

# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

## AGENDA AUDIT COMMITTEE MEETING OCTOBER 31, 2024 2:00 p.m.

Meeting location: Central Florida Expressway Authority  
4974 ORL Tower Road  
Orlando, FL 32807  
Pelican Conference Room

### A. CALL TO ORDER

### B. PUBLIC COMMENT

Pursuant to Section 286.0114, Florida Statutes and CFX Rule 1-1.011, the Audit Committee provides for an opportunity for public comment at the beginning of each regular meeting. The Public may address the Committee on any matter of public interest under the Committee's authority and jurisdiction, regardless of whether the matter is on the Committee's agenda but excluding pending procurement issues. Public Comment speakers that are present and have submitted their completed Public Comment form to the Recording Secretary at least 5 minutes prior to the scheduled start of the meeting will be called to speak. Each speaker shall be limited to 3 minutes. Any member of the public may also submit written comments which, if received during regular business hours at least 48 hours in advance of the meeting, will be included as part of the record and distributed to the Committee members in advance of the meeting.

### C. APPROVAL OF JULY 11, 2024 AUDIT COMMITTEE MEETING MINUTES (action item)

### D. AGENDA ITEMS

1. **REPORT ON FISCAL YEAR 2024 FINANCIAL STATEMENTS AND REQUIRED COMMUNICATIONS** – *Joel Knopp, Shareholder, MSL* (action item)
2. **FISCAL YEAR 2025 INTERNAL AUDIT PLAN STATUS UPDATE** – *Jeff Tecau, Managing Director, Protiviti* (info item)
3. **FISCAL YEAR 2025 PROCUREMENT AND CONTRACT BILLING AUDITS CONTRACT SELECTION** *Jeff Tecau, Managing Director, Protiviti* (info item)
4. **PRIOR YEAR AUDIT RECOMMENDATIONS: SEMI-ANNUAL FOLLOW-UP** - *Landon Willey, Manager, Protiviti* (info item)
5. **FISCAL YEAR 2025 COSO GOVERNANCE REVIEW** – *Landon Willey, Manager, Protiviti* (action item)

### E. OTHER BUSINESS

(CONTINUED ON NEXT PAGE)

## F. ADJOURNMENT

This meeting is open to the public.

*Section 286.0105, Florida Statutes states that if a person decides to appeal any decision made by a board, agency, or commission with respect to any matter considered at a meeting or hearing, they will need a record of the proceedings, and that, for such purpose, they may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.*

*Persons who require translation services, which are provided at no cost, should contact CFX at (407) 690-5000 x5316 or by email at [Malaya.Bryan@cfxway.com](mailto:Malaya.Bryan@cfxway.com) at least three (3) business days prior to the event.*

*In accordance with the Americans with Disabilities Act (ADA), if any person with a disability as defined by the ADA needs special accommodations to participate in this proceeding, then they should contact the Central Florida Expressway Authority at (407) 690-5000 no later than two (2) business days prior to the proceeding.*

*Please note that participants attending meetings held at the CFX Headquarters Building are subject to certain limitations and restrictions in order to adhere to the CDC guidelines and to ensure the safety and welfare of the public.*

**C.**

**APPROVAL OF  
JULY 11, 2024  
AUDIT COMMITTEE  
MEETING MINUTES**

# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

## MINUTES CENTRAL FLORIDA EXPRESSWAY AUTHORITY AUDIT COMMITTEE MEETING July 11, 2024

Location: Central Florida Expressway Authority  
4974 ORL Tower Road  
Orlando, FL 32807  
Pelican Conference Room 107

### Committee Members Present:

Lorie Bailey Brown, Seminole County Representative, Chairman  
Michelle Miller, Citizen Representative  
Kristy Mullane, Lake County Representative  
Jamie Rowland, Osceola County Representative  
Kathy Wall, Brevard County Representative

### Committee Members Not Present:

Ray Walls, Orange County Representative  
Jose Fernandez, City of Orlando Representative

### Staff Present:

Michelle Maikisch, Executive Director  
Lisa Lumbar, Chief Financial Officer  
Angela Wallace, General Counsel  
Mimi Lamaute, Recording Secretary/ Manager of Executive and Board Services

### **A. CALL TO ORDER**

The meeting was called to order at approximately 2:02 p.m. by Chairman Bailey Brown.

### **B. PUBLIC COMMENT**

There was no public comment.

### **C. APPROVAL OF THE APRIL 25, 2024 MINUTES**

A motion was made by Ms. Rowland and seconded by Ms. Mullane to approve the April 25, 2024 minutes as presented. The motion carried unanimously with all five (5) committee members present voting AYE by voice vote. Mr. Fernandez and Mr. Walls were not present.

Ms. Lisa Lumbard, Chief Financial Officer, introduced CFX's new Committee Member Michelle Miller appointed by Board Member Christopher "C.J." Maier.

#### **D. AGENDA ITEMS**

##### **1. STATUS UPDATE: FISCAL 2024 INTERNAL AUDIT PLAN**

Mr. Jeff Tecau with Protiviti provided a status update on the Fiscal 2024 Internal Audit Plan.

The Committee members asked questions which were answered by Mr. Tecau.

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

##### **2. REVIEW AND ACCEPTANCE OF MICROSOFT CLOUD SECURITY ASSESSMENT**

Mr. Chris Porter with Protiviti provided a summary of procedures performed and the results of the Microsoft Cloud Security Assessment. He described the observations.

The Committee members asked questions which were answered by Mr. Porter and Mr. Jim Greer, Chief of Technology/Operations.

**A motion was made by Ms Mullane and seconded by Ms. Wall to accept the Microsoft Cloud Security Assessment as presented. The motion carried unanimously with all five (5) committee members present voting AYE by voice vote. Mr. Fernandez and Mr. Walls were not present.**

##### **3. REVIEW AND ACCEPTANCE OF FISCAL 2025 INTERNAL AUDIT PLAN AND RISK ASSESSMENT**

Mr. Jeff Tecau with Protiviti provided background and findings of the FY 2025 Risk Assessment and Audit Plan.

Mr. Christ Poter with Protiviti described the details of the Annual IT Tabletop Exercise and the Intelligent Transportation System (ITS) Security Review Audit.

Mr. Tecau and Mr. Landon Willey with Protiviti, discussed the upcoming three year Internal Audit Plan and Protiviti's Internal Audit Charter.

The Committee members commented and asked questions, which were answered by Mr. Tecau.

**A motion was made by Ms. Rowland and seconded by Ms. Mullane to accept the Fiscal 2025 Internal Audit Plan and Risk Assessment as presented. The motion carried unanimously with all five (5) committee members present voting AYE by voice vote. Mr. Fernandez and Mr. Walls were not present.**

**4. ANNUAL MANAGEMENT REVIEW OF INTERNAL CONTROL MATTERS**

a. Effectiveness of the Internal Control System, Including IT Security and Control  
Ms. Lisa Lumbar, Chief Financial Officer described the internal control for the agency including IT security and control.

b. Process for Assessing, Monitoring and Controlling Significant Risks  
Ms. Lisa Lumbar, Chief Financial Officer described the internal control of assessing, monitoring and controlling significant risks.

c. System for Monitoring Compliance with Laws and Regulations and Results of Investigation of Any Instances of Non-Compliance  
Ms. Angela J. Wallace, General Counsel described the system for monitoring compliance with laws and regulations and results of investigation of any instances of non-compliance.

d. Adequacy, Administration and Compliance with CFX's Code of Ethics  
Ms. Angela J. Wallace, General Counsel detailed the internal controls for the adequacy, administration and compliance with CFX's Code of Ethics.

e. Procedures for "Hotline" Reporting  
Ms. Angela J. Wallace, General Counsel detailed the internal controls for the procedures for "Hotline" reporting.

(These items were presented for information only. No committee action was taken.)

**5. ANNUAL AUDIT COMMITTEE REVIEWS**

a. Annual discussion regarding Internal Auditor performance and effectiveness  
Ms. Lorie Bailey Brown, Audit Committee Chair discussed the Internal Auditor performance and effectiveness.

b. Confirmation of completion of responsibilities in the Audit Committee Charter  
Ms. Jeff Tecau with Protiviti confirmed the completion of responsibilities in the Audit Committee Charter.

(These items were presented for information only. No committee action was taken.)

Ms. Bailey Brown announced this was her last meeting as Chairman. Per the Committee Charter, the incoming Committee Chairman is Osceola County's Representative, Ms. Jamie Rowland.

**E. OTHER BUSINESS**

No other business was discussed.

**F. ADJOURNMENT**

Chairman Bailey Brown adjourned the meeting at approximately 3:01 p.m.

Minutes approved on \_\_\_\_\_, 2024.

*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](mailto:publicrecords@CFXway.com) or 4974 ORL Tower Road, Orlando, FL 32807.*

**D.1.**



# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Required Auditor Communications  
Fiscal Year Ended June 30, 2024

Presented by:  
Joel A. Knopp, CPA



The background of the slide is a collage of palm trees and a building, split into four quadrants by a white 'X' shape. The top-left and bottom-right quadrants show a close-up of a palm tree trunk and fronds against a blue sky. The top-right and bottom-left quadrants show a palm tree frond in the foreground and a multi-story building in the background.

# Audit Overview

# Services and Deliverables

- Engaged to audit CFX's financial statements for the years ended June 30, 2024 and 2023
- Issue an opinion as to whether or not CFX's financial statements are presented fairly, in all material respects, in conformity with GAAP (pages 1-3)



# Other Reports

- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters (pages 54-55)
- Report on Compliance with Bond Covenants (page 56)
- Examination Report on Investment Compliance (page 57)
- Management Letter (pages 58-60)

# 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.

# Communication of Significant Matters



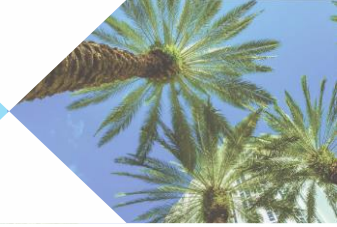
There were no audit adjustments made during the course of the audit

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

# Management Representations



We will request 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

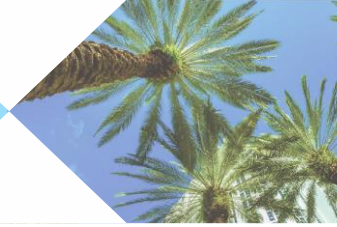


# Assigned Individual

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



# Audit Schedule



Audit Stage	Dates
Interim fieldwork	June 2024
Year-end fieldwork	Sept. 2024
Review of Financial Statements	Oct. 2024
Presentation to the Audit Committee	Oct. 31, 2024
Presentation to the Board	Nov. 14, 2024
Submission of ACFR to GFOA	By Dec. 31, 2024

The background of the slide is a collage of two images. The left half shows a close-up of a palm tree trunk and fronds against a clear blue sky. The right half shows a multi-story building with a modern architectural style, featuring balconies and large windows, with palm trees in the foreground and background.

# Financial Highlights



FLORIDA ROOTS. GLOBAL REACH.

