CENTRAL FLORIDA EXPRESSWAY AUTHORITY

AGENDA
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
AUDIT COMMITTEE MEETING
October 26, 2017
2:00 PM – 4:00 PM Pelican Room #107

I. CALL TO ORDER

II. PUBLIC COMMENT - Pursuant to Florida Statute 286.0114 (2013) the Audit Committee will allow public comment on any matter either identified on this meeting agenda as requiring action, or anticipated to come before the Committee for action in reasonable proximity to this meeting. Speakers shall be limited to three minutes per person and the assignment of one person's time to another or designation of group spokesperson shall be allowed at the discretion of the Committee Chairman.

III. APPROVAL OF THE JUNE 22, 2017 MINUTES – **Action Item**

IV. EXTERNAL AUDIT MATTERS- Moore Stephens Lovelace CPAs and Advisors

A. Review and Acceptance of Audit of Fiscal 2017 Financial Statements and Required Communications- **Action Item**

V. INTERNAL AUDIT MATTERS – Protiviti

A. Status Update: Fiscal 2018 Internal Audit Plan- Info Item

B. Procurement and Contract Billing Audits

1.Contract Audit Selections- Info Item
2.Subject Matter Expert Travel Expenses- **Action Item**

C. Review and Acceptance of Prior Audit Recommendations Follow-Up- **Action Item**

D. Review and Acceptance of Information Security Risk Assessment, Phase II- **Action Item**

VI. OTHER BUSINESS

VII. ADJOURNMENT

This meeting is open to the public.

Note: Any person who decides to appeal any decision made at this meeting will need record of the proceedings and for that purpose, may need to ensure that a verbatim record of the proceedings is made which includes the testimony any evidence upon which the appeal is to be based, per Florida Statute 286.0105.

In accordance with the Americans with Disabilities Act (ADA), if any person with a disability as defined by the ADA needs special accommodation to participate in this proceeding, then not later than two (2) business days prior to the proceeding, he or she should contact the Central Florida Expressway Authority at (407) 690-5000.

Persons who require translation services, which are provided at no cost, should contact CFX at (407) 690-5000 x5317 or by email at Iranetta.dennis@CFXway.com at least three business days prior to the event.

MINUTES
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
AUDIT COMMITTEE MEETING
June 22, 2017
Location: Pelican Conference Room 107

Committee Members Present:
Bruce McMenemy, Seminole County Representative, Chairman
Brian Battles, City of Orlando Representative
Kristy Mullane, Lake County Representative
Kaye Dover, Osceola County Representative
Eric Gassman, Orange County Representative
Megan Zee, Citizen Representative

Participating by Phone:
John Rushing, Protiviti

Also Present:
Ruth Valentin, Recording Secretary/Office Coordinator
Lisa Lumbard, CFO
Linda Lanosa, Deputy General Counsel
Michelle Maikisch, Chief of Staff/Public Affairs Officer
Michael Carlisle, Director of Accounting and Finance
Darleen Mazzillo, Executive Assistant
Susan Martin, Executive Assistant/Board Services Coordinator
Jim Greer, Director of Information Technology
Corey Quinn, Chief of Technology/Operations
Jeff Tecau, Protiviti
Phil Fretwell, Protiviti
David Taylor, Protiviti
Teresa Mallary, Protiviti
Emily Picard, Protiviti
Chris Porter, Protiviti

1. CALL TO ORDER

The meeting was called to order at 9:00 a.m. by Chairman Bruce McMenemy.

2. PUBLIC COMMENT

There was no public comment.

3. INTRODUCTION OF NEW MEMBER MEGAN ZEE, CITIZEN REPRESENTATIVE

Megan Zee, Citizen Representative was welcomed to the Audit Committee. All others in attendance introduced themselves.

4. APPROVAL OF MINUTES

A motion was made by Ms. Mullane and seconded by Mr. Gassman to accept the March 29, 2017 Audit Committee minutes as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

5. INTERNAL AUDIT MATTERS

A. Status Update: Fiscal 2017 Internal Audit Plan-

Jeff Tecau of Protiviti presented an update on the Status of the Fiscal Year 2017 Internal Audit Plan.

(This item was presented for information only. No formal committee action was taken.)

B. Review and Acceptance of Internal Audit Reports

Purchasing Spend Data Audit

Teresa Mallary presented the Purchasing Spend Data Audit for review and acceptance.

A motion was made by Mr. Battles and seconded by Ms. Dover to accept the Purchasing Spend Data Audit as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

Accounting System and SOD Review

Emily Picard presented the Accounting System and SOD Audit for review and acceptance.

A motion was made by Mr. Gassman and seconded by Ms. Dover to accept the Accounting System and SOD Review as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

Human Resources Process Review

Teresa Mallary presented the Human Resources Process Review Audit for review and acceptance.

A motion was made by Ms. Dover and seconded by Ms. Mullane to accept the Human Resources Process Review as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

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Business Continuity Management Review

Chris Porter presented the Business Continuity Management Review Audit for review and acceptance.

A motion was made by Mr. Gassman and seconded by Mr. Battles to accept the Business Continuity Management Review as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

Information Security Risk Assessment Phase I

David Taylor presented the Information Security Risk Assessment Phase I Audit for review and acceptance.

A motion was made by Mr. Battles and seconded by Mr. Gassman to accept the Information Security Risk Assessment Phase I as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

Change Movement-Tolling System Replacement

Chris Porter presented the Change Movement-Tolling System Audit for review and acceptance.

A motion was made by Mr. Gassman and seconded by Ms. Mullane to accept the Change Movement-Tolling System Replacement as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

Customer Service Center Performance Assessment

Jeff Tecau gave a brief explanation of the Customer Service Performance Assessment Audit.

John Rushing presented the Customer Service Center Performance Assessment Audit for review and acceptance.

A motion was made by Mr. Battles and seconded by Mr. Gassman to accept the Customer Service Center Performance Assessment Audit as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

Discount/Rebate Program Audit

Emily Picard presented the Discount/Rebate Program Audit for review and acceptance.

A motion was made by Mr. Gassman and seconded by Ms. Zee to accept the Discount/Rebate Program Audit as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

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PCI Assessment with Report on Compliance

David Taylor presented the PCI Assessment with Report on Compliance.

(This item was presented for information only. No formal committee action was taken.)

C. Review and Acceptance of Fiscal 2018 Internal Audit Plan

Jeff Tecau presented the Fiscal 2018 Internal Audit Plan for review and acceptance.

A motion was made by Ms. Dover and seconded by Mr. Gassman to accept the Fiscal 2018 Internal Audit Plan as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

D. Approval for Travel Expenses

Jeff Tecau informed the committee that Protiviti did not use all of their previously approved Subject Matter Expert Travel Expenses for the Construction and Capital Projects and the Call Center Staffing Model Development audits. $10,000.00 in travel expenses was approved September 22, 2016 meeting. It was requested to use the remainder of the previous approved expenses for the Purchasing Spend Data Audit and Customer Service Center Performance Assessment.

A motion was made by Mr. Gassman and seconded by Ms. Dover to approve the use of the remaining funds for travel expenses. The motion carried unanimously with six members present and voting AYE by voice vote.

E. Approval of Change Order to PCI Contract

David Taylor provided an update to the PCI Contract. PCI testing should be completed by July 28, 2017 and no change order was provided at this time.

(This item was presented for information only. No formal committee action was taken.)

F. Annual Confirmation of No Disagreements with Management

Jeff Tecau informed the Audit Committee members that Protiviti had no disagreements with management for Fiscal Year 2017.

6. ANNUAL MANAGEMENT REVIEWS ON INTERNAL CONTROL MATTERS

A. Effectiveness of the Internal Control System, Including IT Security and Control- Lisa Lumbard spoke regarding the effectiveness of internal control.

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B. **Process of Assessing, Monitoring and Controlling Significant Risks-** Lisa Lumbard spoke regarding the process for assessing, monitoring and controlling significant risks.

C. **System for Monitoring Compliance with Laws and Regulations-** Linda Lanosa spoke in regards to monitoring compliance.

D. **Adequacy, Administration and Compliance with the Authority's Code of Ethics-** Linda Lanosa spoke regarding effectiveness of the system for monitoring compliance with the ethics code.

E. **Procedures for "Hotline" Reporting-** Lisa Lumbard spoke regarding the hotline reporting.

- Tested occasionally
- There have been no calls this past year

7. ANNUAL DISCUSSION REGARDING INTERNAL AUDIT PERFORMANCE AND EFFECTIVENESS

Teresa Mallary presented the annual discussion regarding internal audit performance and effectiveness.

Comments received regarding Protiviti's performance:
- Work is thorough and explained well
- Protiviti was requested to insert key activities that the committee needs to cover throughout the year into the charter to ensure completion

8. ANNUAL DISCUSSION REGARDING AUDIT COMMITTEE AND INDIVIDUAL MEMBER PERFORMANCE

Teresa Mallary presented the annual discussion regarding the audit committee and individual member performance.

No comments were received.

9. CONFIRMATION OF COMPLETION OF RESPONSIBILITIES IN THE AUDIT COMMITTEE CHARTER

Teresa Mallary provided the audit committee charter to the committee. All responsibilities have been completed for fiscal year 2017. A matrix has been provided to confirm completion of responsibilities.

10. ANNUAL ROTATION OF THE AUDIT COMMITTEE CHAIR

Teresa Mallary informed the Audit Committee members that as of September 11, 2017 Kaye Dover, Osceola County Representative will become the new Audit Committee Chairman.

11. OTHER BUSINESS

Lisa Lumbard informed the committee about correspondence that was sent via email on behalf of Moore Stephens Lovelace. It was also stated that Brevard County has joined our Board and a new committee member will be appointed.

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12. ADJOURNMENT

The meeting adjourned at 10:41 a.m.

Minutes approved on ___________, 2016.

Pursuant to the Florida Public Records Law and CFX Records Management Policy, audio tapes of all Board and applicable Committee meetings are maintained and available upon request to the Records Management Liaison Officer at publicrecords@CFXway.com or 4974 ORL Tower Road, Orlando, FL 32807.

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MSL

Moore Stephens Lovelace
CPAs & ADVISORS

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

REQUIRED AUDITOR COMMUNICATIONS
FISCAL YEAR ENDED JUNE 30, 2017

Presented by:
Daniel J. O’Keefe, CPA, MBA, CFE
Shareholder

AUDIT OVERVIEW

Services and Deliverables

- **Engaged to audit CFX's financial statements for the year ended June 30, 2017.**

- **Issue an opinion as to whether or not CFX's financial statements are presented fairly, in all material respects, in conformity with GAAP (Pages 1-2)**

MSL CPAs & ADVISORS

Other Reports

- **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters (Pages 57-58)**
- **Report on Compliance with Bond Covenants (Page 59)**
- **Examination Report on Investment Compliance (Page 60)**
- **Management Letter (Pages 61-62)**

MSL
CPAs & ADVISORS

Management Responsibilities

Management Responsibilities included:

- **Establishing and maintaining internal controls, as well as monitoring internal controls**
- **Selecting and applying appropriate accounting and reporting principles**
- **Making all financial records and related information available to us**
- **Disclosing any related parties**
- **Adjusting the financial statements for material misstatement**
- **Designing and implementing programs to prevent and detect fraud**
- **Informing us of any known or suspected fraud or illegal acts or allegations of same without regard to materiality**

MSL
CPAs & ADVISORS

Auditor Responsibilities

Auditor Responsibilities included:

- **Performing our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* and the Rules of the Auditor General.**

These standards are designed to provide reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

MSL
CPAs & ADVISORS

Internal Controls

We considered CFX's internal controls over financial reporting as a basis for designing our audit procedures.

We did not express an opinion on the effectiveness of CFX's internal controls.

Compliance

We performed tests of the CFX's compliance with laws, regulations, contracts, bond covenants, and grant agreements, as applicable.

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Communication of Significant Matters

There were no audit adjustments made during the course of the audit.

There were no unreported or unadjusted differences.

We had no disagreements with management.

As far as we know, management did not receive opinions from other accountants.

MSL
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Risk-Based Audit Approach

A Risk-Based Audit Approach requires the use of our professional judgment in determining materiality and audit areas of significance.

Our procedures included:

- **Testing transactions on a sample basis**
- **Verifying account balances we deemed significant**
- **Analysis of relevant controls**
- **Inquiry**
- **Analytics**
- **Other procedures we deemed necessary**

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Management Representations

We obtained certain representations from management, including:

- **Records provided complete**
- **No known communications from regulatory agencies concerning noncompliance**
- **Responsible for internal controls**
- **No undisclosed knowledge of fraud or suspected fraud**
- **Financial statements complete**
- **Responsible for compliance**
- **Complied with contractual obligations**

MSL CPAs & ADVISORS

Assigned Individuals

CFX identified Lisa Lumbard, CFO, as the management-level individual to oversee our work and take responsibility for CFX's financial statements.

Our Team was made up of:

- **Governmental Specialists**
- **IT Specialists**

MSL CPAs & ADVISORS

Audit Schedule

Audit Stage	Dates
Interim fieldwork	June 2017
Year-end fieldwork	Aug. 2017 – Sept. 2017
Review of Financial Statements	Oct. 2017
Presentation to the Audit Committee	October 2017
Presentation to CFX Board	December 2017
Submission of CAFR to GFOA	December 2017

FINANCIAL HIGHLIGHTS

Financial Highlights - Overview
(in thousands)

	Year Ended 6/30/17
Total Assets and Deferred Outflows	$ 5,182,000
Total Liabilities and Deferred Inflows	$ 3,185,000
Net Position	$ 1,997,000
Operating Revenue	$ 434,000
Operating Expenses	$ 109,000
Operating Income	$ 325,000
Change in Net Position	$ 236,000
% Increase in Operating Revenue	8.3%
% Increase in Operating Expense	17.2%

Financial Highlights – Balance Sheets
(in thousands)

	2017	2016
Unrestricted Assets	$ 380,000	$ 547,000
Restricted Assets	211,000	293,000
Capital Assets	4,237,000	3,945,000
Deferred Outflows of Resources	354,000	359,000
Total Assets and Deferred Outflows	$ 5,182,000	$ 5,144,000
Revenue Bonds Outstanding	2,867,000	2,821,000
Other Liabilities	312,000	555,000
Deferred Inflows of Resources	6,000	7,000
Total Liabilities and Deferred Inflows	3,185,000	3,383,000
Total Net Position	1,997,000	1,761,000
Total Liabilities, Deferred Inflows, and Net Position	$ 5,182,000	$ 5,144,000

Financial Highlights – Operation Overview (in thousands)

	2017	2016
Operating Revenues	$ 434,000	$ 401,000
Investment and Other Income	22,000	20,000
Total Revenues	456,000	421,000
Operating Expenses	109,000	93,000
Interest Expense	109,000	124,000
Other Expense	2,000	1,000
Total Expenses	220,000	218,000
Change in Net Position	236,000	203,000
Net Position, Beginning of Year	1,761,000	1,558,000
Net Position, End of Year	$ 1,997,000	$ 1,761,000
Debt Service Ratio w/o Gas Tax Pledge	2.26	2.42

Questions or Comments

MSL
CPAs & ADVISORS

CENTRAL FLORIDA
EXPRESSWAY AUTHORITY

Financial Statements and
Supplementary Information

For Years Ended June 30, 2017 and 2016

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CENTRAL FLORIDA EXPRESSWAY AUTHORITY

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Central Florida Expressway Authority
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Florida Expressway Authority (CFX) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise CFX's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of CFX as of June 30, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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To the Members of the
Central Florida Expressway Authority

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, trend data on infrastructure condition information, and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CFX's basic financial statements. The calculation of composite debt service ratio, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated [DATE], on our consideration of CFX's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CFX's internal control over financial reporting and compliance.

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MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
[DATE]

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the Central Florida Expressway Authority (CFX), we offer readers of these financial statements this narrative overview and analysis of the financial activities of CFX for the fiscal years ended June 30, 2017 and 2016. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

Operating income for CFX was $324,560,000 (an increase of 6%) and $307,557,000 (an increase of 11%) for fiscal years 2017 and 2016, respectively. The increase in operating income in fiscal year 2017 is primarily due to higher toll traffic. The increase in operating income in fiscal year 2016 is also due to higher toll traffic.

Net income produced an increase in net position of $235,598,000 and $203,615,000 for fiscal years 2017 and 2016, respectively. The term "net position" refers to the difference of assets and deferred outflows less liabilities and deferred inflows. At the close of fiscal year 2017, CFX had a net position of $1,996,974,000, an increase of 13% over fiscal year 2016. At the close of fiscal year 2016, CFX had a net position of $1,761,376,000, an increase of 13% over fiscal year 2015. CFX's overall financial position has improved, as shown by the increase in net position.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to CFX's financial statements, which is comprised of the basic financial statements and the notes to the financial statements, and supplementary information presented. Since CFX is comprised of a single enterprise fund, fund level financial statements are not shown.

Basic financial statements - The basic financial statements are designed to provide readers with a broad overview of CFX's finances, in a manner similar to a private-sector business.

The balance sheets present information on all of CFX's assets and deferred outflows and liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of CFX is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.

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The statements of revenues, expenses and changes in net position present information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning CFX's composite debt service ratio, as defined by the bond resolutions, as well as trend data on infrastructure condition and pension schedules.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of CFX, assets and deferred outflows exceeded liabilities and deferred inflows by $1,996,974,000 at the close of the most recent fiscal year. This represents an increase of $235,598,000 (13%) over the previous year, which is attributable to operations. Unrestricted net position increased from $401,701,000 at June 30, 2016 to $457,901,000 at June 30, 2017, an increase of $56,200,000 (14%). This increase was also due to operating results.

By far, the largest portion of CFX's net position reflects its investment in capital assets (e.g., right-of-way, roads, bridges, buildings, toll equipment, etc.), less any related debt used to acquire those assets that is still outstanding. CFX uses these capital assets to provide service and, consequently, these assets are not available for liquidating liabilities or for other spending.

Of the $4,236,701,000 in capital assets, net of accumulated depreciation, $40,275,000 represents the roadway, toll plaza and equipment on the Goldenrod Road Extension. This project, which opened to traffic in March 2003, was jointly funded by CFX, the Greater Orlando Aviation Authority, the City of Orlando, Orange County, Florida, and private developers, with CFX serving as the lead agency on the project. The Goldenrod Road Extension extends from the previous terminus of Goldenrod Road at Narcoossee Road south to Cargo Road. This facility intersects SR 528 (Martin B. Andersen Beachline Expressway), east of the Orlando International Airport, at a system interchange. Each partner contributing to this project will be repaid through toll revenues generated by this road. After all operational expenses are met and the partners are reimbursed for their contributions, the toll plaza will be demolished and the roadway will be transferred to the City of Orlando. CFX will retain ownership of the interchange to SR 528 and certain portions of the right-of-way. Since this project is a non-system project, it is accounted for on a single line in the statements of revenues, expenses and changes in net position, in the non-operating revenues (expenses) section. The toll revenues on this project are not pledged to CFX's bond indebtedness.

