

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

**The School Board of Osceola County, Florida  
New High School Construction Project (FFF) – Close Out**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

### **New High School Construction Project (FFF) – Close Out**

The School Board of Osceola County, Florida  
Kissimmee, Florida

We have performed the procedures enumerated below, which were agreed to by The School Board of Osceola County, Florida (the "District" and the "specified party"), solely to assist you in determining the final contract value to Gilbane Building Company (the "Construction Manager" and the "responsible party"), based upon the total costs of construction and final contract value, as presented by the Construction Manager, for the New High School Construction Project (FFF) – Close Out (the "Project"). The sufficiency of these procedures is solely the responsibility of the specified party. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures applied and the related findings are as follows:

1. Obtain a copy of the Construction Management Agreement, dated December 15, 2015, along with the Guaranteed Maximum Price ("GMP") Amendment #1, dated August 2, 2016; GMP Amendment #2, dated November 1, 2016; and GMP Amendment #3 dated April 4, 2017, between the District and the Construction Manager (collectively referred to as the "contract documents"), relative to the construction of the Project.

**Results:**

- Carr, Riggs and Ingram ("CRI") obtained the contract documents from the District without exception.
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.

**Results:**

- Per inquiry of the Construction Manager and the District, there are no disputes between them. CRI inquired of the Construction Manager regarding disputes between them and their subcontractors. The Construction Manager noted a dispute between them and a subcontractor which has since been resolved.

3. Obtain from the Construction Manager, a copy of the final job cost detail, dated May 24, 2019 (the “final job cost detail”).

**Results:**

- Obtained the final job cost detail without exception. Additionally, CRI compared the general requirements costs in the final job cost detail to the contractually established not-to-exceed amount, resulting in an amount spent above the not-to-exceed amount of \$17,430, which is reported in Exhibit A.

4. Obtain from the Construction Manager and the District, a copy of the final payment application request issued to the District, dated April 30, 2019 (“final pay application”).

**Results:**

- Obtained the final pay application without exception.

5. Obtain from the Construction Manager a reconciliation between the final job cost detail and the final pay application.

**Results:**

- Obtained a reconciliation between the final job cost detail and the final pay application from the Construction Manager. CRI noted the reconciliation indicated the Construction Manager did not bill \$5,494 of general conditions that were included in the final job cost detail. Therefore, Exhibit A reports the not-to-exceed amount for general condition of \$2,378,480.

6. From the final job cost detail, select all subcontractors with total costs listed per the job cost detail in excess of \$25,000 (“selected subcontractors”) and perform the following:

- 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.

**Results:**

- The subcontract agreements and the related change orders were obtained and were compared with the amounts recorded in the final job cost detail for all selected subcontractors. Of the 35 subcontractors selected, there were 5 instances where the final subcontract value did not agree with the amount in the final job cost detail; however, in all instances the final job cost detail was reported correctly. In 4 instances, there were additive change orders to the subcontractor that were not billable to the District. In the other instance, the contract value included a backcharge change order incorrectly.
- b. Obtain the applicable labor, equipment, and material pricing estimates, vendor invoices, subcontractor markups, or other appropriate documentation (“supporting documentation”) for the subcontractor change orders in 6.a. above. Compare the change order amounts to the supporting documentation.

**Results:**

- Obtained supporting documentation for the subcontractor change orders without exception. Additionally, compared the change order amounts to the supporting documentation with the following exceptions:

- Markup was taken on subcontractor change orders in excess of the markup allowed in the contract documents in the amount of \$27,445.
      - Markup included in certain subcontractor labor rates was in excess of the percentage markup allowed in the contract documents in the amount of \$13,269.
      - Deductive change orders totaling \$83,738 and additive change orders totaling \$366,864 were supported by lump sums. Of the lump sum change orders, \$67,914 and \$229,669, respectively, were approved by the District through either owner change orders or contingency use.
    - 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. If the Construction Manager does not have the lien releases available, for those payments where the lien release is not available, obtain cancelled checks reflecting such payments made by the Construction Manager to the selected subcontractor (collectively the “payment documentation”). Compare the final subcontract amount to the payment documentation.
 

**Results:**

      - Obtained the payment documentation from the Construction Manager without exception. Compared the final subcontract amount to the payment documentation with one exception. A subcontractor did not complete their scope of work, and a portion of their subcontract value was paid to other subcontractors and vendors to complete their scope of work, resulting in an adjustment of \$180 as reported in Exhibit A.
    - 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.
 

**Results:**

      - Obtained a listing of ODP amounts from the District related to each selected subcontractor. Compared the ODP amounts to the sum of the deductive ODP change orders for the selected subcontractors with two exceptions:
        - Deductive change orders to a subcontractor for ODP and sales tax savings were less than the amount reported by the District in the ODP log by \$2,072, as reported in Exhibit A.
        - A subcontractor did not complete their scope of work, resulting in a difference between the sum of the deductive change orders to that subcontractor related to ODPs and the amount reported on the ODP log. No adjustment was necessary for this difference.
7. Trace and agree subcontractor costs and credits included in Owner change orders and contingency usage to corresponding change orders for those change orders involving selected subcontractors.
- Results:**
- Traced and agreed subcontractor costs and credits included in Owner change orders and contingency usage to corresponding change orders involving selected subcontractors without exception.

