



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

The School Board of Orange County, Florida

Lake George Elementary School – Comprehensive Project



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Lake George Elementary School – Comprehensive Project

The School Board of Orange County, Florida
 Orlando, Florida

We have performed the procedures enumerated below on the final construction costs and the adjusted guaranteed maximum price of the Lake George Elementary School – Comprehensive Project (the “Project”), as provided by Core Construction Services of Florida, LLC the “Construction Manager”). The Construction Manager is responsible for the final construction costs that support the adjusted guaranteed maximum price.

The School Board of Orange County, Florida (“OCPS” 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:

PROCEDURES	RESULTS
1. Inspect a copy of the Standard Management Contract (the “Agreement”), dated October 30, 2017, between OCPS and the Construction Manager, and the Amendment #1, dated June 19, 2018 (collectively referred to as the “contract documents”), relative to the construction of the Project.	<ul style="list-style-type: none"> ○ The contract documents were inspected by Carr, Riggs & Ingram, LLC (“CRI”) without exception.
2. Inquire of OCPS and the Construction Manager as to whether there are any disputed provisions between the two parties, relative to the contract documents or the Project’s costs as provided in 4. below, or if there are any other unresolved disputes.	<ul style="list-style-type: none"> ○ The Construction Manager and OCPS stated there were no disputed provisions between the two parties, relative to the contract documents or the Project’s cost. There are no unresolved disputes on the Project.

PROCEDURES	RESULTS
<p>3. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.</p>	<p>○ The Construction Manager stated there are no disputes with any of its subcontractors.</p>
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated January 11, 2022 (the “final job cost detail”).</p>	<p>○ Obtained the final job detail without exception.</p>
<p>5. Obtain from the Construction Manager and OCPS, a copy of the final payment application request issued to OCPS, dated April 25, 2020 (“final pay application”).</p>	<p>○ Obtained the final pay application without exception.</p>
<p>6. 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 between the final job cost detail and the final pay application. However, the Construction Manager was not able to fully reconcile the difference between the final job cost detail and the final pay application. As a result, the reconciliation reported that the Construction Manager overspent the guaranteed maximum price by \$26,300, which they were unable to identify. Additionally, the Construction Manager identified \$178,080 of costs in the final job cost detail that were not billable.</p>
<p>7. From the final job cost detail, select all subcontractors with total costs in excess of \$50,000 (“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 the related change orders.</p> <p>b. Obtain the labor and material pricing estimates, vendor invoices, and subcontractor markups (“supporting documentation”) for the subcontractor change orders in 7.a. above. Compare the change order amounts to the supporting documentation.</p>	<p>○ Selected all 17 subcontractors from the final job cost detail with total costs in excess of \$50,000.</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.</p> <p>Additionally, compared the change order amounts to the supporting documentation with the following exceptions:</p> <ul style="list-style-type: none"> • Subcontractor costs in the amount of \$1,240 not billed to the District in excess of amounts already reflected by the Construction Manager.

PROCEDURES	RESULTS
<p>(7. Continued)</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. If the Construction Manager does not have lien releases 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.</p> <p>d. Obtain a listing of owner direct purchases (“ODP”) from the District related to each subcontract selected. Compare the ODP amounts to the sum of the deductive ODP change orders, per the selected subcontractor.</p>	<ul style="list-style-type: none"> • Subcontractor repair costs not backcharged totaling \$4,682. • Supporting documentation did not agree with the amount of the subcontractor change order in the amount of \$2,277. • Subcontractor markup for overhead and profit in excess of the contractual limits in the amount of \$51. • A subcontractor’s cost in the final job cost detail was \$75 in excess of their final subcontract value. <p>The above adjustments have been reported in Exhibit A.</p> <p>Additionally, the supporting documentation for \$8,975 of subcontractor change orders consisted of only lump sum amounts. Of this amount, \$5,400 were included in contingency use documents approved by the District.</p> <p>c. Obtained payment documentation and compared the payment documentation to the final subcontract amount without exception.</p> <p>d. Obtained the listing of ODPs from the District and compared the amount to the sum of the net deductive ODP change orders for each of the selected subcontractors without exception.</p>

