CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Financial Statements and Supplementary Information

For Years Ended June 30, 2020 and 2019

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Table of Contents

MSL

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Florida Expressway Authority ("CFX") as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise CFX's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of CFX as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Members of the
Central Florida Expressway Authority

Other Matters

Required Supplementary Information

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

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 October 27, 2020, 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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
October 27, 2020

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, 2020 and 2019. 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 $317,094,000 (a decrease of 2%) and $340,026,000 (an increase of 8%) for fiscal years 2020 and 2019, respectively. The decrease in operating income in fiscal year 2020 is primarily due to a decrease in toll traffic which was part of the fallout from restrictions created by the COVID-19 virus that plagued the global economy as a a whole, and an increase to preservation expenses. The increase in operating income in fiscal year 2019 is primarily due to higher toll traffic.

Net income produced an increase in net position of $203,751,000 and $247,242,000 for fiscal years 2020 and 2019, 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 2020, CFX had a net position of $2,660,650,000, an increase of 8% over fiscal year 2019. At the close of fiscal year 2019, CFX had a net position of $2,456,899,000, an increase of 11% over fiscal year 2018. CFX's overall financial position has improved, as shown by the increase in net position.

Overview of the Financial Statements

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

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

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

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 $2,660,650,000 at the close of the most recent fiscal year. This represents an increase of $203,751,000 (8%) over the previous year, which is attributable to operations. Unrestricted net position increased from $495,086,000 at June 30, 2019 to $567,069,000 at June 30, 2020, an increase of $73,983,000 (15%). This increase was also due to operations and funding CFX's capital plan with bond construction funds.

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 $5,101,819,000 in capital assets, net of accumulated depreciation, $40,058,000 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 projects, 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.

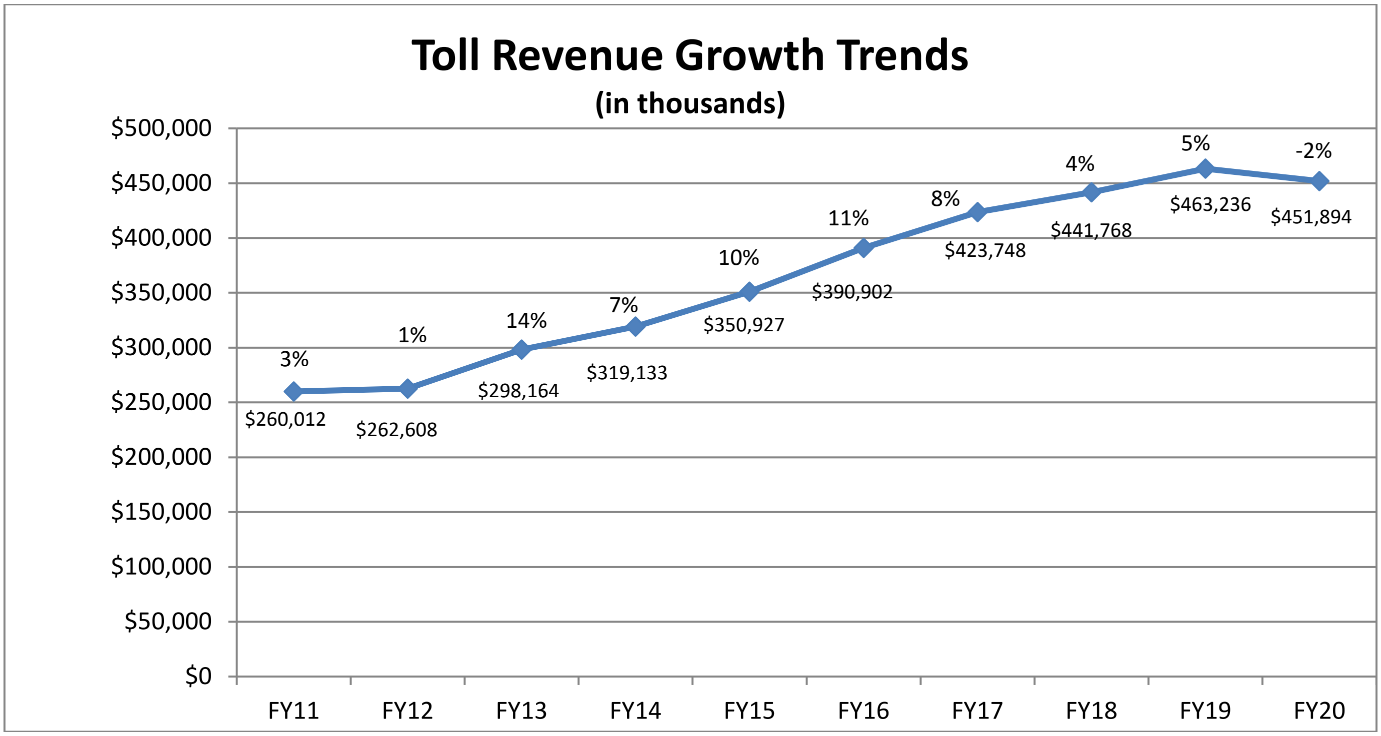
In December of 2019 CFX purchased the Poinciana Parkway from Osceola County. Poinciana Parkway is a 7.2-mile roadway stretching from the Polk-Osceola County line to the Cypress Parkway (CR 580). In December of 2018 CFX had assumed control of the Poinciana Parkway system from Osceola County and held the $82,559,000 in capital assets as a non-system project. With the purchase of the Poinciana Parkway system, CFX transferred the capital assets to the CFX general fund.

Central Florida Expressway Authority's Net Position

	June 30, 2020	2019	2018
	(in thousands)		
Current and other assets	$ 608,923	$ 447,334	$ 361,336
Non-current restricted assets	563,838	236,992	81,362
Capital assets	5,101,819	4,831,730	4,546,615
Total assets	6,274,580	5,516,056	4,989,313
Deferred outflows of resources	392,764	356,066	330,640
Total assets and deferred outflows	6,667,344	5,872,122	5,319,953
Current liabilities:			
Payable from unrestricted assets	56,176	58,415	278,013
Payable from restricted assets	179,062	134,743	107,610
Revenue bonds outstanding (net of current portion)	3,325,414	2,738,514	2,569,820
Other long-term liabilities	440,336	477,510	148,944
Total liabilities	4,000,988	3,409,182	3,104,387
Deferred inflows of resources	5,706	6,041	5,909
Total liabilities and deferred inflows	4,006,694	3,415,223	3,110,296
Net position:			
Net investment in capital assets	2,064,051	1,922,707	1,881,712
Restricted	29,530	39,106	19,704
Unrestricted	567,069	495,086	308,241
Total net position	$ 2,660,650	$ 2,456,899	$ 2,209,657

CFX's toll revenues decreased 2% and increased 5% during the fiscal years ended June 30, 2020 and 2019, respectively.

Toll revenue represents approximately 97% of all operating revenues. CFX's toll revenue annual growth rate has averaged 6% over the last 10 years.