# Financial Highlights - Overview

*(in thousands)*



	Year Ended 6/30/24	Year Ended 6/30/23
Total Assets and Deferred Outflows	\$ 7,678,000	\$ 7,313,000
Total Liabilities and Deferred Inflows	\$ 3,590,000	\$ 3,677,000
Net Position	\$ 4,088,000	\$ 3,636,000
Operating Revenue	\$ 721,000	\$ 645,000
Operating Expenses	\$ 180,000	\$ 176,000
Operating Income	\$ 541,000	\$ 468,000
Change in Net Position	\$ 452,000	\$ 362,000
% Incr (Decr) in Operating Revenue	11.8%	5.2%
% Incr (Decr) in Operating Expense	2.1%	13.2%

# Financial Highlights - Balance Sheets

(in thousands)



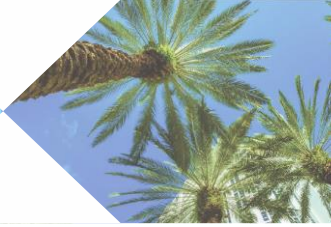
	2024	2023
Unrestricted Assets	\$ 532,000	\$ 604,000
Restricted Assets	314,000	316,000
Capital Assets	6,590,000	6,134,000
Deferred Outflows of Resources	<u>242,000</u>	<u>259,000</u>
Total Assets and Deferred Outflows	<u>\$ 7,678,000</u>	<u>\$ 7,313,000</u>
Revenue Bonds Outstanding	3,140,000	3,255,000
Other Liabilities	441,000	412,000
Deferred Inflows of Resources	<u>9,000</u>	<u>10,000</u>
Total Liabilities and Deferred Inflows	3,590,000	3,677,000
Total Net Position	<u>4,088,000</u>	<u>3,636,000</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 7,678,000</u>	<u>\$ 7,313,000</u>

# Financial Highlights - Operation Overview *(in thousands)*



	2024	2023
Operating Revenues	\$ 720,000	\$ 645,000
Other Income, Gains, Contributions	<u>33,000</u>	<u>25,000</u>
Total Revenues	<u>753,000</u>	<u>670,000</u>
Operating Expenses	180,000	176,000
Interest Expense	117,000	125,000
Other Expense and Losses	<u>4,000</u>	<u>7,000</u>
Total Expenses	<u>301,000</u>	<u>308,000</u>
Change in Net Position	452,000	362,000
Net Position, Beginning of Year	<u>3,636,000</u>	<u>3,274,000</u>
Net Position, End of Year	<u>\$ 4,088,000</u>	<u>\$ 3,636,000</u>
Debt Service Ratio	3.09	2.72

# Questions or Comments



***"DRAFT FOR DISCUSSION PURPOSES ONLY"***

**CENTRAL FLORIDA  
EXPRESSWAY AUTHORITY**

**Financial Statements and  
Supplementary Information**

**For Years Ended June 30, 2024 and 2023**



**"DRAFT FOR DISCUSSION PURPOSES ONLY"**  
**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Central Florida Expressway Authority ("CFX") as of and for the fiscal years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise CFX's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CFX as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CFX, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CFX's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Members of the  
Central Florida Expressway Authority

***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CFX's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CFX's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***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 audits 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.

To the Members of the  
Central Florida Expressway Authority

***Supplementary Information***

Our audits were 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 audits 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.

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, 2024 and 2023. 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 \$540,776,000 (an increase of 15%) and \$468,460,000 (an increase of 3%) for fiscal years 2024 and 2023, respectively. The increase in operating income in fiscal year 2024 and 2023 is primarily due to increases in toll revenue from higher traffic.

Net income produced an increase in net position of \$452,034,000 and \$362,173,000 for fiscal years 2024 and 2023, 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 2024, CFX had a net position of \$4,087,832,000, an increase of 12% over fiscal year 2023. At the close of fiscal year 2023, CFX had a net position of \$3,635,798,000, an increase of 11% over fiscal year 2022. 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 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.

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 \$4,087,832,000 at the close of the most recent fiscal year. This represents an increase of \$452,034,000 (12%) over the previous year, which is attributable to operations. Unrestricted net position decreased from \$738,797,000 on June 30, 2023, to \$659,400,000 on June 30, 2024, a decrease of \$79,397,000 (11%). This decrease was largely due to the increase in CFX's investment in capital assets.

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 \$6,590,457,000 in capital assets, net of accumulated depreciation, \$39,809,000 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.

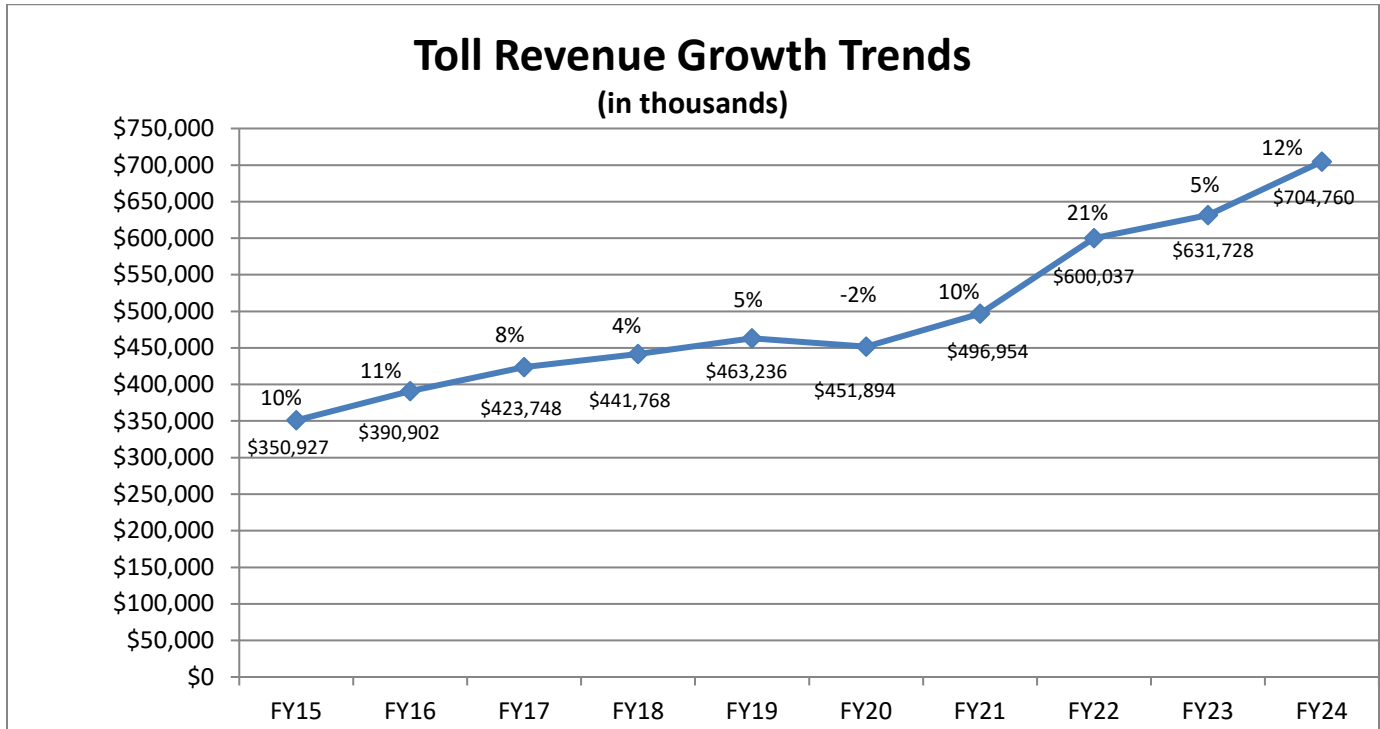
Since the Goldenrod Road Extension is a non-system project, it is accounted for on individual lines in the statements of revenues, expenses and changes in net position, in the non-operating revenues (expenses) section. The toll revenues on this non-system project are not pledged to CFX's bond indebtedness.

**Central Florida Expressway Authority's Net Position**

	<b>June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>(in thousands)</b>		
Current and other assets	\$ 690,789	\$ 761,926	\$ 774,001
Non-current restricted assets	155,717	157,911	318,470
Capital assets	6,590,457	6,134,109	5,674,560
Total assets	7,436,963	7,053,946	6,767,031
Deferred outflows of resources	240,570	259,292	282,303
Total assets and deferred outflows	7,677,533	7,313,238	7,049,334
Current liabilities:			
Payable from unrestricted assets	158,660	130,288	63,118
Payable from restricted assets	158,662	158,134	207,803
Revenue bonds outstanding (net of current portion)	3,043,813	3,161,311	3,279,265
Other long-term liabilities	219,751	217,719	208,923
Total liabilities	3,580,886	3,667,452	3,759,109
Deferred inflows of resources	8,815	9,988	16,600
Total liabilities and deferred inflows	3,589,701	3,677,440	3,775,709
Net position:			
Net investment in capital assets	3,409,907	2,872,312	2,536,055
Restricted	18,525	24,689	33,953
Unrestricted	659,400	738,797	703,617
Total net position	\$ 4,087,832	\$ 3,635,798	\$ 3,273,625

CFX's toll revenues increased 12% and 5% during the fiscal years ended June 30, 2024 and 2023, 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.





**Central Florida Expressway Authority's Changes in Net Position**

	Years Ended June 30,		
	2024	2023	2022
	(in thousands)		
Revenues:			
Toll revenues	\$ 704,760	\$ 631,728	\$ 600,037
Transponder sales	2,187	2,300	2,123
Other operating revenue	13,647	10,539	10,443
Investment income	30,706	23,411	-
Goldenrod Road Extension - net	1,477	1,815	1,459
Other non-operating revenue	409	316	874
Capital Contribution	-	-	68,855
Total revenues	<u>753,186</u>	<u>670,109</u>	<u>683,791</u>
Expenses:			
Operations	89,821	83,518	76,066
Maintenance	23,953	21,876	19,335
Administrative	13,249	10,852	8,386
Depreciation	24,036	22,848	22,522
Preservation	16,359	24,177	21,465
Other	12,400	12,836	7,822
Interest expense	117,575	124,692	129,036
Loss on Investments	-	-	9,549
Loss on capital assets	3,759	7,137	4,541
Total expenses	<u>301,152</u>	<u>307,936</u>	<u>298,722</u>
Change in net position	452,034	362,173	385,069
Net position, beginning of year	<u>3,635,798</u>	<u>3,273,625</u>	<u>2,888,556</u>
Net position, end of year	<u>\$ 4,087,832</u>	<u>\$ 3,635,798</u>	<u>\$ 3,273,625</u>

CFX's Operations, Maintenance and Administration ("OM&A") expenses for fiscal year 2024 increased 9% from fiscal year 2023 and ended the year 7.6% under budget. CFX came in under budget primarily due to several roadway maintenance and traffic operations programs that came in under budget and unfilled positions.

Transponder sales decreased by 5% between fiscal years 2023 and 2024 due to some market stabilization after some new options were offered in 2023.

Interest income was over \$30 million in 2024. This increase of \$7 million between fiscal years 2023 and 2024 was largely due to higher interest rates and an increased balance in investments for much of the year.

Other operating revenue consists of various fees that are collected, such as statement fees, and fees received for collecting revenue on behalf of other entities. Other operating revenue increased by 1% between fiscal years 2022 and 2023 and increased by 29% between fiscal years 2023 and 2024. The increase in fiscal year 2023 and 2024 is due to a rise in fees collected from the court system for uniform traffic citations.

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 13% in fiscal year 2023 and then decreased 32% in fiscal year 2024. These ups and downs should be expected as the system matures, and various sections need additional attention.

Other expenses are expenses that were not part of CFX's 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 increased by 64% between fiscal years 2022 and 2023 and then decreased by 3% between fiscal year 2023 and 2024. The increase in 2023 is largely due to additional program support and a rise in new pilot programs and feasibility studies that are not eligible to be capitalized. 2024 although decreasing by 3%, remained fairly stable reflecting a continuation of this rise in program support.

There was a loss of \$7.1 million in capital assets in fiscal year 2023 and a loss of \$3.8 million in 2024. 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. The bulk of the loss in fiscal year 2023 and 2024 was due to 2 bridges that were torn down and some signs that were replaced.