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Central Florida Expressway Authority's Net Position

	June 30,		
	2017	2016	2015
	(in thousands)		
Current and other assets	$ 490,400	$ 632,260	$ 539,615
Non-current restricted assets	100,678	207,795	102,671
Capital assets	4,236,701	3,945,600	3,754,751
Total assets	4,827,779	4,785,655	4,397,037
Deferred outflows of resources	354,354	358,712	302,386
Total assets and deferred outflows	5,182,133	5,144,367	4,699,423
Current liabilities:			
Payable from unrestricted assets	77,564	245,321	76,779
Payable from restricted assets	110,550	84,815	69,198
Revenue bonds outstanding (net of current portion)	2,808,115	2,800,991	2,629,928
Other long-term liabilities	183,097	245,256	357,847
Total liabilities	3,179,326	3,376,383	3,133,752
Deferred inflows of resources	5,833	6,608	7,910
Total liabilities and deferred inflows	3,185,159	3,382,991	3,141,662
Net position:			
Net investment in capital assets	1,509,862	1,318,726	1,206,541
Restricted	29,211	40,949	37,635
Unrestricted	457,901	401,701	313,585
Total net position	$ 1,996,974	$ 1,761,376	$ 1,557,761

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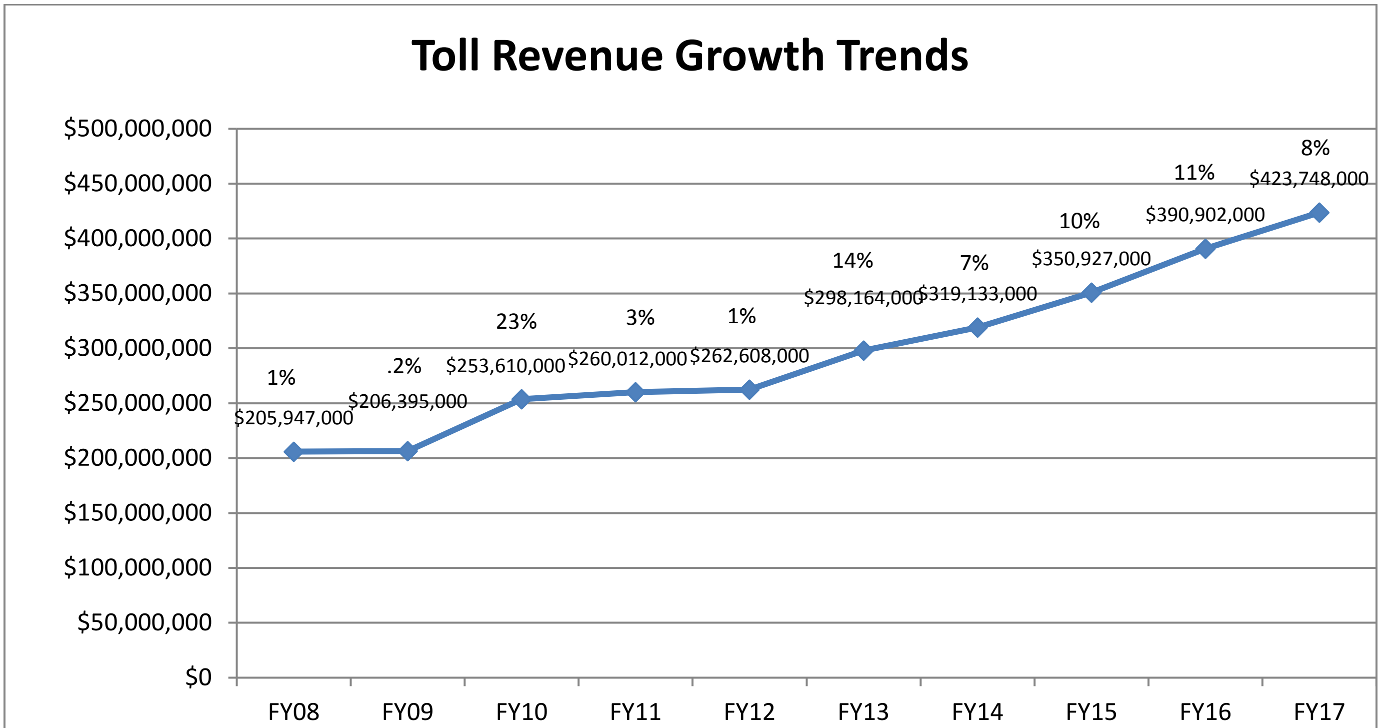
CFX's toll revenues increased 8% and 11% during the fiscal years ended June 30, 2017 and 2016, respectively.

Toll revenue represents approximately 98% of all operating revenues. CFX's toll revenue annual growth rate has averaged 8% over the last 10 years. The higher increases in fiscal years 2010 and 2013 are the result of toll rate increases.



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Central Florida Expressway Authority's Changes in Net Position

Central Florida Expressway Authority's Changes in Net Position

	Years Ended June 30, 2017	2016	2015
	(in thousands)		
Revenues:			
Toll revenues	$ 423,748	$ 390,902	$ 350,927
Transponder sales	236	167	63
Other operating revenue	9,959	9,791	8,196
Investment income	3,760	5,977	2,516
Goldenrod Road Extension - net	1,530	1,400	(2,751)
Other non-operating revenue	331	403	92
Capital Contribution	16,377	13,036	154
Total revenues	455,941	421,676	359,197
Expenses:			
Operations	46,371	40,716	37,430
Maintenance	15,118	13,602	14,419
Administrative	7,090	6,429	5,616
Depreciation	13,765	14,263	15,604
Preservation	22,447	15,964	3,975
Other	4,592	2,329	3,924
Interest expense	108,513	124,064	95,368
Loss on capital assets	2,447	694	1,848
Total expenses	220,343	218,061	178,184
Change in net position	235,598	203,615	181,013
Net position, beginning of year	1,761,376	1,557,761	1,379,261
Restatement of Net Position	-	-	(2,513)
Net position, end of year	$ 1,996,974	$ 1,761,376	$ 1,557,761

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CFX's Operations, Maintenance and Administration ("OM&A") expenses for fiscal year 2017 increased 12.9% from fiscal year 2016 and ended the year 11.1% under budget. CFX came in under budget due primarily to the following reasons: 1) There was a program budgeted for in operations that was delayed until fiscal year 2018; 2) Maintenance expenses were less than anticipated; and 3) multiple departments had positions that were budgeted for but not filled.

Transponder sales increased by 41% between fiscal years 2016 and 2017 largely because of a continued focus on increasing E-PASS market share.

Investment income decreased by 37% between fiscal years 2016 and 2017 due to a reduction in available cash and fewer corresponding investments.

Other operating revenue consists of various fees that are collected, such as statement fees, pay by plate fees and fees received for collecting revenue on behalf of other entities. Other operating revenue increased by 20% between fiscal years 2015 and 2016 and by another 2% between fiscal years 2016 and 2017. In fiscal year 2016, CFX replaced its unpaid toll notice program, with a pay by plate initiative, assessing a new fee schedule on every transaction not paid in the lane. This new fee schedule is beneficial to the customer, and has resulted in a reduction of fees per transaction. This change has stabilized the growth of other operating revenue.

Other non-operating revenue consists of grant revenue and miscellaneous revenue. There was an increase of 338% between fiscal years 2015 and 2016 due to revenue received from leasing easement along SR 528 that CFX will be recognizing over the life of the agreement, which is through 2066. There was a decrease by 17.9% between fiscal years 2016 and 2017 due to a one-time miscellaneous payment we received in 2016.

Capital Contributions increased from $13,036,000 in fiscal year 2016 to $16,377,000 in fiscal year 2017, which is an increase of 26%. This increase is due to funds that were received in conjunction with our project at the SR 528 and Innovation Way interchange.

Preservation expense includes such items as resurfacing and restriping. The budgeted amounts are based on projected requirements to keep the roadway in good condition and, therefore, the expenses related to preservation can vary significantly from year to year. Preservation expense increased 302% in fiscal year 2016 and then increased an additional 41% in fiscal year 2017. Preservation expenses have been on the rise since fiscal year 2015 due to large resurfacing projects that have commenced.

Other expenses are expenses that were not part of our OM&A budget, but also were not capitalized. These expenses are expected to fluctuate from year to year depending upon the amount spent on non-capitalized projects. Other expenses decreased 41% between fiscal years 2015 and 2016 but then increased by 97% between fiscal year 2016 and 2017 due to some increased program support and feasibility studies that are not eligible to be capitalized.

There were losses in capital assets in fiscal year 2016 and 2017 as anticipated. There have been various bridges, signs and toll plaza lanes removed and/or demolished to make way for road widening, extension and interchange projects over the past few fiscal years. Also contributing to the loss in capital assets were losses on the sale of various surplus property. The largest contributing factor to the fiscal year 2017 loss is the replacement of a large number of dynamic messaging signs.

Capital Asset and Debt Administration

Capital Assets - CFX's investment in capital assets amounted to $4,236,701,000 net of accumulated depreciation as of June 30, 2017, an increase of $291,101,000 (7%) over that of June 30, 2016. CFX's investment in capital assets amounts to $3,945,600,000 net of accumulated depreciation as of June 30, 2016, an increase of $190,849,000 (5%) over that of June 30, 2015. Capital assets include right-of-way, roads, bridges, buildings, equipment and furniture. A schedule of the change in CFX's capital assets is in Note 4 of the financial statements.

Major capital asset events during fiscal year 2017 included the following:

- The construction of the SR 429 Wekiva Parkway east of Mount Plymouth road began
- The design build of SR 528 Innovation Way began
- Several ITS initiatives were completed, including the replacement of CFX's dynamic messaging signs, and the implementation of wrong way driving countermeasures
- Airport mainline toll plaza on SR 528 demolition was completed

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Modified Approach for Infrastructure Assets - CFX has elected to use the modified approach for infrastructure reporting. This means that, in lieu of reporting depreciation on infrastructure, CFX reports as preservation expense the costs associated with maintaining the existing roadway in good condition. CFX's policy is to maintain the roadway condition at a Maintenance Rating Program rating of 80 or better. The Florida Department of Transportation ("FDOT") annually inspects CFX's roadways and has determined in fiscal year 2017 that all of its roadways exceed this standard. Pursuant to its bond covenants, CFX maintains a renewal and replacement fund for these preservation expenditures. For fiscal year 2017, projected expenses for preservation were $38,260,000 and $22,447,000 was actually spent. The expenses were lower than projected due to slower than anticipated project start dates, and project costs coming in lower than expected.

Long-term Debt - CFX has outstanding bonds payable of $2,866,825,000 (net of unamortized bond premiums and discounts) as of June 30, 2017.

During fiscal year 2017 CFX issued $631,330,000 of fixed rate revenue refunding bonds (Series 2016B) for the purpose of refunding a portion of the 2007A Bonds, 2010A Bonds, 2010B Bonds and the 2010C Bonds.

The annual requirements to amortize all revenue bonds and revenue refunding bonds outstanding as of June 30, 2017, along with more detailed information on long-term debt activity, can be found in Note 5, Long-Term Debt, which begins on page 31 of the financial statements. Of the approximately $2.9 billion in outstanding bonds, $497,230,000 are variable rate bonds, which have corresponding interest rate exchange agreements designed to effectively swap the variable rates to fixed rates. The synthetic interest rate applicable to the variable rate bonds are 4.7753% for the 2008B Bonds.

To determine the fair market value of its interest rate exchange agreements, CFX's financial advisor has performed a calculation based upon expected forward LIBOR swap rates and discounted cash flows. On a current market-to-market basis, in the event of a termination, using a termination date of June 30, 2017, CFX would have to make an estimated termination payment of $170,873,269 on the swaps related to the Series 2008B Bonds.

	June 30, 2016	**June 30, 2016**
Series 2008B	$ 170,873,269	$ 234,688,561

CFX's debt service ratio before pledged gas taxes changed to 2.26 for fiscal year 2017 from 2.42 for fiscal year 2016 and 2.20 in fiscal year 2015. The debt service ratio, including pledged gas taxes, changed to 2.26 for fiscal year 2017 from 2.49 for fiscal year 2016 and 2.27 in fiscal year 2015. The increase in the debt service ratio for fiscal year 2016 is due to an increase in toll revenues, and the decrease in fiscal year 2017 is due to an increase in debt service payments. As of July 1, 2003, the County's gas tax pledge only applies to the 1990 Series Bonds, however those bonds were retired in fiscal year 2017.

CFX has a Lease-Purchase Agreement (LPA) with the FDOT whereby the FDOT is required to reimburse CFX for the maintenance and operation costs associated with certain portions of the roadways and toll plazas on CFX's System. During fiscal years 2012 and 2013, FDOT did not reimburse CFX for the operations portion of their obligation because the Governor of Florida exercised his line-item veto authority to remove that line from the state's budget. During fiscal year 2013, CFX and FDOT amended the LPA under which the FDOT agreed to uphold its obligation for operations and maintenance costs provided CFX agrees to repay those funds to the

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FDOT within 60 days. CFX plans to repay those funds in accordance with its Master Bond Resolution, which permits such payments provided CFX is able to fund its OM&A budget, debt service requirements, required reserve deposits, and renewal and replacement fund requirements. The FDOT reimbursement is taken into consideration when calculating CFX's debt service ratio.

CFX's current bond ratings are as follows:

	Ratings
Standard & Poor's	A
Moody's	A2
Fitch	A

Requests for Information

This financial report is designed to provide a general overview of CFX's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Central Florida Expressway Authority, 4974 ORL Tower Road, Orlando, FL 32807.

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BASIC FINANCIAL STATEMENTS

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CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Balance Sheets

	June 30, 2017	June 30, 2016
Assets and Deferred Outflows of Resources	*(in thousands)*	
Current assets:		
Cash and cash equivalents	$ 94,510	$ 220,050
Investments	260,044	306,200
Restricted cash and cash equivalents to meet current restricted liabilities	110,550	84,815
Accrued interest and accounts receivable	6,482	4,706
Prepaid expenses	3,493	675
Due from governmental agencies	8,568	7,857
Inventory	2,648	2,923
Total current assets	486,295	627,226
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	26,255	83,802
Investments	73,861	123,350
Accrued interest receivable	562	643
Total restricted assets	100,678	207,795
Prepaid bond insurance	4,105	5,034
Total noncurrent assets before capital assets	104,783	212,829
Capital assets not being depreciated:		
Infrastructure	3,472,105	3,364,744
Construction in progress	615,956	435,123
Capital assets - net of accumulated depreciation:		
Property and equipment	148,640	145,733
Total capital assets - net of accumulated depreciation	4,236,701	3,945,600
Total noncurrent assets	4,341,484	4,158,429
Total assets	4,827,779	4,785,655
Deferred outflows of resources	354,354	358,712
Total assets and deferred outflows of resources	$ 5,182,133	$ 5,144,367

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CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Balance Sheets (continued)

	June 30,	
	2017	**2016**
Liabilities, Deferred Inflows of Resources, and Net Position	**(in thousands)**	
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued liabilities	$ 37,781	$ 19,530
Unearned toll revenue	17,383	16,906
Unearned other revenue	16,314	32,104
Current portion of due to governmental agencies	6,086	176,781
Total current liabilities payable from unrestricted assets	77,564	245,321
Current liabilities payable from restricted assets:		
Accounts payable and accrued liabilities	3,805	15,824
Interest payable	48,035	48,631
Current portion of revenue bonds payable	58,710	20,360
Total current liabilities payable from restricted assets	110,550	84,815
Total current liabilities	188,114	330,136
Noncurrent liabilities:		
Derivative financial instrument	170,873	234,689
Revenue bonds payable - less current portion	2,808,115	2,800,991
Due to governmental agencies - less current portion	5,394	6,715
Net pension liability	6,830	3,852
Total noncurrent liabilities	2,991,212	3,046,247
Total liabilities	3,179,326	3,376,383
Deferred inflows of resources	5,833	6,608
Total liabilities and deferred inflows of resources	3,185,159	3,382,991
Net position:		
Net investment in capital assets	1,509,862	1,318,726
Restricted for:		
Operation, maintenance and administrative reserve	9,974	8,901
Renewal and replacement reserve	19,237	32,048
Total restricted net position	29,211	40,949
Unrestricted	457,901	401,701
Total net position	1,996,974	1,761,376
Total liabilities, deferred inflows of resources, and net position	$ 5,182,133	$ 5,144,367

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CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position

	June 30, 2017 (in thousands)	June 30, 2016 (in thousands)
Operating revenues:		
Toll revenues	$ 423,748	$ 390,902
Transponder sales	236	167
Fees and other	9,959	9,791
Total operating revenues	433,943	400,860
Operating expenses:		
Operations	46,371	40,716
Maintenance	15,118	13,602
Administrative	7,090	6,429
Depreciation	13,765	14,263
Preservation	22,447	15,964
Other expenses	4,592	2,329
Total operating expenses	109,383	93,303
Operating income	324,560	307,557
Nonoperating revenues (expenses):		
Investment income	3,760	5,977
Gain (Loss) on capital assets	(2,447)	(694)
Other nonoperating	331	403
Goldenrod Road Extension - net	1,530	1,400
Interest expense	(108,513)	(124,064)
Total nonoperating revenues (expenses)	(105,339)	(116,978)
Income before contributions	219,221	190,579
Capital contribution	16,377	13,036
Change in net position	235,598	203,615
Net position at beginning of year	1,761,376	1,557,761
Net position at end of year	$ 1,996,974	$ 1,761,376

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See notes to financial statements.

CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Statements of Cash Flows

	June 30, 2017	June 30, 2016
	(in thousands)	
Operating activities:		
Receipts from customers and users	$ 435,010	$ 420,297
Payments to suppliers	(94,936)	(85,314)
Payments to employees	(5,002)	(4,765)
Net cash provided by operating activities	335,072	330,218
Capital and related financing activities:		
Acquisition and construction of capital assets	(304,241)	(179,262)
Proceeds from capital contributions	-	12,100
Proceeds from issuance of debt	631,330	345,390
Interest paid on revenue bonds	(119,105)	(123,768)
Payment of principal on revenue bonds	(647,835)	(174,995)
Payment of principal and interest on State Infrastructure Bank Loan	(1,031)	(2,513)
Payment of principal on government advances	(151,110)	(20,187)
Net cash used in capital and related financing activities	(591,992)	(143,235)
Investing activities:		
Purchase of investments	(472,095)	(636,969)
Proceeds from sales and maturities of investments	567,740	453,919
Interest received	3,923	5,678
Net cash provided by (used in) investing activities	99,568	(177,372)
Net increase (decrease) in cash and cash equivalents	(157,352)	9,611
Cash and cash equivalents at beginning of year	388,667	379,056
Cash and cash equivalents at end of year	$ 231,315	$ 388,667

Cash and cash equivalents - unrestricted	$ 94,510	$ 220,050
Restricted cash and cash equivalents - current	110,550	84,815
Restricted cash and cash equivalents - noncurrent	26,255	83,802
	$ 231,315	$ 388,667

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See notes to financial statements.

CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Statements of Cash Flows (continued)

	June 30,			
	2017		2016	
	(in thousands)			
Reconciliation of operating income to net cash provided by operating activities:				
Income from operations	$	324,560	$	307,557
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation		13,765		14,263
Goldenrod Road Extension and other miscellaneous		1,860		1,894
Changes in assets, liabilities, deferred outflows and deferred inflows:				
Accounts receivable		(1,858)		(2,029)
Due from governmental agencies		(711)		(1,126)
Prepaid expenses		(2,818)		73
Inventory		275		(2,574)
Deferred outflows - pension-related		(1,875)		(450)
Accounts payable and accrued liabilities		18,251		110
Due to governmental agencies		(19,875)		(7,477)
Unearned toll revenue		477		4,486
Unearned other revenue		587		15,086
Net pension liability		2,978		1,475
Deferred inflows - pension-related		(544)		(1,070)
Net cash provided by operating activities	$	335,072	$	330,218
Noncash investing and financing activities:				
Increase (decrease) in fair value of investments	$	(2,332)	$	1,803
Increase (decrease) in fair value of derivative financial instrument	$	63,816	$	(65,907)

See notes to financial statements.

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Note 1 - Organization and Summary of Significant Accounting Policies

Reporting Entity **-** The Central Florida Expressway Authority (CFX) is an agency of the state, created by the Florida Legislature. On June 20, 2014, the Governor of Florida signed the bill to create CFX, which assumed the governance and control of the former Orlando-Orange County Expressway Authority, including its assets, personnel, contracts, obligations, liabilities, facilities and tangible and intangible property. CFX is an independent, locally controlled transportation authority responsible for the construction, maintenance and operation of toll roads in Seminole, Lake, Osceola and Orange Counties, and may also acquire, construct and equip rapid transit, trams and fixed guideways within the rights-of-way of the expressway system. The governing board of CFX is made up of nine members, consisting of: (a) one member each appointed by the respective chairs of the county commissions of Lake, Orange, Osceola and Seminole Counties; (b) three citizens appointed by the Governor; (c) the Mayor of Orange County; and (d) the Mayor of the City of Orlando. The Florida Turnpike Enterprise Executive Director serves as a non-voting advisor. CFX is authorized to issue revenue bonds to finance portions of the System and to execute the refunding of existing revenue bonds.

For financial reporting purposes, CFX is a stand-alone entity; there are no component units included in the accompanying financial statements, and CFX is not considered a component unit of another entity.

Basis of Accounting - CFX prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which are similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

The assets, deferred outflows, liabilities, deferred inflows, and net position of CFX are reported in a self-balancing set of accounts, which include restricted and unrestricted resources, representing funds available for support of CFX's operations.

Operating Revenues and Expenses - CFX's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its System. The Goldenrod Road Extension, which is a project outside the normal course of operations, and all other revenues and expenses are reported as nonoperating revenues and expenses.

Lease-Purchase Agreement - Under the requirements of the Lease-Purchase Agreement between CFX and the FDOT, dated December 23, 1985, as amended and supplemented, CFX is reimbursed by the FDOT for the maintenance costs of SR 528, portions of SR 408, improvements to the Airport Interchange at SR 528 and State Road 436 (Semoran Boulevard), and the cost of operations of the Conway and Pine Hills Plazas. However, the reimbursements received are recorded as advances from the FDOT and are included in due to governmental agencies, since they are to be repaid to the FDOT from future toll revenues after the requirements for retirement of bonds and all other obligations have been met.

While CFX's position has been that the FDOT's obligations under the Lease-Purchase Agreement were not subject to appropriation, the Governor vetoed the operations component of the reimbursement for fiscal year 2013. CFX entered into a Memorandum of Agreement with FDOT on February 14, 2013 where it was agreed that commencing in fiscal year 2014 the operations and maintenance payments made by the FDOT will be refunded to the FDOT within sixty days of payment.

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Note 1 - Organization and Summary of Significant Accounting Policies *(Continued)*

Cash and Cash Equivalents - For purposes of the statements of cash flows, demand deposit accounts with commercial banks, and cash invested in commercial money market funds (including restricted assets) are considered cash equivalents. For investments that are held separately from the pools, those which are highly liquid (including restricted assets), with an original maturity of 90 days or less when purchased or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, are considered to be cash equivalents.

Investments - Investments consist of unrestricted and restricted investments, and are carried at fair value, as determined in an active market.

Accounts Receivable - The accrued interest and accounts receivable primarily consists of amounts billed to individuals via one or more Pay by Plate invoices for tolls not paid at the point of System use. This item also includes interest earned but not paid by the end of the fiscal year, or amounts due from individuals or other entities for prepaid items or for services provided. This amount is recorded at the net realizable value; therefore, a provision for doubtful accounts has been made for the estimated amount of uncollectible Pay by Plate invoices based on historical information.

Inventory - Inventory, which consists of E-PASS system transponders that will be sold to customers, is carried at the lower-of-cost or market and is valued using the specific-identification method.

Restricted Assets - Restricted assets of CFX represent bond proceeds designated for construction, and other monies required to be restricted for debt service, operations, maintenance, administration, renewal and replacement.

Deferred Outflows / Inflows of Resources - In addition to assets, CFX reports a separate section for deferred outflows of resources on its balance sheets. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. CFX has three items that qualify for reporting as deferred outflows of resources.

Accumulated Decrease in Fair Value of Hedging Derivatives - As described in Note 5, CFX has entered into interest rate swap agreements that qualify as effective cash flow hedges in connection with variable rate bonds. The fair value of the swaps is presented on the balance sheets as a deferred outflow of resources and a derivative financial instrument liability in the amount of $170,873,000 and $234,689,000 at June 30, 2017 and 2016, respectively, with changes in valuation applied to these balance sheet accounts. Should the swaps be terminated prior to their expected conclusion, or if the hedges cease to significantly reduce risk, accumulated gains or losses will be reported on the operating statement.

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Note 1 - Organization and Summary of Significant Accounting Policies *(Continued)*

Deferred Outflows / Inflows of Resources (Continued)

Deferred Outflow on Refunding of Revenue Bonds - The difference between the re-acquisition price and the net carrying amount of refunded bonds is presented on the balance sheets at June 30, 2017 and 2016 as a deferred outflow of resources in the amount of $179,497,000 and $121,914,000, respectively, and is amortized as an adjustment to interest expense on a straight-line basis over the life of the refunded bonds or the life of the refunding bonds, whichever is shorter.

Deferred Outflows Related to Pensions - These deferred outflows of resources are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions totaled $3,984,000 and $2,109,000 at June 30, 2017 and 2016, respectively, and will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows of resources related to pensions are further discussed in Note 8.

In addition to liabilities, CFX reports a separate section for deferred inflows of resources on its balance sheets. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until then. CFX has two items that qualify for reporting as deferred inflows of resources.

Deferred Inflow on Interest Rate Exchange - During the fiscal year ended June 30, 2007, CFX entered into six mandatory, cash-settled interest rate exchange agreements, the purpose of which was to lock in the interest rate associated with the Series 2007A Bonds. The result of these agreements was an $8,078,000 net payment to CFX on June 28, 2007, which is presented on the balance sheets at June 30, 2017 and 2016 as a deferred inflow of resources in the amount of $5,770,000 and $6,001,000, respectively, and is amortized as an adjustment to interest expense over the life of the bonds.

Deferred Inflows Related to Pensions - These deferred inflows of resources are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred inflows related to pensions at June 30, 2017 and 2016 totaled $63,000 and $607,000, respectively, and will be recognized as a reduction to pension expense in future reporting years. Details on the composition of the deferred outflows of resources related to pensions are further discussed in Note 8.

Capital Assets

Cost Basis - Capital assets are recorded at historical cost with the exception of donated capital assets, which are reported at acquisition value. The cost of property and equipment includes costs for infrastructure assets (right-of-way, highways and bridges substructure, and highways and bridges), toll equipment, buildings, toll facilities, other related costs (including software) and furniture and equipment. Highways and bridges substructure includes road sub-base, grading, land clearing, embankments and other related costs. Costs for infrastructure assets include construction costs, design and engineering fees, administrative and general expenses paid from construction monies, and bond interest expense incurred during the period of construction.

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Note 1 - Organization and Summary of Significant Accounting Policies *(Continued)*

Capital Assets (Continued)

Capitalization Policy - Costs to acquire additional capital assets, and to replace existing assets or otherwise prolong their useful lives, are capitalized for toll equipment, buildings, toll facilities, other related costs, and furniture and equipment. Under CFX's policy of accounting for infrastructure assets pursuant to the "modified approach," property costs represent a historical accumulation of costs expended to acquire rights-of-way and to construct, improve and place in operation the various projects and related facilities. It is CFX's policy to capitalize amounts equal to or in excess of $5,000.

Depreciation Policy - Depreciation of toll equipment, buildings, toll facilities, other related costs, signs, software, and furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

Toll equipment	8 years
Buildings, toll facilities and other	30 years
Signs	20 years
Software	3 years
Furniture and equipment	7 years

Under the modified approach, infrastructure assets are considered to be "indefinite lived" assets; that is, the assets themselves will last indefinitely and are, therefore, not depreciated. Costs related to maintenance, renewal and replacement for these assets are not capitalized, but instead are considered to be period costs and are included in preservation expense.

Construction in Progress - Construction in progress represents costs incurred by CFX for in-process activities designed to expand, replace or extend useful lives of existing property and equipment.

Capitalized Interest - Interest costs on funds used to finance the construction of capital assets are capitalized based upon the blended cost of debt and depreciated over the life of the related assets in accordance with the above policies.

Retainage Payable - Retainage payable represents amounts billed to CFX by contractors for which payment is not due pursuant to retained percentage provisions in construction contracts until substantial completion of performance by contractor and acceptance by CFX.

Compensated Absences - Accumulated vacation pay, vested sick pay, and other compensation payable to employees is recorded and included in accounts payable and accrued liabilities. The balance of compensated absences had a net increase of $135,000 from June 30, 2016 to June 30, 2017.

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Note 1 - Organization and Summary of Significant Accounting Policies *(Continued)*

Bond Premium, Discount, and Prepaid Bond Insurance Costs - Bond premium, discount, and prepaid bond insurance costs associated with the issuance of bonds are amortized on a straight-line basis over the life of the bonds, which approximates the effective interest method. Bond premiums and discounts are presented as an addition and a reduction, respectively, of the face amount of revenue bonds payable whereas prepaid bond insurance costs are recorded as assets.

Restricted Net Position - Restricted net position is comprised of amounts reserved for operations, maintenance, administrative expenses and renewals and replacements in accordance with bond covenants.

Pensions - In the balance sheets, net pension liability represents CFX's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This proportionate amount represents a share of the present value of projected benefit payments to be provided through the cost-sharing pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the cost-sharing pension plan's fiduciary net position.

CFX participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Retiree Health Insurance Subsidy Program (HIS) defined benefit pension plan administered by the Florida Division of Retirement (collectively, FRS/HIS).

For purposes of measuring CFX's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of FRS/HIS and additions to/deductions from FRS/HIS's fiduciary net position have been determined on the same basis as they are reported by FRS/HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Budgets and Budgetary Accounting - CFX abides by the following procedures in establishing budgetary data:

On or before February 1 of each year, CFX completes a review of its financial condition for the purpose of estimating whether the gross revenues, together with series payments, system payments and supplemental payments, if any, for the ensuing fiscal year will be sufficient to provide at least 120% of the annual debt service requirements of the bonds and that gross revenues will be sufficient to pay all other amounts required by the Master Bond Resolution, as amended and restated.

In the event that CFX determines that revenues will not be sufficient to satisfy the above payments, CFX will conduct a study to determine the toll revenue rate increase required to restore the revenue deficiency.

All schedules of toll revenues and revisions thereof are filed with the FDOT.

On or before April 1 of each year, a preliminary budget is prepared for maintenance, operations and administrative expenses for the ensuing fiscal year. The preliminary budget is reviewed by the FDOT and modified, if necessary.

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Note 1 - Organization and Summary of Significant Accounting Policies *(Continued)*

Budgets and Budgetary Accounting (Continued)

On or before July 1 of each year, a final budget of maintenance, operations and administrative expenses is adopted subject to approval by the FDOT.

CFX may adopt an amended or supplemental annual budget for the remainder of a fiscal year subject to approval by the FDOT.

Reclassifications **-** Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 classifications.

Note 2 - Deposits and Investments

Cash and Cash Equivalents, and Investment Portfolio

Pursuant to Section 218.415, Florida Statutes, CFX has formally adopted a comprehensive investment policy most recently updated on May 14, 2015, which establishes permitted investments, asset allocation limits and issuer limits, credit rating requirements and maturity limits to protect CFX's cash and investment assets. CFX maintains a common cash and investment pool for the use of all funds. In addition, cash and investments are separately held by CFX's bond proceeds/construction, debt service, capitalized interest, and debt service reserve funds.

The following chart outlines the types of permitted investments, credit quality risk rating requirements by security type, the maximum concentration of credit risk by percentage of the total portfolio that may be invested in a single issuer and in total by security type and maturity limits prescribed to mitigate interest rate risk exposure:

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Permitted Investments

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity	Master Bond Resolution Permitted Investments
U.S. Treasury	100%	100%	N/A	5.50 Years (5.50 Years avg. life[4] for GNMA)	X
GNMA		40%			X
Other U.S. Government Guaranteed (e.g. AID, GTC)		10%			X
Federal Agency/GSE: FNMA, FHLMC, FHLB, FFCB*	75%	40%[3]	N/A	5.50 Years	X
Federal Agency/GSE other than those above		10%			X
Supranationals where U.S. is a shareholder and voting member	25%	10%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AAA/Aaa, or equivalent)	5.50 Years	
Corporates	50%[2]	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1, A-/A3 or equivalent)	5.50 Years	
Municipals	25%	5%	Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent)	5.50 Years	X
Agency Mortgage-Backed Securities (MBS)	25%	40%[3]	N/A	5.50 Years Avg. Life[4]	
Asset-Backed Securities (ABS)	25%	5%	Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent)	5.50 Years Avg. Life[4]	
Depository Accounts with Qualified Public Depositories	75%	50%	N/A	N/A	X
Non-Negotiable Collateralized Bank Deposits or Savings Accounts	50%	None, if fully collateralized	None, if fully collateralized.	2 Years	X
Commercial Paper (CP)	50%[2]	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days	X
Bankers' Acceptances (BAs)	10%[2]	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	180 Days	X
Repurchase Agreements (Repo or RP)	40%	20%	Counterparty (or if the counterparty is not rated by an NRSRO, then the counterparty's parent) must be rated in the Highest ST Rating Category (A-1/P-1, or equivalent) If the counterparty is a Federal Reserve Bank, no rating is required	1 Year	X
Money Market Funds (MMFs)	50%	25%	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A	X
Fixed-Income Mutual Funds	25%	10%	N/A	3 Years	
Intergovernmental Pools (LGIPs)	50%	25%	Highest Fund Quality and Volatility Rating Categories by all NRSROs who rate the LGIP, (AAAm/AAAf, S1, or equivalent)	N/A	

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Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity	Master Bond Resolution Permitted Investments
Florida Local Government Surplus Funds Trust Funds ("Florida Prime")	25%	N/A	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A	X

Notes:

[1] Rating by at least one SEC-registered Nationally Recognized Statistical Rating Organization ("NRSRO"), unless otherwise noted. ST=Short-term; LT=Long-term.

[2] Maximum allocation to all corporate and bank credit instruments is 50% combined.

[3] Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS, is 40%.

[4] The maturity limit for MBS and ABS is based on the expected average life at time of settlement, measured using Bloomberg or other industry standard methods.

* Federal National Mortgage Association (FNMA); Federal Home Loan Mortgage Corporation (FHLMC); Federal Home Loan Bank or its District banks (FHLB); Federal Farm Credit Bank (FFCB).

Additionally, investments in any derivative products or the use of reverse repurchase agreements are specifically prohibited, unless permitted in Section XV of CFX's Investment Policy.

Deposits

On June 30, 2017, the carrying amount of CFX's various deposits accounts was $231,315,000. CFX's cash deposits are held by banks that qualify as public depositories under the Florida Security for Public Deposits Act, as required by Chapter 280, Florida Statutes.

Investments

Concentration of Credit Risk - The following is the percent of any issuer with whom CFX had invested more than 5% of the total portfolio as of June 30, 2017 and 2016:

Issuer	2017	2016
Federal Home Loan Bank	13.04%	N/A
Federal National Mortgage Association	12.67%	5.21%
U.S Treasury Notes	12.53%	35.35%
Cooperatieve Rabobank Centrale CP	5.96%	N/A

Interest Rate Risk - CFX's Investment Policy states that portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. To the extent possible, an attempt will be made to match investment maturities with known cash needs. Investments of current operating funds shall have maturities of no longer than 24 months. Investments of debt obligation reserves, construction funds and other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The purchase of investments for core funds with maturities longer than five and a half (5.5) years requires CFX's approval prior to purchase. However, final maximum maturity for any investment is limited to ten (10) years.

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Note 2 - Deposits and Investments *(Continued)*

CFX uses the distribution of maturities to manage interest rate risk. As of June 30, 2017, 25% of CFX's investments had a maturity of less than 6 months, 15% had a maturity of 6 to 12 months, 30% had a maturity of 1 to 2 years, 23% had a maturity of 2 to 3 years, 3% had a maturity of 3 to 4 years, and 4% had a maturity of over 4 years. As of June 30, 2016, 40% of CFX's investments had a maturity of less than 6 months, 16% had a maturity of 6 to 12 months, 22% had a maturity of 1 to 2 years, 16% had a maturity of 2 to 3 years, and 3% had a maturity of over 4 years.