Central Florida Expressway Authority's Changes in Net Position

	2020	2019	2018
		(in thousands)	
Revenues:			
Toll revenues	$ 451,894	$ 463,236	$ 441,768
Transponder sales	820	648	297
Other operating revenue	14,650	12,313	10,370
Investment income	21,237	14,082	2,847
Goldenrod Road Extension - net	1,491	1,518	546
Poinciana Parkway - net	-	1,862	-
Other non-operating revenue	452	374	318
Capital Contribution	-	12,294	-
Total revenues	490,544	506,327	456,146
Expenses:			
Operations	64,937	62,123	53,373
Maintenance	18,022	17,753	17,606
Administrative	8,910	8,447	7,743
Depreciation	15,384	14,194	13,438
Preservation	31,002	21,586	33,837
Other	12,015	12,068	11,166
Interest expense	134,089	121,608	105,865
Loss on capital assets	2,434	1,306	435
Total expenses	286,793	259,085	243,463
Change in net position	203,751	247,242	212,683
Net position, beginning of year	2,456,899	2,209,657	1,996,974
Net position, end of year	$ 2,660,650	$ 2,456,899	$ 2,209,657

CFX’s Operations, Maintenance and Administration (“OM&A”) expenses for fiscal year 2020 increased 4.0% from fiscal year 2019 and ended the year 6.6% under budget. CFX came in under budget due primarily to the following reasons: 1) There were several roadway maintenance programs that came in under budget; 2) multiple departments had positions that were budgeted for but not filled for part of the year; 3) due to a variety of reasons such as lower bank fees and less staff required, the operation of the plazas came in under budget.

Transponder sales increased by 27% between fiscal years 2019 and 2020 due to a significant focus on branding and marketing E-PASS.

Investment income increased by 51% between fiscal years 2019 and 2020 due to an increase in available cash, a rise in corresponding investments and more favorable interest rates for the first half of the fiscal year.

Other operating revenue consists of various fees that are collected, such as statement fees, Pay by Plate fees and fees received for collecting revenue on behalf of other entities. Other operating revenue increased by 19% between fiscal years 2018 and 2019 and by another 19% between fiscal years 2019 and 2020. In fiscal year 2016, CFX replaced its unpaid toll notice program, with a Pay by Plate initiative, assessing a new fee schedule on every transaction not paid in the lane. This new fee schedule is beneficial to the customer and has resulted in a reduction of fees per transaction. CFX saw significant growth in customers choosing to post pay transactions, which is why there has been high growth the last 2 fiscal years.

Capital Contributions decreased from $12,294,000 in fiscal year 2019 to $0 in fiscal year 2020. The net position of the Poinciana Parkway was recognized as contributed capital when CFX took over the operations and maintenance of the road during fiscal year 2019.

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 decreased 36% in fiscal year 2019 and then increased 44% in fiscal year 2020. Fiscal year 2019 saw preservation expense dip from its all-time high the prior year, however fiscal year 2020 saw that expense climb back up, which coincides with the system's growth and continued maturity.

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 8% between fiscal years 2018 and 2019 and then decrease by less than 1% between fiscal year 2019 and 2020. This level of increased expense over historical years is due to program support and a rise in new pilot programs and feasibility studies that are not eligible to be capitalized.

There were losses in capital assets in fiscal year 2019 and 2020 as anticipated. There have been various bridges, signs and toll plaza lanes removed and/or demolished to make way for road widening, extension and interchange projects over the past few fiscal years. Also contributing to the loss in capital assets were losses on the disposal of retired fixed assets. The largest contributing factor to the fiscal year 2020 loss is writing off signs that needed to be replaced.

Capital Asset and Debt Administration

Capital Assets - CFX's investment in capital assets amounted to $5,101,819,000 net of accumulated depreciation as of June 30, 2020, an increase of $270,89,000 (6%) over that of June 30, 2019. CFX's investment in capital assets amounted to $4,831,730,000 net of accumulated depreciation as of June 30, 2019, an increase of $285,116,000 (6%) over that of June 30, 2018. 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 2020 included the following:

- Widening of SR 408 from SR 417 to Alafaya Trail was completed.
- Phase 3 of the SR 408/SR 417 interchange was completed.
- Improvements to the SR 528/SR 436 interchange began.

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 2020 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 2019, projected expenses for preservation were $44,000,000 with $21,586,000 being spent. For fiscal year 2020, projected expenses for preservation were $51,040,000 with $31,002,000 being spent. The expenses were lower than projected in fiscal year 2020 due to slower than anticipated start dates on several projects.

Long-term Debt - CFX has outstanding bonds payable of $3,398,115,000 (net of unamortized bond premiums and discounts) as of June 30, 2020.

During fiscal year 2020, CFX issued $129,550,000 of fixed rate revenue bonds (Series 2019A) for the purpose of purchasing the Poinciana Parkway. Also, CFX issued $441,390,000 of fixed rate revenue bonds (Series 2019B) for the purpose of financing projects approved in the Five-Year Work Plan.

The annual requirements to amortize all revenue bonds and revenue refunding bonds outstanding as of June 30, 2020, along with more detailed information on long-term debt activity, can be found in Note 5, Long-Term Debt, which begins on page 32 of the financial statements. Of the approximately $3.4 billion in outstanding bonds, $494,725,000 are variable rate bonds, which have corresponding interest rate exchange agreements designed to effectively swap the variable rates to fixed rates. The synthetic interest rate applicable to the variable rate bonds are 4.7753% for the 2008B Bonds.

To determine the fair market value of its interest rate exchange agreements, CFX's swap advisor has performed a calculation based upon expected forward LIBOR swap rates and discounted cash flows. On a current market-to-market basis, in the event of a termination, using a termination date of June 30, 2020, CFX would have to make an estimated termination payment of approximately $230,129,177 on the swaps related to the Series 2008B Bonds.

	June 30, 2020	**June 30, 2019**
Series 2008B	$ 230,129,177	$ 177,483,541

CFX's debt service ratio changed to 2.02 for fiscal year 2020 from 2.33 for fiscal year 2019 and 2.32 in fiscal year 2018. The increase in fiscal year 2019 is due to growth in toll revenue, the decrease in fiscal year 2020 is due to a reduction in toll revenue and an increase in debt service 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, 2020 are as follows:

	Ratings
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

CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Balance Sheets

Assets and Deferred Outflows of Resources	June 30, 2020	2019
	(in thousands)	
Current assets:		
Cash and cash equivalents	$ 148,759	$ 86,603
Investments	248,708	190,127
Accrued interest and accounts receivable	17,263	15,248
Prepaid expenses	3,699	3,551
Due from governmental agencies	7,173	12,937
Inventory	1,655	1,262
Total current unrestricted assets	427,257	309,728
Restricted assets:		
Current restricted assets:		
Cash and cash equivalents	179,062	134,743
Total current assets	606,319	444,471
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	243,411	12,264
Investments	320,362	223,994
Accrued interest receivable and prepaid expenses	65	734
Total noncurrent restricted assets	563,838	236,992
Prepaid bond insurance	2,604	2,863
Total noncurrent assets before capital assets	566,442	239,855
Capital assets not being depreciated:		
Infrastructure	4,465,708	4,285,190
Construction in progress	505,997	412,981
Capital assets - net of accumulated depreciation:		
Property and equipment	130,114	133,559
Total capital assets - net of accumulated depreciation	5,101,819	4,831,730
Total noncurrent assets	5,668,261	5,071,585
Total assets	6,274,580	5,516,056
Deferred outflow of resources	392,764	356,066
Total assets and deferred outflows of resources	$ 6,667,344	$ 5,872,122

See notes to financial statements.

CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Balance Sheets (continued)

	June 30,	
	2020	2019
Liabilities, Deferred Inflows of Resources, and Net Position	(in thousands)	
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued liabilities	$ 18,838	$ 18,264
Unearned toll revenue	18,136	17,547
Unearned other revenue	15,085	15,428
Current portion of lease payable	-	705
Current portion of due to governmental agencies	4,117	6,471
Total current liabilities payable from unrestricted assets	56,176	58,415
Current liabilities payable from restricted assets:		
Accounts payable and accrued liabilities	43,475	22,491
Interest payable	62,887	49,227
Current portion of revenue bonds payable	72,700	63,025
Total current liabilities payable from restricted assets	179,062	134,743
Total current liabilities	235,238	193,158
Noncurrent liabilities:		
Derivative financial instrument	230,129	177,484
Revenue bonds payable - less current portion	3,325,414	2,738,514
Loan/lease payable - less current portion	-	91,259
Due to governmental agencies - less current portion	200,210	200,455
Net pension liability	9,997	8,312
Total noncurrent liabilities	3,765,750	3,216,024
Total liabilities	4,000,988	3,409,182
Deferred inflow of resources	5,706	6,041
Total liabilities and deferred inflows of resources	4,006,694	3,415,223
Net position:		
Net investment in capital assets	2,064,051	1,922,707
Restricted for:		
Operation, maintenance and administrative reserve	12,552	11,795
Renewal and replacement reserve	16,978	27,311
Total restricted net position	29,530	39,106
Unrestricted	567,069	495,086
Total net position	2,660,650	2,456,899
Total liabilities, deferred inflows of resources, and net position	$ 6,667,344	$ 5,872,122

See notes to financial statements.

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

	June 30, 2020	June 30, 2019
	(in thousands)	
Operating revenues:		
Toll revenues	$ 451,894	$ 463,236
Transponder sales	820	648
Fees and other	14,650	12,313
Total operating revenues	467,364	476,197
Operating expenses:		
Operations	64,937	62,123
Maintenance	18,022	17,753
Administrative	8,910	8,447
Depreciation	15,384	14,194
Preservation	31,002	21,586
Other expenses	12,015	12,068
Total operating expenses	150,270	136,171
Operating income	317,094	340,026
Nonoperating revenues (expenses):		
Investment income	21,237	14,082
Loss on capital assets	(2,434)	(1,306)
Other nonoperating	452	374
Goldenrod Road Extension - net	1,491	1,518
Poinciana Parkway - net	-	1,862
Interest expense	(134,089)	(121,608)
Total nonoperating revenues (expenses)	(113,343)	(105,078)
Income before contributions	203,751	234,948
Capital contribution	-	12,294
Change in net position	203,751	247,242
Net position at beginning of year	2,456,899	2,209,657
Net position at end of year	$ 2,660,650	$ 2,456,899

See notes to financial statements.

CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Statements of Cash Flows

	June 30, 2020	June 30, 2019
	(in thousands)	
Operating activities:		
Receipts from customers and users	$ 467,529	$ 478,534
Payments to suppliers	(123,582)	(134,613)
Payments to employees	(6,226)	(5,935)
Net cash provided by operating activities	337,721	337,986
Capital and related financing activities:		
Acquisition and construction of capital assets	(267,248)	(198,410)
Proceeds from capital contributions	-	21,699
Proceeds from issuance of refunding revenue bonds	676,071	221,045
Proceeds from issuance of TIFIA loan	-	193,695
Interest paid on revenue bonds	(104,434)	(91,461)
Payment to refunded bond escrow agent	(108,504)	-
Payment of principal on revenue bonds	(63,025)	(252,615)
Payment of principal on government advances	(250)	(261)
Net cash used in capital and related financing activities	132,610	(106,308)
Investing activities:		
Purchase of investments	(557,592)	(448,604)
Proceeds from sales and maturities of investments	402,643	332,652
Interest received	22,240	14,068
Net cash provided by investing activities	(132,709)	(101,884)
Net increase (decrease) in cash and cash equivalents	337,622	129,794
Cash and cash equivalents at beginning of year	233,610	103,816
Cash and cash equivalents at end of year	$ 571,232	$ 233,610

Cash and cash equivalents - unrestricted	$ 148,759	$ 86,603
Restricted cash and cash equivalents - current	179,062	134,743
Restricted cash and cash equivalents - noncurrent	243,411	12,264
	$ 571,232	$ 233,610

See notes to financial statements.

CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Statements of Cash Flows (continued)

	June 30,	
	2020	2019
	(in thousands)	
Reconciliation of operating income to net cash provided by operating activities:		
Income from operations	$ 317,094	$ 340,026
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	15,384	14,194
Goldenrod Road Extension and other miscellaneous	2,268	3,838
Changes in assets and liabilities:		
Accounts receivable	(2,349)	(6,357)
Due from governmental agencies	5,764	9,925
Prepaid expenses	(148)	(542)
Inventory	(393)	847
Deferred outflows - pension-related	49	79
Accounts payable and accrued liabilities	574	(29,020)
Due to governmental agencies	(2,349)	(555)
Unearned toll revenue	589	5,088
Unearned other revenue	(343)	(233)
Net pension liability	1,685	333
Deferred inflows - pension-related	(104)	363
Net cash provided by operating activities	$ 337,721	$ 337,986
Noncash investing, capital, and financing activities:		
Increase (decrease) in fair value of investments	$ 5,955	$ 5,369
Increase (decrease) in fair value of derivative financial instrument	(52,645)	(41,652)
Contribution of Osceola County Expressway capital assets	-	82,559
Assignment of Osceola County Expressway long-term liabilities	-	(91,964)

See notes to financial statements.

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.

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.

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

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

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

Accumulated Decrease in Fair Value of Hedging Derivatives - As described in Note 5, CFX has entered into interest rate swap agreements that qualify as effective cash flow hedges in connection with variable rate bonds. The fair value of the swaps is presented on the balance sheets as a deferred outflow of resources and a derivative financial instrument liability in the amount of $230,129,000 and $177,484,000 at June 30, 2020 and 2019, respectively, with changes in valuation applied to these balance sheet accounts. Should the swaps be terminated prior to their expected conclusion, or if the hedges cease to significantly reduce risk, accumulated gains or losses will be reported on the operating statement.

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, 2020 and 2019 as a deferred outflow of resources in the amount of $158,106,000 and $174,005,000, 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 $4,528,000 and $4,577,000 at June 30, 2020 and 2019, respectively, and will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows of resources related to pensions are further discussed in Note 8.

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

Deferred Inflow on Interest Rate Exchange - During the fiscal year ended June 30, 2007, CFX entered into six mandatory, cash-settled interest rate exchange agreements, the purpose of which was to lock in the interest rate associated with the Series 2007A Bonds. The result of these agreements was an $8,078,000 net payment to CFX on June 28, 2007, which is presented on the balance sheets at June 30, 2020 and 2019 as a deferred inflow of resources in the amount of $5,077,878 and $5,308,000, 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, 2020 and 2019 totaled $628,000 and $733,000, respectively, and will be recognized as a reduction to pension expense in future reporting years. Details on the composition of the deferred outflows of resources related to pensions are further discussed in Note 8.

Capital Assets

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

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

Capital Assets (Continued)

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

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

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.

