



Florida Department of TRANSPORTATION

Office of Inspector General Kristofer B. Sullivan, Inspector General

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Kristofer B. Sullivan
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March 16, 2023

Audit Report No. 23C-004
Subsection 129 Financial Review – Florida's Turnpike Enterprise

What We Did

At the request of Florida's Turnpike Enterprise (FTE), the Office of Inspector General conducted an independent audit of toll facility records to verify financial compliance with requirements concerning the limitation on use of revenues as outlined in Title 23 United States Code (U.S.C.), Highways, Chapter 1, Federal-Aid Highways, Subsection 129, Toll Roads, Bridges, Tunnels, and Ferries, specifically subsection 129(a)(3)(A), Limitations on Use of Revenues.¹

The scope of the audit was FTE's nine toll facilities subject to subsection 129(a)(3)(A), Limitations on Use of Revenues for the period July 1, 2021, to June 30, 2022. The Section 129 requirement to verify adequate maintenance of the toll facilities is being conducted by the HNTB Corporation for Fiscal Year 2022 and is outside the scope of this audit.

What We Found

We determined the FTE's use of toll revenues complied in all material respects with limitations set forth in Title 23 U.S.C., Section 129(a)(3)(A). Our determination is based on testing FTE's toll facility expenditure records for the period July 1, 2021, to June 30, 2022, which was comprised of 123,394 transactions totaling \$103,511,696. Based on this population, we tested all transactions greater than \$250,000. The three transactions tested represented \$1,164,828 of the total \$103,511,696 or 1.13 percent. We also tested a statistical² sample of transactions with amounts between \$500 and \$250,000. The 67 transactions, tested from a population of 298,³ represented \$2,069,992 or 2 percent of the total. Our testing included reviewing supporting documentation, accounting system object codes, descriptions, vendors, and associated toll facility.

What We Recommend

This report does not contain any recommendations as the results of the audit found the transactions were compliant with the applicable Section 129 requirements.

¹ This is commonly referred to as Section 129.

² The statistical sample size was based on a 90% confidence level and 10% margin of error.

³ The population size tested did not include direct labor and indirect cost allocations, automated transactions, transactions less than \$500 and greater than \$250,000, and correcting accounting transactions which were removed from the original population.

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BACKGROUND AND INTRODUCTION

At the request of Florida's Turnpike Enterprise (FTE), the Office of Inspector General conducted an independent audit of toll facility records to verify financial compliance with requirements concerning the limitation on use of revenues as outlined in Title 23 United States Code (U.S.C.), Highways, Chapter 1, Federal-Aid Highways, Subsection 129, Toll Roads, Bridges, Tunnels, and Ferries, specifically subsection 129(a)(3)(A), Limitations on Use of Revenues.⁴

The scope of the audit was FTE's nine toll facilities subject to subsection 129(a)(3)(A), Limitations on Use of Revenues for the period July 1, 2021, to June 30, 2022. The Section 129 requirement to verify adequate maintenance of the toll facilities is being conducted by the HNTB Corporation for Fiscal Year 2022 and is outside the scope of this audit.

The compliance requirements for FTE toll facilities are outlined in Section 129 (a)(3)(A), Limitations on Use of Revenues, and state:

A public authority with jurisdiction over a toll facility shall ensure that all toll revenues received from operation of the toll facility are used only for:

- (i) debt service with respect to the projects on or for which the tolls are authorized, including funding of reasonable reserves and debt service on refinancing.
- (ii) a reasonable return on investment of any private person financing the project, as determined by the State or interstate compact of States concerned.
- (iii) any costs necessary for the improvement and proper operation and maintenance of the toll facility, including reconstruction, resurfacing, restoration, and rehabilitation.
- (iv) if the toll facility is subject to a public-private partnership agreement, payments that the party holding the right to toll revenues owes to the other party under the public-private partnership agreement; and
- (v) if the public authority certifies annually that the tolled facility is being adequately maintained, any other purpose for which Federal funds may be obligated by a State under this title.

⁴ This is commonly referred to as Section 129.

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Additionally, Section 129 (a)(3)(B)(i), Annual Audit, states:

A public authority with jurisdiction over a toll facility shall conduct, or have an independent auditor conduct, an annual audit of toll facility records to verify adequate maintenance and compliance with subparagraph (A) and report the results of the audits to the Secretary.