Total distributions of maturities are as follows:

As of June 30, 2017 (in thousands)

	Less than 6 months	6 - 12 months	1 - 2 years	2 - 3 years	3+ years	Total
US Treasury Securities	$ -	$ 1,551	$ 9,341	$ 30,946	$ -	$ 41,838
Federal Instruments	1,548	6,871	68,822	8,670	6,266	92,177
Corporate Note	999	23,804	22,178	29,264	2,110	78,355
Commercial Paper	79,217	15,865	-	-	-	95,082
Municipal Bond Note	-	1,644	-	3,280	-	4,924
Corp. Asset Backed Sec.	-	-	478	5,382	15,669	21,529
Total	$ 81,764	$ 49,735	$ 100,819	$ 77,542	$ 24,045	$ 333,905

As of June 30, 2016 (in thousands)

	Less than 6 months	6 - 12 months	1 - 2 years	2 - 3 years	3+ years	Total
US Treasury Securities	$ 45,331	$ 1,555	$ 63,956	$ 36,466	$ 4,523	$ 151,831
Federal Instruments	9,987	11,035	10,890	10,682	8,180	50,774
Corporate Note	9,393	47,040	18,103	20,783	1,091	96,410
Commercial Paper	106,870	6,952	2,000	-	-	115,822
Municipal Bond Note	-	-	1,655	-	3,346	5,001
Corp. Asset Backed Sec.	-	-	-	1,587	8,125	9,712
Total	$ 171,581	$ 66,582	$ 96,604	$ 69,518	$ 25,265	$ 429,550

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Note 2 - Deposits and Investments *(Continued)*

Credit Risk and Fair Value Measurement - Total CFX deposits and investments are as follows:

		Fair Value Measurements Using (in thousands)	
	June 30, 2017	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Quoted Prices in Active Markets for Similar Assets or Liabilities (Level 2)
United States Treasury Securities	$ 41,838	$ 41,838	
Commercial Paper	95,082	95,082	
Federal Instrumentalities	92,177	92,177	
Money Market Mutual Funds	118,765	118,765	
Municipal Bond Note	4,924	4,924	
Corporate Note	78,355	78,355	
Corporate Asset Backed Securities	21,529	-	$ 21,529
Total investments by fair value measure	452,670	$ 431,141	$ 21,529
Total deposits	112,550		
Total deposits and investments	565,220		
Restricted	210,666		
Unrestricted	$ 354,554		

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Note 2 - Deposits and Investments *(Continued)*

		Fair Value Measurements Using (in thousands)	
	June 30, 2016	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Quoted Prices in Active Markets for Similar Assets or Liabilities (Level 2)
United States Treasury Securities	$ 151,831	$ 151,831	
Commercial Paper	115,822	115,822	
Federal Instrumentalities	50,774	50,774	
Money Market Mutual Funds	125,359	125,359	
Municipal Bond Note	5,001	5,001	
Corporate Note	96,410	96,410	
Corporate Asset Backed Securities	9,712	-	$ 9,712
Total investments by fair value measure	554,909	$ 545,197	$ 9,712
Total deposits	263,308		
Total deposits and investments	818,217		
Restricted	291,967		
Unrestricted	$ 526,250		

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical assets or liabilities. Securities classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar assets or liabilities.

Federal Instrumentalities, and U.S. Government Supported Corporate Debt Notes/Bonds are rated "AA+" by Standard & Poor's. The investments in Municipal Obligations are rated "AA" by Standard & Poor's. The Corporate Notes Standard & Poor's credit ratings are "AAA", "AA+", "AA", "AA-", "A+", and "A". The Commercial Paper is rated "A-1+" and "A-1" by Standard & Poor's. The Florida PRIME and Money Market Mutual Funds are rated "AAAm" by Standard & Poor's. The Florida State Board of Administration Fund B ("Fund B") is not rated for credit quality.

Custodial Credit Risk - All CFX depositories are members of the State of Florida collateral pool. The State of Florida collateral pool is a multiple, financial institution collateral pool with the ability to make additional assessments to satisfy the claims of governmental entities if any member institution fails. This ability provides protection, which is similar to depository insurance.

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Note 2 - Deposits and Investments *(Continued)*

CFX's Investment Policy requires execution of a third-party custodial safekeeping agreement for all purchased securities and requires that securities be designated as an asset of CFX.

As of June 30, 2017 and 2016, all of CFX's securities were held in a bank's trust/custodial department in CFX's name.

Restricted Cash and Investments - Cash, cash equivalents and investments restricted in accordance with bond provisions and other agreements are as follows:

	June 30,	
	2017	2016
	(in thousands)	
Reserve funds:		
Operations, maintenance and administrative reserve	$ 9,974	$ 8,901
Renewal and replacement reserve	19,237	32,048
Total reserve funds	29,211	40,949
Bond funds:		
Principal and interest accounts	121,978	83,536
Reserve accounts	59,477	59,357
Total bond funds	181,455	142,893
Construction funds:		
2015 BAN construction funds	-	108,125
Total construction funds	-	108,125
Total restricted cash, cash equivalents and investments	210,666	291,967
Portion related to cash and cash equivalents	136,805	168,617
Portion related to investments	$ 73,861	$ 123,350

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Note 3 - Due From Governmental Agencies

Due from governmental agencies consists of the following:

	June 30, 2017	June 30, 2016
	(in thousands)	
City of Orlando - Crystal Lake Project	$ -	$ 757
City of Orlando - Toll Suspension Reimbursement	-	8
Florida Department of Transportation - Operations and Maintenance Reimbursement	1,008	1,337
Florida Department of Transportation - SunPass Customers' use of E-PASS Roads	5,948	5,036
Florida Department of Transportation - Lighting Improvements	-	135
Florida Department of Transportation - LiDAR Reimbursement	-	100
Florida's Turnpike Enterprise - Road Ranger Joint Contract	89	126
Florida's Turnpike Enterprise - SR 417 Widening Reimbursement	333	-
Lee County - LeeWay Customers' use of E-PASS	5	5
Orange County - Fines/Fees	163	353
Orange County - Fiber Optic Network Access	4	-
Orange County - Innovation Way Utilities Reimbursement	1,006	-
Osceola County Expressway Authority - Maintenance Reimbursement	12	-
	$ 8,568	$ 7,857
Less current portion	(8,568)	(7,857)
	$ -	$ -

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Note 4 - Capital Assets

Capital assets are summarized as follows (in thousands):

	June 30, 2016	Additions	Reductions	Transfers	June 30, 2017
Infrastructure (non-depreciable):					
Right-of-way	$ 657,379	$ 1,593	$ (32)	$ 45,151	$ 704,091
Highways and bridges	2,707,363	602	(728)	60,777	2,768,014
Total infrastructure (non-depreciable)	3,364,742	2,195	(760)	105,928	3,472,105
Construction in progress (non-depreciable):					
Right-of-way	201,696	20,554	(154)	(45,151)	176,945
Highways and bridges	212,797	253,440	-	(59,457)	406,780
Buildings and toll facilities	996	2,483	-	(2,354)	1,125
Toll equipment	17,167	11,337	-	(2,724)	25,780
Furniture, equipment and other	2,467	16,573	-	(13,714)	5,326
Total construction in progress (non-depreciable)	435,123	304,387	(154)	(123,400)	615,956
Property and equipment (depreciable):					
Toll equipment	99,969	503	(189)	2,723	103,006
Buildings and toll facilities	158,947	16	-	2,354	161,317
Furniture, equipment and other	61,243	211	(11,025)	12,395	62,824
Total property and equipment (depreciable)	320,159	730	(11,214)	17,472	327,147
Less accumulated depreciation for:					
Toll equipment	(79,900)	(5,814)	189	-	(85,525)
Buildings and toll facilities	(55,860)	(5,312)	-	-	(61,172)
Furniture, equipment and other	(38,664)	(2,639)	9,493	-	(31,810)
Total accumulated depreciation	(174,424)	(13,765)	9,682	-	(178,507)
Total property and equipment being depreciated, net	145,735	(13,035)	(1,532)	17,472	148,640
Total capital assets	$ 3,945,600	$ 293,547	$ (2,446)	$ -	$ 4,236,701

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Note 4 - Capital Assets *(Continued)*

	June 30, 2015	Additions	Reductions	Transfers	June 30, 2016
Infrastructure (non-depreciable):					
Right-of-way	$ 657,301	$ 229	$ (153)	$ 2	$ 657,379
Highways and bridges	2,610,985	628	(264)	96,014	2,707,363
Total infrastructure (non-depreciable)	3,268,286	857	(417)	96,016	3,364,742
Construction in progress (non-depreciable):					
Right-of-way	154,173	47,525	-	(2)	201,696
Highways and bridges	170,519	138,292	-	(96,014)	212,797
Buildings and toll facilities	-	1,638	-	(642)	996
Toll equipment	3,580	13,797	-	(210)	17,167
Furniture, equipment and other	730	3,026	-	(1,289)	2,467
Total construction in progress (non-depreciable)	329,002	204,278	-	(98,157)	435,123
Property and equipment (depreciable):					
Toll equipment	99,392	442	(75)	210	99,969
Buildings and toll facilities	163,235	-	(4,930)	642	158,947
Furniture, equipment and other	59,993	322	(361)	1,289	61,243
Total property and equipment (depreciable)	322,620	764	(5,366)	2,141	320,159
Less accumulated depreciation for:					
Toll equipment	(73,335)	(6,626)	61	-	(79,900)
Buildings and toll facilities	(55,112)	(5,386)	4,638	-	(55,860)
Furniture, equipment and other	(36,710)	(2,251)	297	-	(38,664)
Total accumulated depreciation	(165,157)	(14,263)	4,996	-	(174,424)
Total property and equipment being depreciated, net	157,463	(13,499)	(370)	2,141	145,735
Total capital assets	$ 3,754,751	$ 191,636	$ (787)	$ -	$ 3,945,600

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Total bond interest cost incurred amounted to approximately $123,603,000 and $134,925,000 during the years ended June 30, 2017 and 2016, respectively, of which $15,090,000 and $10,861,000 were capitalized as construction in progress.

Goldenrod Project - On March 24, 1999, CFX signed the Goldenrod Road Extension Development Agreement (the "Agreement") for the extension of Goldenrod Road to SR 528 (the "Extension"). The Agreement is between CFX and other local agencies and governments, including the City of Orlando (the "City"), Greater Orlando Aviation Authority ("GOAA") and Orange County (the "County"). Under the Agreement, each of the parties agreed to contribute a set amount toward construction of the Extension. The contributions made by each party for construction are as follows:

City of Orlando	$ 2,000,000
GOAA	$ 4,500,000
Orange County	$ 1,000,000
CFX	$ 36,970,407

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Note 4 - Capital Assets *(Continued)*

CFX's responsibilities under the Agreement were to acquire, design and construct the right-of-way for the Extension. Construction of the Extension began in January 2001 and opened to traffic in March 2004. Under the terms of the Agreement, toll revenues generated from the Extension will be distributed, first to operating cost, then to repay the contributions to each contributing party.

The construction costs of the roadway, toll plaza and toll equipment are included in CFX's capital assets. These assets will remain the property of CFX until the final payments of all contributions are made. Upon the final repayment of all contributions, ownership of the roadway will revert to the City and the City will be responsible for all future maintenance costs. CFX will retain ownership of the interchange to SR 528 and certain portions of the right-of-way. Since this project is a non-System project, it is reported net in the non-operating section of the statements of revenues, expenses and changes in net position. The toll revenues generated from the Extension are not pledged to CFX's bond indebtedness.

Note 5 - Long-Term Debt

Revenue Bonds Payable - A summary of changes in revenue bonds payable is as follows (in thousands):

	June 30, 2016	Additions	Deletions	June 30, 2017
Series 1990	$ 12,295	$ -	(12,295)	$ -
Series 2007A	268,980	-	(83,095)	185,885
Series 2008B1	130,705	-	(170)	130,535
Series 2008B2	118,180	-	(160)	118,020
Series 2008B3	149,440	-	(240)	149,200
Series 2008B4	99,615	-	(140)	99,475
Series 2010A	334,565	-	(213,805)	120,760
Series 2010B	175,390	-	(65,645)	109,745
Series 2010C	283,610	-	(270,705)	12,905
Series 2012	201,925	-	-	201,925
Series 2012A	59,060	-	-	59,060
Series 2013A	242,320	-	-	242,320
Series 2013B	173,100	-	(740)	172,360
Series 2013C	106,325	-	(840)	105,485
Series 2015 Senior Lien BANs	193,695	-	-	193,695
Series 2016A	151,695	-	-	151,695
Series 2016B	-	631,330	-	631,330
	2,700,900	631,330	(647,835)	2,684,395
Add unamortized bond premium	120,451	83,079	(21,100)	182,430
Less current portion of revenue bonds payable	(20,360)	(58,710)	20,360	(58,710)
Revenue bonds payable - net of current portion	$ 2,800,991	$ 655,699	$ (648,575)	$ 2,808,115

Note 5 - Long-Term Debt *(Continued)*

	June 30, 2015	Additions	Deletions	June 30, 2016
Series 1990	$ 23,655	$ -	$ (11,360)	$ 12,295
Series 2007A	425,000	-	(156,020)	268,980
Series 2008B1	130,870	-	(165)	130,705
Series 2008B2	118,335	-	(155)	118,180
Series 2008B3	149,655	-	(215)	149,440
Series 2008B4	99,715	-	(100)	99,615
Series 2010A	334,565	-	-	334,565
Series 2010B	180,895	-	(5,505)	175,390
Series 2010C	283,610	-	-	283,610
Series 2012	201,925	-	-	201,925
Series 2012A	59,060	-	-	59,060
Series 2013A	242,320	-	-	242,320
Series 2013B	173,775	-	(675)	173,100
Series 2013C	107,125	-	(800)	106,325
Series 2015 Senior Lien BANs	-	193,695	-	193,695
Series 2016A	-	151,695	-	151,695
	2,530,505	345,390	(174,995)	2,700,900
Add unamortized bond premium	118,508	14,192	(12,249)	120,451
Less unamortized bond discount	(110)	-	110	-
Less current portion of revenue bonds payable	(18,975)	(20,360)	18,975	(20,360)
Revenue bonds payable - net of current portion	$ 2,629,928	$ 339,222	$ (168,159)	$ 2,800,991

In the 2002 legislative session, the Florida Legislature amended Chapter 348, Part V (now Part III of the "Expressway Act") to, among other things, revise and expand the powers of CFX to finance or refinance its projects, including the power to refund bonds previously issued on behalf of CFX by the State of Florida Division of Bond Finance of the State Board of Administration (Division of Bond Finance), through the issuance of its own bonds or other obligations. Consistent with the authority granted in the Expressway Act, CFX adopted an Authority Bond Resolution on July 2, 2002, authorizing the issuance of up to $2,000,000,000 of additional bonds or other indebtedness to finance projects of CFX. Although not required, the first issuance of bonds by CFX under the Authority Bond Resolution was validated by the Circuit Court of the Ninth Judicial Circuit of Florida, in Orange County, Florida, on September 20, 2002.

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Note 5 - Long-Term Debt *(Continued)*

On January 28, 2003, the Division of Bond Finance adopted a resolution formally recognizing CFX as the issuer of bonds under that certain Master Junior Lien Bond Resolution pursuant to which the Division of the Bond Finance had previously issued bonds on behalf of CFX. CFX further adopted, on February 3, 2003, an Amended and Restated Master Bond Resolution pursuant to which CFX amended and restated the Authority Bond Resolution and the Master Junior Lien Resolution into a single, consolidated, single-lien resolution to govern the existing outstanding bonds and future bond indebtedness of CFX. All bonds or other obligations issued under the Amended and Restated Master Bond Resolution are payable from, and secured by, a pledge of net revenues from the operation of the System.

As notated in Note 1, on June 20, 2014, the Governor of Florida signed a bill to create CFX, which assumed the governance and control of the former Orlando-Orange County Expressway Authority, including its assets, personnel, contracts, obligations, liabilities, facilities and tangible and intangible property. The Central Florida Expressway Authority assumed all of the debt of the former Orlando-Orange County Expressway Authority pursuant to Chapter 2014-171, Public Laws of Florida.

Fixed Rate Debt

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2016B, were originally issued on November 2, 2016 and were outstanding in the aggregate principal amount of $631,330,000 on June 30, 2017, all of which were serial bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2017 through July 1, 2040 in amounts ranging from $1,795,000 to $66,520,000, plus interest. The 2016B Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2016B Bonds is due and paid semiannually. The purpose of the Series 2016B Bonds was to refund portions of the Series 2007A, 2010A, 2010B and 2010C Bonds for net present value savings of $65,239,436, which represents $92,180,669 of lower debt service payments over the life of the debt. The deferred outflow on the refunding for accounting purposes was $75,028,080.

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2016A, were originally issued on April 26, 2016 and were outstanding in the aggregate principal amount of $151,695,000 on June 30, 2017 and June 30, 2016, all of which were serial bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2017 through July 1, 2032 and July 1, 2036 through July 1, 2037 in amounts ranging from $710,000 to $28,000,000, plus interest. The 2016A Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2016A Bonds is due and paid semiannually. The purpose of the Series 2016A Bonds was to refund a portion of the Series 2007A Bonds for net present value savings of $27,251,546, which represents $40,378,823 of lower debt service payments over the life of the debt. The deferred outflow on the refunding for accounting purposes was $5,296,435.

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Note 5 - Long-Term Debt *(Continued)*

Fixed Rate Debt *(Continued)*

The Central Florida Expressway Authority Revenue Bond Anticipation Notes (BANs), Series 2015, were originally issued on July 21, 2015 and were outstanding in the aggregate principal amount of $193,695,000 on June 30, 2017 and June 30, 2016. The outstanding principal is due at maturity on January 1, 2019. The 2015 BANs are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. CFX entered into a Transportation Infrastructure Finance and Innovation (TIFIA) loan agreement with the U.S. Department of Transportation, acting by and through the Federal Highway Administrator on March 25, 2015. The proceeds from the Junior TIFIA loan are expected to be available to pay the Series 2015 BANs on their maturity date. Interest on the 2015 BANs is due and paid semiannually. The purpose of the 2015 BANs was to provide funds to finance certain capital costs for the Wekiva Parkway Project.

The Central Florida Expressway Authority Refunding Revenue Bond, Series 2013C, was originally issued on September 12, 2013 and was outstanding in the aggregate principal amount of $105,485,000 and $106,325,000 on June 30, 2017 and 2016, respectively. The bond was issued in the form of a bank loan directly with the bondholder, STI Institutional & Government, Inc. The outstanding amount of the bond is due in annual installments on July 1, 2017 through July 1, 2032 in amounts ranging from $855,000 to $15,740,000, plus interest. The 2013C Bond is payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2013C Bond is due and paid semiannually. The Series 2013C Bond was issued for the purpose of refunding the Series 2003D and to fund the termination payment related to the associated swap. The refunding resulted in a deferred outflow of $15,599,396, most of which was related to the swap termination payment. The difference between the cash flow of the old debt and the cash flow of the new debt was $3,440,975 lower post–refunding, which represents $2,500,470 on a net present value basis. The purpose of this refunding was to lower the risk profile of CFX's debt at an attractive rate. In fiscal year 2017 CFX renegotiated the bank loan with STI Institutional & Government Inc. and on November 2, 2016 the interest rate was lowered to 2.75%. This lower rate will generate $10,961,177.72 of savings over the term of the loan which represents $9,168,845 on a net present value basis.