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

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

Compensated Absences - Accumulated vacation pay, vested sick pay, and other compensation payable to employees is recorded and included in accounts payable and accrued liabilities. The balance of compensated absences had a net increase of $105,000 from June 30, 2019 to June 30, 2020.

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.

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 2019 financial statements have been reclassified to conform to the 2020 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 April 2, 2018, 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:

Permitted Investments

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

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity	Master Bond Resolution Permitted Investments

Notes:

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

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

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

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

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

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

Deposits

On June 30, 2020, the carrying amount of CFX's various deposits accounts was $571,232,298. 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 – As of June 30, 2020, and 2019, CFX did not invest in any one issuer that represented 5% or more of CFX's total investment portfolio.

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.

Note 2 - Deposits and Investments *(Continued)*

CFX uses the distribution of maturities to manage interest rate risk. As of June 30, 2020, 23% of CFX's investments had a maturity of less than 6 months, 36% had a maturity of 6 to 12 months, 19% had a maturity of 1 to 2 years, 17% had a maturity of 2 to 3 years, 2% had a maturity of 3 to 4 years, and 3% had a maturity of over 4 years. As of June 30, 2019, 44% of CFX's investments had a maturity of less than 6 months, 4% had a maturity of 6 to 12 months, 20% had a maturity of 1 to 2 years, 24% had a maturity of 2 to 3 years, 4% had a maturity of 3 to 4 years, and 4% had a maturity of over 4 years.

Total distributions of maturities are as follows:

As of June 30, 2020 (in thousands)

	Less than 6 months	6 - 12 months	1 - 2 years	2 - 3 years	3+ years	Total
US Treasury Securities	$ 17,008	$ 170,446	$ 80,621	$ 49,585	$ -	$ 317,660
Federal Instruments	-	6,354	6,709	18,787	13,754	45,604
Corporate Note	7,426	24,875	18,893	20,079	2,279	73,552
Commercial Paper	103,123	2,993	-	-	-	106,116
Municipal Bond Note	-	-	-	1,766	57	1,823
Corp. Asset Backed Sec.	-	282	3,015	6,189	14,829	24,315
Total	$ 127,557	$ 204,950	$ 109,238	$ 96,406	$ 30,919	$ 569,070

As of June 30, 2019 (in thousands)

	Less than 6 months	6 - 12 months	1 - 2 years	2 - 3 years	3+ years	Total
US Treasury Securities	$ 148,391	$ 4,236	$ 34,249	$ 71,238	$ -	$ 258,114
Federal Instruments	-	-	-	7,073	9,367	16,440
Corporate Note	2,196	12,601	45,557	15,333	3,345	79,032
Commercial Paper	28,249	-	-	-	-	28,249
Municipal Bond Note	3,260	-	-	-	-	3,260
Corp. Asset Backed Sec.	-	35	3,092	6,553	19,346	29,026
Total	$ 182,096	$ 16,872	$ 82,898	$ 100,197	$ 32,058	$ 414,121

Note 2 - Deposits and Investments *(Continued)*

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

		Fair Value Measurements Using (in thousands)	
	June 30, 2020	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	$ 317,660	$ 317,660	
Commercial Paper	106,116	106,116	
Federal Instrumentalities	45,604	45,604	
Money Market Mutual Funds	152,540	152,540	
Municipal Bond Note	1,823	1,823	
Corporate Note	73,551	73,551	
Corporate Asset Backed Securities	24,316	-	$ 24,316
Total investments by fair value measure	721,610	$ 697,294	$ 24,316
Total deposits	418,692		
Total deposits and investments	1,140,302		
Restricted	742,835		
Unrestricted	$ 397,467		

Note 2 - Deposits and Investments *(Continued)*

	June 30, 2019	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	$ 258,114	$ 258,114	
Commercial Paper	28,249	28,249	
Federal Instrumentalities	16,440	16,440	
Money Market Mutual Funds	32,411	32,411	
Municipal Bond Note	3,260	3,260	
Corporate Note	79,032	79,032	
Corporate Asset Backed Securities	29,026	-	$ 29,026
Total investments by fair value measure	446,532	$ 417,506	$ 29,026
Total deposits	201,199		
Total deposits and investments	647,731		
Restricted	371,001		
Unrestricted	$ 276,730		

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

Federal Instrumentalities, and U.S. Government Supported Corporate Debt Notes/Bonds are rated “AA+” by Standard & Poor’s. The investments in Municipal Obligations are rated “AA” by Standard & Poor’s. The Corporate Notes Standard & Poor’s credit ratings are “AAA”, “AA+”, “AA”, “AA-”, “A+”, and “A”. The Commercial Paper is rated “A-1+” and “A-1” by Standard & Poor’s. The Florida PRIME and Money Market Mutual Funds are rated “AAAm” by Standard & Poor’s.

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.

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, 2020 and 2019, all of CFX's securities were held in a bank's trust/custodial department in CFX's name.

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

	June 30,	
	2020	2019
	(in thousands)	
Reserve funds:		
Operations, maintenance and administrative reserve	$ 12,552	$ 11,796
Poinciana Parkway	-	24,230
Renewal and replacement reserve	16,978	27,311
Total reserve funds	29,530	63,337
Bond funds:		
Principal and interest accounts	137,740	166,607
Reserve accounts	127,990	75,740
Total bond funds	265,730	242,347
Construction funds:		
2018 construction funds	-	65,317
2019 construction funds	447,576	-
Total construction funds	447,576	65,317
Total restricted cash, cash equivalents and investments	742,836	371,001
Portion related to cash and cash equivalents	422,474	147,007
Portion related to investments	$ 320,362	$ 223,994

Note 3 - Due From Governmental Agencies

Due from governmental agencies consists of the following:

	June 30, 2020	June 30, 2019
	(in thousands)	
E-ZPass - E-ZPass Customers' use of E-Pass Roads	$ 571	$ 569
Florida Department of Transportation - Operations and Maintenance Reimbursement	1,114	1,049
Florida Department of Transportation - SunPass Customers' use of E-PASS Roads	4,374	10,614
Florida's Turnpike Enterprise - SR 417 Widening Reimbursement	178	509
Lee County - LeeWay Customers' use of E-PASS	3	7
Orange County - Fines/Fees	242	176
Orange County - Parcel 800	-	13
Orlando Utilities Commission - SR 528/436 Widening JPA	292	-
Osceola County - CR 532 Widening JPA	10	-
Orange County JPA	389	-
	$ 7,173	$ 12,937
Less current portion	(7,173)	(12,937)
	$ -	$ -

Note 4 - Capital Assets

Capital assets are summarized as follows (in thousands):