The following FTE toll facilities⁵ and associated records are subject to the audit and maintenance requirements in Section 129:

1. Homestead Extension of Florida's Turnpike (HEFT) (SR 821)
2. Southern Coin System (SR 91)
3. Northern Coin System (SR 91)
4. Beachline West Expressway (SR 528)
5. Sawgrass Expressway (SR 869)
6. Seminole Expressway (SR 417)
7. Polk Parkway (SR 570)
8. Suncoast Parkway (SR 589)
9. Western Beltway, Part C (SR 429)

⁵ FTE's Director of Finance provided a list of the FTE facilities that were verified with information from FHWA, Office of Highway Policy Information.

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RESULTS OF REVIEW

The OIG reviewed the FTE's toll facility expenditure records for the period July 1, 2021, to June 30, 2022, to ensure that the use of toll facility revenues complied with Section 129(a)(3)(A), Limitations on Use of Revenues. The expenditure population for the nine FTE toll facilities was 123,394 transactions totaling \$103,511,696. See Figure 1.

Figure 1: Summary of Toll Facility Expenditures

Section 129 Toll Facilities Summary of Expenditure Transactions July 1, 2021 to June 30, 2022		
Toll Facility	Transaction Count	Dollars
Homestead Extension of Florida's Turnpike (SR 821)	12,679	\$ 24,527,071
Southern Coin System (SR 91)	12,049	21,518,318
Northern Coin System (SR 91)	13,242	15,703,310
Beachline West Expressway (SR 528)	15,038	5,266,979
Sawgrass Expressway (SR 869)	12,135	11,540,975
Seminole Expressway (SR 417)	15,297	7,597,873
Polk Parkway (SR 570)	15,994	9,191,608
Suncoast Parkway (SR 589)	12,007	4,945,056
Western Beltway (SR 429)	14,953	3,220,506
Totals	123,394	\$ 103,511,696

Source: OIG Prepared Schedule

We determined the FTE's use of toll revenues complied in all material respects with limitations set forth in Title 23 U.S.C., Section 129(a)(3)(A). Our determination is based on testing FTE's toll facility expenditure records for the period July 1, 2021, to June 30, 2022, which was comprised of 123,394 transactions totaling \$103,511,696. Based on this population, we tested all transactions greater than \$250,000. The three transactions tested represented \$1,164,828 of the total \$103,511,696 or 1.13 percent. We also tested a statistical⁶ sample of transactions with amounts between \$500 and \$250,000. The 67 transactions, tested from a population of 298,⁷ represented \$2,069,992 or 2 percent of the total. Our testing included reviewing supporting documentation, accounting system object codes, descriptions, vendors, and associated toll facility.

⁶ The statistical sample size was based on a 90% confidence level and 10% margin of error.

⁷ The population size tested did not include direct labor and indirect cost allocations, automated transactions, transactions less than \$500 and greater than \$250,000, and correcting accounting transactions which were removed from the original population.

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APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to determine if FTE complied with Title 23 United States Code (U.S.C.), Highways, Chapter 1, Federal-Aid Highways, Section 129(a)(3)(A), Toll Roads, Bridges, Tunnels, and Ferries, Limitations on Use of Revenues.

The **scope** of this audit includes the expenditures assigned to the subject toll facilities for the period of July 1, 2021, to June 30, 2022.

The **methodology** included:

- verifying with FTE which toll facilities are subject to subsection 129(a)(3)(A), Limitations on Use of Revenues;
- reviewing applicable laws and statutes; and
- examining and testing transactions for Section 129 compliance.

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APPENDIX B – Management Response

On March 13, 2023, Florida’s Turnpike Enterprise sent an email stating they do not have any comments regarding the report.

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DISTRIBUTION

Responsible Manager:

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PROJECT TEAM

Engagement was conducted by:
Fernando Mojica, Auditor
Corbitt Lyons, Staff Auditor

Under the supervision of:
Ryan Moore, Senior Audit Supervisor
Bill Pace, Deputy Audit Director for Contracts
Joseph W. Gilboy, Director of Audit

Approved by:
Kristofer B. Sullivan, Inspector General

STATEMENT OF ACCORDANCE

The Department's mission is to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities.

The Office of Inspector General's mission is to provide independent and objective investigative and audit services that promote accountability, integrity, and efficiency within the Florida Department of Transportation and its partners.

This work product was prepared pursuant to section 20.055, Florida Statutes, in accordance with the Association of Inspectors General *Principles and Standards for Offices of Inspector General*, and conforms with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Please address inquiries regarding this report to the Department's Office of Inspector General at (850) 410-5800.