

**State of Florida
Department of Transportation
Florida's Turnpike Enterprise**

**INVITATION TO NEGOTIATE
AUDIT SERVICES**

ITN-DOT-13/14-8002-SM

RESPONSE TO QUESTIONS: GROUP 1

General Questions

1. In the ITN document on Exhibit A, page A-1, Section I B, third paragraph, the third line states “ and to provide services in relation to the Turnpike System’s CAFR”. Can you please clarify what services are contemplated?
Response:
The services included in this ITN are for an independent audit of the Turnpike System’s financial statements. These financial statements (and the auditor’s opinion) will be included in other documents such as the Comprehensive Annual Financial Report and official statements associated with municipal bond offerings. The proposers should identify any additional activities that will result from the inclusion of the auditor’s opinion in these documents.

2. A) Was a management letter issued in the prior year and can we obtain a copy? Were there any material weaknesses or significant deficiencies or other internal control findings? B) Where there any single audit findings in the state’s report related to the turnpike? Can we obtain a copy of the these reports?
Response:
A) Copies are available from Sheree Merting, via email sheree.merting@dot.state.fl.us. There were no control deficiencies or internal control findings for fiscal year 2013.
B) The Turnpike was not subject to the single audit act for the prior year.

3. Are invoices sent to non-toll tag customers after one gantry pass or is there a minimum number of passes before an invoice is triggered?
Response:
Customers are invoiced for all transactions. If the customer is a new customer, the first invoice is sent 14 days after the transaction is processed. After the first invoice, customers are invoiced on a monthly billing cycle for transactions processed in that period.

4. When is the revenue recognized on non-toll tag gantry passes?
Response:
The Turnpike System currently has three methods of payment for toll revenue: transponder-based prepaid accounts (SunPass), traditional cash toll collection and license-plate based (Toll-By-Plate). For FY2013, approximately 2% of revenue related to the Toll-By-Plate method of payment. Revenue is recorded when received; however, an accrual is made at year end to reflect payments received subsequent to year end for transactions that occurred during the fiscal year.

5. Can you confirm what the allowance methodology on AR is? Is the AR only made up of non-toll tag users?
Response:
We do not currently have an allowance for doubtful accounts.

6. The ITN document states the following: The plans' accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits, and other plan-related matters are the responsibility of the Florida Department of Management Services, Division of Retirement, and are not computed on an individual agency basis. Has Turnpike been notified that the plan qualifies as a special funding situation. If not how will the NPA be determined for the Turnpike?
- Response: The Florida Department of Management Services, Division of Retirement communicates any special funding requirement at the agency level. The System's employees are included in the actuarial analysis and are part of the actuarial accrued liability, annual required contribution and net other post-employment benefit obligation disclosed in the footnotes and required supplementary information of the Comprehensive Annual Financial Report of the State of Florida.*
7. Can you please identify the management specialists utilized including those related to the modified approach for infrastructure, arbitrage, pollution remediation, etc.
- Response:
The Turnpike System's general engineering consultant provides services related to the annual inspection and condition assessment of the infrastructure and estimates related to pollution remediation. Arbitrage compliance is managed by the State Board of Administration, Division of Bond Finance.*
8. Can you please identify the significant service organizations utilized? For those identified are SOC Reports available?
- Response:
The Turnpike System does not utilize service organizations.*
9. Did the predecessor auditor identify any "components" (not component units) as defined by the AICPA auditing standards?
- Response: No.*
10. Do any entities (i.e. Florida Auditor General) plan to refer to this audit report within their opinion?
- Response:
We are not aware of any plans for other entities to refer to the Turnpike System audit report.*
11. A) Is there any change in processes during 2013 for recording or writing off of accounts receivable? B) The balance in 2013 significantly increased. Are there any significant factors to be contemplated in the procedures?
- Response:
There were no changes to process for recording or writing off accounts receivable. The change in the balance relates to the implementation of GASB 60: Accounting and Financial Reporting for Service Concession Arrangements. This required the System to record a receivable for the present value of future guaranteed rent payment associated with the long-term lease for our Service Plazas.*
12. Is the inventory balance for the current year expected to be consistent with 2013 or will it increase back to 2012 levels? What is the normal level for these balances?
- Response:
Inventory levels for FY2014 are expected to be consistent with FY2013.*
13. What is the normal timing for the receipt of the report on modified infrastructure?
- Response:
A preliminary report is issued when the Department closes the year, and the final report is issued at the end of September with the financial statements.*
14. A) Can you please confirm the fees paid to the prior audit firm for the audit services for the fiscal year 2013? B) Were there any additional fees paid for out of scope or any additional services in 2013?
- Response: A) \$426,500 B) No.*