	June 30, 2019	Additions	Reductions	Transfers	June 30, 2020
Infrastructure (non-depreciable):					
Right-of-way	$ 913,613	$ 91	$ (333)	$ 10,127	$ 923,498
Highways and bridges	3,371,577	4,108	(2,160)	168,685	3,542,210
Total infrastructure (non-depreciable)	4,285,190	4,199	(2,493)	178,812	4,465,708
Construction in progress (non-depreciable):					
Right-of-way	8,065	71,000	-	(10,127)	68,938
Highways and bridges	348,888	183,454	-	(168,685)	363,657
Buildings and toll facilities	1,305	189	-	(311)	1,183
Toll equipment	46,015	4,082	-	(827)	49,270
Furniture, equipment and other	8,708	24,432		(10,191)	22,949
Total construction in progress (non-depreciable)	412,981	283,157	-	(190,141)	505,997
Property and equipment (depreciable):					
Toll equipment	102,204	-	(1,045)	827	101,986
Buildings and toll facilities	163,649	65	-	311	164,025
Furniture, equipment and other	76,005	811	(1,240)	10,191	85,767
Total property and equipment (depreciable)	341,858	876	(2,285)	11,329	351,778
Less accumulated depreciation for:					
Toll equipment	(93,709)	(3,425)	1,032	-	(96,102)
Buildings and toll facilities	(71,878)	(5,166)	-	-	(77,044)
Furniture, equipment and other	(42,712)	(6,776)	970	-	(48,518)
Total accumulated depreciation	(208,299)	(15,367)	2,002	-	(221,664)
Total property and equipment being depreciated, net	133,559	(14,491)	(283)	11,329	130,114
Total capital assets	$ 4,831,730	$ 272,865	$ (2,776)	$ -	$ 5,101,819

Note 4 - Capital Assets *(Continued)*

	June 30, 2018	Additions	Reductions	Transfers	June 30, 2019
Infrastructure (non-depreciable):					
Right-of-way	$ 905,374	$ 688	$ (97)	$ 7,648	$ 913,613
Highways and bridges	3,268,030	86,819	(247)	16,975	3,371,577
Total infrastructure (non-depreciable)	4,173,404	87,507	(344)	24,623	4,285,190
Construction in progress (non-depreciable):					
Right-of-way	9,249	6,464	-	(7,648)	8,065
Highways and bridges	177,637	188,226	-	(16,975)	348,888
Buildings and toll facilities	1,196	1,547	-	(1,438)	1,305
Toll equipment	36,745	9,270	-	-	46,015
Furniture, equipment and other	6,749	9,420	(935)	(6,526)	8,708
Total construction in progress (non-depreciable)	231,576	214,927	(935)	(32,587)	412,981
Property and equipment (depreciable):					
Toll equipment	102,624	-	(420)	-	102,204
Buildings and toll facilities	162,198	13	-	1,438	163,649
Furniture, equipment and other	67,494	2,604	(619)	6,526	76,005
Total property and equipment (depreciable)	332,316	2,617	(1,039)	7,964	341,858
Less accumulated depreciation for:					
Toll equipment	(90,034)	(4,050)	375	-	(93,709)
Buildings and toll facilities	(66,539)	(5,339)	-	-	(71,878)
Furniture, equipment and other	(34,109)	(9,156)	553	-	(42,712)
Total accumulated depreciation	(190,682)	(18,545)	928	-	(208,299)
Total property and equipment being depreciated, net	141,634	(15,928)	(111)	7,964	133,559
Total capital assets	$ 4,546,614	$ 286,506	$ (1,390)	$ -	$ 4,831,730

In fiscal year 2019, CFX adopted GASB Statement No. 89 standard which requires interest costs to be expensed as incurred. As a result, interest is no longer capitalized as part of the historical cost of a capital asset.

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	$ 38,010,458

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

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

Note 5 - Long-Term Debt

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

	June 30, 2019	Additions	Deletions	June 30, 2020
Series 2008B1	$ 130,135		(260)	$ 129,875
Series 2008B2	117,685		(290)	117,395
Series 2008B3	148,790		(300)	148,490
Series 2008B4	99,165		(200)	98,965
Series 2010B	67,330		(6,570)	60,760
Series 2012	157,835		(23,520)	134,315
Series 2012A	48,200		(6,005)	42,195
Series 2013A	242,320			242,320
Series 2013B	135,450		(19,725)	115,725
Series 2013C	103,740		(920)	102,820
Series 2016A	150,250		(755)	149,495
Series 2016B	623,850		(1,860)	621,990
Series 2017	339,885		(610)	339,275
Series 2018	221,045		(2,010)	219,035
Series 2019A	-	129,550		129,550
Series 2019B	-	441,390		441,390
	2,585,680	570,940	(63,025)	3,093,595
Add unamortized bond premium	215,859	105,131	(16,471)	304,519
Less current portion of revenue bonds payable	(63,025)	(72,700)	63,025	(72,700)
Revenue bonds payable - net of current portion	$ 2,738,514	$ 603,371	$ (16,471)	$ 3,325,414

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

	June 30, 2018	Additions	Deletions	June 30, 2019
Series 2008B1	$ 130,360		(225)	$ 130,135
Series 2008B2	117,865		(180)	117,685
Series 2008B3	149,060		(270)	148,790
Series 2008B4	99,335		(170)	99,165
Series 2010B	73,640		(6,310)	67,330
Series 2012	180,370		(22,535)	157,835
Series 2012A	53,815		(5,615)	48,200
Series 2013A	242,320			242,320
Series 2013B	154,320		(18,870)	135,450
Series 2013C	104,630		(890)	103,740
Series 2015 Senior Lien BANs	193,695		(193,695)	-
Series 2016A	150,985		(735)	150,250
Series 2016B	625,645		(1,795)	623,850
Series 2017	341,210		(1,325)	339,885
Series 2018		221,045		221,045
	2,617,250	221,045	(252,615)	2,585,680
Add unamortized bond premium	205,185	24,764	(14,090)	215,859
Less current portion of revenue bonds payable	(252,615)	(63,025)	252,615	(63,025)
Revenue bonds payable - net of current portion	$ 2,569,820	$ 182,784	$ (14,090)	$ 2,738,514

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.

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 2019A, were originally issued on December 5, 2019 and were outstanding in the aggregate principal amount of $129,550,000 on June 30, 2020, including $65,935,000 of serial bonds and $63,615,000 of term bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2020 through July 1, 2039 in amounts ranging from $1,180,000 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.

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 $441,390,000 on June 30, 2020, including $218,275,000 of serial bonds and $223,115,000 of term bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2020 through July 1, 2039 in amounts ranging from $3,905,000 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 $219,035,000 and $221,045,000 on June 30, 2020 and 2019 respectively, including $$125,540,000 of serial bonds and $93,495,000 of term bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2020 through July 1, 2040 in amounts ranging from $3,515,000 to $9,325,000, plus interest.

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

Fixed Rate Debt *(Continued)*

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 $339,275,000 and $339,885,000 on June 30, 2020 and 2019 respectively, including $241,165,000 of serial bonds and $98,110,000 of term bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2020 through July 1, 2042 in amounts ranging from $645,000 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 of 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 $621,990,000 and $623,850,000 on June 30, 2020 and 2019 respectively, all of which were serial bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2020 through July 1, 2040 in amounts ranging from $1,960,000 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.

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 $149,495,000 and $150,250,000 on June 30, 2020 and 2019 respectively, all of which were serial bonds. The outstanding serial bonds are due in annual installments beginning on July 1, 2020 through July 1, 2032 and July 1, 2036 through July 1, 2037 in amounts ranging from $795,000 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.

