum price ("GMP") as follows:</p> <p>a. Obtain the original GMP amount, including any fixed or percentage-based Construction Manager fees or lump sums from the contract documents noted in 1. above.</p> <p>b. Add to the original GMP amount the additive change orders and subtract the deductive change orders from 18. above to get the adjusted guaranteed maximum price ("adjusted GMP").</p>	<p>a. Obtained the original GMP amount without exception.</p> <p>b. The net amount of change orders was deducted from the original GMP amount and is reported in Exhibit A as the adjusted guaranteed maximum price.</p>
<p>22. For the adjusted GMP amount recalculated in 21.b. above, perform the following:</p> <p>a. Obtain the final contract value, per the final pay application, noted in 4. above.</p> <p>b. Compare the adjusted GMP amount recalculated in 21.b. above to the final contract value noted in 22.a. above.</p>	<p>a. Obtained the final contract value, per the final payment application without exception.</p> <p>b. Compared the adjusted guaranteed maximum price to the final contract value, per the final pay application, without exception.</p>



PROCEDURES	RESULTS
<p>23. Recalculate the final construction costs as follows:</p> <ul style="list-style-type: none"> <li>a. Starting with the final job cost detail, adjust for any reductions identified in the application of the above procedures (e.g. subcontractor markup differences, non-reimbursable items, repair/rework items, etc., as applicable) to reach the adjusted final job costs.</li> <li>b. Utilizing the adjusted final job costs, add the fixed lump sum amounts to reach the final construction costs.</li> <li>c. Compare the adjusted GMP amount calculated in 21.b. above to the final construction costs amount from 23.b. above.</li> </ul>	<ul style="list-style-type: none"> <li>a. Compared the ending balance in the contingency funds with the funds returned to the District in the final change order. CRI noted all contingency funds were consumed on the project. Therefore, there were no funds returned to the District.</li> <li>b. The results of performing this procedure are reported in Exhibit A as final construction costs.</li> <li>c. The results of this procedure are reported in Exhibit A.</li> </ul>
<p>24. Obtain, from the District and/or the Construction Manager, all of the Project's contingency logs and usage documents and inspect all contingency usage forms for the District's designated representative's signature of approval.</p>	<ul style="list-style-type: none"> <li>o Obtained the Project's contingency log and usage documents and observed that all the contingency usage forms evidenced approval of a District designated representative.</li> </ul>
<p>25. Compare the ending balances in the contingency funds, per the contingency logs obtained in 24. above, to the change order amount of the funds returning to the District, as obtained in 18. above.</p>	<ul style="list-style-type: none"> <li>o Compared the ending balance in the contingency funds to the amounts returned to the District in the final change order without exception.</li> </ul>
<p>26. Obtain the Certificates of Occupancy and the Certificates of Final Inspection (or similar documents), signed by the Architect, and compare the dates of these documents to the time requirements contained in the contract documents.</p>	<ul style="list-style-type: none"> <li>o Obtained the Certificates of Occupancy, Certificates of Substantial Completion, and Certificate of Final Completion without exception. The occupancy, substantial completion, and final completion dates, as reported on the Certificates, were compared to the time requirements contained in the contract documents. The Certificates of Substantial Completion were not provided by phase as they were issued to the Construction Manager by building completion. CRI obtained Certificates of Occupancy for all buildings, which were issued on December 17, 2019. Final completion occurred 217 days after the agreed upon date of September 30, 2020.</li> </ul>

We were engaged by The School Board of Osceola County, Florida, to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the final construction costs and the adjusted guaranteed maximum price. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Pirtle Construction Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of The School Board of Osceola County, Florida, and is not intended to be and should not be used by anyone other than the specified party.

*Carr, Riggs & Ingram, L.L.C.*

Orlando, Florida  
August 2, 2022

**The School Board of Osceola County, Florida**  
**Denn John Middle School Comprehensive Renovations Project**  
**Close-Out Procedures**

**Exhibit A – Project Costs**

**Calculation of the final construction costs**

Calculation of the adjusted final job costs:	
Construction Manager job cost total	\$ 24,543,773
Adjustment to general liability insurance	(2,017)
Payment and performance bond credit	<u>(1,884)</u>
Adjusted final job costs	<u>24,539,872</u>
Calculation of construction management fee:	
Original construction management fee - GMP Amendment 1	1,463,659
Additional fee through contingency	15,563
Adjustment to construction management fee	<u>(2,950)</u>
	<u>1,476,272</u>
<b>Final construction costs</b>	<b><u><u>\$ 26,016,144</u></u></b>

**Calculation of guaranteed maximum price**

Original guaranteed maximum price - GMP Amendment 1	\$ 33,453,847
Adjustments from change orders	<u>(7,432,793)</u>
<b>Adjusted guaranteed maximum price</b>	<b><u><u>\$ 26,021,054</u></u></b>
<b>Difference between the adjusted guaranteed maximum price and the final construction costs</b>	<b><u><u>\$ 4,910</u></u></b>