## **Capital Asset and Debt Administration**

**Capital Assets** - CFX's investment in capital assets amounted to \$6,590,457,000 net of accumulated depreciation as of June 30, 2024, an increase of \$456,348,000 (7%) over that of June 30, 2023. CFX's investment in capital assets amounted to \$6,134,109,000 net of accumulated depreciation as of June 30, 2023, an increase of \$459,549,000 (8%) over that of June 30, 2022. 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 2024 included the following:

- Completion of various widening projects on SR417.
- Completion of widening project on SR538 from Cypress Parkway to Kinney Harmon Road.
- Design of SR 414 Extension started.
- Construction began on the first section of SR516.
- Largescale resurfacing project started on SR 429 and SR414.

**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 2024 that all its roadways exceed this standard. Pursuant to its bond covenants, CFX maintains a renewal and replacement fund for these preservation expenditures. For fiscal year 2023, projected expenses for preservation were \$30,101,000 with \$24,177,000 being spent. For fiscal year 2024, projected expenses for preservation were \$4,557,000 with \$16,359,000 being spent. The expenses were lower than projected in 2023 and higher in 2024 due to timing and delayed anticipated start dates on several projects.

**Long-term Debt** - CFX has outstanding bonds payable of \$3,140,248,000 (net of unamortized bond premiums and discounts) as of June 30, 2024.

CFX did not issue any new debt during fiscal year 2024.

The annual requirements to amortize all revenue bonds and revenue refunding bonds outstanding as of June 30, 2024, along with more detailed information on long-term debt activity, can be found in Note 5, Long-Term Debt, which begins on page 33 of the financial statements.

CFX's debt service ratio changed to 3.09 for fiscal year 2024 from 2.72 for fiscal year 2023 and 2.51 in fiscal year 2022. The fiscal year 2024 increase can be attributed to an increase in toll revenue. The fiscal year 2023 increase can be attributed to both an increase in toll revenue and a decrease in debt payments.

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 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 bond ratings as of June 30, 2024 are as follows:

	<u>Ratings</u>
Standard & Poor's	A+
Moody's	A1
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.

## **BASIC FINANCIAL STATEMENTS**

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**Balance Sheets**

<b>Assets and Deferred Outflows of Resources</b>	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(in thousands)</b>	
<b>Current assets:</b>		
Cash and cash equivalents	\$ 222,430	\$ 188,939
Investments	154,314	291,234
Accrued interest and accounts receivable	97,506	80,611
Prepaid expenses	4,433	4,005
Due from governmental agencies	40,976	25,393
Lease receivable	842	809
Inventory	3,924	3,094
Total current unrestricted assets	524,425	594,085
Current restricted assets:		
Cash and cash equivalents	158,662	158,134
Total current assets	683,087	752,219
<b>Noncurrent assets:</b>		
Lease receivable	3,720	4,563
Prepaid bond insurance	3,982	4,247
Total noncurrent unrestricted assets	7,702	8,810
Noncurrent restricted assets:		
Cash and cash equivalents	47,759	23,913
Investments	106,750	133,784
Accrued interest receivable and prepaid expenses	1,208	1,111
Total noncurrent restricted assets	155,717	158,808
Total noncurrent assets before capital assets	163,419	167,618
Capital assets not being depreciated:		
Infrastructure	5,445,673	4,991,544
Construction in progress	956,802	949,136
Capital assets - net of accumulated depreciation:		
Property and equipment	187,982	193,429
Total capital assets - net of accumulated depreciation	6,590,457	6,134,109
<b>Total noncurrent assets</b>	<b>6,753,876</b>	<b>6,301,727</b>
<b>Total assets</b>	<b>7,436,963</b>	<b>7,053,946</b>
Deferred outflow of resources	240,570	259,292
<b>Total assets and deferred outflows of resources</b>	<b>\$ 7,677,533</b>	<b>\$ 7,313,238</b>

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**Balance Sheets (continued)**

<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(in thousands)</b>	
<b>Current liabilities payable from unrestricted assets:</b>		
Accounts payable and accrued liabilities	\$ 87,133	\$ 72,016
Unearned toll revenue	48,001	36,836
Unearned other revenue	13,039	12,922
Current portion of due to governmental agencies	10,487	8,514
<b>Total current liabilities payable from unrestricted assets</b>	<b>158,660</b>	<b>130,288</b>
<b>Current liabilities payable from restricted assets:</b>		
Accounts payable and accrued liabilities	2,965	2,812
Interest payable	59,262	62,052
Current portion of revenue bonds payable	96,435	93,270
<b>Total current liabilities payable from restricted assets</b>	<b>158,662</b>	<b>158,134</b>
<b>Total current liabilities</b>	<b>317,322</b>	<b>288,422</b>
<b>Noncurrent liabilities:</b>		
Revenue bonds payable - less current portion	3,043,813	3,161,311
Due to governmental agencies - less current portion	206,414	206,737
Net pension liability	13,337	10,982
<b>Total noncurrent liabilities</b>	<b>3,263,564</b>	<b>3,379,030</b>
<b>Total liabilities</b>	<b>3,580,886</b>	<b>3,667,452</b>
Deferred inflow of resources	8,815	9,988
<b>Total liabilities and deferred inflows of resources</b>	<b>3,589,701</b>	<b>3,677,440</b>
<b>Net position:</b>		
Net investment in capital assets	3,409,907	2,872,312
Restricted for:		
Operation, maintenance and administrative reserve	17,553	15,790
Renewal and replacement reserve	972	8,899
<b>Total restricted net position</b>	<b>18,525</b>	<b>24,689</b>
Unrestricted	659,400	738,797
<b>Total net position</b>	<b>4,087,832</b>	<b>3,635,798</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 7,677,533</b>	<b>\$ 7,313,238</b>

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**Statements of Revenues, Expenses and Changes in Net Position**

	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(in thousands)</b>	
<b>Operating revenues:</b>		
Toll revenues	\$ 704,760	\$ 631,728
Transponder sales	2,187	2,300
Fees and other	13,647	10,539
<b>Total operating revenues</b>	<b>720,594</b>	<b>644,567</b>
<b>Operating expenses:</b>		
Operations	89,821	83,518
Maintenance	23,953	21,876
Administrative	13,249	10,852
Depreciation	24,036	22,848
Preservation	16,359	24,177
Other expenses	12,400	12,836
<b>Total operating expenses</b>	<b>179,818</b>	<b>176,107</b>
<b>Operating income</b>	<b>540,776</b>	<b>468,460</b>
<b>Nonoperating revenues (expenses):</b>		
Investment income (loss)	30,706	23,411
Gain (loss) on capital assets	(3,759)	(7,137)
Other nonoperating	409	316
Goldenrod Road Extension - net	1,477	1,815
Interest expense	(117,575)	(124,692)
<b>Total nonoperating revenues (expenses)</b>	<b>(88,742)</b>	<b>(106,287)</b>
<b>Change in net position</b>	<b>452,034</b>	<b>362,173</b>
<b>Net position at beginning of year</b>	<b>3,635,798</b>	<b>3,273,625</b>
<b>Net position at end of year</b>	<b>\$ 4,087,832</b>	<b>\$ 3,635,798</b>



**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**Statements of Cash Flows**

	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(in thousands)</b>	
<b>Operating activities:</b>		
Receipts from customers and users	\$ 716,867	\$ 643,430
Payments to suppliers	(159,353)	(161,416)
Payments to employees	(8,609)	(7,903)
<b>Net cash provided by operating activities</b>	<b>548,905</b>	<b>474,111</b>
<b>Capital and related financing activities:</b>		
Capital contributions	-	68,855
Acquisition and construction of capital assets	(469,430)	(484,334)
Proceeds from (payments on) disposal of capital assets	(5)	(6)
Interest paid on revenue bonds	(122,597)	(129,484)
Payment of principal on revenue bonds	(93,270)	(88,980)
Payment of principal on government advances	(301)	(286)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(685,603)</b>	<b>(634,235)</b>
<b>Investing activities:</b>		
Purchase of investments	(321,864)	(425,959)
Proceeds from sales and maturities of investments	485,818	492,836
Interest received	30,609	22,379
<b>Net cash provided by (used in) investing activities</b>	<b>194,563</b>	<b>89,256</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>57,865</b>	<b>(70,868)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>370,986</b>	<b>441,854</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 428,851</b>	<b>\$ 370,986</b>
Cash and cash equivalents - unrestricted	\$ 222,430	\$ 188,939
Restricted cash and cash equivalents - current	158,662	158,134
Restricted cash and cash equivalents - noncurrent	47,759	23,913
	<b>\$ 428,851</b>	<b>\$ 370,986</b>

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**Statements of Cash Flows (continued)**

	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(in thousands)</b>	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Income from operations	\$ 540,776	\$ 468,460
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	24,036	22,848
Goldenrod Road Extension and other miscellaneous	1,886	2,131
Changes in assets and liabilities:		
Accounts receivable	(16,895)	(17,820)
Due from governmental agencies	(15,583)	(13,406)
Prepaid expenses	(428)	(899)
Lease receivable	810	777
Inventory	(830)	(1,927)
Deferred outflows - pension-related	(74)	(839)
Accounts payable and accrued liabilities	562	(3,080)
Due to governmental agencies	1,951	3,073
Unearned toll revenue	11,165	14,848
Unearned other revenue	117	(296)
Net pension liability	2,355	6,622
Deferred inflows - leases	(872)	(871)
Deferred inflows - pension-related	(71)	(5,510)
<b>Net cash provided by operating activities</b>	<b>\$ 548,905</b>	<b>\$ 474,111</b>
<b>Noncash investing, capital, and financing activities:</b>		
Increase (decrease) in fair value of investments	\$ (5,846)	\$ (4,501)

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**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 ten members, consisting of: (a) one member each appointed by the respective chairs of the county commissions of Brevard, Lake, Osceola and Seminole Counties; (b) one member of the Orange County Commission appointed by the mayor of Orange County; (c) three citizens appointed by the Governor; (d) 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. When both restricted and unrestricted resources are available for use, it is CFX's policy to use restricted resources first for their intended purpose, and then unrestricted resources, as they are needed.

**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.

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

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

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.

**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.

**Lease Receivable** – CFX recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term for lease agreements for which CFX is a lessor. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

**Inventory** - Inventory, which consists of E-PASS transponders that will be distributed to customers, is carried at the lower-of-cost or market and is valued using the first-in, first-out (FIFO) 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 assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then. CFX has two items that qualify for reporting as deferred outflows of resources.

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**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, 2024 and 2023 as a deferred outflow of resources in the amount of \$236,246,000 and \$255,043,000, 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 \$4,324,000 and \$4,250,000 at June 30, 2024 and 2023, 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 assets that applies to future periods and will not be recognized as an inflow of resources until then. CFX has three 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, 2024 and 2023 as a deferred inflow of resources in the amount of \$4,155,000 and \$4,385,000, 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, 2024 and 2023 totaled \$375,000 and \$4,385,000, 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.

*Deferred Inflows for Leases* - During the fiscal year ended June 30, 2022, CFX implemented GASB Statement No. 87, *Leases*, and recognized a deferred inflow of resources related to a Fiber Optic Conduit Lease Agreement with Sprint Communications Company, L.P. The deferred inflow related to this lease at June 30, 2024 and 2023 totaled \$4,285,000 and \$5,157,000, respectively, and is further discussed in Note 6.

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

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

***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.

*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 with a half-year convention over the estimated useful lives of the assets as follows:

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

***Retainage Payable*** - Retainage payable represents amounts billed to CFX by contractors/consultants for which payment is not due pursuant to retained percentage provisions in various contracts until performance is accepted 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 \$165,000 from June 30, 2023 to June 30, 2024.