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

Fixed Rate Debt *(Continued)*

The Central Florida Expressway Authority Refunding Revenue Bond, Series 2013C, was originally issued on September 12, 2013 and was outstanding in the aggregate principal amount of $102,820,000 and $103,740,000 on June 30, 2020 and 2019, respectively. The bond was issued in the form of a bank loan directly with the bondholder, STI Institutional & Government, Inc. The outstanding amount of the bond is due in annual installments on July 1, 2020 through July 1, 2032 in amounts ranging from $965,000 to $15,740,000, plus interest. The 2013C Bond is payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2013C Bond is due and paid semiannually. The Series 2013C Bond was issued for the purpose of refunding the Series 2003D Bonds and to fund the termination payment related to the associated swap. The refunding resulted in a deferred outflow of $15,599,396, most of which was related to the swap termination payment. The difference between the cash flow of the old debt and the cash flow of the new debt was $3,440,975 lower post–refunding, which represents $2,500,470 on a net present value basis. The purpose of this refunding was to lower the risk profile of CFX’s debt at an attractive rate. In fiscal year 2017, CFX renegotiated the bank loan with STI Institutional & Government Inc. and on November 2, 2016 the interest rate was lowered to 2.75%. This lower rate will generate $10,961,178 of savings over the term of the loan which represents $9,168,845 on a net present value basis.

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2013B, were originally issued on January 2, 2013 and were outstanding in the aggregate principal amount of $115,725,000 and $135,450,000 on June 30, 2020 and 2019, respectively, all of which were serial bonds. The outstanding serial bonds are due in annual installments on July 1, 2020 through July 1, 2025 in amounts ranging from $2,475,000 to $24,710,000, plus interest. The 2013B Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2013B Bonds is due and paid semiannually. The Series 2013B Bonds were issued for the purpose of refunding the Series 2003C2 and 2003C4 Bonds and to fund the termination payments related to the associated swaps. The refunding resulted in a deferred outflow of $42,223,850, most of which was related to the swap termination payments. The difference between the cash flow of the old debt and the cash flow of the new debt was $5,959,376 higher post–refunding, which represents $4,868,985 on a net present value basis. The purpose of this refunding was to lower the risk profile of CFX’s debt at an attractive rate.

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2013A, were originally issued on April 3, 2013 and were outstanding in the aggregate principal amount of $242,320,000 on June 30, 2020 and 2019, including $110,545,000 of serial bonds and $131,775,000 of term bonds. The serial bonds are due in annual installments beginning on July 1, 2026 through July 1, 2032 in amounts ranging from $7,065,000 to $24,875,000, plus interest. The term bond is due on July 1, 2035. The 2013A Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2013A Bonds is due and paid semiannually. The purpose of the Series 2013A Bonds was to refund the Series 2003B Bonds for net present value savings of $35,842,015, which represents $60,831,999 of lower debt service payments over the life of the debt. The deferred outflow on the refunding for accounting purposes was $2,750,505.

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

Fixed Rate Debt *(Continued)*

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2012, were originally issued on November 29, 2012 and were outstanding in the aggregate principal amount of $134,315,000 and $157,835,000 on June 30, 2020 and 2019 respectively, all of which were serial bonds. The serial bonds are due beginning on July 1, 2020 through July 1, 2025 in amounts ranging from $24,575,000 to $29,240,000, plus interest. The 2012 Bonds are payable from, and secured by, a pledge of net revenues from the operation of the expressway System. Interest on the 2012 Bonds is due and paid semiannually. See below for the purpose, economic and accounting impacts of the refunding.

The Central Florida Expressway Authority General Reserve Fund Obligation Bond, Series 2012A, was originally issued on November 29, 2012 and was outstanding in the aggregate principal amount of $42,195,000 and $48,200,000 on June 30, 2020 and 2019 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, 2020 through July 1, 2025 in amounts ranging from $6,415,000 to $8,485,000, plus interest. The 2012A Bond is payable from, and secured by, a pledge of the general fund, which is junior and subordinate to the net revenues from the operation of the expressway System pledged to senior lien parity bonds. Interest on the 2012A Bond is due and paid semiannually.

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

The Central Florida Expressway Authority Refunding Revenue Bonds, Series 2010B, were originally issued on June 30, 2010 and were outstanding in the aggregate principal amount of $60,760,000 and $67,330,000 on June 30, 2020 and 2019, respectively. The bonds were issued as serial bonds and the outstanding bonds are due in annual installments on July 1, 2020 through July 1, 2021 in amounts ranging from $6,880,000 to $53,880,000, plus interest. Interest on the 2010B Bonds is due and paid semiannually. Portions of the Series 2010B Bonds was refunded by the Series 2016B Bond and Series 2017 Bond as stated above.

Variable Rate Debt

On May 1, 2008, CFX issued Central Florida Expressway Authority Variable Rate Refunding Revenue Bonds, Series 2008B1, 2008B2, 2008B3 and 2008B4 (collectively, "2008B Bonds"), for the purpose of refunding the Series 2005A, 2005B, 2005C, 2005D, and 2005E Bonds (collectively, "2005 Bonds"), of which $129,875,000, $117,395,000, $148,490,000, $98,965,000 and $130,135,000, $117,685,000, $148,790,000, $99,165,000 was outstanding on June 30, 2020 and 2019, respectively. The 2008B Bonds were issued in four sub-series in the initial aggregate principal amount of $499,105,000, including Series 2008B1 in the initial principal amount of $131,025,000; Series 2008B2 in the initial principal amount of $118,500,000; Series 2008B3 in the initial principal amount of $149,760,000; and 2008B4 in the initial principal amount of $99,820,000.

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

Variable Rate Debt *(Continued)*

The Series 2008B Bonds are dated the date of their original issuance and delivery and mature on July 1, 2040. The Series 2008B Bonds were initially issued and currently outstanding in a variable rate mode, with the interest rate on the Series 2008B Bonds resetting on a weekly basis and interest payable on a monthly basis.

In fiscal year 2012, the Series 2008B3 and 2008B4 Bonds were converted to a bank rate mode and directly placed with the bondholder. In fiscal year 2015, the Series 2008B1 Bonds were converted to a bank rate mode and directly placed with the bondholder. In fiscal year 2016, the Series 2008B2 Bonds were converted to a bank rate mode and directly placed with the bondholder. All 2008B bonds remain in bank purchase mode. The bank rate also resets on a weekly basis and is tied to the SIFMA index plus a spread.

The 2008B Bonds are subject to optional and mandatory redemption and optional and mandatory tender for purchase prior to maturity. Amortization installments for the mandatory redemption of the 2008B Bonds began on July 1, 2014.

The annual requirements to amortize all revenue bonds and revenue refunding bonds outstanding as of June 30, 2019, are summarized as follows (all amounts in thousands). The totals below are net of capitalized interest funds available for debt service. For purposes of this note, the interest rate applicable to variable rate bonds is the synthetic fixed rate of 4.7753% for the 2008 Bonds. None of the fees associated with liquidity, letters of credit, or remarketing arrangements are included in the chart below, nor are the incremental rates paid on any floating rate note arrangements.