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2013B, were originally issued on January 2, 2013 and were outstanding in the aggregate principal amount of $172,360,000 and $173,100,000 on June 30, 2017 and 2016, respectively, all of which were serial bonds. The outstanding serial bonds are due in annual installments on July 1, 2017 through July 1, 2025 in amounts ranging from $2,475,000 to $24,710,000, plus interest. The 2013B Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2013B Bonds is due and paid semiannually. The Series 2013B Bonds were issued for the purpose of refunding the Series 2003C2 and 2003C4 Bonds and to fund the termination payments related to the associated swaps. The refunding resulted in a deferred outflow of $42,223,850, most of which was related to the swap termination payments. The difference between the cash flow of the old debt and the cash flow of the new debt was $5,959,376 higher post–refunding, which represents $4,868,985 on a net present value basis. The purpose of this refunding was to lower the risk profile of CFX's debt at an attractive rate.

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Note 5 - Long-Term Debt *(Continued)*

Fixed Rate Debt *(Continued)*

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2013A, were originally issued on April 3, 2013 and were outstanding in the aggregate principal amount of $242,320,000 on June 30, 2017 and 2016, including $110,545,000 of serial bonds and $131,775,000 of term bonds. The serial bonds are due in annual installments beginning on July 1, 2026 through July 1, 2032 in amounts ranging from $7,065,000 to $24,875,000, plus interest. The term bond is due on July 1, 2035. The 2013A Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2013A Bonds is due and paid semiannually. The purpose of the Series 2013A Bonds was to refund the Series 2003B Bonds for net present value savings of $35,842,015, which represents $60,831,999 of lower debt service payments over the life of the debt. The deferred outflow on the refunding for accounting purposes was $2,750,505.

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2012, were originally issued on November 29, 2012 and were outstanding in the aggregate principal amount of $201,925,000 on June 30, 2017 and 2016, all of which were serial bonds. The serial bonds are due beginning on July 1, 2017 through July 1, 2025 in amounts ranging from $21,555,000 to $29,240,000, plus interest. The 2012 Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2012 Bonds is due and paid semiannually. See below for the purpose, economic and accounting impacts of the refunding.

The Central Florida Expressway Authority General Reserve Fund Obligation Bond, Series 2012A, was originally issued on November 29, 2012 and was outstanding in the aggregate principal amount of $59,060,000 on June 30, 2017 and 2016. The bond was issued in the form of a subordinate bank loan directly with the bondholder, SunTrust Bank. The bond is due in annual installments beginning on July 1, 2017 through July 1, 2025 in amounts ranging from $5,245,000 to $8,485,000, plus interest. The 2012A Bond is payable from, and secured by, a pledge of the general fund, which is junior and subordinate to the net revenues from the operation of the expressway System pledged to senior lien parity bonds. Interest on the 2012A Bond is due and paid semiannually.

Collectively, the purpose of the Series 2012 and 2012A Bonds was to refund the Series 2003C1 and 2003C3 Bonds and to fund the termination payments on the associated swaps. The refunding resulted in a deferred outflow of $60,159,863, most of which was related to the swap termination payments. The difference between the cash flow of the old debt and the cash flow of the new debt was $7,202,160 higher post–refunding, which represents $4,712,369.37 on a net present value basis. The purpose of this refunding was to lower the risk profile of CFX's debt at an attractive rate.

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Note 5 - Long-Term Debt *(Continued)*

Fixed Rate Debt *(Continued)*

The Central Florida Expressway Authority Revenue Bonds, Series 2010C, were originally issued on November 10, 2010 and were outstanding in the aggregate principal amount of $12,905,000 and $283,610,000 on June 30, 2017 and 2016, respectively, including $8,155,000 of serial bonds and a $4,750,000 term bond. The serial bonds are due in certain years beginning on July 1, 2025 through July 1, 2029 in amounts ranging from $2,375,000 to $2,950,000, plus interest. The term bond is outstanding for $4,750,000, due in annual installments beginning on July 1, 2031 through July 1, 2035 in amounts ranging from $880,000 to $1,020,000. The 2010C Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2010C Bonds is due and paid semiannually. A portion of the Series 2010C Bonds was refunded by the Series 2016B Bond as stated above.

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2010B, were originally issued on June 30, 2010 and were outstanding in the aggregate principal amount of $109,745,000 and $175,390,000 on June 30, 2017 and 2016, respectively. The bonds were issued as serial bonds and the outstanding bonds are due in annual installments on July 1, 2017 through July 1, 2024 in amounts ranging from $6,010,000 to $53,880,000, plus interest. Interest on the 2010B Bonds is due and paid semiannually. A portion of the Series 2010B Bonds was refunded by the Series 2016B Bond as stated above.

The Central Florida Expressway Authority Revenue Bonds, Series 2010A, were originally issued on March 25, 2010 and were outstanding in the aggregate principal amount of $120,760,000 and $334,565,000 on June 30, 2017 and 2016, including $15,265,000 of serial bonds and $105,495,000 of term bonds. The serial bonds are due in certain years beginning on July 1, 2025 through July 1, 2029 in amounts ranging from $1,375,000 to $12,090,000. The term bonds are outstanding for $105,495,000 due in certain years beginning on July 1, 2034 through July, 1 2040 in amounts ranging from $22,385,000 to $29,995,000. Interest on the 2010A Bonds is due and paid semiannually. A portion of the Series 2010A Bonds was refunded by the Series 2016B Bond as stated above.

The Central Florida Expressway Authority Revenue Bonds, Series 2007A, were originally issued on June 28, 2007 and were outstanding in the aggregate principal amount of $185,885,000 and $268,980,000 on June 30, 2017 and 2016, including term bonds in principal amounts due from July 1, 2038 through July 1, 2042 in amounts ranging from $33,640,000 to $40,890,000. Portions of the Series 2007A Bonds were refunded by both the Series 2016A and Series 2016B Bonds as stated above. Interest on the 2007A Bonds is due and paid semiannually.

The State of Florida, Central Florida Expressway Authority Junior Lien Revenue Bonds, Series 1990, were originally issued as $98,940,000 serial bonds and $286,060,000 term bonds, of which $0 and $12,295,000 were outstanding on June 30, 2017 and 2016, respectively. A portion of the Series 1990 Bonds was refunded with the previously outstanding bonds issued by CFX in 1993. The bonds were payable solely from, and secured by, a pledge of net revenues from the operation of the expressway System and from monies received from the County pursuant to the Interlocal Agreement. Because all of the then senior lien bonds were redeemed in 2003, the Series 1998 Bonds, as well as the Series 1990 Bonds, ascended to the senior level and were then on parity with the remaining outstanding Central Florida Expressway Authority Bonds.

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Variable Rate Debt

On May 1, 2008, CFX issued Central Florida Expressway Authority Variable Rate Refunding Revenue Bonds, Series 2008B1, 2008B2, 2008B3 and 2008B4 (collectively, “2008B Bonds”), for the purpose of refunding the Series 2005A, 2005B, 2005C, 2005D, and 2005E Bonds (collectively, “2005 Bonds”), of which $130,535,000, $118,020,000, $149,200,000, $99,475,000 and $130,705,000, $118,180,000, $149,440,000, $99,615,000 was outstanding on June 30, 2017 and 2016, respectively. The 2008B Bonds were issued in four sub-series in the initial aggregate principal amount of $499,105,000, including Series 2008B1 in the initial principal amount of $131,025,000; Series 2008B2 in the initial principal amount of $118,500,000; Series 2008B3 in the initial principal amount of $149,760,000; and 2008B4 in the initial principal amount of $99,820,000. The Series 2008B Bonds are dated the date of their original issuance and delivery and mature on July 1, 2040. The Series 2008B Bonds were initially issued and currently outstanding in a variable rate mode, with the interest rate on the Series 2008B Bonds resetting on a weekly basis and interest payable on a monthly basis.

In fiscal year 2012, the Series 2008B3 and 2008B4 Bonds were converted to a bank rate mode and directly placed with the bondholder. In fiscal year 2015, the Series 2008B1 Bonds were converted to a bank rate mode and directly placed with the bondholder. In fiscal year 2016, the Series 2008B2 Bonds were converted to a bank rate mode and directly placed with the bondholder. The bank rate also resets on a weekly basis and is tied to the SIFMA index plus a spread. The 2008B Bonds are subject to optional and mandatory redemption and optional and mandatory tender for purchase prior to maturity. Amortization installments for the mandatory redemption of the 2008B Bonds began on July 1, 2014.

The annual requirements to amortize all revenue bonds and revenue refunding bonds outstanding as of June 30, 2017, are summarized as follows (all amounts in thousands). The totals below are net of capitalized interest funds available for debt service. For purposes of this note, the interest rate applicable to variable rate bonds is the synthetic fixed rate of 4.7753% for the 2008 Bonds. None of the fees associated with liquidity, letters of credit, or remarketing arrangements are included in the chart below, nor are the incremental rates paid on any floating rate note arrangements.

	Principal	Interest	Total P&I Due	Capitalized Interest	Net Due
2018	$ 58,710	$ 112,184	$ 170,894	$ 3,148	$ 167,746
2019	251,290	111,343	362,633	3,148	359,485
2020	60,405	105,512	165,917	-	165,917
2021	63,455	102,565	166,020	-	166,020
2022	66,455	99,711	166,166	-	166,166
2023-2027	409,780	447,516	857,296	-	857,296
2028-2032	555,045	334,217	889,262	-	889,262
2033-2037	639,425	201,177	840,602	-	840,602
2038-2042	538,940	64,042	602,982	-	602,982
2043	40,890	1,022	41,912	-	41,912
	$ 2,684,395	$ 1,579,289	$ 4,263,684	$ 6,296	$ 4,257,388

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Note 5 - Long-Term Debt *(Continued)*

Hedging Derivative Instruments – Cash Flow Hedges

Variable-to-Fixed Rate Interest Rate Swaps **-** On July 13, 2004, CFX entered into five forward-starting, synthetic fixed rate swap agreements totaling $499,105,000 (“2004 Swaps”), attributable to the $199,645,000 Series 2005A Bonds, the $149,760,000 Series 2005B Bonds, the $99,820,000 Series 2005C Bonds, the $24,940,000 Series 2005D Bonds, and the $24,940,000 Series 2005E Bonds. On May 1, 2008, all Series 2005 Bonds were redeemed and the 2004 Swaps are now associated with the Series 2008B Refunding Bonds described above.

Objective of Swaps and Nature of Hedged Risk: CFX entered into the 2004 Swaps in order to ensure its ability to fund its Five-Year Work Plan, then valued at $1,240,300,000 and in order to manage the interest rate exposure that CFX was subject to as a result of issuing its variable rate bonds.

Strategy to Accomplish Hedge Objective: In order to achieve the stated objectives, CFX issued variable rate bonds with a weekly reset and entered into swap agreements to obtain the synthetic fixed rate. In 2004, CFX entered into five separate forward-starting, interest rate swap agreements with five separate counterparties. The 2004 Swaps remained in place at the time of issuance of the 2005 Bonds.

Summary Derivative Hedging Instruments: On July 13, 2004, CFX entered into five separate forward-starting, interest rate swap agreements with an effective date of March 1, 2005, all of which were associated with the Series 2005 Bonds. There was no cash exchanged at the time these forward agreements were entered into.

The interest rate swap transactions were executed in order to accomplish the synthetic fixed rates, as noted below. CFX has a cancellation option in the swap with UBS AG. A summary of these transactions and the significant terms, as well as the credit ratings on the counterparties as of June 30, 2016 and 2015, are as follows:

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Note 5 - Long-Term Debt *(Continued)*

Hedging Derivative Instruments – Cash Flow Hedges *(Continued)*

	Series 2005A	Series 2005B	Series 2005C	Series 2005D	Series 2005E
Notional Value (as of 6/30/2017)	$198,892,000	$149,192,000	$99,446,000	$24,850,000	$24,850,000
Fixed Rate	4.7753%	4.7753%	4.7753%	4.7753%	4.7753%
Fixed Payer	CFX	CFX	CFX	CFX	CFX
Floating Rate	SIFMA Weekly Index	SIFMA Weekly Index	SIFMA Weekly Index	SIFMA Weekly Index	SIFMA Weekly Index
Maturity Date	1-Jul-40	1-Jul-40	1-Jul-40	1-Jul-40	1-Jul-40
Settlement	Monthly	Monthly	Monthly	Monthly	Monthly
Premium Paid	None	None	None	None	None
Counterparty	UBS AG	Citibank	Morgan Stanley Capital Services Inc.	RBC Dain	JP Morgan*
Ratings 6/30/2016 (S&P/Moody's/Fitch)	A/A1/A	A/A1/A+	BBB+/A3/A	AA-/Aa3/AA	A+/Aa3/AA-
Ratings 6/30/2017 (S&P/Moody's/Fitch)	A/A1/A	A+/A1/A+	BBB+/A3/A	AA-/A1/AA	A+/Aa3/AA-

***Originally with Bear Stearns Financial Products, Inc. By novation agreement dated April 22, 2009, this swap was transferred to JP Morgan Chase Bank, N.A.*

Type of Hedge: Discrete Cash Flow

Fair Value: All of CFX's derivative instruments are considered effective cash flow hedges because they meet the consistent critical terms method criteria. Therefore, the fair value is reported as a deferred outflow on the balance sheets.

CFX has obtained independent market value evaluations of its swap transactions. These fair value estimates are based on expected forward LIBOR swap rates and discounted expected cash flows (Level 3 inputs). The appropriate LIBOR percentages that relate to the tax-exempt SIFMA swap rates are applied to the LIBOR swap curve to derive the expected forward SIFMA swap rates. On a current mark-to-market basis, the net present value of the swaps would require CFX to make an estimated combined termination payment, in the event that all of the outstanding swaps were terminated on June 30, 2017 or June 30, 2016, of $170,873,269 and $234,688,561, respectively. The change in fair value at FYE 2017 was $63,815,192 lower than at FYE 2016 and the change in fair value at FYE 2016 was $65,906,251 higher than at the prior year end.

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Note 5 - Long-Term Debt *(Continued)*

Hedging Derivative Instruments – Cash Flow Hedges *(Continued)*

The table below provides the fair value of the Swaps:

Estimated Termination Payments Based on Net Present Value

	June 30, 2017	June 30, 2016
Series 2008B	$ 170,873,269	$ 234,688,561

Risks: CFX monitors the various risks associated with the Swap Agreements. Based upon the assessment, CFX reviewed the following risks:

Credit Risk: CFX has adopted an Interest Rate Risk Management Policy whereby, prior to entering into an interest rate exchange agreement, CFX will require the counterparty to (i) have an initial rating of at least AA-/Aa3/AA- by at least one of the three nationally recognized credit rating agencies and not be rated lower than A/A2/A by any of the three nationally recognized credit rating agencies or (ii) alternatively, post suitable and adequate collateral, given the undertaking involved with the particular transaction. For all executed agreements, the counterparties met the criteria in (i) above at the time of execution.

Similar to the experience of many financial product providers in recent years, four of the five counterparties have dropped below the initial required rating levels. A summary of the credit ratings of the counterparties as of June 30, 2016 and 2017, is shown previously under *Summary of Derivative Hedging Instruments*. CFX's Interest Rate Risk Management Policy does not contain a specific requirement for collateral posting in the event of a counterparty downgrade below the minimum requirements; however, the agreements require that the counterparties post suitable and adequate collateral if the termination values were such that a payment would be due to CFX. As of June 30, 2017 and 2016, that is not the case; therefore, there is no reportable risk of loss to CFX due to credit risk. The following terms of the Swaps and all Series 2008B Bond obligations are identical:

1. The total notional amount of the Swaps equals the total issued principal amount of CFX's revenue bonds that are subject to the Swaps.
2. The re-pricing dates of the Swaps match those of the related bonds, specifically, all Series 2008B Bonds.
3. The amortization of the Swaps matches the amortization of the bonds.

CFX does not have a specific policy regarding entering into master netting arrangements, nor has it entered into any such master arrangements.

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Note 5 - Long-Term Debt *(Continued)*

Interest Rate Risk: CFX implemented a strategy on the Swaps associated with the Series 2008B Bonds, which was designed to provide a synthetic fixed rate.

Basis Risk: Basis risk for CFX's derivatives would be the risk that the weekly rates on its variable rate bonds would not match the index referenced in the interest rate exchange agreements. The Series 2005 variable rate bonds were issued to bear interest at the seven-day market rate, whereas the underlying swap agreements pay CFX interest at the weekly TBMA (now known as SIFMA) index rate. Since the variable rate paid by the counterparties on the interest rate swaps is the SIFMA index, CFX reasonably assumed that the hedging relationship would be highly effective in providing counterparty payments to CFX in amounts necessary to pay the synthetic fixed rate on the Series 2005 Bonds. However, during fiscal year 2008, CFX experienced some basis spread on the Series 2005 Bonds subsequent to Fitch's downgrade of Ambac, the bonds' insurer. In order to mitigate this spread, CFX took action to redeem the bonds and issued the Series 2008B Refunding Bonds, backed by letters of credit. In fiscal year 2012, the Series 2008B3 and 2008B4 Bonds were converted to a bank rate mode and directly placed with the bondholder. In fiscal year 2015, the Series 2008B1 Bonds were converted to a bank rate mode and directly placed with the bondholder. In fiscal year 2016, the Series 2008B2 Bonds were converted to a bank rate mode and directly placed with the bondholder. The bank rates for all of the Series are reset on a weekly basis and are tied to the SIFMA index plus a spread. Therefore, basis risk for these bonds has been eliminated during the bank rate period.

Termination Risk: CFX is subject to termination risk, but determined at the time to mitigate that risk by acquiring swap insurance policies for the swaps associated with the Series 2008B Bonds. Each of CFX's outstanding interest rate exchange agreements contains an Additional Termination Event provision, which is triggered by certain downgrades in the credit ratings of the respective parties, but each such provision is subject to the Insurer Provisions contained therein.

Under certain conditions set forth in the swap agreements, neither CFX nor the counterparty may designate an early termination date without the consent of the Insurer, unless an "Insurer Event" has occurred whereby the Swap Insurer (i) fails to meet its payment obligations under the swap, (ii) fails to maintain a minimum claims-paying ability rating or financial-strength rating from either S&P or Moody's described in the respective swap agreements or (iii) has its rating from either S&P or Moody's withdrawn or suspended and such rating is not reinstated within 30 days of such withdrawal or suspension.

Additionally, for the 2004 Swaps, a Credit Support Annex was negotiated with the counterparties. During fiscal year 2009, the insurer on the swaps now associated with the Series 2008B Bonds (the "2004 Swaps"), was downgraded below the A-/A3 (S&P/Moody's) level. As such, an Insurer Event did take place. Three of the five agreements required that CFX demonstrate that it had maintained its own rating above the A-/A3 levels to prevent a termination. CFX has maintained its ratings at A/A2; therefore, it has complied with the requirements and no termination event has occurred.