8. From the total number of Construction Manager employee payroll transactions listed in the final job cost detail, haphazardly select a sample of at least 20 Construction Manager payroll transactions. Each sampled payroll transaction will be for a specific, identified time period of the Project.

**Results:**

- Selected a sample of 20 Construction Manager payroll transactions.

9. From the items selected in 8. above, perform the following:

- 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.

**Results:**

- Obtained copies of the original timesheets and the payroll registers for the time period of each selected transaction.

- b. Compare the amount listed for each sample in the final job cost detail to the items obtained in 9.a. above.

**Results:**

- Compared the amount in the final job cost detail with the amount calculated using the pay rate from the payroll registers multiplied by the fixed labor burden rate of 40% without exception.

10. Obtain a detail of the components of the labor burden rate from the Contractor or, if a fixed labor burden rate is used, agree the fixed labor burden rate to the rate used to calculate the labor costs in 9.b. above.

**Results:**

- The labor burden rate was fixed at 40% of labor cost per the contract documents. The fixed rate was used in the calculations as reported in 9.b. above.

11. From the final job cost detail, select any non-subcontractor vendors that exceed \$25,000 and perform the following:

- 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.

**Results:**

- Obtained the copy of the original invoice and a copy of the cancelled check or Disburser Payment and Remittance Report for ACH payments for each item selected. CRI selected at least 5 entries for each vendor.

- b. Compare the documents obtained in 11.a. to the amount recorded in the final job cost detail.

**Results:**

- Compared the documents obtained in 11.a to the amounts recorded in the final job cost detail without exception.

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:
  - 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.

**Results:**

    - Obtained a copy of the invoices and copies of the ACH Disburser Payment and Remittance Report for each of the payments made to a third party, and compared the amounts to the amounts in the final job cost detail without exception.
  
13. From the final job cost detail, select amounts for general liability insurance and worker's compensation, as included in the CCIP, and perform the following.
  - a. Obtain the fixed CCIP rate from the contract documents.

**Results:**

    - Obtained the fixed contractor controlled insurance program ("CCIP") rate from the contract documents without exception.
  
  - b. Obtain the final contract value from the final pay application and the reductions to the guaranteed maximum price relative to owner direct purchases from the change orders between the District and the Construction Manager.

**Results:**

    - Obtained the final contract value and the reduction to the guaranteed maximum price relative to ODP without exception.
  
  - c. Recalculate the CCIP costs using the amounts obtained in 13.a. and 13.b. above and compare the recalculation to the amount in the final job cost detail.

**Results:**

    - Recalculated the CCIP cost without exception.
  
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 ("related entities").

**Results:**

  - Inquired of the Construction Manager if there were any expenditures, in the final job cost detail, to related entities. Per the Construction Manager, there were no expenditures to related entities.
  
15. From the final job cost detail, select at least two 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:
  - a. Obtain calculations for internal charge rates and vendor invoices that support the calculation of the Construction Manager's internal rates.

**Results:**

- Selected an auto allowance charge and an iBuild charge from the final job cost detail. Obtained calculations and payroll records that support the charges. The auto allowance is paid to the employee through payroll, and the iBuild charge selected is actual payroll for an employee that sets up and manages certain technology and communication applications used in the Project.
- b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 15.a. above.

**Results:**

- Compared the internal charges selected, as supported by the documentation mentioned in 15.a. above, to the amounts recorded in the final job cost detail without exception.

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.

**Results:**

- Obtained the Project's NTP from the District. CRI inspected the dates of the charges in the final job cost detail and found no costs incurred prior to the NTP date of August 4, 2016.

17. Inquire of the Construction Manager to determine whether they are using a contractor default insurance ("CDI") program for subcontractor bonding requirements. If so, select a sample of five subcontractors from the final job cost detail and perform the following:

- a. Inspect the final job cost detail as well as subcontracts and change order line items, noted in 6. above, for line items described as bond costs. All of the bond costs should be deducted from the subcontract.

**Results:**

- Inspected the final job cost detail, subcontracts, and change orders, and did not observe any bond costs.

- b. Obtain the fixed CDI percentage per the contract documents.

**Results:**

- Obtained the fixed CDI rate from the contract documents.

- c. Obtain from the Construction Manager their calculation of the CDI costs based on actual subcontract costs for enrolled subcontractors. Inquire of the Construction Manager to confirm that all subcontractors in the calculation were in fact enrolled in the CDI program.

**Results:**

- Obtained the calculation of the CDI costs and inquired of the Construction Manager that all subcontractors were enrolled in the CDI program. The Construction Manager confirmed that all subcontractors were enrolled in the CDI program.

- d. Recalculate the CDI costs using the information obtained in 17.a. and 17.b. and compare the recalculated costs to the amount included in the final job cost detail.