PROCEDURES	RESULTS
<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 15 Construction Manager payroll transactions. Each sampled payroll transaction will be for a specific, identified time period of the Project.</p>	<ul style="list-style-type: none"> ○ There were no reimbursable labor transactions included in the final job cost detail.
<p>9. From the final job cost detail, select any non-subcontractor line items that exceed \$50,000.</p>	<ul style="list-style-type: none"> ○ CRI did not identify any non-subcontractor line items over \$50,000.
<p>10. 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"> 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. 	<ul style="list-style-type: none"> ○ Selected payment and performance bond charges from the final job cost detail. There were no charges for builder’s risk insurance included in the final job cost detail. a. Obtained the invoices from the Construction Manager’s insurance agent, and a cancelled check copy, for the payment and performance bond and compared the amounts to the final job cost detail. CRI made an adjustment totaling \$4,124 to the payment and performance bond cost to reflect actual cost. Originally, the Construction Manager recorded the payment and performance bond cost as charged from a related party. CRI adjusted the amount to only reflect the amounts paid by the related party to the third party insurers. This adjustment, in the amount of \$4,124, is included in Exhibit A.
<p>11. From the final job cost detail, select amounts for general liability insurance and perform the following:</p> <ul style="list-style-type: none"> a. Where applicable, obtain the Construction Manager’s internal allocation for general liability insurance charges. b. Inspect the internal allocation method and calculation. Compare the documentation obtained in 11.a. above to the amounts recorded in the final job cost detail. c. If applicable, obtain third party invoices for internal allocation amounts. 	<ul style="list-style-type: none"> ○ Selected all general liability insurance charges from the final job cost detail. a. Obtained the Construction Manager’s internal allocation for general liability insurance charges without exception. 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. c. Obtained third party invoices and premium statements for insurance premium amounts. However, 34% of the premium amounts were incurred with CCG Services, Inc., a related party.

PROCEDURES	RESULTS
<p>(11. Continued)</p> <p>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.</p> <p>e. If applicable, obtain supporting documentation for the allocation base, i.e. annual company-wide revenue for the Construction Manager.</p> <p>f. If applicable, recalculate the Construction Manager’s internal allocations and compare the recalculation to the amounts in the final job cost detail.</p>	<p>d. The details for the amounts incurred with CCG Services, Inc. were not provided to CRI; therefore, we do not know if any of the amounts are self-insured.</p> <p>e. Obtained the basis for the premium allocation from the invoices and premium statements provided by the Construction Manager.</p> <p>f. Recalculated the internal allocations and compared the recalculation to the amounts in the final job cost detail, resulting in an additive adjustment of \$5,179 as reported in Exhibit A.</p>
<p>12. 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 Per inquiry of the Construction Manager, there are expenditures to CCG Services, Inc., a related party.</p>
<p>13. If there are expenditures to entities related by common ownership or management noted in 12. above, perform the following:</p> <p>a. Report the entity and volume of the transactions to OCPS.</p> <p>b. Determine if such transactions are properly authorized by OCPS, in accordance with the contract documents.</p>	<p>a. The following amounts were noted in the final job cost detail as expenditures to CCG Services, Inc.:</p> <ul style="list-style-type: none"> • \$3,480 for Project Management System • \$7,000 for Blue Beam Subscription • \$60,935 for payment and performance bond • 34% of the \$40,290 amount for general liability insurance <p>b. CRI did not observe any communication between the Construction Manager and OCPS regarding the transactions with the related party, CCG Services, Inc.</p>
<p>14. From the final job cost detail, select at least five transactions determined to be the Construction Manager’s internal charges to the Project, and perform the following:</p>	<p>o Selected all field computer, software license, IT installation and setup, and vehicle charges in the final job cost detail.</p>

PROCEDURES	RESULTS
<p>(14. Continued)</p> <p>a. Obtain vendor invoices and Construction Manager calculations for internal charge rates. Compare the internal charges recorded in the final job cost detail to the supporting documentation.</p>	<p>a. CRI requested the vendor invoices and calculations supporting the internal charges tested. The results of the requests are as follows:</p> <ul style="list-style-type: none"> • Regarding the field computer charges, the CM’s response was as follows: “The allocation came from a quick search to see what rental prices would be, OCPS requires rental vs buy analysis. We most likely googled cost of rental for the equipment and arrived at an industry standard rate.” • Regarding the software license and IT installation and setup, the Construction Manager was not able to provide third party supporting documentation for the costs. Therefore, CRI has reported an adjustment in the amount of \$10,480 in the Exhibit A relative to these costs. • 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.
<p>15. Obtain the Project’s Notice to Proceed (“NTP”) from OCPS 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 inspected the dates of the charges in the final job cost detail for costs recorded prior to the date on the NTP without exception.</p>
<p>16. 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 7. above, for line items described as subcontractor bond costs.</p>	<p>o The Construction Manager used a subguard program on this Project.</p> <p>a. There were no indications of subcontractor bond costs in the final job cost detail. Additionally, each of the subcontract agreements inspected stated that this is a subguard project and, therefore, no subcontractor bond was to be included in the subcontract value.</p>