**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**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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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**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 2023 financial statements have been reclassified to conform to the 2024 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 reviewed on August 12, 2021, 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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Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement <sup>1</sup>	Maximum Maturity	Master Bond Resolution Permitted Investments
U.S. Treasury	100%	100%	N/A	5.50 Years (5.50 Years avg. life <sup>4</sup> 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% <sup>3</sup>	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% <sup>2</sup>	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% <sup>3</sup>	N/A	5.50 Years Avg. Life <sup>4</sup>	
Asset-Backed Securities (ABS)	25%	5%	Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent)	5.50 Years Avg. Life <sup>4</sup>	
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% <sup>2</sup>	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days	X
Bankers' Acceptances (BAs)	10% <sup>2</sup>	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 and ETFs	25%	10%	N/A	3 Years	

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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement <sup>1</sup>	Maximum Maturity	Master Bond Resolution Permitted Investments
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	
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:**

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

<sup>2</sup> Maximum allocation to all corporate and bank credit instruments is 50% combined.

<sup>3</sup> Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS, is 40%.

<sup>4</sup> 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, 2024, the carrying amount of CFX's various deposits accounts was \$386,311,380. 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, 2024 and 2023:

Issuer	2024	2023
Federal National Mortgage Association	N/A	5.62%
Federal Home Loan Mortgage Corporation	N/A	5.77%
Federal Home Loan Bank	N/A	6.25%

**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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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 2 - Deposits and Investments (Continued)**

CFX uses the distribution of maturities to manage interest rate risk. As of June 30, 2024, 22% of CFX's investments had a maturity of less than 6 months, 1% had a maturity of 6 to 12 months, 29% had a maturity of 1 to 2 years, 25% had a maturity of 2 to 3 years, 19% had a maturity of 3 to 4 years, and 4% had a maturity of over 4 years. As of June 30, 2023, 39% of CFX's investments had a maturity of less than 6 months, 18% had a maturity of 6 to 12 months, 16% had a maturity of 1 to 2 years, 21% had a maturity of 2 to 3 years, 3% had a maturity of 3 to 4 years, and 3% had a maturity of over 4 years.

Total distributions of maturities are as follows:

	As of June 30, 2024					
	(in thousands)					
	Less than 6 months	6 - 12 months	1 - 2 years	2 - 3 years	3+ years	Total
US Treasury Securities	\$ 41,683	\$ -	\$ 54,968	\$ 34,095	\$ 39,916	\$ 170,662
Federal Instruments	-	88	9,540	1,673	3,046	14,347
Corporate Note	-	824	21,810	33,436	1,901	57,971
Commercial Paper	24,070	3,520	-	-	1,524	29,114
Municipal Bond Note	-	-	403	-	-	403
Corp. Asset Backed Sec.	-	-	2,223	8,031	20,853	31,107
Total	\$ 65,753	\$ 4,432	\$ 88,944	\$ 77,235	\$ 67,240	\$ 303,604

	As of June 30, 2023 (in thousands)					
	Less than 6 months	6 - 12 months	1 - 2 years	2 - 3 years	3+ years	Total
US Treasury Securities	\$ 43,008	\$ 58,131	\$ 36,272	\$ 51,234	\$ -	\$ 188,645
Federal Instruments	61,236	-	1,215	9,333	3,224	75,008
Corporate Note	-	6,820	26,984	22,168	1,456	57,428
Commercial Paper	62,133	11,018	-	-	-	73,151
Municipal Bond Note	552	-	260	388	-	1,200
Corp. Asset Backed Sec.	391	494	1,147	5,318	22,236	29,586
Total	\$ 167,320	\$ 76,463	\$ 65,878	\$ 88,441	\$ 26,916	\$ 425,018

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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**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)	
		Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Quoted Prices in Active Markets for Similar Assets or Liabilities (Level 2)
	June 30, 2024		
United States Treasury Securities	\$ 170,662	\$ 170,662	
Commercial Paper	29,114	29,114	
Federal Instrumentalities	14,347	14,347	
Money Market Mutual Funds	165,000	165,000	
Municipal Bond Note	403	403	
Corporate Note	57,971	57,971	
Corporate Asset Backed Securities	31,107	-	\$ 31,107
Total investments by fair value measure	468,604	\$ 437,497	\$ 31,107
Total deposits	221,311		
Total deposits and investments	689,915		
Restricted	313,171		
Unrestricted	\$ 376,744		

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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 2 - Deposits and Investments (Continued)**

	June 30, 2023	Fair Value Measurements Using (in thousands)	
		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	\$ 188,645	\$ 188,645	
Commercial Paper	73,152	73,152	
Federal Instrumentalities	75,008	75,008	
Money Market Mutual Funds	176,309	176,309	
Municipal Bond Note	1,200	1,200	
Corporate Note	57,427	57,427	
Corporate Asset Backed Securities	29,586	-	\$ 29,586
Total investments by fair value measure	601,327	\$ 571,741	\$ 29,586
Total deposits	194,677		
Total deposits and investments	796,004		
Restricted	315,831		
Unrestricted	\$ 480,173		

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 are rated "AA+" by Standard & Poor's. The investments in Municipal Obligations are rated "AAA" and "AA" by Standard & Poor's. The Corporate Notes Standard & Poor's credit ratings are "AAA", "AA+", "AA", "AA-", "A+", "A", and "BBB". 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.

**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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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**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, 2024 and 2023, 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:

	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(in thousands)</b>	
Reserve funds:		
Operations, maintenance and administrative reserve	\$ 17,553	\$ 15,790
Renewal and replacement reserve	972	8,899
Total reserve funds	<u>18,525</u>	<u>24,689</u>
Bond funds:		
Principal and interest accounts	162,805	164,092
Reserve accounts	<u>131,841</u>	<u>127,050</u>
Total bond funds	<u>294,646</u>	<u>291,142</u>
Total restricted cash, cash equivalents and investments	313,171	315,831
Portion related to cash and cash equivalents	<u>206,421</u>	<u>182,047</u>
Portion related to investments	<u>\$ 106,750</u>	<u>\$ 133,784</u>

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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 3 - Due From Governmental Agencies**

Due from governmental agencies consists of the following:

	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(in thousands)</i>	
City of Orlando - Tolls Recovered	\$ 4	\$ -
E-ZPass - E-Zpass Customers' use of E-PASS Roads	2,472	1,966
Florida Department of Transportation - Florida Toll Relief	23,655	10,678
Florida Department of Transportation - Operations and Maintenance Reimbursement	1,542	991
Florida Department of Transportation - SunPass Customers' use of E-PASS Roads	5,932	6,122
Lee County - LeeWay Customers' use of E-PASS Roads	7	6
Orange County - Fines/Fees	600	582
Osceola County - CR 534 Reimbursement	500	-
Osceola County - CR 532 Widening Reimbursement	5,701	4,485
Osceola County - Shingle Creek/Poinciana Ramp Reimbursement	563	563
	<u>\$ 40,976</u>	<u>\$ 25,393</u>
Less current portion	<u>(40,976)</u>	<u>(25,393)</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 4 - Capital Assets**

Capital assets are summarized as follows (in thousands):

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>June 30, 2024</u>
Infrastructure (non-depreciable):					
Right-of-way	\$ 995,989	\$ (209)	\$ -	\$ 96,790	\$ 1,092,570
Highways and bridges	3,995,555	3,355	(2,295)	356,488	4,353,103
Total infrastructure (non-depreciable)	<u>4,991,544</u>	<u>3,146</u>	<u>(2,295)</u>	<u>453,278</u>	<u>5,445,673</u>
Construction in progress (non-depreciable):					
Right-of-way	105,260	128,106	-	(96,790)	136,576
Highways and bridges	805,868	317,315	-	(356,488)	766,695
Buildings and toll facilities	1,330	2,931	-	(1,398)	2,863
Toll equipment	1,377	-	-	(836)	541
Furniture, equipment and other	35,301	27,886	-	(13,060)	50,127
Total construction in progress (non-depreciable)	<u>949,136</u>	<u>476,238</u>	<u>-</u>	<u>(468,572)</u>	<u>956,802</u>
Property and equipment (depreciable):					
Toll equipment	91,720	4,303	(15)	836	96,844
Buildings and toll facilities	170,630	37	-	1,398	172,065
Furniture, equipment and other	140,687	414	(3,364)	13,060	150,797
Total property and equipment (depreciable)	<u>403,037</u>	<u>4,754</u>	<u>(3,379)</u>	<u>15,294</u>	<u>419,706</u>
Less accumulated depreciation for:					
Toll equipment	(44,377)	(8,762)	6	-	(53,133)
Buildings and toll facilities	(92,379)	(5,150)	-	-	(97,529)
Furniture, equipment and other	(72,852)	(10,124)	1,914	-	(81,062)
Total accumulated depreciation	<u>(209,608)</u>	<u>(24,036)</u>	<u>1,920</u>	<u>-</u>	<u>(231,724)</u>
Total property and equipment being depreciated, net	<u>193,429</u>	<u>(19,282)</u>	<u>(1,459)</u>	<u>15,294</u>	<u>187,982</u>
Total capital assets	<u>\$ 6,134,109</u>	<u>\$ 460,102</u>	<u>\$ (3,754)</u>	<u>\$ -</u>	<u>\$ 6,590,457</u>



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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 4 - Capital Assets (Continued)**

	<b>June 30, 2022</b>	<b>Additions</b>	<b>Reductions</b>	<b>Transfers</b>	<b>June 30, 2023</b>
Infrastructure (non-depreciable):					
Right-of-way	\$ 991,866	\$ 73	\$ -	\$ 4,050	\$ 995,989
Highways and bridges	3,979,387	5,673	(6,632)	17,127	3,995,555
Total infrastructure (non-depreciable)	<u>4,971,253</u>	<u>5,746</u>	<u>(6,632)</u>	<u>21,177</u>	<u>4,991,544</u>
Construction in progress (non-depreciable):					
Right-of-way	98,451	10,859	-	(4,050)	105,260
Highways and bridges	389,567	433,429	-	(17,128)	805,868
Buildings and toll facilities	2,709	989	-	(2,368)	1,330
Toll equipment	689	1,923	-	(1,235)	1,377
Furniture, equipment and other	21,942	29,183	-	(15,824)	35,301
Total construction in progress (non-depreciable)	<u>513,358</u>	<u>476,383</u>	<u>-</u>	<u>(40,605)</u>	<u>949,136</u>
Property and equipment (depreciable):					
Toll equipment	86,400	4,085	-	1,235	91,720
Buildings and toll facilities	168,086	176	-	2,368	170,630
Furniture, equipment and other	122,535	3,138	(811)	15,825	140,687
Total property and equipment (depreciable)	<u>377,021</u>	<u>7,399</u>	<u>(811)</u>	<u>19,428</u>	<u>403,037</u>
Less accumulated depreciation for:					
Toll equipment	(35,931)	(8,446)	-	-	(44,377)
Buildings and toll facilities	(87,239)	(5,140)	-	-	(92,379)
Furniture, equipment and other	(63,902)	(9,262)	312	-	(72,852)
Total accumulated depreciation	<u>(187,072)</u>	<u>(22,848)</u>	<u>312</u>	<u>-</u>	<u>(209,608)</u>
Total property and equipment being depreciated, net	<u>189,949</u>	<u>(15,449)</u>	<u>(499)</u>	<u>19,428</u>	<u>193,429</u>
Total capital assets	<u>\$ 5,674,560</u>	<u>\$ 466,680</u>	<u>\$ (7,131)</u>	<u>\$ -</u>	<u>\$ 6,134,109</u>

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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 4 - Capital Assets (*Continued*)**

**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	\$ 38,822,335

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.