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Note 5 - Long-Term Debt *(Continued)*

One agreement did not consider an Insurer Event grounds for early termination, unless some additional event of default had taken place, such as failure to meet the payment obligations, none of which have taken place. One agreement required that CFX either replace the insurer with another credit support facility or post collateral in the amount of the termination value in excess of $15,000,000, based on CFX's credit rating. CFX received the notice of an Insurer Event from this counterparty on June 25, 2009, and posted collateral in July 2009. All investment income on the security posted as collateral, and the security itself, is income to, and an asset of, CFX. Per the agreement, the counterparty could request a maximum amount of $20,139,740 as of June 30, 2017. However, the agreement only requires CFX to post collateral at the request of the counterparty. In compliance with the agreement and the most recent request, there was not a collateral posting as of June 30, 2017 or June 30, 2016.

As a result of CFX's compliance with the terms of the swap agreements and each applicable Credit Support Annex, as explained above, as of June 30, 2017 and 2016, no termination events have occurred.

Notwithstanding the Insurer Provisions under the swap agreements, CFX has the option to terminate all but one of the swaps at any time upon at least two business days' written notice to the counterparty. One agreement requires 30 days' written notice, a requirement which can be waived. Absent the Insurer Provisions, the counterparties may terminate the swap in the event of a default, such as: nonpayment, credit downgrade or failure to provide collateral.

Credit and Liquidity Access and Repricing Risk: CFX has reduced its basis and credit provider risks by placing the 2008B1, 2008B2, 2008B3 and 2008B4 Bonds in the bank rate mode directly with the bondholder at SIFMA plus a spread.

As of June 30, 2017, the expirations of the respective contracts were as follows:

Bond Series	Type/Provider	Expiration Date
Series 2008B1	FRN/Barclays Bank PLC	May-2020
Series 2008B2	FRN/RBC Municipal Products	Jul-2018
Series 2008B3	FRN/Wells Fargo	Sep-2019
Series 2008B4	FRN/Wells Fargo	Sep-2019

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Note 5 - Long-Term Debt *(Continued)*

Associated Debt: The net cash flow of the underlying swap agreements compared to the variable rate bonds resulted in the following net cash inflows (outflows):

	2003 Series	2005 Series	2008 Series	Total
FY 2003	$ 18,664	$ -	$ -	$ 18,664
FY 2004	74,400	-	-	74,400
FY 2005	67,609	1,827	-	69,436
FY 2006	69,018	97,163	-	166,181
FY 2007	101,643	82,950	-	184,593
FY 2008	161,325	(2,434,950)	61,270	(2,212,355)
FY 2009	(8,421,180)	-	(487,400)	(8,908,580)
FY 2010	(506,773)	-	(165,018)	(671,791)
FY 2011	(1,115,769)	-	(263,904)	(1,379,673)
FY 2012	(1,742,406)	-	(242,174)	(1,984,580)
FY 2013	(6,639)	-	(35,814)	(42,453)
FY 2014	-	176	26,148	26,324
FY 2015	-	-	11,919	11,919
FY 2016	-	-	939	939
FY 2017	-	-	-	-
Total	$ (11,300,108)	$ (2,252,834)	$ (1,094,034)	$ (14,646,976)

Debt Service Reserve Requirements – CFX has purchased surety policies from bond insurers for all outstanding bonds, except for the 2008B, 2010A, 2010C, and 2012A Bonds. Bond covenants do not require minimum ratings for providers of surety policies. For the Series 2010A and 2010C Bonds, the debt service reserve is cash funded with proceeds from the bond issuance. For the Series 2016A Bonds, the debt service reserve is funded with a surety policy.

Defeased Bonds **–** During 1998, CFX defeased the Series 1988 Bonds by placing the proceeds of the unused portion of the 1998 Bonds and a portion of the 1998 Bonds in an irrevocable escrow account to provide for all future debt service payments. Additionally, on October 31, 2012, CFX cash defeased all of the outstanding Series 2003A Bonds by placing cash from operations in an irrevocable escrow account to provide for the payment and redemption of the bonds as of the call date of July 1, 2013. CFX also issued the Series 2013A Bonds for the purpose of redeeming all of the outstanding 2003B Bonds on the call date of July 1, 2013. Proceeds from the bond issuance were placed in an irrevocable escrow account. As of July 1, 2013, the 2003A and 2003B Bonds were redeemed and are no longer outstanding.

The purpose of these defeasances was to provide additional financing flexibility, while maintaining CFX's targeted debt service ratio. As a result, the trust account assets and the liability for the defeased bonds are not included in CFX's balance sheets. The balance of defeased bonds outstanding was $44,640,000 and $48,505,000 on June 30, 2017 and 2016, respectively, representing the outstanding balance on the 1988 Bonds.

Note 5 - Long-Term Debt *(Continued)*

CFX maintained that it had retained the call rights on the 1988 Series Bonds. In 2004, CFX filed a declaratory action in the Ninth Judicial Circuit Court to determine CFX's rights with respect to the call rights on the 1988 Series Bonds. The business court entered an order granting summary judgment in favor of Emmet & Co., Inc., finding that CFX had not reserved its optional redemption rights with respect to the 1988 Series Bonds. This decision was upheld by the appellate Court in October 2007.

On April 26, 2016 CFX utilized proceeds from the issuance of the Series 2016A Refunding Bonds to fund an escrow to provide the for the payment of principal and interest on the refunded portion of the Series 2007A Bonds as of the call date of July 1, 2017.

On November 2, 2016 CFX utilized proceeds from the issuance of the Series 2016B Refunding Bonds to fund an escrow to provide the for the payment of principal and interest on the refunded portion of the Series 2007A, 2010A, 2010B and 2010C Bonds as of the call date of July 1, 2017.

Principal maturities on those defeased bonds, based on July 1 payments each year, are as follows (in thousands):

Year Ending June 30,	1988 Bonds	2007A Bonds	2010A Bonds	2010B Bonds	2010C Bonds	Total
2018	$ 21,500	$239,115	$ -	$ -	$ -	$ 260,615
2019	23,140	-	-	-	-	23,140
2020	-	-	-	-	-	-
2021	-	-	213,805	59,870	270,705	544,380
	$ 44,640	$239,115	$ 213,805	$ 59,870	$ 270,705	$ 828,135

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Note 5 - Long-Term Debt *(Continued)*

Due to Governmental Agencies

Due to governmental agencies consists of the following (in thousands):

	June 30, 2016	Additions	Deletions	June 30, 2017
Advances from FDOT for construction, operations and maintenance of certain plazas and roadways	$ 172,890	$ 1,674	$(172,890)	$ 1,674
Loans and advances for specific projects	7,980	16	(1,271)	6,725
Toll revenue due to other state agencies	2,626	83,568	(83,113)	3,081
	183,496	85,258	(257,274)	11,480
Less current portion	(176,781)	(6,086)	176,781	(6,086)
Due to other governments, net of current portion	$ 6,715	$ 79,172	$ (80,493)	$ 5,394

The following is a schedule by years of the minimum future payments on the amounts due to governmental agencies (all amounts in thousands):

Year Ending June 30,	Amount
2018	$ 6,086
2019	-
2020	-
2021	-
2022	-
Thereafter	5,394
	$ 11,480

Amounts included in “thereafter” are payable based on future events, as described below:

Included in the Loans and Advances for specific projects is $5,394,000 for advances from the Greater Orlando Aviation Authority, the City of Orlando and Orange County for the extension of Goldenrod Road. The extension is a non-System project, and revenues from this project are utilized solely to pay expenses for the extension and to reimburse the funding partners, including CFX, for their original contribution to the project.

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Note 6 - Leases

Operating Leases - CFX leases excess capacity of the Fiber Optic Network (FON) to Sprint Communications Company L.P. The original historic cost of this FON of $19,172,000 is not depreciated because its expected life exceeds 100 years. This is a ten-year lease with three five-year renewal options. The annual rate of $464,640, adjusted annually by the local Consumer Price Index, is presented as miscellaneous nonoperating revenues. If CFX terminates this agreement because of licensee's (Sprint's) default, the licensee shall pay CFX, as liquidated damages, an amount equal to the minimum total fees and charges for the remaining agreement term. There is no termination clause for the licensee except by default of CFX. The second five-year renewal was executed at the end of fiscal year 2016. The minimum future rentals for the remaining four fiscal years are $464,640 per year for three years and $425,920 for the fourth year, for a total of $1,819,840.

CFX leases a building located at 525 South Magnolia Ave., Orlando, FL to Women's Care Florida LLC. The assessed value of the building is $3,100,000. This is a ten-year seven-month lease that terminates at midnight on June 15, 2021. The lease requires a 360-day notice by the tenant for termination. The minimum CFX would receive on this lease would be $312,151 for fiscal year 2018. If CFX decides to terminate the lease in fiscal year 2018, it will be obligated to pay the tenant $156,974 for improvements and fixtures that were installed by the tenant at the commencement of the lease.

Note 7 - Commitments and Contingencies

Commitments - Outstanding construction and other significant commitments for improvements, maintenance and operation of the System totaled approximately $510,714,000 at June 30, 2017.

Pending Litigation - Various lawsuits and claims arising in the ordinary course of CFX's operations are pending against CFX.

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Note 8 - Retirement Plans

Plan Descriptions

Florida Retirement System (FRS) Pension Plan - Most employees of CFX participate in the State of Florida Retirement System (the "FRS"), a multiple-employer, cost-sharing, defined-benefit retirement plan, or defined-contribution retirement plan, administered by the Florida Department of Administration, Division of Retirement. As a general rule, membership in the FRS is compulsory for all employees working in a regular, established position for a state agency, county government, district school board, state university, community college or a participating city or special district within the state of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Employees are classified in either the regular service class or the senior management service class ("SMSC"). The SMSC is for members who fill senior-level management positions. Employees classified as SMSC may opt out of participation in the FRS. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

Retiree Health Insurance Subsidy (HIS) Program – Employees of CFX also participate in the Retiree Health Insurance Subsidy (HIS) Program, which is a cost-sharing, multiple-employer defined-benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $5. The minimum payment is $30 and the maximum payment is $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Public Employee Optional Retirement Program - Employees may participate in the Public Employee Optional Retirement Program (the "Investment Plan"), a defined-contribution retirement program, in lieu of participation in the defined-benefit retirement plan ("Pension Plan"). If the Investment Plan is elected, active membership in the defined-benefit retirement plan is terminated. Eligible members of the Investment Plan are vested at one year of service and receive a contribution for self-direction in an investment product with a third-party administrator selected by the State Board of Administration. The contribution rates for both fiscal 2017 and 2016 were 6.3% for regular class and 7.67% for senior management class.

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Note 8 - Retirement Plans *(Continued)*

Benefits Provided – For employees in FRS, benefits are computed on the basis of age, average final compensation and service credit. Regular class and senior management class employees who were enrolled in the FRS prior to July 1, 2011 and retire at or after age 62 with at least six years of credited service, or 30 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, based on their final average compensation of their five highest fiscal years of pay for each year of credited service. Employees enrolled on or after July 1, 2011 and who retire at or after age 65 with at least eight years of credited service, or 33 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, as explained above based on their eight highest fiscal years of pay. Using their date of enrollment as a basis, vested employees with less than the minimum years of service may retire before the minimum age and receive reduced retirement benefits. A post-retirement health insurance subsidy is also provided to eligible retired employees through the FRS defined benefit, in accordance with Florida Statutes.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program ("DROP"). This program allows eligible employees to defer receipt of monthly retirement benefit payments, while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Contributions - Starting on July 1, 2011, Chapter 2011-68 of the Laws of Florida required members of the FRS not enrolled in DROP to contribute 3% of their salary to their retirement. Governmental employers are required to make contributions to the FRS based on statewide contribution rates. The fiscal year 2017 contribution rate applied to regular employee salaries was 7.52%, including 1.66% for a post-retirement health insurance subsidy ("HIS"). The fiscal year 2016 contribution rate was 7.26%, which included 1.66% for HIS. The fiscal year 2017 contribution rate applied to senior management salaries was 21.77%, including 1.66% HIS. The fiscal year 2016 contribution rate was 21.43%, which included 1.66% for HIS. The fiscal year 2017 contribution rate applied to the salaries of the employees in DROP was 12.99%, including 1.66% for HIS. The fiscal year 2016 contribution rate was 12.88%, which included 1.66% for HIS.

CFX's actual contributions to the FRS for the fiscal years ended June 30, 2017 and 2016 were $710,000 and $623,000, respectively. Employee contributions were $177,000 and $159,000 for the fiscal years ended June 30, 2017 and 2016, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

CFX reported a liability of $6,830,000 and $3,852,000, at June 30, 2017 and 2016, respectively, for its proportionate share of the net pension liability of FRS and HIS. The net pension liability as of June 30, 2017 and 2016 was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. CFX's proportion of the net pension liability was based on CFX's historical employer contributions to the pension plans for fiscal year 2015 and 2016 relative to the historical contributions of all participating employers. At June 30, 2016, CFX's proportion was 0.0191% and 0.0173% for FRS and HIS, respectively, which was an increase of 0.0017% and an increase of 0.0016% from its respective proportion measured as of June 30, 2015.

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Note 8 - Retirement Plans *(Continued)*

At June 30, 2015, CFX's proportion was 0.0174% and 0.0157% for FRS and HIS, respectively, which was an increase of 0.0017% and a decrease of 0.0006% from its respective proportion measured as of June 30, 2014.

For the years ended June 30, 2017 and June 30, 2016, CFX recognized pension expense of $1,270,000 and $576,000, respectively.

At June 30, 2017 and June 30, 2016, CFX reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	As of June 30, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 368	$ 49
Changes of assumptions	608	-
Differences between projected and actual earnings on pension plan investments	1,245	0
Changes in proportion	1,138	13
CFX contributions subsequent to the measurement date	624	-
Total	$ 3,984	$ 63

	As of June 30, 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 237	$ 53
Changes of assumptions	275	-
Differences between projected and actual earnings on pension plan investments	1	537
Changes in proportion	1,042	16
CFX contributions subsequent to the measurement date	554	-
Total	$ 2,109	$ 606

$624,000 and $554,000 reported as deferred outflows of resources related to pensions resulting from CFX contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018 and June 30, 2017 respectively.

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Note 8 - Retirement Plans *(Continued)*

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Years Ending June 30:	Amount
2018	$ 672
2019	672
2020	672
2021	672
2022	509
Thereafter	99

Actuarial Assumptions – The actuarial assumptions that determined the total pension liability as of June 30, 2017 and June 30, 2016, were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

Valuation date	July 1, 2015	July 1, 2016
Measurement date	June 30, 2015	June 30, 2016
Inflation	2.60%	2.60%
Salary increases, including inflation	3.25%	3.25%
Mortality	Generational RP-2000 with Projection Scale BB	Generational RP-2000 with Projection Scale BB
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

The long-term expected rate of return, net of investment expense on pension plan investments was 7.60% as of June 30, 2016 and June 30, 2015. This rate was determined using a forward-looking capital market economic model. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The expected real rate of return is presented in arithmetic means.

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1%	3.0%
Fixed Income	18%	4.7%
Global equity	53%	8.1%
Real Estate (property)	10%	6.4%
Private equity	6%	11.5%
Strategic investments	12%	6.1%
Total	100.00%	

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Note 8 - Retirement Plans *(Continued)*

Discount Rate – The discount rate used to measure the total pension liability was 7.60% for FRS for June 30, 2016 and June 30, 2015. The discount rate used to measure the total pension liability was 2.85% and 3.80% for HIS as of June 30, 2016 and June 30, 2015 respectively. For FRS, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor.

Sensitivity of CFX's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents CFX's proportionate share of the net pension liability calculated using the discount rate of 7.60% for FRS for June 30, 2016 and June 30, 2015. The discount rate of 2.85% and 3.80% was used for HIS for June 30, 2016 and June 30, 2015 respectively. The following also presents what CFX's proportionate share of the net pension liability would be at June 30, 2017 and 2016 if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the respective current rate:

As of June 30, 2017

FRS	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
CFX's proportionate share of the net pension liability (asset)	$ 8,860,120	$ 4,812,490	$ 1,443,373

HIS	1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
CFX's proportionate share of the net pension liability (asset)	$ 2,314,782	$ 2,017,719	$ 1,771,173

As of June 30, 2016

FRS	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
CFX's proportionate share of the net pension liability (asset)	$ 5,826,098	$ 2,248,394	$ (728,843)

HIS	1% Decrease 2.8%	Current Discount Rate 3.8%	1% Increase 4.8%
CFX's proportionate share of the net pension liability (asset)	$ 1,826,666	$ 1,603,107	$ 1,416,693

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Note 8 - Retirement Plans *(Continued)*

Change in Net Pension Liability - The following is a summary of changes in net pension liability (in thousands):

	June 30, 2016	Additions	Deletions	June 30, 2017	Due Within One year
Net pension liability	$ 3,852	$ 3,532	$ 554	$ 6,830	$ -

	June 30, 2015	Additions	Deletions	June 30, 2016	Due Within One year
Net pension liability	$ 2,377	$ 1,959	$ 484	$ 3,852	$ -

Pension Plan Fiduciary Net Position – Detailed information about FRS and HIS fiduciary net position is available in the separately issued FRS financial report. The latest available report may be obtained by writing to the Department of Management Services, Office of the Secretary, 4050 Esplanade Way, Tallahassee, FL 32399-0950 or from the website: http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

Note 9 - Risk Management

CFX is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which CFX purchases commercial insurance.

No settlements have exceeded coverage levels in place during 2015, 2016 and 2017.

CFX is covered by the State of Florida's State Group Insurance program, a risk management pool to which risk is transferred in exchange for annual premium payments.

Note 10 - Subsequent Events

Hurricane Irma hit the Central Florida area September 10 and 11, 2017. On September 5, 2017 Governor Rick Scott suspended tolls on all CFX roadways to help with the evacuations happening around the state. The toll suspension was lifted on September 21, 2017. It is projected that approximately $18,750,000 was lost in toll revenue due to the direct suspension of tolls. CFX had minor damage including two depressions on the roadway on SR 429 and some damaged signs. As of the date of these financial statements, CFX is estimating the damage to cost approximately $1,000,000 to repair.