PROCEDURES	RESULTS
<p>(16. Continued)</p> <p>b. Recalculate the reimbursable amount of subguard insurance costs by taking the subcontractor costs, plus ODPs, times the subguard insurance rate agreed to in a previous project with the Construction Manager.</p> <p>c. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications.</p>	<p>b. Recalculated the Construction Manager’s subguard insurance charges utilizing the rate agreed to in the previous project with the Construction Manager covering a similar time period. Compared the recalculated amount to the amount in the final job cost detail, resulting in a decrease in the adjusted final job costs by \$17,831, as reported in Exhibit A.</p> <p>Note: While performing the procedures for a previous project with the Construction Manager, CRI observed third party invoices, payment documentation, and allocation calculations for the allocation of subguard costs to a project. It was agreed between OCPS and the Construction Manager to record subguard charges at a rate of 1.19% of the subcontracted cost. That rate was used in the calculation of the subguard costs for this Project.</p> <p>c. Obtained written representation from the Construction Manager that subcontractors enrolled in the subguard program did not include bond costs in their payment applications.</p>
<p>17. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.</p>	<p>o Obtained all signed and executed change orders between OCPS and the Construction Manager without exception.</p>
<p>18. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project and perform the following:</p> <p>a. Recalculate the ODP percentage, from the log obtained above, by taking the actual ODPs spent on the Project and comparing them to the original contract value (including ODPs) plus or minus any change orders (not including ODP change orders).</p> <p>b. If the above recalculated percentage is below 25% (as per section 20.3 of the General Conditions to the Agreement), inquire of the District regarding whether it was determined the Construction Manager failed to obtain any tax savings that could have been achieved. If so, inquire if the District will seek to recover the amount of any such missed tax savings from the Construction Manager.</p>	<p>o Obtained the ODP log from the District without exception.</p> <p>a. Recalculated the ODP percentage, per the ODP log, by taking the actual ODPs spent on the Project and comparing them to the original contract value (including ODPs) plus or minus any change orders (not including ODP change orders).</p> <p>b. The Construction Manager did not meet the 25% ODP sales tax goal, as the recalculated percentage is 14.86%. Per inquiry of the District, OCPS “determined they would forego collection of missed sales tax savings for this Project”.</p>

PROCEDURES	RESULTS
19. Compare the ODP log plus sales tax savings amount obtained in 18. above, to the total signed and executed change order amounts obtained in 17. above relative to ODPs.	○ Compared the ODPs plus sales tax savings per the ODP log to the total signed and executed owner change order amounts relative to owner direct purchases without exception.
20. Utilizing the not-to-exceed general requirements detail from the contract documents in 1. above, compare to the general requirements charges noted in the final job cost detail.	○ Compared the not-to-exceed general requirements per the contract documents with the actual general requirements charges noted in the final job cost detail 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. b. Add the original GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 17. above to get the “adjusted guaranteed maximum price”.	a. Obtained the original GMP amount without exception. 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.
22. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 21.b. above.	○ Compared the adjusted guaranteed maximum price to the final contract value, per the final pay application, without exception.
23. Recalculate the final construction costs as follows: a. Starting with the final job cost detail, adjust for any reductions identified in the application of the above procedures (i.e. subcontractor markup differences, non-reimbursable items, repair/rework items, etc., as applicable) to reach the “adjusted final job costs”. b. Utilizing the adjusted final job costs, add any fixed fees or lump sum amounts to reach the “final construction costs”. c. Compare the adjusted GMP amount calculated in 21.b. above to the final construction costs amount from 23.b. above.	a. The results of performing this procedure are reported in Exhibit A as adjusted final job costs. b. The results of performing this procedure are reported in Exhibit A as final construction costs. c. The results of this procedure are reported in Exhibit A.
24. Using the General Conditions attachment in the contract documents, obtain the raw rates for the Construction Manager’s personnel.	○ Obtained the raw rates for the Construction Manager’s personnel included in the General Conditions attachment in the contract documents.