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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 5 - Long-Term Debt**

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

	<b>June 30, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2024</b>
Bonds Payable:				
Series 2013B	22,625	-	(22,625)	-
Series 2016A	146,990	-	(920)	146,070
Series 2016B	615,860	-	(2,220)	613,640
Series 2017	328,510	-	(9,915)	318,595
Series 2018	207,955	-	(4,070)	203,885
Series 2019A	124,015	-	(2,340)	121,675
Series 2019B	423,095	-	(7,740)	415,355
Series 2021	543,875	-	(4,525)	539,350
Series 2021D	198,435	-	-	198,435
Total Bonds Payable	2,611,360	-	(54,355)	2,557,005
Direct Borrowings:				
Series 2012A	23,920	-	(7,475)	16,445
Series 2020A	98,285	-	(1,255)	97,030
Series 2021B	86,355	-	(28,745)	57,610
Series 2021C	51,725	-	(1,440)	50,285
Total Direct Borrowings	260,285	-	(38,915)	221,370
	2,871,645	-	(93,270)	2,778,375
Add unamortized bond premium	382,936	-	(21,063)	361,873
Less current portion of revenue bonds payable	(93,270)	(96,435)	93,270	(96,435)
Revenue bonds payable - net of current portion	\$ 3,161,311	\$ (96,435)	\$ (21,063)	\$ 3,043,813

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NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2024 and 2023**

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

	<b>June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2023</b>
Bonds Payable:				
Series 2012	\$ 25,680	\$ -	\$ (25,680)	\$ -
Series 2013B	44,260	-	(21,635)	22,625
Series 2016A	147,865	-	(875)	146,990
Series 2016B	617,995	-	(2,135)	615,860
Series 2017	337,955	-	(9,445)	328,510
Series 2018	211,830	-	(3,875)	207,955
Series 2019A	126,245	-	(2,230)	124,015
Series 2019B	430,465	-	(7,370)	423,095
Series 2021	548,175	-	(4,300)	543,875
Series 2021D	198,435	-	-	198,435
Total Bonds Payable	<u>2,688,905</u>	<u>-</u>	<u>(77,545)</u>	<u>2,611,360</u>
Direct Borrowings:				
Series 2012A	30,925	-	(7,005)	23,920
Series 2020A	99,515	-	(1,230)	98,285
Series 2021B	88,135	-	(1,780)	86,355
Series 2021C	53,145	-	(1,420)	51,725
Total Direct Borrowings	<u>271,720</u>	<u>-</u>	<u>(11,435)</u>	<u>260,285</u>
	2,960,625	-	(88,980)	2,871,645
Add unamortized bond premium	407,620	-	(24,684)	382,936
Less current portion of revenue bonds payable	(88,980)	(93,270)	88,980	(93,270)
Revenue bonds payable - net of current portion	<u>\$ 3,279,265</u>	<u>\$ (93,270)</u>	<u>\$ (24,684)</u>	<u>\$ 3,161,311</u>

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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**CENTRAL FLORIDA EXPRESSWAY AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2024 and 2023**

**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. Central Florida Expressway Authority assumed all 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 Revenue Bonds, Series 2021D, were originally issued on July 28, 2021 and were outstanding in the aggregate principal amount of \$198,435,000 and \$198,435,000 on June 30, 2024 and 2023, all of which were serial bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2026 through July 1, 2035 in amounts ranging from \$3,220,000 to \$40,675,000, plus interest. The 2021D Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2021D Bonds is due and paid semiannually. The purpose of the Series 2021D Bonds was to fund a portion of the Five-Year Work Plan.

The Central Florida Expressway Authority Taxable Refunding Revenue Bond, Series 2021C, was originally issued on June 24, 2021 and was outstanding in the aggregate principal amount of \$50,285,000 and \$51,725,000 on June 30, 2024 and 2023 respectively. The bond was issued in the form of a bank loan directly with the bondholder, Citizens First Bank. The bond is due in annual installments beginning on July 1, 2024 through July 1, 2025 in amounts ranging from \$25,105,000 to \$25,180,000 plus interest. Interest on the 2021C Bond is due and paid semiannually. The 2021C Bond is payable from, and secured by, a pledge of net revenues from the operation of the expressway System. The purpose of the Series 2021C Bond was to refund a portion of the Series 2013B Bonds for net present value savings of \$2,222,586 which represents \$2,253,553 of lower debt service payments over the life of the debt. The deferred outflow on the refunding for accounting purposes was \$2,633,478.

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

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

**Fixed Rate Debt (*Continued*)**

The Central Florida Expressway Authority Taxable Convertible Refunding Revenue Bond, Series 2021B, was originally issued on June 24, 2021 and was outstanding in the aggregate principal amount of \$57,610,000 and \$86,355,000 on June 30, 2024 and 2023 respectively. The bond was issued in the form of a bank loan directly with the bondholder, Key Government Finance, Inc. The bond is due in annual installments beginning on July 1, 2024 through July 1, 2025 in amounts ranging from \$28,790,000 to \$28,820,000 plus interest. Interest on the 2021B Bonds is due and paid semiannually. The 2021B Bond is payable from, and secured by, a pledge of net revenues from the operation of the expressway System. The purpose of the Series 2021B Bonds was to refund a portion of the Series 2012 Bonds for net present value savings of \$5,638,964, which represents \$5,726,048 of lower debt service payments over the life of the debt. The deferred outflow on the refunding for accounting purposes was \$8,697,527.

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2021, were originally issued on April 22, 2021 and were outstanding in the aggregate principal amount of \$539,350,000 and \$543,875,000 on June 30, 2024 and 2023 respectively, all of which were serial bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2024 through July 1, 2040 in amounts ranging from \$4,320,000 to \$62,120,000, plus interest. The 2021 Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2021 Bonds is due and paid semiannually. The purpose of the Series 2021 Bonds was to lower the risk profile of CFX's debt by refunding the remaining portions of the Series 2008B variable Bonds and terminate the Swaps associated with them, for net present value savings of \$1,193,124, which represents \$525,607 of higher debt service payments over the life of the debt.

The Central Florida Expressway Authority Refunding Revenue Bond, Series 2020A, was originally issued on August 18, 2020 and was outstanding in the aggregate principal amount of \$97,030,000 and \$98,285,000 on June 30, 2024 and 2023 respectively. The bond was issued in the form of a bank loan directly with the bondholder, STI Institutional & Government, Inc. The bond is due in annual installments beginning on July 1, 2024 through July 1, 2032 in amounts ranging from \$1,295,000 to \$15,480,000 plus interest. The 2020A Bond is payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2020A Bond is due and paid semiannually. The purpose of the Series 2020A Bond was to refund portions of the Series 2010B and 2013C Bonds for net present value savings of \$11,219,373, which represents \$12,322,473 of lower debt service payments over the life of the debt. The deferred outflow on the refunding for accounting purposes was \$1,046,259.

The Central Florida Expressway Authority Revenue Bonds, Series 2019A, were originally issued on December 5, 2019 and were outstanding in the aggregate principal amount of \$121,675,000 and \$124,015,000 on June 30, 2024 and 2023 respectively, including \$58,060,000 of serial bonds and \$63,615,000 of term bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2024 through July 1, 2039 in amounts ranging from \$2,460,000 to \$5,015,000, plus interest. Two term bonds were issued in the amounts of \$28,535,000 and \$35,080,000 and mature July 1, 2044 and July 1, 2049, respectively. The 2019A Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2019A Bonds is due and paid semiannually. The purpose of the Series 2019A Bonds was to purchase the Poinciana Parkway System from Osceola County.

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**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

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

**Fixed Rate Debt (*Continued*)**

The Central Florida Expressway Authority Revenue Bonds, Series 2019B, were originally issued on December 5, 2019 and were outstanding in the aggregate principal amount of \$415,355,000 and \$423,095,000 on June 30, 2024 and 2023, including \$192,240,000 of serial bonds and \$223,115,000 of term bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2024 through July 1, 2039 in amounts ranging from \$8,125,000 to \$16,895,000, plus interest. Two term bonds were issued in the amounts of \$98,015,000 and \$125,100,000 and mature July 1, 2044 and July 1, 2049, respectively. The 2019B Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2019B Bonds is due and paid semiannually. The purpose of the Series 2019B Bonds was to fund a portion of the Five-Year Work Plan.

The Central Florida Expressway Authority Revenue Bonds, Series 2018, were originally issued on November 29, 2018 and were outstanding in the aggregate principal amount of \$203,885,000 and \$207,955,000 on June 30, 2024 and 2023 respectively, including \$110,390,000 of serial bonds and \$93,495,000 of term bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2024 through July 1, 2040 in amounts ranging from \$4,270,000 to \$9,325,000, plus interest. Two term bonds were issued in the amounts of \$30,865,000 and \$62,630,000 and mature July 1, 2043 and July 1, 2048, respectively. The 2018 Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2018 Bonds is due and paid semiannually. The purpose of the Series 2018 Bonds was to fund a portion of the Five-Year Work Plan.

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2017, were originally issued on December 28, 2017 and were outstanding in the aggregate principal amount of \$318,595,000 and \$328,510,000 on June 30, 2024 and 2023 respectively, including \$220,485,000 of serial bonds and \$98,110,000 of term bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2024 through July 1, 2042 in amounts ranging from \$875,000 to \$56,340,000, plus interest. The term bond is due on July 1, 2041. The 2017 Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2017 Bonds is due and paid semiannually. The purpose of the Series 2017 Bonds was to refund all the Series 2007A, 2010A, and 2010C Bonds and a portion of the 2010B Bonds, for net present value savings of \$39,795,910, which represents \$61,030,269 of lower debt service payments over the life of the debt. The deferred outflow on the refunding for accounting purposes was \$26,266,627.

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 \$613,640,000 and \$615,860,000 on June 30, 2024 and 2023 respectively, all of which were serial bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2024 through July 1, 2040 in amounts ranging from \$2,335,000 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 \$92,180,668.91 of lower debt service payments over the life of the debt. The deferred outflow on the refunding for accounting purposes was \$75,028,080.



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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

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

**Fixed Rate Debt (*Continued*)**

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 \$146,070,000 and \$146,990,000 on June 30, 2024 and 2023 respectively, all of which were serial bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2024 through July 1, 2032 and July 1, 2036 through July 1, 2037 in amounts ranging from \$965,000 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.

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 \$0 and \$22,625,000 on June 30, 2024 and 2023, respectively, all of which were serial bonds. There are no outstanding serial bonds installments due. The 2013B Bonds were payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2013B Bonds was 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.

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 \$16,445,000 and \$23,920,000 on June 30, 2024 and 2023 respectively. 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, 2024 through July 1, 2025 in amounts ranging from \$7,960,000 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.



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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

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

**Fixed Rate Debt (Continued)**

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 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.

The annual requirements to amortize all revenue bonds and revenue refunding bonds outstanding as of June 30, 2024, are summarized as follows (all amounts in thousands). The totals below are net of capitalized interest funds available for debt service.

