

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Eccleston Elementary School Replacement
January 19, 2015

The School Board of Orange County, Florida
Orlando, Florida

We have performed the procedures enumerated below, which were agreed to by The School Board of Orange County, Florida ("OCPS"), solely to assist you in certifying the final contract value (contract dated May 31, 2012) to Williams Company Building Division, Inc. (the "Construction Manager"), based upon the total costs of construction for the Eccleston Elementary School Replacement (the "Project") and to certify certain other Project costs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the party specified in this report. 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. We obtained copies of the contract documents between OCPS and the Construction Manager and read the documents noting items of financial and attestation significance, including provisions relative to the cost of work, fee arrangements, bonds and insurance, owner direct purchases, and the owner controlled insurance program ("OCIP").
2. We inquired of the contracting parties to determine if there were any disputed provisions relative to the Project, or if there were any other unresolved disputes, including disputes between the Construction Manager and its subcontractors. There were none brought to our attention.
3. We requested from the Construction Manager a reconciliation of the final pay application to the job cost detail, which the Construction Manager provided.
4. We reviewed the construction costs, as documented by the Construction Manager for compliance with the contract documents, including the following:
 - a. vouched all costs in excess of \$50,000 (as determined by phase totals on the Construction Manager's job cost).
 - for subcontract costs that qualify, we examined the subcontract and all the change orders to the subcontract, comparing the adjusted contract amount to the amount in the Construction Manager's job cost and the total of the Construction Manager's payments to the subcontractor. Additionally, we traced owner direct purchase amounts per OCPS and OCIP credits per Willis to deductive change orders to the subcontractor to ensure that such subcontracts had been reduced for the purchases and the insurance credits.

- There were no reimbursable labor charges in the job cost. Therefore, we did not test payroll line items in the Construction Manager's job cost.
 - for other items that qualified, we traced the charge to vendor invoices and evidence of payment. We examined supporting documentation for bond and subguard charges.
- b. reviewed the costing of change orders between OCPS and the Construction Manager for conformity to the contract documents. We reconciled the owner direct purchases, per the "ODP Log" to deductive change orders to the guaranteed maximum price. Also, we obtained the summary of OCIP results from the insurance carrier and traced the OCIP credits to deductive change orders.
 - c. reviewed Construction Manager labor burden percentage, if applicable, for appropriateness as well as conformity to the contract documents. The labor burden was established in the contract documents at 35%, we noted no instances of the Construction Manager charging burden in excess of this agreed upon percentage.
 - d. reviewed and inquired of the Construction Manager regarding related party charges to the Project. The Construction Manager self-performed \$85,715 of rough carpentry work through a related party, Falcon Construction Services, Inc. ("Falcon"). We examined a letter from Falcon dated August 21, 2012 requesting permission to self-perform work on this Project.
 - e. reviewed posting dates in the job cost for charges incurred prior to the commencement date set forth in the contract amendments. One charge was identified as being incurred prior to the Notice to Proceed for the Construction Phase, which has been removed from the job costs at Exhibit A.
 - f. reviewed Construction Manager fees and general conditions for conformity to the contract documents. We reviewed the Construction Manager's actual compensation for a sample of general conditions labor (included in the lump sum general conditions) for accuracy of base salary, application of contracted labor burden percentage, and personnel appropriateness to the Project. In a sample of 15 labor charges through the course of the project, we found that in 9 instances the amount paid to the employee was less than the raw rate indicated on Attachment 4 to Amendment #2. In the other 6 instances, the employee was paid more than the raw rate. The average underpayment per our sample was 3%.
 - g. reviewed actual contingency costs, and reviewed the contingency log for proper authorization and resolution of final balances.
 - h. recalculated the contract guaranteed maximum price and actual costs of construction based upon the Construction Manager's records.

The results are shown in Exhibit A – Project Costs.

5. Regarding the completion of the Project, we performed the following:
 - a. we inquired and examined support that the Project was completed within the time constraints stated in the contract.
 - b. we examined the Certificate of Substantial Completion for each of the three phases and the Certificate of Final Inspection, signed by the Architect, verifying that the Project was completed in accordance with the contract.
6. We obtained evidence of the SAP/Purchase order reconciliation from OCPS and ensured the final contract value to the Construction Manager was accurate and reflected final pre-attestation adjustments.

7. We obtained a representation from the Construction Manager that the job cost is complete and represents properly reimbursable and paid costs under the terms of the contract. The Construction Manager also represented that all related party transactions have been disclosed to us.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. 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 Orange County, Florida, and is not intended to be and should not be used by anyone other than the specified party.

Carole Riggs & DNBman LLC

Orlando, Florida
January 19, 2015

**Orange County Public Schools
Eccleston Elementary School Replacement**

Exhibit A - Project Costs

Calculation of the construction cost plus fee:

Construction Manager job costs	\$ 8,048,378
General conditions costs included in the job cost	(644,868)
Vehicle costs in excess of amount in the schedule of values	(1,650)
Costs incurred prior to the Notice to Proceed	(1,649)
Subcontractor markup in excess of amounts allowed	(831)
	<u>7,399,380</u>

Calculation of general conditions:

Original lump sum general conditions	626,832
Additional general conditions through change orders	18,036
	<u>644,868</u>

Calculation of construction management fee:

Original construction management fee	471,556
Additional fee from OCIP savings	1,730
Credit for material testing done by OCPS	(354)
	<u>472,932</u>

Construction cost plus fee \$ 8,517,180

Calculation of adjusted guaranteed maximum price:

Amendment #2	\$ 11,943,694
Adjustments from change orders per the Construction Manager	<u>(3,422,382)</u>

Adjusted guaranteed maximum price \$ 8,521,312

Construction cost, lesser of construction cost plus
fee and guaranteed maximum price

Owner direct purchases 2,946,060

\$ 11,463,240