



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

The School Board of Osceola County, Florida

Poinciana High School HVAC Chiller Replacement Project



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Poinciana High School HVAC Chiller Replacement Project

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 Poinciana High School HVAC Chiller Replacement Project (the "Project"), as provided by Wharton-Smith, Inc. (the "Construction Manager").

The School Board of Osceola County, Florida ("Osceola" or 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:

1. Obtain a copy of the Construction Management Agreement (the "Agreement"), dated May 30, 2019, between The School District of Osceola County, Florida (the "District") and Wharton-Smith, Inc. and exhibits, attachments, and amendments to the Agreement (collectively referred to as the "contract documents"), relative to the Poinciana High School HVAC Chiller Replacement Project.

Results:

- The contract documents were obtained by Carr, Riggs & Ingram, LLC ("CRI") 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:

- The Construction Manager and the District stated there were no disputed provisions between the two parties, relative to the contract documents or any other unresolved disputes. The Construction Manager stated there were no disputes between it and its subcontractors.

3. Obtain from the Construction Manager, a copy of the final job cost detail, dated February 11, 2021 (the “final job cost detail”).

Results:

- Obtained the final job cost detail without exception.

4. Obtain from the Construction Manager and the District, a copy of the final payment application request issued to the District, dated October 31, 2020 (“final pay application”).

Results:

- Obtained the final payment application from the District without exception.

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

Results:

- Obtained from the Construction Manager a reconciliation between the final job cost detail and the final pay application without exception. The Construction Manager noted credits for non-reimbursable costs, overspent general conditions, cell phones, vehicles, and payment and performance bond. All of these credits are reflected in the “Construction Manager job cost total”, as reported in Exhibit A.

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:

Results:

- Selected all six subcontractors from the final job cost detail with total costs listed in excess of \$25,000.

- 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 without exception.

- 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 and compared them to the change order amounts without exception. CRI observed the supporting documentation for one subcontractor change order was a lump sum totaling \$8,921, and it was approved by the District through a contingency usage.

- 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”). If the Construction Manager provides no lien releases for the selected subcontractors, obtain a check register reflecting all payments to the selected subcontractors and choose a sample (at least 20) of cancelled checks. Compare the final subcontract amount to the payment documentation.

Results:

- Obtained payment documentation and compared the payment documentation to the final subcontract amount without exception.

- 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 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.

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.

Results:

- Traced and agreed subcontractor costs and credits included in contingency usages to corresponding change orders to selected subcontractors without exception. There were no subcontractor costs and credits included in owner change orders.

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.

Results:

- Selected a sample of 10 Construction Manager payroll transactions from the final job cost detail.

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 access to the original timesheets and a payroll register for each selection in 8. above without exception.

- 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 listed for each sample in the final job cost detail to the items obtained in 9.a., and noted the Construction Manager included final burden amounts that were in compliance with the contractual limit.

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.

Results:

- As noted in 9.b. above, the Construction Manager, through a credit applied to the final job cost detail, applied the fixed labor burden rate stated in the contract documents without exception.

11. From the final job cost detail, select all non-subcontractor vendors for which the costs exceed \$25,000.

Results:

- CRI did not identify any non-subcontractor line items over \$25,000.

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:

Results:

- Selected the performance and payment bond. There were no charges for builder's risk insurance included in the final job cost detail.
- 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 an invoice from the Construction Manager's insurance agent and a cancelled check copy for the payment and performance bond without exception.

13. From the final job cost detail, select amounts for general liability insurance and perform the following:

Results:

- Selected all general liability insurance charges in the final job cost detail.
- a. Where applicable, obtain the Construction Manager's internal allocation for general liability insurance charges.

Results:

- Obtained the Construction Manager's internal allocation for general liability insurance charges without exception.

- 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.

Results:

- Inspected the internal allocation method and calculation and compared the documentation obtained to the amounts recorded in the final job cost detail. See results of the comparison in 13.f. below.

- c. If applicable, obtain third party invoices for internal allocation amounts.

Results:

- Obtained premium invoices and policy declaration pages from third party insurance carriers to support the premium amounts used in the internal allocation.