	Bonds Payable			Direct Borrowings		
	Principal	Interest	Total P&I Due	Principal	Interest	Total P&I Due
2025	33,285	114,926	148,211	63,150	2,442	65,592
2026	48,580	112,880	161,460	63,795	1,786	65,581
2027	104,715	109,047	213,762	10,910	1,370	12,280
2028	108,940	103,706	212,646	11,675	1,196	12,871
2029	113,745	98,145	211,890	12,460	1,010	13,470
2030-2034	640,900	406,205	1,047,105	59,380	1,796	61,176
2035-2039	754,445	245,631	1,000,076	-	-	-
2040-2044	501,750	100,661	602,411	-	-	-
2045-2049	215,670	34,433	250,103	-	-	-
2050-2054	34,975	804	35,779	-	-	-
	<u>\$ 2,557,005</u>	<u>\$ 1,326,437</u>	<u>\$ 3,883,442</u>	<u>\$ 221,370</u>	<u>\$ 9,601</u>	<u>\$ 230,971</u>

*Debt Service Reserve Requirements* – CFX has purchased surety policies from bond insurers for the outstanding 2013B, 2016A, 2021 and 2021D Bonds. The Series 2016B and Series 2017 Bonds are secured by reserves comprised of a combination of cash and a surety policy. The Series 2018, 2019A, and 2019B Series Bonds are secured by a cash reserve. The 2020A, 2021B and 2021C Bonds are not secured by a reserve. Bond covenants do not require minimum ratings for providers of surety policies.

*Defeased Bonds* - In June of 2021 CFX utilized proceeds from the issuance of the Series 2021B and 2021C Refunding Bonds to fund an escrow to provide for the payment of principal and interest on the refunded Series 2012 and 2013B Bonds as of their call date of July 1, 2022 and July 1, 2023. The principal for the defeased bonds was fully paid as of June 30, 2023.

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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

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

**Due to Governmental Agencies**

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

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Advances from FDOT for construction, operations and maintenance of certain plazas and roadways	\$ 991	\$ 1,542	\$ (991)	\$ 1,542
Loans and advances for specific projects	207,036	-	(301)	206,735
Toll revenue due to other state agencies	7,222	205,242	(203,840)	8,624
	<u>215,249</u>	<u>206,784</u>	<u>(205,132)</u>	<u>216,901</u>
Less current portion	<u>(8,514)</u>	<u>(10,487)</u>	<u>8,514</u>	<u>(10,487)</u>
Due to other governments net of current portion	<u>\$ 206,735</u>	<u>\$ 196,297</u>	<u>\$(196,618)</u>	<u>\$ 206,414</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 10,487
2026	-
2027	-
2028	-
2029	8,087
Thereafter	<u>198,327</u>
	<u>\$ 216,901</u>

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

Included in the Loans and Advances for specific projects is \$3,510,961 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. Also included in Loans and Advances for specific projects is \$202,901,038 for a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan from the US Department of Transportation. This loan was secured from qualifying expenses for the acquisition of right-of-way and construction of the Wekiva Parkway. Principal repayments begin in Fiscal Year 2029 and continue through Fiscal Year 2050.

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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 6 - Leases**

During fiscal year 2022, CFX adopted Governmental Accounting Standards Board Statement No. 87 – *Leases*. The Statement requires the recognition of certain lease assets, and liabilities for leases that previously were classified as operating leases and recognize them as inflows of resources or outflows of resources based on the payment provisions of the contract.

CFX leases excess capacity of the Fiber Optic Network (FON) to Sprint Communications Company L.P. This is a ten-year lease with two five-year renewal options followed by three three-year renewal options. 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 three-year renewal was executed at the end of fiscal year 2024.

CFX implemented GASB No. 87 for the year ended June 30, 2022 and recorded \$6,900,000 balances for lease receivable and deferred inflows of resources as of July 1, 2021. The lease receivable balance was reduced by \$809,000 and \$777,000 for fiscal years 2024 and 2023, respectively. Interest income was recognized for \$48,000 and \$55,000 for fiscal years 2024 and 2023, respectively.

Future minimum lease payments are as follows (all amounts in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 842	\$ 41
2026	876	33
2027	911	25
2028	948	17
2029	985	8
	<u>\$ 4,562</u>	<u>\$ 124</u>

**Note 7 - Commitments and Contingencies**

**Commitments** - Outstanding construction and other significant commitments for improvements, maintenance and operation of the System totaled approximately \$729,420,000 at June 30, 2024.

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

## **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 \$7.5. The minimum payment is \$45 and the maximum payment is \$225 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 fiscal year 2024 were 11.3% regular class and 12.67% for senior management class and for fiscal year 2023 were 9.3% for regular class and 10.67% for senior management class.

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

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**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**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 2024 contribution rate applied to regular employee salaries was 13.57%, including 2.00% for a post-retirement health insurance subsidy ("HIS"). The fiscal year 2023 contribution rate was 11.91%, which included 1.66% for HIS. The fiscal year 2024 contribution rate applied to senior management salaries was 34.52%, including 2.00% HIS. The fiscal year 2023 contribution rate was 31.57%, which included 1.66% for HIS. The fiscal year 2024 contribution rate applied to the salaries of the employees in DROP was 21.13%, including 2.00% for HIS. The fiscal year 2023 contribution rate was 18.60%, which included 1.66% for HIS.

CFX's actual contributions to the FRS for the fiscal years ended June 30, 2024 and 2023 were \$1,800,000 and \$1,509,000, respectively. Employee contributions were \$307,000 and \$277,000 for the fiscal years ended June 30, 2024 and 2023, respectively.

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

CFX reported a liability of \$13,337,000 and \$10,982,000, at June 30, 2024 and 2023, respectively, for its proportionate share of the net pension liability of FRS and HIS. The net pension liability as of June 30, 2024 and 2023 was measured as of June 30, 2023 and 2022, 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 2022 and 2023 relative to the historical contributions of all participating employers. At June 30, 2023, CFX's proportion was 0.02384% and 0.02417% for FRS and HIS, respectively, which was an increase of 0.00099% and an increase of 0.00074% from its respective proportion measured as of June 30, 2022.

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 8 - Retirement Plans (Continued)**

At June 30, 2022, CFX's proportion was 0.02285% and 0.02343% for FRS and HIS, respectively, which was a increase of 0.00095% and an increase of 0.00137% from its respective proportion measured as of June 30, 2021.

For the year ended June 30, 2024, CFX recognized a total of \$3,685,000 pension expense with \$2,133,000 and \$1,552,000, for FRS and HIS, respectively. For the year ended June 30, 2023, CFX recognized a total of \$1,581,000 pension expense with \$1,337,000 and \$244,000, for FRS and HIS, respectively.

At June 30, 2024, CFX reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Experience	\$ 892	\$ -
Changes of assumptions	619	-
Differences between projected and actual earnings on pension plan investments	397	-
Changes in proportion	500	34
CFX contributions subsequent to the measurement date	1,265	-
Total	<u>\$ 3,673</u>	<u>\$ 34</u>

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Experience	\$ 56	\$ 9
Changes of assumptions	101	333
Differences between projected and actual earnings on pension plan investments	2	-
Changes in proportion	282	-
CFX contributions subsequent to the measurement date	210	-
Total	<u>\$ 651</u>	<u>\$ 342</u>

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 8 - Retirement Plans (Continued)**

At June 30, 2023, CFX reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 404	\$ -
Changes of assumptions	1,047	-
Differences between projected and actual earnings on pension plan investments	561	-
Changes in proportion	402	51
CFX contributions subsequent to the measurement date	1,147	-
Total	\$ 3,561	\$ 51

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75	\$ 11
Changes of assumptions	142	384
Differences between projected and actual earnings on pension plan investments	4	-
Changes in proportion	308	-
CFX contributions subsequent to the measurement date	159	-
Total	\$ 688	\$ 395

\$1,265,000 and \$1,147,000 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, 2024 and June 30, 2023 respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2024 will be recognized in pension expense as follows (in thousands):

Years Ending June 30:	FRS	HIS
2025	\$ 509	\$ 38
2026	481	38
2027	473	24
2028	441	13
2029	380	(6)
Thereafter	90	(8)



**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 8 - Retirement Plans (Continued)**

**Actuarial Assumptions** – The actuarial assumptions that determined the total pension liability as of June 30, 2024 and June 30, 2023, were based on the results of an actuarial experience study for the period July 1, 2017 – June 30, 2022.

Valuation date	July 1, 2022	July 1, 2023
Measurement date	June 30, 2022	June 30, 2023
Inflation	2.40%	2.40%
Salary increases, including inflation	3.25%	3.25%
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018
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 6.70% and 6.70% as of June 30, 2023 and June 30, 2022 respectively. 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return</b>
Cash	1%	3%
Fixed Income	20%	5%
Global equity	54%	9%
Real Estate (property)	10%	8%
Private equity	11%	12%
Strategic investments	4%	6%
Total	100.00%	



**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2024 and 2023**

**Note 8 - Retirement Plans (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability was 6.70% and 6.70% for FRS for June 30, 2023 and June 30, 2022 respectively. The discount rate used to measure the total pension liability was 3.65% and 3.54% for HIS as of June 30, 2023 and June 30, 2022 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 6.70% and 6.70% for FRS for June 30, 2023 and June 30, 2022 respectively. The discount rate of 3.65% and 3.54% was used for HIS for June 30, 2023 and June 30, 2022 respectively. The following also presents what CFX's proportionate share of the net pension liability would be at June 30, 2024 and 2023 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, 2024			
FRS			
	1% Decrease 5.7%	Current Discount Rate 6.7%	1% Increase 7.7%
CFX's proportionate share of the net pension liability (asset)	\$ 16,227,085	\$ 9,499,642	\$ 3,871,132
HIS			
	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
CFX's proportionate share of the net pension liability (asset)	\$ 4,379,903	\$ 3,839,178	\$ 3,390,953

As of June 30, 2023			
FRS			
	1% Decrease 5.7%	Current Discount Rate 6.7%	1% Increase 7.7%
CFX's proportionate share of the net pension liability (asset)	\$ 14,705,170	\$ 8,502,894	\$ 3,317,053
HIS			
	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
CFX's proportionate share of the net pension liability (asset)	\$ 2,838,794	\$ 2,481,285	\$ 2,158,454

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2024 and 2023**

**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, 2023	Additions	Deletions	June 30, 2024	Due Within One year
Net pension liability	\$ 10,982	\$ 6,928	\$ 4,573	\$ 13,337	\$ -

	June 30, 2022	Additions	Deletions	June 30, 2023	Due Within One year
Net pension liability	\$ 4,360	\$ 10,410	\$ 3,788	\$ 10,982	\$ -

**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](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

**Note 9 - Risk Management**

CFX is subject to various risk exposures including liability from tort, errors and omissions, and employment practices. Additional exposures include damage to property, theft of assets, cyber intrusion, loss of revenue, crime and bond, equipment breakdown, automobile, and injuries to employees.

No claims have exceeded coverage limits in place during 2022, 2023 and 2024 year-to-date.

CFX is covered by commercial insurance policies through which risk is transferred in exchange for annual premium payments.

**Note 10 – Subsequent Events**

On July 15, 2024, CFX used legally available moneys on hand to defease \$40,830,000 and \$210,105,000 of Refunding Revenue Bonds, Series 2016A and 2016B.

On August 14, 2024, CFX issued Central Florida Expressway Authority Senior Lien Revenue Series 2024A and 2024B Bonds in the principal amounts of \$145,430,000 and \$215,605,000. The bonds were issued as new funds with the purpose to fund portions of the Five-Year Work Plan.

***"DRAFT FOR DISCUSSION PURPOSES ONLY"***

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

**Note 10 – Subsequent Events (*Continued*)**

Hurricane Milton impacted the Central Florida area October 9 and 10, 2024. On October 7, 2024, Governor Ron DeSantis suspended tolls on all CFX roadways to help with the evacuations occurring around the state. The toll suspension was lifted on October 18, 2024. It is projected that approximately \$22,000,000 was lost in toll revenue due to the direct suspension of tolls. CFX had no significant damage to report as a direct result of Hurricane Milton.