**Results:**

- Recalculated the CDI costs and compared the recalculated costs to the amount included in the final job cost detail without exception.

- e. Obtain written representation from the Construction Manager that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their pay applications.

**Results:**

- Obtained written representation from the Construction Manager that the subcontractors on the Project, that were enrolled in the CDI program, have not included bond costs in their pay applications.

18. Obtain all signed and executed change orders between the District and the Construction Manager for the duration of the Project.

**Results:**

- Obtained all signed and executed change orders between the District and the Construction Manager for the Project.

19. Obtain from the District, a log of the owner direct purchases plus sales tax savings for the entirety of the Project.

**Results:**

- Obtained a log of the ODP plus sales tax savings for the Project.

20. Compare the owner direct purchase log plus sales tax savings amount obtained in 19. above, to the total signed and executed change orders amounts obtained in 18. above relative to owner direct purchases.

**Results:**

- Compared the ODP log plus sales tax savings amount to the total signed and executed change order amounts relative to ODP without exception.

21. Recalculate the adjusted guaranteed maximum price ("GMP") as follows:

- 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.

**Results:**

- Obtained the original GMP amount without exception.

- 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").

**Results:**

- 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".



22. For the adjusted GMP amount recalculated in 21.b. above, perform the following:
- a. Obtain the final contract value, per the final pay application, noted in 4. above.  
**Results:**
    - Obtained the final contract value per the final pay application without exception.
  - b. Compare the adjusted GMP amount recalculated in 21.b. above to the final contract value noted in 22.a. above.  
**Results:**
    - Compared the adjusted GMP amount to the final contract value per the final pay application without exception.
23. Recalculate the construction costs plus fee as follows:
- 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.  
**Results:**
    - The results of performing this procedure are reported in Exhibit A as "Adjusted final job costs".
  - b. Utilizing the adjusted final job costs, add the fixed lump sum amounts to reach the construction costs plus fee.  
**Results:**
    - The results of performing this procedure are reported in Exhibit A as "Construction costs plus fee". Additionally, we adjusted the construction management fee to 3.98% of direct costs, resulting in construction management fees of \$2,725,257 as reported in Exhibit A.
  - c. Compare the adjusted GMP amount calculated in 21.b. above to the construction costs plus fee amount from 23.b. above.  
**Results:**
    - The result of this procedure is reported in Exhibit A.
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.  
**Results:**
  - Obtained the contingency log and all the contingency usage documents and inspected all usage documents for proper approval without exception.
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.  
**Results:**
  - The contingency log ending balance agreed to the funds returned to the District in the final change order.

26. Obtain the Certificates of Substantial Completion 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.

**Results:**

- Obtained the Certificates of Substantial Completion and the Certificate of Final Inspection, signed by the Architect, and compared the dates of these documents to the time requirements contained in the contract documents. The required date for substantial completion per the contract documents was June 14, 2018. However, the Construction Manager did not achieve substantial completion of certain portions of the work until October 18, 2018, resulting in liquidated damages of \$175,000, which were in turn backcharged by the Construction Manager against one of the subcontractors. The Construction Manager achieved final completion on the contractually required date of April 1, 2019.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion on the total costs of construction and final contract value for the Project. 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.

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 6, 2020

**The School Board of Osceola County, Florida  
New High School Construction Project (FFF) – Close Out**

**Exhibit A – Project Costs**

**Calculation of the construction costs plus fee**

Construction Manager job cost total	\$ 52,250,450
Reductions to subcontractor change order amounts:	
Markup in excess of percentage stated in contract documents	(27,445)
Labor rate adjustments to subcontractor change orders	(13,269)
Adjustment to deductive ODP amount for a subcontractor	(2,072)
Adjustment for subcontractor default reconciliation	(180)
General requirements in excess of the not-to-exceed amount	(17,430)
Adjusted final job costs	<u>52,190,054</u>
Calculation of general conditions not-to-exceed:	
Original not-to-exceed general conditions - GMPs #1 and #3	2,444,585
Additional general condition through change orders	17,328
Reduction of general conditions through buyout transfer	(83,433)
	<u>2,378,480</u>
Calculation of construction management fee:	
Original construction management fee - GMPs #1, #2 and #3	2,757,503
Additional construction management fee through change orders	34,265
Adjustment to reflect construction management fee at contractually established percentage	(66,511)
	<u>2,725,257</u>
<b>Construction costs plus fee</b>	<b><u>\$ 57,293,791</u></b>

**Calculation of adjusted guaranteed maximum price**

Amendment #1 (GMP #1)	\$ 9,679,296
Amendment #2 (GMP #2)	19,700,188
Amendment #3 (GMP #3)	46,386,588
	<u>75,766,072</u>
Adjustments from change orders per the Construction Manager	(18,409,480)
<b>Adjusted guaranteed maximum price</b>	<b><u>\$ 57,356,592</u></b>

<b>Difference between the adjusted guaranteed maximum price and construction costs plus fee</b>	<b><u>\$ 62,801</u></b>
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