	Principal	Interest	Total P&I Due	Capitalized Interest	Net Due
2021	$ 72,700	$ 135,948	$ 208,648		$ 208,648
2022	79,965	137,704	217,669		217,669
2023	82,790	133,069	215,859		215,859
2024	86,790	128,137	214,927		214,927
2025	90,950	123,742	214,692		214,692
2026-2030	601,335	537,088	1,138,423		1,138,423
2031-2035	737,945	388,205	1,126,150		1,126,150
2036-2040	747,745	217,466	965,211		965,211
2041-2045	381,900	81,214	463,114		463,114
2046-2050	211,475	24,342	235,817		235,817
	$ 3,093,595	$ 1,906,915	$ 5,000,510	$ -	$5,000,510

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

Hedging Derivative Instruments – Cash Flow Hedges

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

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

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

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

The interest rate swap transactions were executed in order to accomplish the synthetic fixed rates, as noted below. CFX has a cancellation option in the swap with UBS AG. A summary of these transactions and the significant terms, as well as the credit ratings on the counterparties as of June 30, 2020 and 2019, are as follows:

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

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

	Series 2005A	Series 2005B	Series 2005C	Series 2005D	Series 2005E
Notional Value (as of 6/30/2020)	$197,890,000	$148,438,000	$98,945,000	$24,726,000	$24,726,000
Fixed Rate	4.7753%	4.7753%	4.7753%	4.7753%	4.7753%
Fixed Payer	CFX	CFX	CFX	CFX	CFX
Floating Rate	SIFMA Weekly Index	SIFMA Weekly Index	SIFMA Weekly Index	SIFMA Weekly Index	SIFMA Weekly Index
Maturity Date	1-Jul-40	1-Jul-40	1-Jul-40	1-Jul-40	1-Jul-40
Settlement	Monthly	Monthly	Monthly	Monthly	Monthly
Premium Paid	None	None	None	None	None
Counterparty	UBS AG	Citibank	Morgan Stanley Capital Services Inc.	RBC Dain	JP Morgan*
Ratings 6/30/2019 (S&P/Moody's/Fitch)	A+/Aa3/AA-	A+/Aa3/A+	BBB+/A3/A	AA-/Aa2/AA	A+/Aa2/AA
Ratings 6/30/2020 (S&P/Moody's/Fitch)	A+/Aa3/AA-	A+/Aa3/A+	BBB+/A3/A	AA-/Aa2/AA	A+/Aa2/AA

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

Type of Hedge: Discrete Cash Flow

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

CFX has obtained independent market value evaluations of its swap transactions. These fair value estimates are based on expected forward LIBOR swap rates and discounted expected cash flows (Level 3 inputs). The appropriate LIBOR percentages that relate to the tax-exempt SIFMA swap rates are applied to the LIBOR swap curve to derive the expected forward SIFMA swap rates. On a current mark-to-market basis, the net present value of the swaps would require CFX to make an estimated combined termination payment, in the event that all of the outstanding swaps were terminated on June 30, 2020 or June 30, 2019, of $230,129,177 and $177,483,541, respectively. The change in fair value at FYE 2020 was $52,645,636 higher than at FYE 2019 and the change in fair value at FYE 2019 was $41,651,180 higher than at the prior year end.

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

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

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

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

Similar to the experience of many financial product providers in recent years, four of the five counterparties have dropped below the initial required rating levels. A summary of the credit ratings of the counterparties as of June 30, 2019 and 2020, is shown previously under *Summary of Derivative Hedging Instruments*. CFX's Interest Rate Risk Management Policy does not contain a specific requirement for collateral posting in the event of a counterparty downgrade below the minimum requirements; however, the agreements require that the counterparties post suitable and adequate collateral if the termination values were such that a payment would be due to CFX. As of June 30, 2020 and 2019, that is not the case; therefore, there is no reportable risk of loss to CFX due to credit risk. The following terms of the Swaps and all Series 2008B Bond obligations are identical:

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

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

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

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

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

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

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

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

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

One agreement did not consider an Insurer Event grounds for early termination, unless some additional event of default had taken place, such as failure to meet the payment obligations, none of which have taken place. One agreement required that CFX either replace the insurer with another credit support facility or post collateral in the amount of the termination value in excess of $15,000,000, based on CFX's credit rating. CFX received the notice of an Insurer Event from this counterparty on June 25, 2009 and posted collateral in July 2009. All investment income on the security posted as collateral, and the security itself, is income to, and an asset of, CFX. Per the agreement, the counterparty could request a maximum amount of $32,969,920 as of June 30, 2020. However, the agreement only requires CFX to post collateral at the request of the counterparty. In compliance with the agreement and the most recent request, there was not a collateral posting as of June 30, 2020 or June 30, 2020.

As a result of CFX's compliance with the terms of the swap agreements and each applicable Credit Support Annex, as explained above, as of June 30, 2020 and 2019, no termination events have occurred.

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

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

As of June 30, 2020, the expirations of the respective contracts were as follows:

Bond Series	Type/Provider	Expiration Date
Series 2008B1	FRN/Bank of America	Nov-2022
Series 2008B2	FRN/RBC Capital Markets	Jul-2023
Series 2008B3	FRN/Bank of America	Oct-2021
Series 2008B4	FRN/Wells Fargo	Jan-2022

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

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

	2003 Series	2005 Series	2008 Series	Total
FY 2003	$ 18,664	$ -	$ -	$ 18,664
FY 2004	74,400	-	-	74,400
FY 2005	67,609	1,827	-	69,436
FY 2006	69,018	97,163	-	166,181
FY 2007	101,643	82,950	-	184,593
FY 2008	161,325	(2,434,950)	61,270	(2,212,355)
FY 2009	(8,421,180)	-	(487,400)	(8,908,580)
FY 2010	(506,773)	-	(165,018)	(671,791)
FY 2011	(1,115,769)	-	(263,904)	(1,379,673)
FY 2012	(1,742,406)	-	(242,174)	(1,984,580)
FY 2013	(6,639)	-	(35,814)	(42,453)
FY 2014	-	176	26,148	26,324
FY 2015	-	-	11,919	11,919
FY 2016	-	-	939	939
FY 2017	-	-	-	-
FY 2018	-	-	-	-
FY 2019	-	-	-	-
FY 2020	-	-	-	-
Total	$ (11,300,108)	$ (2,252,834)	$ (1,094,034)	$ (14,646,976)

Debt Service Reserve Requirements – CFX has purchased surety policies from bond insurers for the outstanding 2010B, 2012, 2013A, 2013B and 2016A 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 2008B, 2012A and 2013C Bonds are not secured by a reserve. Bond covenants do not require minimum ratings for providers of surety policies.

Defeased Bonds **–** During 1998, CFX defeased the Series 1988 Bonds by placing the proceeds of the unused portion of the 1998 Bonds and a portion of the 1998 Bonds in an irrevocable escrow account to provide for all future debt service payments. The purpose of this defeasance was to provide additional financing flexibility, while maintaining CFX's targeted debt service ratio. As a result, the trust account assets and the liability for the defeased bonds are not included in CFX's balance sheets. The balance of defeased bonds outstanding for the 1988 Bonds was $0 on June 30, 2020 and 2019, respectively.

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

On November 2, 2016 CFX utilized proceeds from the issuance of the Series 2016B Refunding Bonds to fund an escrow to provide the for the payment of principal and interest on the refunded portion of the Series 2007A Bonds as of their call date of July 1, 2017 and the Series 2010A, 2010B and 2010C Bonds as of their call date of July 1, 2020.

On December 28, 2017 CFX utilized proceeds from the issuance of the Series 2017 Refunding Bonds to fund an escrow to provide the for the payment of principal and interest on the refunded Series 2007A Bonds as of their call date of July 1, 2021 and the Series 2010A, 2010B and 2010C Bonds as of the call date of July 1, 2020.