**REQUIRED SUPPLEMENTARY INFORMATION**

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**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 five completed inspections are as follows:

<b>Evaluation Period</b>	
<b>Fiscal Year</b>	<b>Rating</b>
2024	92%
2023	92%
2022	92%
2021	93%
2020	91%

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

<b>Fiscal Year</b>	<b>Budget</b>	<b>Actual</b>
	<i>(in thousands)</i>	
2024	\$ 4,557	\$ 16,359
2023	30,101	24,177
2022	39,480	21,465
2021	33,064	20,929
2020	51,040	31,002

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**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 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
2024	2023	0.0238%	\$ 9,500	\$ 6,863	138.42%	82.38%
2023	2022	0.0229%	8,503	6,055	140.43%	82.89%
2022	2021	0.0219%	1,655	5,426	30.50%	96.40%
2021	2020	0.0217%	9,396	5,100	184.24%	78.85%
2020	2019	0.0220%	7,608	4,712	161.46%	82.61%
2019	2018	0.0205%	6,180	4,250	145.41%	84.26%
2018	2017	0.0201%	5,958	4,093	145.57%	83.89%
2017	2016	0.0191%	4,812	3,746	128.46%	84.88%
2016	2015	0.0174%	2,249	3,212	70.02%	92.00%
2015	2014	0.0157%	959	2,987	32.11%	96.09%

**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 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
2024	2023	0.0242%	\$ 3,839	\$ 9,577	40.09%	4.12%
2023	2022	0.0234%	2,481	8,537	29.06%	4.81%
2022	2021	0.0221%	2,707	7,811	34.66%	3.56%
2021	2020	0.0214%	2,618	7,441	35.18%	3.00%
2020	2019	0.0214%	2,391	7,147	33.45%	2.63%
2019	2018	0.0202%	2,134	6,585	32.41%	2.15%
2018	2017	0.0189%	2,021	6,023	33.55%	1.64%
2017	2016	0.0173%	2,018	5,345	37.75%	0.97%
2016	2015	0.0157%	1,603	4,769	33.61%	0.50%
2015	2014	0.0152%	1,418	4,507	31.46%	0.99%

**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

**CENTRAL FLORIDA EXPRESSWAY AUTHORITY  
Schedule of CFX Contributions**

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

Fiscal Year Ending June 30,	FRS Contributions in Relation to the		FRS Contribution Deficiency (Excess)	CFX's Covered Payroll	FRS Contributions as a Percentage of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
2024	\$ 1,265	\$ 1,265	\$ -	\$ 6,957	18.18%
2023	1,147	1,147	-	6,863	16.71%
2022	975	975	-	6,055	16.10%
2021	835	835	-	5,426	15.39%
2020	720	720	-	5,100	14.12%
2019	685	685	-	4,712	14.54%
2018	585	585	-	4,250	13.76%
2017	524	524	-	4,093	12.80%
2016	465	465	-	3,746	12.41%
2015	424	424	-	3,212	13.20%

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

Fiscal Year Ending June 30,	HIS Contributions in Relation to the		HIS Contribution Deficiency (Excess)	CFX's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
2024	\$ 210	\$ 210	\$ -	\$ 10,582	1.98%
2023	159	159	-	9,577	1.66%
2022	142	142	-	8,537	1.66%
2021	130	130	-	7,811	1.66%
2020	124	124	-	7,441	1.67%
2019	119	119	-	7,147	1.67%
2018	109	109	-	6,585	1.66%
2017	100	100	-	6,023	1.66%
2016	89	89	-	5,345	1.67%
2015	60	60	-	4,769	1.26%

**OTHER SUPPLEMENTARY INFORMATION**



**"DRAFT FOR DISCUSSION PURPOSES ONLY"**

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

		Years Ended June 30,	
		2024	2023
		(in thousands)	
Schedule 1			
Revenues:			
Tolls		\$ 704,760	\$ 631,728
Fees tied to revenue collection		9,803	8,261
Transponder sales		2,187	2,300
Other operating		2,862	1,338
Interest		17,083	13,192
Miscellaneous		983	931
Total revenues		737,678	657,750
Expenses:			
Operations		89,821	83,518
Maintenance		23,953	21,876
Administration		13,249	10,852
Other operating		3,147	3,436
Total expenses		130,170	119,682
Add deposits into OMA reserve		1,763	2,145
Less advances allowable for operations and maintenance expenses received from FDOT		(8,003)	(7,307)
Net expenses		123,930	114,520
Net revenues, as defined, inclusive of advances received from the FDOT		\$ 613,748	\$ 543,230
Senior lien debt service payments		\$ 198,743	\$ 199,991
Senior lien debt service ratio of net revenues to debt service payments		3.09	2.72
Subordinate Payments		\$ 10,660	\$ 11,695
Subordinate Debt Service Ratio*		2.93	2.57

\*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.

**REPORTS ON COMPLIANCE  
AND INTERNAL CONTROL**



**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 fiscal year ended June 30, 2024, and have issued our report thereon dated [DATE].

**Report on 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) as a basis for designing 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

### **Report on 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 financial statements. 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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management in a separate management letter and Independent Accountant's Report 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.

Certified Public Accountants

Orlando, Florida  
[DATE]



**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, 2024, and have issued our report thereon dated [DATE].

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.

This 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.

Certified Public Accountants

Orlando, Florida  
[DATE]



**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, 2024. CFX's 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 AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether CFX complied with the aforementioned requirements in all material respects. An examination involves performing procedures to obtain evidence about CFX's compliance with those requirements, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of CFX's compliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement. Our examination does not provide a legal determination on CFX's compliance with the specified requirements.

In our opinion, CFX complied with the aforementioned requirements for the fiscal year ended June 30, 2024, in all material respects.

Certified Public Accountants

Orlando, Florida

**[DATE]**



## **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, 2024, 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 Reporting Requirements**

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*, AT-C Section 315, 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.

To the Members of the  
Central Florida Expressway Authority

### **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to 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*.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for CFX. 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.

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

### **Special District Component Units**

Section 10.554(1)(i)5.c., *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, 2024.

As required by Section 218.39(3)(c), *Florida Statutes*, and Section 10.554(1)(i)6, *Rules of the Auditor General*, CFX reported:

- 1) The total number of CFX employees compensated in the last pay period of CFX's fiscal year as 102.
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CFX's fiscal year as zero.
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$10,633,677.
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- 5) Each construction project with a total cost of at least \$65,000 approved by CFX that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

i.	SR 528 Airport Signage Updates	\$349,354
ii.	SR 528 Guide Sign Replacement Boggy Creek to SR436	\$ 75,848
iii.	Systemwide Water Body Protection Improvements	\$110,222
iv.	Systemwide Guardrail Protection Improvements	\$381,079
v.	FHP Desk Trooper Program	\$533,050
vi.	Systemwide Ramp AET Signing & Pavement Markers	\$253,783
vii.	Systemwide Misc Toll Signage Update FY25	\$ 73,544
viii.	Systemwide Landscape Assessment	\$159,882



To the Members of the  
Central Florida Expressway Authority

**Special District Component Units (*Continued*)**

- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if CFX amends a final adopted budget under Section 189.016(6), Florida Statutes as \$0.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 note 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.

Certified Public Accountants

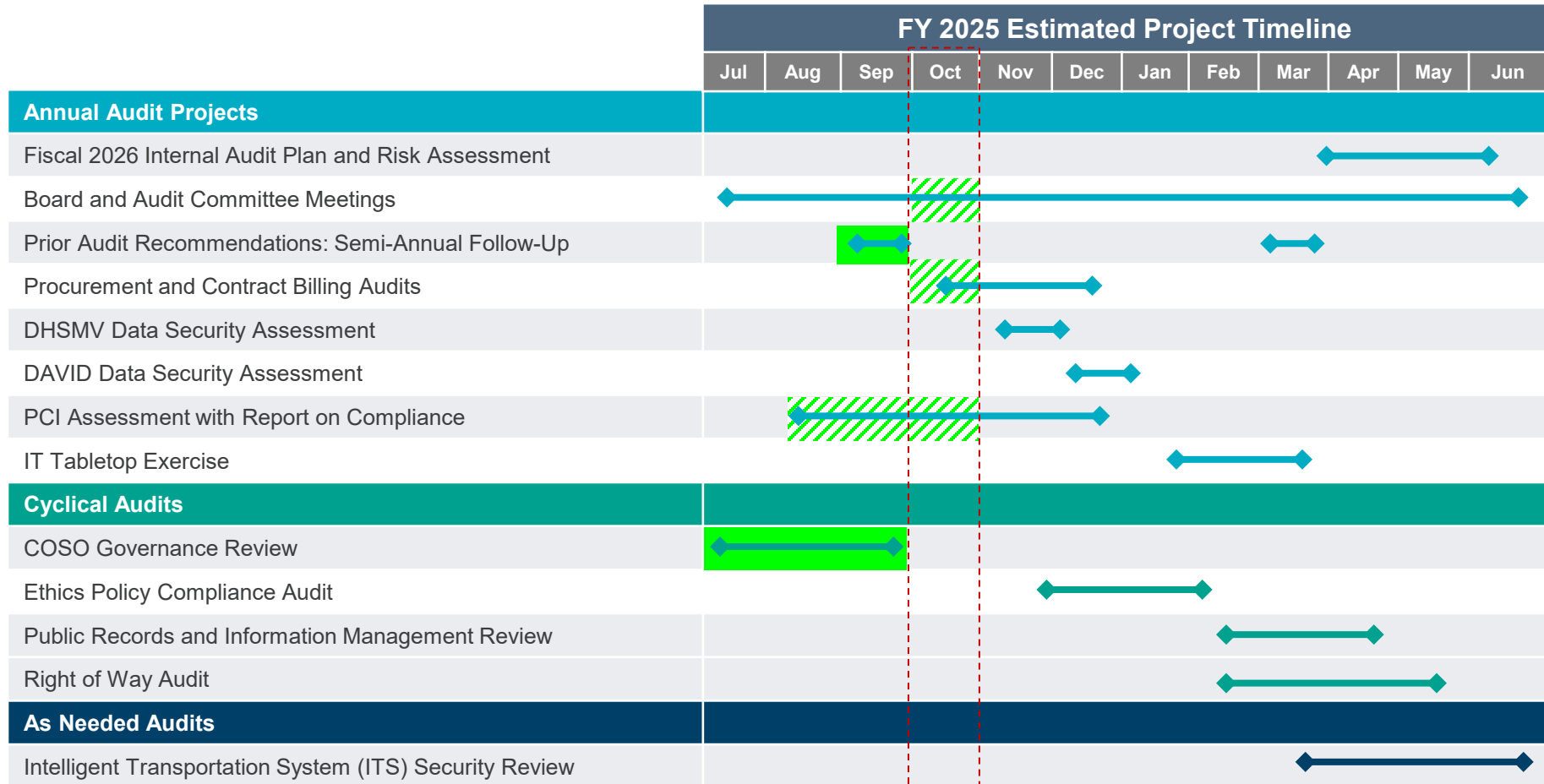
Orlando, Florida

[DATE]

**D.2.**

# 2025 INTERNAL AUDIT TIMELINE

AS OF OCTOBER 31, 2024



◆ Plan ● Complete ▨ In-Process

**D.3.**

Central Florida Expressway Authority  
Fiscal 2025  
Internal Audit Contract Selections

Fiscal Year	Vendor	Contract #	Type	Contract Total Value	Selection reason
2025 Proposed	ALLIANCEONE RECEIVABLES, MANAGEMENT INC.	1653	Customer Service Operations	\$ 87,170,218	Large contract spend, 70% completed with expiration date approaching in 2025. Five years since last audit of the Customer Service Center contract under a different vendor. Staff has identified potential vendor concerns to incorporate into audit scope.
2025 Proposed	RANGER CONSTRUCTION, INDUSTRIES, INC.	1802	Construction	\$ 62,799,561	Large construction contract, 86% completed. Vendor has not been audited previously.

