



Florida Department of TRANSPORTATION

Office of Inspector General Kristofer B. Sullivan, Inspector General

Audit Report No. 25C-001
Department Section 129 Financial Review

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Kristofer B. Sullivan
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October 21, 2024

What We Did

At the request of the Florida Department of Transportation's (Department) Office of the Comptroller, the Office of Inspector General conducted an independent audit of Department owned 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, Section 129, Toll Roads, Bridges, Tunnels, and Ferries, specifically subsection 129(a)(3).¹

The scope of the audit was the Department's nine toll facilities subject to the financial audit requirements of Section 129 for the period July 1, 2023, to June 30, 2024. The Section 129 requirement to verify adequate maintenance of the toll facilities is conducted by the Department's Office of Maintenance for Fiscal Year 2024 and is outside the scope of this audit.

What We Found

We determined the Department's use of toll revenues for the 9 toll facilities tested complied in all material respects with limitations set forth in Title 23 U.S.C., Section 129(a)(3).

What We Recommend

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

¹ This is commonly referred to as Section 129.

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TABLE OF CONTENTS

BACKGROUND AND INTRODUCTION	3
RESULTS OF REVIEW	5
APPENDIX A – Purpose, Scope, and Methodology	7
APPENDIX B – Management Response	8
DISTRIBUTION	9
PROJECT TEAM	10
STATEMENT OF ACCORDANCE	10

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BACKGROUND AND INTRODUCTION

At the request of the Florida Department of Transportation's (Department) Office of the Comptroller, the Office of Inspector General (OIG) conducted an independent audit of Department owned toll facility records to verify financial compliance with requirements concerning the limitations on use of revenues as outlined in Title 23 United States Code (U.S.C.), Highways, Chapter 1, Federal-Aid Highways, Section 129, Toll Roads, Bridges, Tunnels, and Ferries, specifically subsection 129(a)(3).²

The scope of the audit was the 9 toll facilities owned by the Department for the period July 1, 2023, to June 30, 2024. The Section 129 requirement to verify adequate maintenance of the toll facilities is conducted by the Department's Office of Maintenance for Fiscal Year 2023-24 and is outside the scope of this audit.

The compliance requirements for Department owned 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.

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

² This is commonly referred to as Section 129.

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Florida Department of Transportation**

adequate maintenance and compliance with subparagraph (A) and report the results of the audits to the Secretary.

The following Department owned toll facilities and associated records are subject to the audit requirements of Section 129:

1. I-275 Sunshine Skyway Bridge
2. I-295 Express East and West
3. I-4 Ultimate
4. I-595 Express
5. I-75 Alligator Alley
6. I-75 Express Lanes
7. Pinellas Bayway System
8. State Road 429 Wekiva Parkway
9. I-95 Express Lanes Phase 3

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Florida Department of Transportation**

RESULTS OF REVIEW

We found the governance of toll facility expenditures were outlined in a September 23, 2020, memorandum from the Department’s Office of Comptroller (OOC) to the Federal Highway Administration (FHWA). The memorandum states in part:

FDOT has a process whereby prior to obligating, the use of those revenues is requested by the district, reviewed for compliance by the Federal Aid Office, reviewed for financial soundness by the Office of Comptroller and Office of Work Program and Budget, and approved/disapproved by the Assistant Secretary of Finance and Administration.

The OOC confirmed this process was in use for Fiscal Year 2023-24.

Additionally, the OOC provided toll facility expenditure records for the period July 1, 2023, to June 30, 2024, consisting of nine toll facilities with 115,765 transactions totaling \$134,259,421. See Figure 1.

Figure 1: Summary of Toll Facility Expenditures

Section 129 Toll Facilities Summary of Expenditure Transactions July 1, 2023 to June 30, 2024		
Toll Facility	Transaction Count	Dollars
I-275 Sunshine Skyway Bridge	14,606	\$ 23,891,218
I-295 Express East and West	11,414	\$ 1,257,264
I-4 Ultimate	11,567	\$ 40,120,906
I-595 Express	11,439	\$ 615,263
I-75 Alligator Alley	15,496	\$ 48,368,360
I-75 Express Lanes	22,935	\$ 7,500,436
Pinellas Bayway System	13,058	\$ 7,115,710
State Road 429 Wekiva Parkway	11,549	\$ 4,869,799
I-95 Express Lanes Phase 3	3,701	\$ 520,465
Totals	115,765	\$ 134,259,421

Source: OIG Prepared Schedule

As part of our testing, we reviewed all 65 transactions greater than \$250,000. These transactions represented \$54,225,834 of the total \$134,259,421, or 40 percent. Of the 65 transactions, we judgmentally sampled the supporting documentation for 7 transactions totaling \$3,950,886 of the total \$54,225,834 or 7 percent.

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Florida Department of Transportation**

We also tested the supporting documentation of 54 statistically sampled transactions whose amounts were between \$500 and \$250,000, totaling \$2,280,590. The sampling of transactions to support the determination followed acceptable auditing practices associated with the scope.

As a result of our review, **we determined** the Department's use of toll revenues complied in all material respects with limitations set forth in Title 23 U.S.C. Section 129(a)(3).

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

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Florida Department of Transportation**

APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to determine if the Department complied with Title 23 United States Code, Highways, Chapter 1, Federal-Aid Highways, Section 129(a)(3), Toll Roads, Bridges, Tunnels, and Ferries, Limitations on use of toll revenue.

The **scope** of this audit includes the expenditures assigned to the Department's 9 toll facilities subject to Section 129 for the period of July 1, 2023, to June 30, 2024.

The **methodology** included:

- verifying Department owned toll facilities subject to Section 129 governance with the Project Finance Office;
- reviewing applicable laws, statutes, and Department Memorandum of Understandings with Federal Highway Administration; and
- examining and testing transactions for Section 129 compliance.

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Florida Department of Transportation**

APPENDIX B – Management Response

The Office of the Comptroller, Project Finance Office responded on October 14, 2024, by email with the following response:

Thank you for sending the draft Section 129, VPPP, and OTRB reports. We have reviewed the P&Ts and have no comments or edits. Please proceed with finalizing the reports.

We very much appreciate the audit team's hard work for the fiscal year 2024 tolling programs certification efforts!

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PROJECT TEAM

Engagement was conducted by:
Erica Liang, Auditor in Charge
Natalie Hill, Staff Auditor

Under the supervision of:
Luis Camejo, Senior Audit Supervisor
Ryan Moore, 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.