15. Can we obtain a copy of the current contract and the engagement letter for the prior audit firm?

Response: A) Copies are available from Sheree Merting, via email sheree.merting@dot.state.fl.us.

16. Is the IT environment for all the IT applications managed centrally and subject to the same IT policies and procedures?

Response:

The IT environment for FDOT Central Office-developed IT applications are managed by FDOT staff and adhere to FDOT policies and procedures. The IT applications developed by the Boca Data Center staff are subject to additional Turnpike System policies and procedures.

FLAIR Questions

Response to questions 17-23: Excerpt from the FLAIR manual found at:

<http://www.myfloridacfo.com/Division/AA/Manuals/default.htm>

The Florida Accounting Information Resource (FLAIR) has been developed in accordance with applicable State statutes relative to governmental accounting for the State of Florida. FLAIR has also been developed in accordance with applicable principles of governmental accounting. FLAIR was developed jointly by the Department of Financial Services (DFS) and the Office of the Auditor General (OAG) to carry out Section 215.93, F.S. Each agency is responsible for the development and maintenance of its Access Control File. FLAIR is located in Tallahassee and administered by the DFS. FLAIR is a mainframe system with users accessing the system from personal computers or "dumb" terminals.

17. Was the FLAIR system developed in-house or by a 3rd Party?

18. Do State employees have access to the source code for the FLAIR application?

19. Does this application run on servers managed by the State? If so, which location?

20. Who is responsible for maintaining (releases, patches, upgrades) to the FLAIR system? If managed by the State, which location?

21. Is user administration for the FLAIR system managed centrally or decentralized? Which location(s)?

22. What type of database is used to house the application data for FLAIR?

23. What type of Operating System does the FLAIR system run on?

SUNPASS Questions

24. Was the SunPass system developed in-house or by a 3rd Party?

Response:

The SunPass system was developed in-house.

25. Do State employees have access to the source code for the SunPass application?

Response:

Since the system was developed in-house, we own the source code for the application.

26. Does this application run on servers managed by the State? If so, which location?

Response:

Yes, in two locations: Tolls Data Center in Boca Raton and Orlando Data Center at Turnpike Headquarters.

27. Who is responsible for maintaining (releases, patches, upgrades) to the SunPass system? If managed by the State, which location?

Response:

The Department is responsible for all aspects of the SunPass system. Management of the system is primarily in the Data Center in Boca Raton.

28. Is user administration for the SunPass system managed centrally or decentralized? Which location(s)?

Response:

User administration is managed centrally in two locations: the Data Center in Boca Raton and Orlando Data Center at Turnpike Headquarters.

29. What type of database is used to house the application data for SunPass?

Response: Oracle and Microsoft SQL Server.

30. What type of Operating System does the SunPass system run on?

Response: Oracle Unix and Microsoft Window

31. How are financial transaction transferred from SunPass to FLAIR? Please describe.

Response:

Essentially there are two types of SunPass financial transactions, toll-related and miscellaneous revenues.

Toll Revenue: each week there is a standing wire order for tolls collected from the SunPass earned revenue account to the Turnpike's Revenue Fund with the State to Board Administration (SBA). Every Monday Central Office Revenue Management staff records a transaction in FLAIR which credits toll facilities revenue and debits transfers to SBA. On or around the 15th of each month, the SBA distributes the amount in the Revenue Fund according to the flows of funds in accordance with the bond covenant.

Miscellaneous Revenue: annually Sunpass transfers via a wire to the Turnpike Revenue fund with SBA any moneys collected for court ordered toll revenue and ancillary charges for copies and such. Along with that transfer is the interest earned on the Special Purpose investment Account. Central Office Revenue Management staff records a transaction in FLAIR which credits the appropriate revenue account and debits transfers to SBA.