**D.4.**

# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Prior Audit Recommendations Follow-Up  
September 30, 2024



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## **3 Executive Summary**

## **5 Status of Open Recommendations**



# EXECUTIVE SUMMARY



## Overview

As part of the Fiscal Year 2025 Internal Audit plan, Internal Audit performed a review of open audit recommendations from prior audit reports as of September 30, 2024, to verify the implementation status reported by management. Open recommendations from the following audits were evaluated:



2019 Accounting Financial Controls Review	2023 Toll Revenue Audit
2019 IT Project Management Review	2024 Customer Service Center Performance Assessment
2020 Secure Code Review	2024 Policy and Procedure Review
2020 P-Card and Gas Card Audit	2024 Microsoft Cloud Security Review
2020 Retail Transponder Sales Review	
2022 Engineering and Construction Invoicing Review	
2022 Customer Service Center Performance Assessment	

Internal Audit last reviewed the status of open audit recommendations in March 2024. Results were reported to the Audit Committee in April 2024.



## Objectives, Scope, and Approach

This review was completed as of September 30, 2024 and consisted of meetings with management to determine the status of open audit recommendations and testing of management's response and reported status. In addition, only the recommendations that remained open at the time of the last review have been included in this report. If a recommendation was completed as of March 31, 2024, 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.

# EXECUTIVE SUMMARY



## Recommendations Summary

Audit	Open as of March 31, 2024	New Action Plans	Completed as of September 30, 2024	In Progress as of September 30, 2024*	Past Due**
2019 Accounting and Financial Controls Audit	1	0	0	1	0
2019 IT Project Management Review	1	0	0	1	0
2020 Secure Code Review	1	0	0	1	1
2020 P-Card and Gas Card Audit	1	0	0	1	0
2020 Retail Transponder Sales Review	1	0	0	1	0
2022 Engineering and Construction Invoicing Review	2	0	0	2	0
2022 Customer Service Center Performance Assessment	1	0	0	1	1
2023 Toll Revenue Audit	1	0	0	1	0
2024 Customer Service Center Performance Assessment	0	3	3	0	0
2024 Policy and Procedure Review	0	9	0	9	0
2024 Microsoft Cloud Security Review	0	3	1	2	0
<b>Total</b>	<b>9</b>	<b>15</b>	<b>4</b>	<b>20</b>	<b>2</b>

\***20** recommendations are classified as "In Progress".

\*\*Of the 20 "In Progress" recommendations, 8 are past the original agreed-upon due date, although 6 of the 8 are contingent upon the implementation of a new ERP or CRM system and due dates have been revised to reflect this contingency and to match the estimated timing to the necessary event. Of the remaining **2** past due recommendations, **one** relates to the 2020 Secure Code review. This recommendation has been impacted by a phased system implementation approach that CFX has chosen to pursue and has a revised due date of June 30, 2025. **One** recommendation relates to the 2022 Customer Service Center Performance Assessment, the implementation of which will be contingent upon CFX's ongoing efforts to engage its current back-office vendor to assist with re-work of the IVR and has a revised due date of March 31, 2025.

*Face the Future with Confidence*

**D.5.**



# COSO GOVERNANCE REVIEW

October 2024

**CENTRAL  
FLORIDA  
EXPRESSWAY  
AUTHORITY**

# EXECUTIVE SUMMARY



## Overview

### Overview

In accordance with the FY2025 Internal Audit Plan, Internal Audit reviewed the Central Florida Expressway Authority's (CFX) governance procedures and internal controls against the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework, published in 2013. In addition, Internal Audit leveraged COSO's Enterprise Risk Management guidelines as part of this review.

The COSO Internal Control Framework remains one of the most widely used internal control frameworks in the world and contains leading practice guidance for establishing effective governance procedures and internal controls. The COSO Internal Control Framework outlines 17 principles and provides 77 supporting points of focus within each of the five foundational components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring activities.

Internal Audit last performed a review of the governance procedures and internal controls at CFX in FY2020 leveraging the COSO Internal Control Framework as a leading practice guideline. The review in FY2020 resulted in five enhancement opportunities. There have been no significant updates to the COSO Internal Control Framework since Internal Audit's last review.

### Objectives

The objectives of this audit were to leverage the COSO Internal Control Framework as a benchmark to evaluate the current state governance structure at CFX and provide recommendations to enhance CFX's overall governance structure.

# EXECUTIVE SUMMARY



## Project Scope and Approach

This review was performed using a three-phased approach as outlined below:

### Phase I – Documentation of Current State Processes

Internal Audit worked with management through interviews and review of existing policies and procedures to outline the current state of CFX's governance processes and internal controls relevant to the 17 Principles and 77 Points of Focus of the COSO Internal Control Framework. Details regarding the COSO Internal Control Framework are included in Appendix A.

### Phase II – Review of Key Controls for Design Effectiveness

Internal Audit identified key internal controls and procedures in place at CFX relevant to the COSO Internal Control Framework and performed an evaluation of design effectiveness. A summary of the procedures performed, results, and observations are provided on the following pages.

### Phase III – Benchmark Against Frameworks and Develop Recommendations

Using the knowledge gathered in the previous phases and the principles contained in the COSO Internal Control Framework as leading practice guidance, Internal Audit identified opportunities and developed recommendations for CFX to consider to enhance its overall governance infrastructure and risk management procedures.

# APPENDIX A

COSO 2013 Internal Control Framework



# APPENDIX A

## COSO 2013 Internal Control Framework

COSO Components	Principles	Points of Focus
<b>CONTROL ENVIRONMENT</b>	<ul style="list-style-type: none"> <li>• Demonstrates commitment to integrity and ethical values</li> <li>• Exercises oversight responsibility</li> <li>• Establishes structure, authority and responsibility</li> <li>• Demonstrates commitment to competence</li> <li>• Enforces accountability</li> </ul>	4 4 3 4 5
<b>RISK ASSESSMENT</b>	<ul style="list-style-type: none"> <li>• Specifies relevant objectives</li> <li>• Identifies and analyzes risk</li> <li>• Assesses fraud risk</li> <li>• Identifies and analyzes significant change</li> </ul>	5 5 4 3
<b>CONTROL ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Selects and develops control activities</li> <li>• Selects and develops general controls over technology</li> <li>• Deploys through policies and procedures</li> </ul>	6 4 6
<b>INFORMATION &amp; COMMUNICATION</b>	<ul style="list-style-type: none"> <li>• Uses relevant information</li> <li>• Communicates internally</li> <li>• Communicates externally</li> </ul>	5 4 5
<b>MONITORING ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Conducts ongoing and/or separate evaluations</li> <li>• Evaluates and communicates deficiencies</li> </ul>	7 3

# APPENDIX A

## COSO 2013 Internal Control Framework

Control Environment		
Principles		Points of Focus
1	Demonstrates a Commitment to Integrity and Ethical Values	1 Sets the tone at the top
		2 Establishes standards of conduct
		3 Evaluates adherence to standards of conduct
		4 Addresses deviations in a timely manner
2	Board Exercises Oversight Responsibility Over Internal Control	5 Establishes oversight responsibilities
		6 Applies relevant expertise
		7 Operates independently
		8 Provides oversight of the system of internal control including Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities
3	Management Establishes Structures, Authorities and Responsibilities	9 Considers all structures of the entity
		10 Establishes reporting lines
		11 Defines, assigns, and limits authorities and responsibilities
4	Demonstrates Commitment to Competence	12 Establishes policies and practices
		13 Evaluates competence and addresses shortcomings
		14 Attracts, develops, and retains individuals
		15 Plans and prepares for succession
5	Enforces Accountability	16 Enforces accountability through structures, authorities and responsibilities
		17 Establishes performance measures, incentives, and rewards
		18 Evaluates performance measures, incentives, and rewards for ongoing relevance
		19 Considers excessive pressures
		20 Evaluates performance and rewards or disciplines

# APPENDIX A

## COSO 2013 Internal Control Framework

Risk Assessment		
Principles		Points of Focus
6	Specifies Suitable Objectives	21a Reflects management's choices
		22a Considers tolerances for risk
		23 Includes operations and financial performance goals
		24 Forms a basis for committing of resources
		21b Complies with applicable accounting standards
		22b Considers materiality
		25 Reflects entity activities
		21c Complies with externally established standards and frameworks
		22c Considers the required level of precision
		25 Reflects entity activities
		21a Reflects management's choices
		22c Considers the required level of precision
		25 Reflects entity activities
		21d Reflects external laws and regulations
		22a Considers tolerances for risk

# APPENDIX A

## COSO 2013 Internal Control Framework

Risk Assessment (Continued)		
Principles		Points of Focus
7	Identifies and Analyzes Risks	26 Includes entity, subsidiary, division, operating unit, and functional levels
		27 Analyzes internal and external factors
		28 Involves appropriate levels of management
		29 Estimates significance of risks identified
		30 Determines how to respond to risks
8	Assesses Fraud Risk	31 Considers various types of fraud
		32 Assesses incentives and pressures
		33 Assesses opportunities
		34 Assesses attitudes and rationalizations
9	Identifies and Analyzes Significant Change	35 Assesses changes in the external environment
		36 Assesses changes in the business model
		37 Assesses changes in leadership

# APPENDIX A

## COSO 2013 Internal Control Framework

Control Activities		
Principles		Points of Focus
10	Selects and Develops Control Activities	38 Integrates with risk assessment
		39 Considers entity-specific factors
		40 Determines relevant business processes
		41 Evaluates a mix of control activity types
		42 Considers at what level activities are applied
		43 Addresses segregation of duties
11	Selects and Develops General Controls over Technology	44 Determines dependency between the use of technology in business processes and technology general controls
		45 Establishes relevant technology infrastructure control activities
		46 Establishes relevant security management process control activities
		47 Establishes relevant technology acquisition, development, and maintenance process control activities
12	Deploys Controls through Policies and Procedures	48 Establishes policies and procedures to support deployment of management's directives
		49 Establishes responsibility and accountability for executing policies and procedures
		50 Performs in a timely manner
		51 Takes corrective action
		52 Performs using competent personnel
		53 Reassesses policies and procedures

# APPENDIX A

## COSO 2013 Internal Control Framework

Information and Communication		
Principles		Points of Focus
13	Uses Relevant Information	54 Identifies information requirements
		55 Captures internal and external sources of data
		56 Processes relevant data into information
		57 Maintains quality throughout processing
		58 Considers costs and benefits
14	Communicates Internally	59 Communicates internal control information
		60 Communicates with the board of directors
		61 Provides separate communication lines
		62 Selects relevant method of communication
15	Communicates Externally	63 Communicates to external parties
		64 Enables inbound communications
		65 Communicates with the board of directors
		66 Provides separate communication lines
		67 Selects relevant method of communication

# APPENDIX A

## COSO 2013 Internal Control Framework

Monitoring Activities			
Principles		Points of Focus	
16	Conducts Ongoing and/or Separate Evaluations	68	Considers a mix of ongoing and separate evaluations
		69	Considers rate of change
		70	Establishes baseline understanding
		71	Uses knowledgeable personnel
		72	Integrates with business processes
		73	Adjusts scope and frequency
		74	Objectively evaluates
17	Evaluates and Communicates Deficiencies	75	Assesses results
		76	Communicates deficiencies
		77	Monitors corrective actions

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