- d. If there is a self-insured portion of the premium, inquire regarding the calculation methodology for the self-insured portion of the premium. Obtain third party invoices or documentation for the calculation of the self-insured portion of the premium. Specifically inquire if that portion of the premium is based on actuarial calculations. If so, obtain the actuarial report supporting the calculation.

Results:

- Per inquiry of the Construction Manager, no portion of the insurance premiums are self-insured.

- e. If applicable, obtain supporting documentation for the allocation base, i.e. annual company-wide revenue for the Construction Manager.

Results:

- Obtained the supporting documentation for the allocation base from the third party insurance carrier and agreed it to the internal allocations.

- f. If applicable, recalculate the Construction Manager's internal allocations and compare the recalculation to the amounts in the final job cost detail.

Results:

- Recalculated the Construction Manager's internal allocations and compared the recalculation to the amounts in the final job cost detail 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.

Results:

- Per inquiry of the Construction Manager, there were no expenditures in the final job cost detail to entities related by common ownership or management to the Construction Manager included in the final job cost detail.

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:

Results:

- Selected four vehicles and all computers in the final job cost detail.

- a. Obtain calculations for internal charge rates and vendor invoices that support the calculation of the Construction Manager's internal rates.
Results:
 - o Obtained calculations of internal charge rates and approval of the charges in the final job cost detail from District personnel.
 - b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 15.a. above.
Results:
 - o Compared the internal charges for the vehicles and computers to the supporting documentation in 15.a. 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:
 - o Obtained the NTP and did not identify any charges in the final job cost detail prior to the NTP date.
17. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program ("subguard") for subcontractor bonding requirements.
Results:
 - o The Construction Manager did not use a subguard program on this Project.
18. Obtain all signed and executed change orders between the District and the Construction Manager for the duration of the Project.
Results:
 - o Obtained signed and executed change orders between the District and the Construction Manager without exception.
19. Obtain from the District, a log of the ODPs plus sales tax savings for the entirety of the Project.
Results:
 - o Obtained the ODP log from the District without exception.
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.
Results:
 - 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.
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:
 - o 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 amount without exception.

- b. Compare the adjusted GMP amount recalculated in 21.b. above to the final contract value noted in 22.a. above.

Results:

- The adjusted guaranteed maximum price was compared 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:

- There were no reductions identified in the application of the above procedures. As a result, Exhibit A indicates only "construction costs plus fee" and not "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.

- c. Compare the adjusted GMP amount calculated in 21.b. above to the construction costs plus fee amount from 23.b. above.

Results:

- The results of this procedure are 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 Project's contingency log and usage documents and observed that all the contingency usage forms evidenced approval of a District designated representative.

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:

- Compared the ending balance in the contingency funds with the funds returned to the District in the final change order. The unused contingency fund balance of \$6,917 was given back to the District in the final change order without exception.

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 Certificate of Substantial Completion and Certificate of Final Completion without exception. The substantial completion date and the final completion date, as reported on the Certificates, was compared to the time requirements contained in the contract documents and owner change orders without exception.

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 Wharton-Smith, Inc., 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, Rigg & Ingram, L.L.C.

Orlando, Florida
November 4, 2021

**The School Board of Osceola County, Florida
Poinciana High School HVAC Chiller Replacement Project**

Exhibit A – Project Costs

Calculation of the construction costs plus fee

Construction Manager job cost total	<u>\$ 1,735,789</u>
Calculation of construction management fee:	
Original construction management fee - GMP Amendment 1	122,242
Additional fee through change orders and contingency	<u>2,810</u>
	<u>125,052</u>
Construction costs plus fee	<u><u>\$ 1,860,841</u></u>

Calculation of guaranteed maximum price

Original guaranteed maximum price - GMP Amendment 1	\$ 2,799,735
Adjustments from change orders	<u>(938,894)</u>
Adjusted guaranteed maximum price	<u><u>\$ 1,860,841</u></u>
Difference between the final guaranteed maximum price and the construction costs plus fee	<u><u>\$ -</u></u>