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REQUIRED SUPPLEMENTARY INFORMATION

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CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Trend Data on Infrastructure Condition

CFX elected to use the modified approach to account for maintenance of its infrastructure assets starting in fiscal year 1997. The FDOT annually inspects CFX's roadways. The FDOT utilizes the Maintenance Rating Program (the "MRP") to assess the condition of the System. Copies of the MRP manual may be obtained from the State Maintenance Office, 605 Suwannee Street, Mail Station 52, Tallahassee, FL 32399-0450. The MRP manual provides a uniform evaluation system for maintenance features of the State Highway System. The roadways are rated on a 100-point scale, with 100 meaning that every aspect of the roadway is in new and perfect condition. CFX's System, as a whole, is given an overall rating, indicating the average condition of all roadways operated by CFX. The assessment of condition is made by visual and mechanical tests designed to reveal any condition that would reduce highway-user benefits below the maximum level of service. CFX's policy is to maintain the roadway condition at a MRP rating of 80 or better. The results of the last three completed inspections are as follows:

Evaluation Period Fiscal Year	Rating
2017	89%
2016	89%
2015	90%

The budget-to-actual expenditures for preservation for the past five years are as follows:

Fiscal Year	Budget	Actual
	(in thousands)	
2017	$ 38,487	$ 22,447
2016	42,406	15,964
2015	26,085	3,975
2014	2,998	468
2013	7,094	880

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CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Schedule of CFX's Proportionate Share of the Net Pension Liability

Florida Retirement System (FRS) Defined Benefit Pension Plan
(in thousands)

CFX Fiscal Year Ending June 30,	Plan Sponsor Measurement Date June 30,	CFX's Proportion of the FRS Net Pension Liability	CFX's Proportionate Share of the FRS Net Pension Liability	CFX's Covered Employee Payroll	CFX's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2017	2016	0.0191%	$ 4,812	$ 4,093	117.57%	84.88%
2016	2015	0.0174%	2,249	3,746	60.04%	92.00%
2015	2014	0.0157%	959	3,212	29.86%	96.09%
2014	2013	0.0091%	1,566	2,987	52.43%	88.54%

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan
(in thousands)

CFX Fiscal Year Ending June 30,	Plan Sponsor Measurement Date June 30,	CFX's Proportion of the HIS Net Pension Liability	CFX's Proportionate Share of the HIS Net Pension Liability	CFX's Covered Employee Payroll	CFX's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2017	2016	0.0173%	$ 2,018	$ 6,023	33.50%	0.97%
2016	2015	0.0157%	1,603	5,345	29.99%	0.50%
2015	2014	0.0152%	1,418	4,769	29.73%	0.99%
2014	2013	0.0154%	1,343	4,507	29.80%	1.78%

Notes:
1) This schedule is intended to show information for ten years; however, data was unavailalbe prior to 2014. Additional years' information will be presented as it becomes available.

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CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Schedule of CFX Contributions

Florida Retirement System (FRS) Defined Benefit Pension Plan
(in thousands)

Fiscal Year Ending June 30,	FRS Contractually Required Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	CFX's Covered Employee Payroll	FRS Contributions as a Percentage of Covered Payroll
2017	$ 524	$ 524	$ -	$ 4,093	12.80%
2016	465	465	-	3,746	12.41%
2015	424	424	-	3,212	13.20%
2014	344	344	-	2,987	11.52%

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan
(in thousands)

Fiscal Year Ending June 30,	HIS Contractually Required Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	CFX's Covered Employee Payroll	HIS Contributions as a Percentage of Covered Payroll
2017	$ 100	$ 100	$ -	$ 6,023	1.66%
2016	89	89	-	5,345	1.67%
2015	60	60	-	4,769	1.26%
2014	52	52	-	4,507	1.15%

Notes:

1) This schedule is intended to show information for ten years; however, data was unavailalbe prior to 2014. Additional years' information will be presented as it becomes available.

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OTHER SUPPLEMENTARY INFORMATION

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CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Calculation of the Composite Debt Service Ratio, as Defined by the Bond Resolutions and Related Documents

	Years Ended June 30, 2017	Years Ended June 30, 2016
	(in thousands)	
Schedule 1		
Revenues:		
Tolls	$ 423,748	$ 390,902
Fees collected via PBPs and UTCs	7,475	7,574
Transponder sales	236	167
Other operating	1,486	1,256
Interest	4,954	3,677
Miscellaneous	997	961
Total revenues	438,896	404,537
Expenses:		
Operations	46,371	40,716
Maintenance	15,118	13,602
Administration	7,090	6,429
Other operating	3,108	1,806
Total expenses	71,687	62,553
Add deposits into OMA reserve	1,073	972
Less advances allowable for operations and maintenance expenses received from FDOT	(6,694)	(7,699)
Net expenses	66,066	55,826
Net revenues, as defined, inclusive of advances received from the FDOT	$ 372,830	$ 348,711
Senior lien debt service payments	$ 165,163	$ 143,882
Senior lien debt service ratio of net revenues to debt service payments	2.26	2.42
Supplemental payments - County gas tax pledge	$ -	$ 9,397
Senior lien debt service ratio of net revenues and supplemental payments to debt service payments*	2.26	2.49
Subordinate Payments		
SIB Loan Payment	$ 1,031	$ 2,513
FDOT Lease Purchase Agreement Payment**	20,000	20,000
SunTrust Bank Loan Payment	6,645	1,400
Total Subordinate Payments	$ 27,676	$ 23,913
Subordinate Debt Service Ratio***	1.93	2.08

*These calculations apply to the 1990 Series Bonds, which are covered by the County's gas tax pledge.

**Mandatory payment of $20,000,000 was due to the Florida Department of Transportation. In addition, CFX exercised its discretionary authority to prepay the outstanding balance of its long term indebtedness owed to the department in the amount of $150,870,102

***These calculations are done according to the Master Subordinate Lien Resolution.

Note: Revenues and expenses are presented on this schedule on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Certain amounts included on the statement of revenues, expenses, and changes in net position are not part of net revenues, as defined, and are, therefore, excluded from this schedule.

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REPORTS ON COMPLIANCE
AND INTERNAL CONTROL

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the
Central Florida Expressway Authority
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements, as listed in the table of contents, of the Central Florida Expressway Authority (CFX) as of and for the year ended June 30, 2017, and have issued our report thereon dated [DATE].

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CFX's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CFX's internal control. Accordingly, we do not express an opinion on the effectiveness of CFX's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Members of the
Central Florida Expressway Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CFX's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management in a separate letter dated [DATE].

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CFX's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CFX's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
[DATE]

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH BOND COVENANTS

To the Members of the
Central Florida Expressway Authority
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements, as listed in the table of contents, of the Central Florida Expressway Authority (CFX) as of and for the year ended June 30, 2017, and have issued our report thereon dated [DATE].

Other Matter

In connection with our audit, nothing came to our attention that caused us to believe that CFX failed to comply with the terms, covenants, provisions, or conditions of Sections 5.2, 5.5 to 5.7, 5.9, 5.10, 5.12, and 5.17, inclusive, of the Amended and Restated Master Bond Resolution dated February 3, 2003, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding CFX's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Amended and Restated Master Bond Resolution, insofar as they relate to accounting matters.

Restricted Use Relating to the Other Matter

This communication related to compliance with the aforementioned Amended and Restated Master Bond Resolution report is intended solely for the information and use of CFX members, management, and the bondholders and is not intended to be, and should not be, used by anyone other than these specified parties.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
[DATE]

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Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

To the Members of the
Central Florida Expressway Authority
Orlando, Florida

We have examined the compliance of the Central Florida Expressway Authority (CFX) with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended June 30, 2017. Management is responsible for CFX's compliance with those requirements. Our responsibility is to express an opinion on CFX's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about CFX's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on CFX's compliance with specified requirements.

In our opinion, CFX complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2017.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
[DATE]

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Certified Public Accountants

MANAGEMENT LETTER

To the Members of the
Central Florida Expressway Authority
Orlando, Florida

Report on the Financial Statements

We have audited the financial statements of Central Florida Expressway Authority (CFX) as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated [DATE].

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, and Chapter 10.550, *Rules of the Auditor General*.

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*; Independent Auditor's Report on Compliance with Bond Covenants; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated [DATE], should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not CFX has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that CFX did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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To the Members of the
Central Florida Expressway Authority

Financial Condition *(Continued)*

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor CFX's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for CFX for the fiscal year ended June 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended June 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. There were no special district component units that were required to provide financial information to CFX for the fiscal year ended June 30, 2017.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the members of CFX's Board, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

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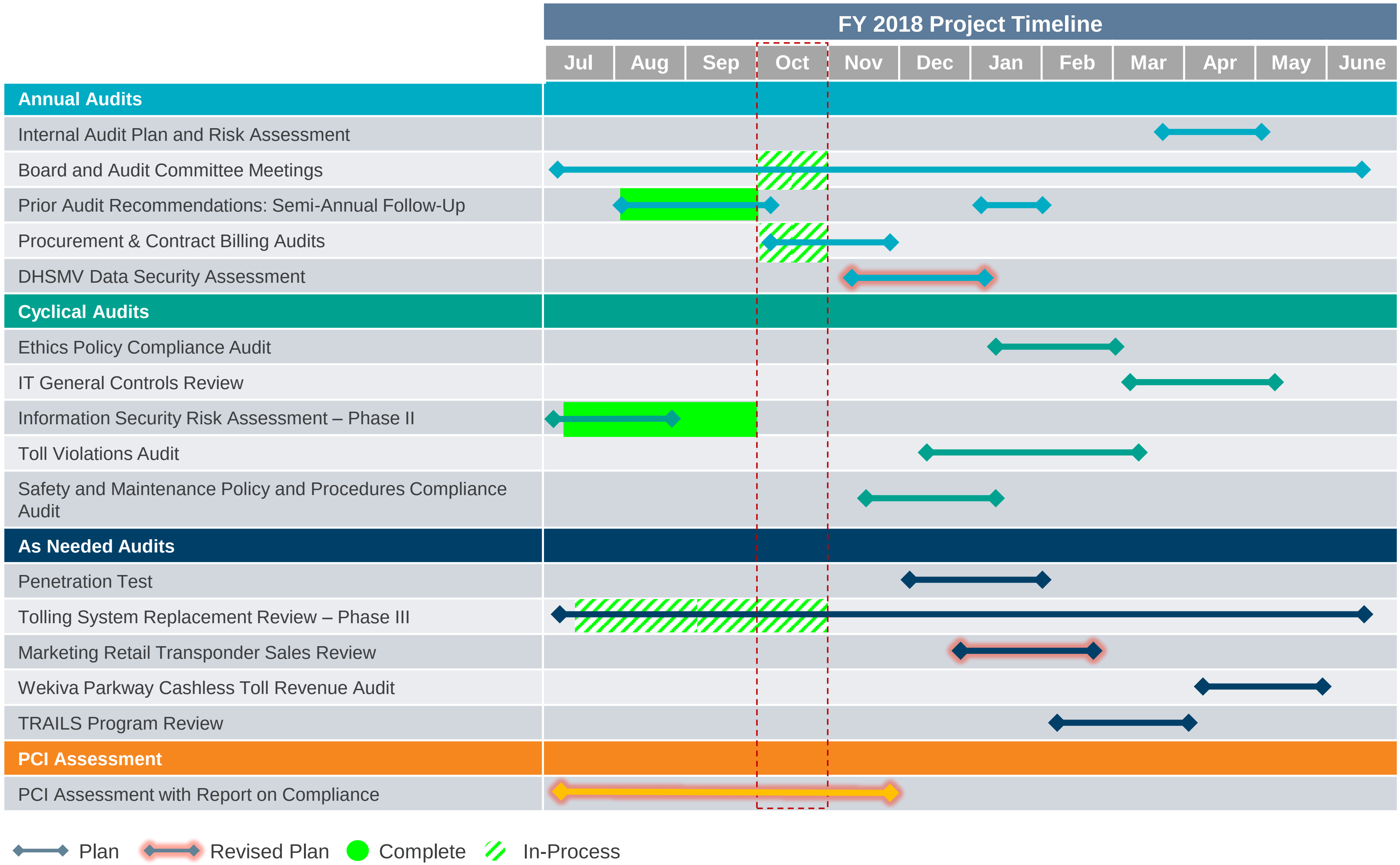
MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
[DATE]

FY 2018 Internal Audit Dashboard

As of October 26, 2017



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CFX
FY 2018 Contracts Audit
Contracts Short-list and Selection

Contract number	Contractor name	Short description	Contract expiration	Contract total	Expenditures	Percent Complete	Contract Type	Previously Tested (FY)	Notes	Selected for Testing
001123	SOUTHLAND CONSTRUCTION, INC.	429-204 S.R. 429 (WEKIVA PARKWAY) SYSTEMS INTERCHANGE	1/12/2018	$82,325,937	$60,114,628	74%	Construction	2012	Vendor previously selected (different contract)	No
001022	THE LANE CONSTRUCTION, CORPORATION	528-313 DESIGN BUILD 528 / INNOVATION WAY	3/29/2018	$62,477,988	$49,609,907	80%	Construction	2013	Vendor previously selected (different contract)	No
001060	PRINCE	429-202 S.R. 429 (WEKIVA PKWY) FROM US 441 TO NORTH OF PONKAN RD	4/21/2017	$56,553,776	$53,869,330	95%	Construction	2013	Vendor previously selected (different contract)	No
001138	GLF CONSTRUCTION CORPORATION	429-206 S.R. 429 (WEKIVA PARKWAY) FROM THE LAKE COUNTY LINE	12/23/2017	$49,568,720	$41,285,439	84%	Construction	N/A	Vendor has never been selected for testing	Yes
001119	RANGER CONSTRUCTION, INDUSTRIES, INC.	417-733 S.R. 417 MILLING & RESURFACING FROM INT'L DRIVE TO MOSS PARK RD	4/2/2017	$19,242,718	$15,376,742	80%	Construction	N/A	Vendor has never been audited	No
000965	GROUNDTEK OF CENTRAL FLORIDA	LANDSCAPE MAINTENANCE SERVICES 408 / 417	11/14/2017	$7,321,215	$5,486,595	75%	Maintenance	N/A	Vendor has never been audited. Audit Committee showed interest in the management of the landscaping contracts	No
001215	AECOM TECHNICAL SERVICES, INC.	GENERAL SYSTEMS CONSULTANT SERVICES	8/1/2021	$15,000,000	$1,361,027	9%	ITS	N/A	New contract. Less than 50% complete; however, CFX contract specialist is new to the role, and invoicing is challenging.	Yes
001144	HNTB CORPORATION SOUTHEAST, DIVISION	GENERAL SYSTEMS CONSULTANT SERVICES	8/1/2021	$15,000,000	$2,836,954	19%	ITS	N/A	New contract. Less than 50% complete; however, CFX contract specialist is new to the role, and invoicing is challenging.	Yes
001086	URS CORPORATION SOUTHERN, D/BA URS CORPORATION	599-525 SINGLE LINE DYNAMIC MESSAGE SIGN UPGRADE	7/10/2020	$395,576	$356,588	90%	ITS	N/A	Small contract procurement process has never been audited. Vendor has never been audited	No
001238	UNITED SIGNS & SIGNALS, INC	599-626 SYSTEMWIDE LOGO PANEL REPLACEMENT	11/7/2017	$363,415	$192,965	53%	Construction	2013	Small contract procurement process has never been audited. Vendor previously selected (different contract)	No

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Prior Audit Recommendations Follow-Up

August 31, 2017

Internal Audit, Risk, Business & Technology Consulting

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EXECUTIVE SUMMARY

Overview

As part of the Fiscal Year 2018 Internal Audit plan, Internal Audit performed a review of open audit recommendations from prior audit reports to verify the implementation status reported by management. Open recommendations from the following audits were evaluated:

- 2013 Toll Revenue Audit
- 2015 Intelligent Transportation Security (ITS) Systems Security Review
- 2016 Toll Revenue Audit
- 2017 Vendor Security Review
- 2017 Public Records Review
- 2017 Purchasing Spend Data Audit
- 2017 Procurement and Contract Billing Audit
- 2017 Customer Service Center Performance Assessment
- 2017 Accounting SOD and System Access Review
- 2017 Change Management - Tolling System Replacement Audit
- 2017 Human Resources Process Review
- 2017 Discount/Rebate Program Audit
- 2017 Business Continuity Management Review

Internal Audit last reviewed the status of open audit recommendations in January 2017. Results were reported to the Audit Committee at that time.

Objectives, Scope, and Approach

This review was completed as of August 31, 2017, and consisted of meetings with management to determine the status of open audit recommendations and testing of management's response and status. In addition, only those recommendations that remained open at the time of the last review have been included in this report. If a recommendation was completed as of January 15, 2017, no further work was performed and the recommendation was not included for review.

Testing performed included inquiry with the employees responsible for completing the recommendations and/or review of documentation evidence to confirm management's reported status and explanation. In instances where the evidence obtained did not agree with management's status, discussions with management were held and the differences were resolved. There were no instances where management and Internal Audit did not come to an agreement on the status of a prior audit recommendation.

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EXECUTIVE SUMMARY

Recommendations Summary

Audit	Open as of January 15, 2017	New Action Plans	Completed as of August 31, 2017	In Progress as of August 31, 2017*	Past Due
2013 Toll Revenue Audit	1	0	0	1	1
2015 Intelligent Transportation Security (ITS) Systems Security Review	1	0	1	0	0
2016 Toll Revenue Audit	1	0	0	1	1
2017 Vendor Security Review	0	1	1	0	0
2017 Public Records Review	6	0	1	5	1
2017 Purchasing Spend Data Review	0	2	2	0	0
2017 Procurement and Contract Billing Audit	0	1	0	1	0
2017 Customer Service Center Performance Assessment	0	3	0	3	0
2017 Accounting Segregation of Duties and EDEN System Access Review	0	1	1	0	0
2017 Change Management - Tolling System Replacement Audit	0	1	0	1	0
2017 Human Resources Process Review	0	1	0	1	0
2017 Discount/Rebate Program Audit	0	2	2	0	0
2017 Business Continuity Management Review	0	5	1	4	0
Total	**9**	**17**	**9**	**17**	**3**

*17 recommendations are classified as "In Progress." 3 of these recommendations are considered "Past Due."

