

La Porte Independent School District

Independent Accountant's Report On
Applying Agreed Upon Procedures
Comex Corporation
December 18, 2019

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Trustees of
La Porte Independent School District
La Porte, Texas

We have performed the procedures enumerated below, which were agreed to by the La Porte Independent School District (the District), solely to assist the District with respect to accounting for expenditures from the 2014 bond authorization for construction manager at risk contracts (the Bond Expenditures). The District's management is responsible for the Bond Expenditures. The sufficiency of these procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Construction Manager: Comex Corporation (Comex)

Project: College Park Elementary

Procedure: Read a copy of the executed contract between Comex and the District and gain an understanding of the type of contract and two main classifications of work which are 1) cost of work and 2) general conditions.

Finding: We read a copy of the executed contract between the parties and determined that it is a guaranteed maximum price (GMP) contract for \$8,300,000. We also obtained an understanding of the cost of work and general conditions.

Procedure: Select a sample of the billings received by the District and obtain the schedule of values supporting each billing and determine if the schedule of values was approved by the architect and the District's representative.

Finding: We selected 11 contractor billings representing 50% of the total billings received by the District as well as the supporting schedule of values noting all were properly approved by the architect and the District's representative.

Procedure: Obtain a copy of the final job cost detail report.

Finding: We obtained a copy of the final job cost detail report noting total costs of \$7,226,501, which excludes the construction manager fee of 2.35% of the GMP.

Procedure: Select a sample of 5-10 expenditures from the job cost detail report and determine that supporting documentation exists for each expenditure.

Finding: We selected 8 expenditures from the job cost detail report and reviewed documentation supporting each expenditure. No exceptions noted.

The Board of Trustees of
La Porte Independent School District
La Porte, Texas

Procedure: Select a sample of payroll expenditures from the job cost detail report and determine that payroll is supported by an approved timesheet and actual pay rate.

Finding: We selected 3 pay periods for the project manager, superintendent, and project administrator from the job cost detail report and vouched the expense to the approved timesheet and pay rate. No exceptions noted.

Procedure: Request documentation supporting the burden rate applied to employees and agree the burden rate to the amount charged in the job cost detail report.

Finding: We obtained documentation supporting a burden rate of 30.27%. Based on total labor costs from the job cost detail report of \$185,105 and a burden rate of 30.27% we calculated burden expense of \$56,031. The job cost detail report has total burden expense of \$26,624 which is a difference of \$29,407 from our calculation. Further, we noted a \$46,001 difference in burden expense between the final schedule of values of \$72,625 and the job cost detail report of \$26,624. In both cases, reported burden expense was less than the recomputed amount and the schedule of values amount.

Procedure: Recalculate the compensation to be paid to the construction manager under the terms of the contract.

Finding: We calculated the construction manager fee to be \$195,050 based on a fee of 2.35% of the contract GMP of \$8,300,000. We traced the construction manager fee to the final schedule of values noting a construction manager fee of \$195,000. We noted a difference of \$50 between our calculation and the amount in the final schedule of values.

Procedure: Recalculate the total contract amount based on the total cost of work plus the total fee to the construction manager.

Finding: We calculated the total contract amount of \$7,421,551 based on the total cost of work from the job cost detail report of \$7,226,501 plus the construction manager's fee of \$195,050. We noted that the total amount billed to the District was \$7,402,755 which resulted in a difference of \$18,796 from our calculation.

Procedure: Determine that the total amount paid by the District did not exceed the GMP of the contract and that any savings were reflected in a deductive change order in accordance with the terms of the contract.

Finding: The amount paid by the District of \$7,402,755 did not exceed the GMP of the contract of \$8,300,000. We calculated the contract savings to the District by subtracting the total cost of work from the job cost detail report of \$7,226,501 plus the construction manager fee of \$195,050 from the contract GMP of \$8,300,000. Our calculation of net savings to the District totaled \$878,449 which is a difference of \$18,796 from the amount recorded in the final pay application as a deductive change order of \$897,245.

Project: Lomax Junior High

Procedure: Read a copy of the executed contract between Comex and the District and gain an understanding of the type of contract and two main classifications of work which are 1) cost of work and 2) general conditions.

Finding: We read a copy of the executed contract between the parties and determined that it is a GMP contract for \$5,300,000. We also obtained an understanding of the cost of work and general conditions.

Procedure: Select a sample of the billings received by the District and obtain the schedule of values supporting each billing and determine if the schedule of values was approved by the architect and the District's representative.

Finding: We selected 11 contractor billings representing 50% of the total billings received by the District as well as the supporting schedule of values noting all were properly approved by the architect and the District's representative.

Procedure: Obtain a copy of the final job cost detail report.

Finding: We obtained a copy of the final job cost detail report noting total costs of \$4,936,182, which excludes the construction manager fee of 2.35% of the GMP.

Procedure: Select a sample of 5-10 expenditures from the job cost detail report and determine that supporting documentation exists for each expenditure.

Finding: We selected 8 expenditures from the job cost detail report and reviewed documentation supporting each expenditure. No exceptions noted.

Procedure: Select a sample of payroll expenditures from the job cost detail report and determine that payroll is supported by an approved timesheet and actual pay rate.

Finding: We selected 3 pay periods for the project manager, superintendent, and project administrator from the job cost detail report and vouched the expense to the approved timesheet and pay rate. No exceptions noted.

Procedure: Request documentation supporting the burden rate applied to employees and agree the burden rate to the amount charged in the job cost detail report.

Finding: We obtained documentation supporting the burden rate of 30.18%. Based on total labor costs from the job cost detail report of \$123,169 and a burden rate of 30.18% we calculated burden expense of \$37,172. The job cost detail report has total burden expense of \$16,576 which is a variance of \$20,596 from our calculation. Further, we noted a \$20,151 difference in burden expense between the final schedule of values of \$36,727 and the job cost detail report of \$16,576. In both cases, reported burden expense was less than the recomputed amount and the schedule of values amount.

Procedure: Recalculate the compensation to be paid to the construction manager under the terms of the contract based on the total cost of work.

Finding: We calculated the construction manager fee to be \$124,550 based on a fee of 2.35% of the contract GMP of \$5,300,000. We traced the construction manager fee to the final schedule of values noting a construction manager fee of \$127,997. We noted a difference of \$3,447 between our calculation and the amount included in the final schedule of values.

The Board of Trustees of
La Porte Independent School District
La Porte, Texas

Procedure: Recalculate the total contract amount based on the total cost of work plus the total fee to the construction manager.

Finding: We calculated the total contract amount of \$5,060,732 based on the total cost of work from the job cost detail report of \$4,936,182 plus the construction manager's fee of \$124,550. We noted that the total amount billed to the District was \$5,064,729 which resulted in a difference of \$3,997 from our calculation.

Procedure: Determine that the total amount paid by the District did not exceed the GMP of the contract and that any savings were reflected in a deductive change order in accordance with the terms of the contract.

Finding: The amount paid by the District of \$5,064,729 did not exceed the GMP of the contract of \$5,300,000. We calculated the contract savings to the District by subtracting the total cost from the job cost detail report of \$4,936,182 plus the construction manager fee of \$124,550 from the contract's GMP of \$5,300,000. Our calculation of net savings to the District totaled \$239,268 which is a difference of \$3,997 from the amount recorded in the final pay application as a deductive change order of \$235,271.

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, respectively, on the Bond Expenditures. 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 District and is not intended to be and should not be used by anyone other than the District.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
December 18, 2019