PROCEDURES	RESULTS
<p>(24. Continued)</p> <p>a. Obtain from the Construction Manager a listing of the personnel that filled the positions listed in the General Conditions attachment.</p> <p>b. From the listing of Construction Manager personnel that filled the positions in the General Conditions attachment, choose a sample of at least 15 payroll entries and obtain documentation of the selected persons actual pay rate for the period selected.</p> <p>c. Compare the actual pay rate obtained in 24.b. above to the raw rate included in the General Conditions attachment.</p>	<p>a. Obtained a listing of the personnel that filled the positions listed in the General Conditions attachment from the Construction Manger.</p> <p>b. From the listing of Construction Manager personnel entries, CRI chose a sample of 15 payroll entries and obtained the payroll register for each of the items selected to document the actual pay rates.</p> <p>c. The results of this procedure indicate the actual pay rate is less than the raw rate per the General Conditions attachment (“raw rate”) in 14 of the 15 samples tested. Overall, the average actual pay rate is 15% under the raw rate for the samples selected.</p>
<p>25. Obtain, from OCPS and/or the Construction Manager, the Project’s contingency log and usage documents and inspect all contingency usage forms for OCPS’s designated representative’s signature of approval.</p>	<p>o Obtained the Project’s contingency log and usage documents and observed that all contingency usage forms evidenced approval of an OCPS designated representative without exception.</p>
<p>26. Compare the ending balances in the contingency funds, per the contingency logs obtained in 25. above, to the change order amount of the funds returning to OCPS, as obtained in 17. above.</p>	<p>o The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.</p>
<p>27. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.</p>	<p>o Obtained a listing of assets which verified the assets were transferred to another OCPS project without exception.</p>
<p>28. Obtain the Certificate of Substantial Completion, signed by the Architect, and compare the date of this document to the time requirements contained in the contract documents.</p>	<p>o Obtained the Certificates of Substantial Completion without exception. The substantial completion dates, as reported on the Certificates, were compared to the time requirements contained in the contract documents, adjusted by owner change orders. The results of this procedure are listed as follows:</p> <ul style="list-style-type: none"> • Substantial completion for Phase 1 was accomplished on the agreed upon date. • Substantial completion for Phase 2 was accomplished prior to the agreed upon date.

PROCEDURES	RESULTS
(28. Continued)	<ul style="list-style-type: none"> • Substantial completion for Phase 3 was accomplished on the agreed upon date. • Substantial completion for Phase 4 was accomplished on the agreed upon date. • Substantial completion for Phase 5 was accomplished prior to the agreed upon date. • Substantial completion for Phase 6 was accomplished prior to the agreed upon date.
29. Obtain the Certificate of Final Inspection, signed by the Architect, and compare the date of this document to the time requirements contained in the contract documents.	<ul style="list-style-type: none"> ○ Obtained the Certificate of Final Inspection without exception. The final completion date, as reported on the Certificate of Final Inspection, indicated the Construction Manager achieved final completion 134 days after the contractually required date. Final completion was to be achieved on May 30, 2020. The Certificate of Final Inspection was signed by the Architect on October 11, 2020.
30. Utilizing the Certificate of Final Inspection obtained in 29. above, inspect the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection.	<ul style="list-style-type: none"> ○ Inspected the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection. None were noted.
31. Obtain the SAP/Purchase Order reconciliation from OCPS and compare the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the Construction Manager’s final pay application, as noted in 5. above.	<ul style="list-style-type: none"> ○ Obtained the SAP/Purchase Order reconciliation from OCPS and agreed the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the final pay application without exception.

We were engaged by The School Board of Orange County, Florida, to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. 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 Core Construction Services of Florida, LLC, 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 Orange 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
January 31, 2023

**The School Board of Orange County, Florida
Lake George Elementary School – Comprehensive Project**

Exhibit A – Project Costs

Calculation of the final construction costs

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 6,771,489
Amounts in the final job cost detail identified by the Construction Manager as not billable	(178,080)
Amounts not specifically identified by the Construction Manager but were not billable	(26,300)
Additional amounts identified by CRI that were not billable	(1,240)
Subcontractor repair costs not backcharged	(4,682)
Subcontractor change order amounts that did not agree with the supporting documentation	(2,277)
Subcontractor markup for overhead and profit in excess of amounts allowed by the contract documents	(51)
Subcontractor cost in the final job cost detail in excess of its final subcontract value	(75)
Adjustment to reflect the payment and performance bond at actual cost	(4,124)
Adjustment to reflect general liability insurance costs at actual	5,179
Internal charges not supported by third party documentation	(10,480)
Adjustment to subguard costs to reflect actual cost	(17,831)
Adjusted final job costs	<u>6,531,528</u>
Original lump sum general conditions	<u>660,470</u>
Calculation of the construction management fee:	
Original construction management fee	359,519
Additional construction management fee from owner change orders	2,193
	<u>361,712</u>
Final construction costs	<u>\$ 7,553,710</u>
<u>Calculation of adjusted guaranteed maximum price</u>	
Original guaranteed maximum price	\$ 8,699,086
Adjustments from change orders	(1,109,795)
Adjusted guaranteed maximum price	<u>\$ 7,589,291</u>
Construction costs, lesser of final construction costs and adjusted guaranteed maximum price	\$ 7,553,710
Owner direct purchases	<u>1,249,333</u>
	<u>\$ 8,803,043</u>

Note: The Construction Manager made an adjustment to their adjusted guaranteed maximum price in the amount of \$49,967 to reflect general liability insurance costs in accordance with conclusions from a previous agreed-upon procedures engagement.