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STATUS OF PAST DUE RECOMMENDATIONS

#	Audit	Management Action Plan	Responsible Party	Summary of Status	Due Date
1	2013 Toll Revenue Audit	**Potential Revenue Leakage/Toll Collections Audit:** CFX is automating certain aspects of the Attendant's Shift Record by integrating the unusual occurrence, violations, and insufficient fund transactions as a function in the Toll System Replacement project that is currently ongoing.	David Wynne, Director of Toll Operations	The new system is currently in the system testing phase but has not yet been deployed to operational status. Management expects the system to be completely implemented by the end of the year.	Original: 7/1/2015 Revised: 12/31/2017
2	2016 Toll Revenue Audit	**Video Monitoring of Counting Room:** CFX will procure and deploy surveillance equipment and EGIS will perform monitoring of the cameras at least weekly. The procurement of the system will be included in the upcoming camera installation project.	Fred Nieves, Manager of E-PASS & Plaza Operations	The procurement of new surveillance equipment was recently combined with the CFX Headquarters Building Security System Upgrades Project. The project will include installation of two cameras for the mailroom and counting room, and is due to begin in October or November 2017, with a duration of 100 days ending in February 2018.	Original: 12/31/2016 Revised: 2/28/2018
3	2017 Public Records Review	**Text Message Collection:** Management will implement a revised mobile mobile device procedure requiring users to keep iMessage turned off. Additionally, CFX will consider implementing a Mobile Device Management (MDM) tool to monitor compliance with revised procedures.	Corey Quinn, Chief of Technology/ Operations	The revised procedure has been implemented and compliance is currently being monitored manually. Research into the MDM capabilities is ongoing in order to reduce the manual effort required by the IT team. If such a solution is implemented, it would be deployed prior to the end of Q1 2018.	Procedure Updates: 6/30/2017 (Complete) Review Vendor MDM Capabilities: Original: 3/31/17 Revised: 3/31/2018

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STATUS OF ALL OPEN RECOMMENDATIONS

STATUS OF ALL OPEN RECOMMENDATIONS

2013 Toll Revenue Audit

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Potential Revenue Leakage/Toll Collections Audit: CFX is automating certain aspects of the Attendant's Shift Record by integrating the unusual occurrence, violations, and insufficient fund transactions as a function in the Toll System Replacement project that is currently ongoing.	David Wynne, Director of Toll Operations	In Progress (Past Due)	The new system is currently in the system testing phase but has not yet been deployed to operational status. Management expects the system to be completely implemented by the end of the year.	Original: 7/1/2015 Revised: 12/31/2017

2015 ITS Security Systems Review

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Log Configuration: CFX will implement a log aggregation tool as part of the Secure Information and Event Management solution.	Corey Quinn, Chief of Technology/Operations	Complete	A log aggregation tool has been deployed by management as of 8/31/2017	Original: 6/30/2015 Revised: 11/30/2017

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STATUS OF ALL OPEN RECOMMENDATIONS

2016 Toll Revenue Audit

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Video Monitoring of Counting Room: CFX will procure and deploy surveillance equipment and EGIS will perform monitoring of the cameras at least weekly. The procurement of the system will be included in the upcoming camera installation project.	Fred Nieves, Manager of E-PASS & Plaza Operations	In Progress (Past Due)	The procurement of new surveillance equipment was recently combined with the CFX Headquarters Building Security System Upgrades Project. The project will include installation of two cameras for the mailroom and counting room, and is due to begin in October or November 2017, with a duration of 100 days ending in February 2018.	Original: 12/31/2016 Revised: 2/28/2018

2017 Vendor Security Audit

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Log Configuration: ITS is currently in a collaborative effort with CFX IT to implement a log aggregation tool. This tool will assist in securing, managing, correlating, and alerting upon necessary logs.	Bryan Homayouni, Manager of Traffic Operations	Complete	A log aggregation tool has been deployed by management as of 8/31/2017	11/30/2017

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STATUS OF ALL OPEN RECOMMENDATIONS

2017 Public Records Review

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Records Management Policy and Procedures: CFX will develop a revised policy and desktop procedures to clearly state the direction of the Records Management function and clearly define and document key aspects of CFX's records management activities currently in place.	Michelle Maikisch, Chief of Staff	In Progress	The revised policy has been approved by the Board. Desktop procedures are in development and are expected to be completed by the original due date.	Policy revision: 6/30/2017 (Complete) Desktop procedures: 6/30/2018
Record Coordinator Training: CFX will develop a formalized training process for the Record Coordinators with assistance of the records management consultant. Training will be in addition to the basic public records training for all employees and will include detail specific to their role and responsibilities as Record Coordinators.	Michelle Maikisch, Chief of Staff	In Progress	The formalized training process for Record Coordinators is currently under development and is expected to be implemented by the due date.	12/31/2017
Records Management Database: CFX will research solutions to replace the records management database and will include the procurement of a new database in the budget for the next fiscal year.	Michelle Maikisch, Chief of Staff Corey Quinn, Chief of Technology/Operations	In Progress	Research for solutions to replace the records management database is being conducted by the Records Administrator. Purchase and implementation of the new product is on track and is expected to be completed by the due date.	6/30/2018

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STATUS OF ALL OPEN RECOMMENDATIONS

2017 Public Records Review (Continued)

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Text Message Collection: Management will implement a revised mobile device procedure requiring users to keep iMessage turned off. Additionally, CFX will consider implementing a Mobile Device Management (MDM) tool to monitor compliance with revised procedures.	Corey Quinn, Chief of Technology/Operations	In Progress (Past Due)	The revised procedure has been implemented and compliance is currently being monitored manually. Research into the MDM capabilities is ongoing in order to reduce the manual effort required by the IT team. If such a solution is implemented, it would be deployed prior to the end of Q1 2018.	Procedure Updates: 6/30/2017 (Complete) Review Vendor MDM Capabilities: Original: 3/31/2017 Revised: 3/31/2018
Electronic Public Records Destruction: CFX will establish a systematic destruction process for each type of electronic technology. The process will be documented in the policies and desktop procedures. CFX will explore e-mail management tools available to assist with the destruction process.	Michelle Maikisch, Chief of Staff	In Progress	Research into e-mail management tools is ongoing and is expected to be completed by the original due date. The systematic destruction process has been completed and implemented.	6/30/2018
Offsite Public Records Destruction: CFX will review the contractual requirements with the offsite storage vendor and will review future certificates to ensure the person performing destruction and the name of the witness are included	Michelle Maikisch, Chief of Staff	Complete	The contractual requirements for the offsite storage vendors have been reviewed, and future certifications will include the name of the person performing the destruction and the witness.	3/31/2017

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STATUS OF ALL OPEN RECOMMENDATIONS

2017 Purchasing Spend Data Audit

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Vendor Master File Maintenance: 1. CFX will update each vendor account's vendor type identifier to enable management to perform more efficient reviews of the vendor master file. 2. CFX will update the vendor account search parameters within EDEN to ensure all vendors with no activity within the last 12 months are captured in the review. Vendors deemed inactive will be deactivated. 3. CFX will implement a procedure to verify the vendor name and FEIN agrees to the Form W-9 prior to finalizing the new vendor account in EDEN. However, duplicate vendor accounts that currently have contracts and invoice data associated with each vendor account cannot be deactivated until the contracts are complete.	Lisa Lumbard, Chief Financial Officer	Complete	1. CFX has added three additional vendor types to enable management to perform more efficient reviews of the vendor master file. 2. CFX has updated the Accounts Payable policy with revised search parameters for detecting and reviewing inactive vendors. 3. CFX has implemented a procedure to review the W-9 for each new vendor for current information and completeness, and to search for duplicate vendors prior to finalizing a new vendor account in EDEN.	1. Vendor type identifier: 9/30/2017 2. Inactive vendor search: 7/31/2017 3. New vendor account verification: Upon the creation of a new vendor
Open Purchase Orders: CFX will perform a review of all open purchase orders at fiscal year-end to identify POs that should be closed or carried forward to the subsequent fiscal year	Lisa Lumbard, Chief Financial Officer	Complete	The review of open purchase orders was conducted at fiscal year-end to identify POs by department that were open or partially open as of fiscal year-end. The resulting report was provided to the department heads for comment or closing, as appropriate.	6/30/2017

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STATUS OF ALL OPEN RECOMMENDATIONS

2017 Procurement and Contract Billing Audit

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Contractor Compliance with Insurance Requirements CFX will perform a retrospective review for the A.M. Best Ratings and financial size categories for insurance carriers currently utilized by vendors for all active construction and maintenance contracts retroactive to July 1, 2016. CFX will also perform a review when new insurance certificates are submitted for review.	Aneth Williams, Director of Procurement	In Progress	The Procurement Department has taken on an additional staff member to perform the review. The review is ongoing and expected to be completed by the original due date.	12/31/2017

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STATUS OF ALL OPEN RECOMMENDATIONS

2017 Customer Service Center Performance Assessment

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Business Analytics/Performance Monitoring: CFX Toll Operations will identify a number of Key Performance Indicators (KPIs) for performance monitoring that will be displayed on the dashboards within the contact center. CFX will also determine the frequency of measurement to be displayed on the dashboards (real-time, weekly, monthly metrics, etc.). In addition, CFX will work with the third party contact center vendor to create business analytics related to the content of the dashboards.	David Wynne, Director of Toll Operations Corey Quinn, Chief of Technology/ Operations	In Progress	CFX Toll Operations is currently refining a list of Key Performance Indicators (KPIs) but does not consider the list ready to display on the dashboards at this time. The action plan is expected to be completed by the original due date.	4/30/2018
Intelligent Voice Response (IVR) Solution: CFX has identified a Call Path Report within IVR that consists of historical graphs, error reporting, and service utilization. CFX will work with the third party contact center vendor to provide data in an acceptable format and provide an internal link for Toll Operations to access the data.	Corey Quinn, Chief of Technology/ Operations	In Progress	CFX is currently working with the third party contact to provide IVR reporting/monitoring data. Work is on track to be completed by the original due date.	4/30/2018
Quality Assurance Processes: Screen captures are scheduled to be recorded for each call to allow QA to monitor an agent's use of the system during a call. However, the data is not being captured. CFX will review and work on a fix for this issue.	David Wynne, Director of Toll Operations Corey Quinn, Chief of Technology/ Operations	In Progress	CFX has been working with the vendor and has largely resolved the issue. However, the data is still not being captured consistently for about four users. Management expects the issue to be resolved by the original due date.	4/30/2018

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STATUS OF ALL OPEN RECOMMENDATIONS

2017 Accounting System Access and SOD Review

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
EDEN User Access: CFX will pursue a password change for accounts with administrator access, or determine if the accounts can be deactivated without negatively impacting the business processes.	Corey Quinn, Chief of Technology/Operations	Complete	Administrator accounts are managed by EDEN to assist CFX during any calls. To safeguard against anything happening without management's knowledge, CFX has set up an automatic e-mail to be generated and sent to Lisa Lumbard, CFO, if anyone logs into the administrator accounts. The administrator accounts are utilized by the EDEN application in the background of several processes, and deactivating the accounts may negatively impact business processes. However, CFX feels that the e-mail alerts are reasonable safeguards against the two accounts being used maliciously.	7/31/2017

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STATUS OF ALL OPEN RECOMMENDATIONS

2017 Change Management – Tolling System Replacement Audit

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
TSR Vulnerability Scans: Though the Critical and High vulnerabilities identified by the vulnerability scanner have been remediated, CFX will continue plans to remediate the Medium vulnerabilities near the completion of the TSR project.	Corey Quinn, Chief of Technology/Operations	In Progress	The remediation of these vulnerabilities is contingent upon the Toll System Replacement project completion. As such, the due date for remediation should be after the project is complete (estimated June 2019), which is consistent with the original due date.	6/30/2019

2017 Human Resources Process Review

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Document HR Redundancy Plan: CFX will develop a redundancy plan strategy based on the current organization structure. For all department heads and executives, CFX will determine the necessary expertise required to fill the role, and will designate a position to perform the role's critical duties on an interim basis in the event of a planned or unplanned vacancy.	Michelle Maikisch, Chief of Staff	In Progress	The organizational chart has been reviewed to begin identifying positions requiring similar expertise to department head and executive positions. The HR department is performing further analysis to refine and formally document the redundancy plan. Analysis is ongoing and is expected to be completed by the original due date.	7/1/2018

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STATUS OF ALL OPEN RECOMMENDATIONS

2017 Human Resources Process Review (Continued)

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Merit-Based Compensation: 1. CFX will define which performance evaluation scores are considered above average, average, and below average. 2. CFX will define the merit adjustment percentages to be assigned to above average, average, and below average performers annually. The merit adjustment percentages and the performance evaluation scores required to earn each adjustment will be communicated to employees in order to enhance the goal-setting process. 3. CFX executive team will schedule the annual performance evaluation review prior to distribution of final performance evaluation scores to ensure the supervisor evaluation style is homogenized.	Evelyn Wilson, Director of HR Michelle Maikisch, Chief of Staff	In Progress	1. CFX has informally defined a range of performance evaluation scores considered above average, average, and below average. Ranges are due to be formally communicated to employees when merit adjustment percentages are assigned to each range at the end of the current fiscal year. 2. CFX will define the merit adjustment to be assigned to each range of performance evaluation scores as part of the budgeting process at the end of the current fiscal year. 3. The CFX executive team will review all performance evaluations before results are distributed to employees, which is generally at the end of the fiscal year.	7/1/2018
Knowledge Management Plan: Based on the most recent entity-wide risk assessment performed in FY2017, CFX will focus initial knowledge management efforts, including the development of a knowledge management plan, on the Information Technology (IT) department. Additionally, knowledge sharing will be included in the teamwork aspect of annual performance evaluations.	Michelle Maikisch, Chief of Staff Corey Quinn, Chief of Technology/Operations Jim Greer, Director of IT	In Progress	The creation of a knowledge management plan is in progress and is expected to be completed by the due date. Additionally, IT will include knowledge sharing in the teamwork aspect of the next round of annual performance evaluations.	7/1/2018

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STATUS OF ALL OPEN RECOMMENDATIONS

2017 Discount/Rebate Program Audit

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Revenue Projection Report: Management will implement a monthly review of the Projection Discount Rebate Tracking Schedule to verify the accuracy of inputs and calculations before determining whether revenue thresholds have been met to authorize the Beltway Discount and School Bus Toll Rebate.	Lisa Lumbard, Chief Financial Officer	Complete	The review of the Projection Discount Rebate Tracking Schedule is performed by the Finance Department as part of the monthly review schedule.	8/31/2017
Discount Publication on CFX Website: Management will implement and document a quarterly review of the rate, discount, and rebate information posted to the CFX website for accuracy.	Michelle Maikisch, Chief of Staff	Complete	A website discount review procedure has been implemented to review applicable language relating to the customer discount program, including quarterly review dates and deadlines to submit reports to the Chief of Staff.	7/31/2017

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STATUS OF ALL OPEN RECOMMENDATIONS

2017 Business Continuity Management Review

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Infrastructure for Key Applications: CFX will research the feasibility of modifying internal applications to remain available during outages.	Corey Quinn, Chief of Technology/Operations	Complete	CFX has completed research and selected appropriate solutions to maintain availability of key applications during outages.	9/30/2017
Disaster Recovery Testing Plan: CFX will formalize a Disaster Recovery testing plan.	Corey Quinn, Chief of Technology/Operations	In Progress	The documentation is in progress and is expected to be completed by the original due date.	12/31/2017
Crisis Management Testing: Management will create a crisis management testing program.	Evelyn Wilson, Director of HR Michelle Maikisch, Chief of Staff	In Progress	CFX recently hired a Facilities Maintenance Supervisor who will assume responsibility for crisis management testing, business continuity plan development, and evacuation plans.	12/31/2017
Crisis Management Plan: Management will formally document a Crisis Management Plan.	Evelyn Wilson, Director of HR CFX Crisis Management Team ("CMT") CFX Executive Management	In Progress	CFX recently hired a Facilities Maintenance Supervisor who will assume responsibility for crisis management testing, business continuity plan development, and evacuation plans. Additionally, CFX has hired an armed security guard to survey the front desk area and address security concerns within the building. The Crisis Management Plan will be documented and communicated by the Facilities Maintenance Supervisor.	4/1/2018

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STATUS OF ALL OPEN RECOMMENDATIONS

2017 Business Continuity Management Review (Continued)

Management Action Plan	Responsible Party	Status	Summary of Status	Due Date
Business Continuity Plan: Each department will develop business continuity documentation.	Lisa Lumbard, Chief Financial Officer Joe Berenis, Chief of Infrastructure Corey Quinn, Chief of Technology/Operations Aneth Williams, Director of Procurement	In Progress (Accounting) Complete (Infrastructure) In Progress (IT) Not Started (Procurement)	Accounting business continuity documentation is in progress and is scheduled to be completed by the original due date. Infrastructure business continuity documentation is complete and has been provided to the Chief of Staff. IT business continuity documentation is in progress and is scheduled to be completed by the original due date. Procurement business continuity documentation has not yet been started but is scheduled to be completed by the original due date. The Director will contact Protiviti personnel for relevant templates and guidance.	12/31/2017

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Executive Summary of the Information Security Risk Assessment – Phase II

Central Florida Expressway Authority

September 2017

FY2018 Information Security Risk Assessment Review

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FY2018 Information Security Risk Assessment Review

I. Executive Summary

Overview

This report represents the results of Phase II of the Information Security Risk Assessment conducted by Internal Audit ("IA") for the Central Florida Expressway Authority ("CFX") as outlined in Florida Statute 282.318, "Security of Data and Information Technology". This statute requires that an agency:

- *Use a standard risk assessment methodology that includes the identification of an agency's priorities, constraints, risk tolerances, and assumptions necessary to support operational risk decisions.*
- *Conduct, and update every 3 years, a comprehensive risk assessment, which may be completed by a private sector vendor, to determine the security threats to the data, information, and information technology resources, including mobile devices and print environments, of the agency.*

The standard risk assessment methodology that IA used during this Information Security Risk Assessment was the National Institute of Standards and Technologies ("NIST") Special Publication 800-30.

Summary of Findings

As a result of this assessment, IA identified (3) observations that should be addressed in order to strengthen the overall security within the CFX environment. The observations include:

1. Penetration testing practices
2. Data Loss Prevention practices
3. Configuration standards

Recommendations

The following high-level recommendations should be considered in order to address the topics above:

1. Expand the current penetration testing practices
2. Expand the current Data Loss Prevention practices
3. Enhance the current configuration standards

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II. Scope and Approach

Scope

This phase of the assessment leveraged the results of the Asset Identification conducted during Phase I. There were 13 asset types identified during Phase I. All 13 asset types were assessed during Phase II. Each asset's threats, vulnerabilities, risks, and safeguards were reviewed to complete the Information Security Risk Assessment of the CFX environment, which includes both CFX and ITS ("Intelligent Transportation Systems") systems.

Approach

IA reviewed documentation and interviewed key CFX and ITS personnel in order to:

1. Assess Threats & Vulnerabilities
2. Determine Risk
3. Identify Safeguards
4. Determine Residual Risk

IA utilized the 13 assets identified in Phase I and determined risks rankings from identified threats, vulnerabilities, and safeguards. The dotted line in the graphic on the next page depicts IA's approach during phase II.

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FY2018 Information Security Risk Assessment Review

Approach

Asset Identification	Threat Assessment	Vulnerability Assessment	Risk Determination	Identification of Countermeasures
Activities				
• Identify assets • Group into asset categories • Document asset background • Review business importance of asset	• Identify potential and known threats • Classify threats • Link threats to assets and vulnerabilities • Assess likelihood of threat occurrence	• Identify vulnerabilities • Classify vulnerabilities • Link vulnerabilities to assets • Assess potential impact and likelihood of vulnerability	• Determine risk strategy (mitigation, acceptance, transference) • Quantify risks based on management defined scale • Identification of risk acceptance authority • Validate risk levels with management • Prioritize risk	• Link safeguards to threats, assets, and vulnerabilities • Based on current safeguard control effectiveness, reassess Impact and Likelihood to evaluate Residual Risk

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