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

Year Ending June 30,	1988 Bonds	2007A Bonds	2010A Bonds	2010B Bonds	2010C Bonds	Total
2021	$ -	$ 185,885	$ 213,805	$ 59,870	$ 270,705	$ 730,265

Loan/Lease Payable

On December 31, 2018, a lease purchase agreement and loan agreement between Osceola County and the Osceola Expressway Authority (OCX) for the operation of the Poinciana Parkway were transferred from OCX to CFX. CFX assumed all assets, liabilities, facilities, tangible and intangible property as well as any other legal rights of OCX. Osceola County's Series 2014 bonds and SIB loan incurred by the construction of the Poinciana Parkway remained outstanding at the time of this transaction. On December 5, 2019 CFX issued the 2019A bonds which were used to directly purchase the Poinciana Parkway system from Osceola county, subsequently all liabilities associated with the original lease purchase agreement were retired and all assets were assumed by CFX.

Change in Loan/Lease Payable - The following is a summary of changes in loan/lease payable (in thousands):

	June 30, 2019	Additions	Deletions	June 30, 2020	Due Within One year
Loan payable	$ 3,564	$ -	$ 3,564	$ -	$ -
Lease payable	88,400	-	88,400	-	-
	$ 91,964	$ -	$ 91,964	$ -	$ -

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

Due to Governmental Agencies

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

	June 30, 2019	Additions	Deletions	June 30, 2020
Advances from FDOT for construction, operations and maintenance of certain plazas and roadways	$ 1,404	$ 1,507	(1,404)	$ 1,507
Loans and advances for specific projects	200,706	-	(251)	200,455
Toll revenue due to other state agencies	4,816	85,577	(88,029)	2,364
	206,926	87,084	(89,684)	204,326
Less current portion	(6,471)	(4,117)	6,471	(4,117)
Due to other governments net of current portion	200,455	82,967	(83,213)	200,209

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

Year Ending June 30,	Amount
2020	$ 4,117
2021	-
2022	-
2023	-
2024	-
Thereafter	200,209
	$ 204,326

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

Included in the Loans and Advances for specific projects is $4,637,000 for advances from the Greater Orlando Aviation Authority, the City of Orlando and Orange County for the extension of Goldenrod Road. The extension is a non-System project, and revenues from this project are utilized solely to pay expenses for the extension and to reimburse the funding partners, including CFX, for their original contribution to the project. Also included in Loans and Advances for specific projects is $195,573,000 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 2028 and continue through 2049.

Note 6 - Leases

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

Note 7 - Commitments and Contingencies

Commitments - Outstanding construction and other significant commitments for improvements, maintenance and operation of the System totaled approximately $405,837,000 at June 30, 2020.

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 $5. The minimum payment is $30 and the maximum payment is $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Public Employee Optional Retirement Program - Employees may participate in the Public Employee Optional Retirement Program (the "Investment Plan"), a defined-contribution retirement program, in lieu of participation in the defined-benefit retirement plan ("Pension Plan"). If the Investment Plan is elected, active membership in the defined-benefit retirement plan is terminated. Eligible members of the Investment Plan are vested at one year of service and receive a contribution for self-direction in an investment product with a third-party administrator selected by the State Board of Administration. The contribution rates for both fiscal 2020 and 2019 were 6.3% for regular class and 7.67% for senior management class.

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 2020 contribution rate applied to regular employee salaries was 8.47%, including 1.66% for a post-retirement health insurance subsidy ("HIS"). The fiscal year 2019 contribution rate was 8.26%, which included 1.66% for HIS. The fiscal year 2020 contribution rate applied to senior management salaries was 25.41%, including 1.66% HIS. The fiscal year 2019 contribution rate was 24.06%, which included 1.66% for HIS. The fiscal year 2020 contribution rate applied to the salaries of the employees in DROP was 14.60%, including 1.66% for HIS. The fiscal year 2019 contribution rate was 14.03%, which included 1.66% for HIS.

CFX's actual contributions to the FRS for the fiscal years ended June 30, 2020 and 2019 were $936,000 and $896,000, respectively. Employee contributions were $218,000 and $212,000 for the fiscal years ended June 30, 2020 and 2019, respectively.

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

CFX reported a liability of $9,997,000 and $8,312,000, at June 30, 2020 and 2019, respectively, for its proportionate share of the net pension liability of FRS and HIS. The net pension liability as of June 30, 2020 and 2019 was measured as of June 30, 2019 and 2018, 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 2018 and 2019 relative to the historical contributions of all participating employers. At June 30, 2019, CFX's proportion was 0.0221% and 0.0214% for FRS and HIS, respectively, which was an increase of 0.0016% and an increase of 0.0012% from its respective proportion measured as of June 30, 2018.

Note 8 - Retirement Plans *(Continued)*

At June 30, 2018, CFX's proportion was 0.0205% and 0.0202% for FRS and HIS, respectively, which was an increase of 0.0004% and an increase of 0.0013% from its respective proportion measured as of June 30, 2017.

For the year ended June 30, 2020, CFX recognized pension expense of $2,208,000 and $265,000, for FRS and HIS, respectively. For the year ended June 30, 2019, CFX recognized pension expense of $1,356,000 and $223,000, for FRS and HIS, respectively.

At June 30, 2020 and June 30, 2019, CFX reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	As of June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 451	$ 8
Changes of assumptions	2,231	195
Differences between projected and actual earnings on pension plan investments	-	419
Changes in proportion	972	4
CFX contributions subsequent to the measurement date	844	-
Total	$ 4,498	$ 626

	As of June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 556	$ 23
Changes of assumptions	2,257	226
Differences between projected and actual earnings on pension plan investments	-	477
Changes in proportion	959	7
CFX contributions subsequent to the measurement date	805	-
Total	$ 4,577	$ 733

$844,000 and $805,000 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, 2021 and June 30, 2020 respectively.

Note 8 - Retirement Plans *(Continued)*

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

Years Ending June 30:	Amount
2021	$ 552
2022	522
2023	482
2024	434
2025	395
Thereafter	643

Actuarial Assumptions – The actuarial assumptions that determined the total pension liability as of June 30, 2020 and June 30, 2019, were based on the results of an actuarial experience study for the period July 1, 20013 – June 30, 2018.

Valuation date	July 1, 2018	July 1, 2019
Measurement date	June 30, 2018	June 30, 2019
Inflation	2.60%	2.60%
Salary increases, including inflation	3.25%	3.25%
Mortality	Generational RP-2000 with Projection Scale BB	PUB2010 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 6.90% and 7.00% as of June 30, 2019 and June 30, 2018 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.

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1%	3.3%
Fixed Income	18%	4.1%
Global equity	54%	8.0%
Real Estate (property)	10%	6.7%
Private equity	11%	11.2%
Strategic investments	6%	5.9%
Total	100.00%	

Note 8 - Retirement Plans *(Continued)*

Discount Rate – The discount rate used to measure the total pension liability was 6.90% and 7.00% for FRS for June 30, 2019 and June 30, 2018 respectively. The discount rate used to measure the total pension liability was 3.50% and 3.87% for HIS as of June 30, 2019 and June 30, 2018 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 6.90% and 7.00% for FRS for June 30, 2019 and June 30, 2018 respectively. The discount rate of 3.50% and 3.87% was used for HIS for June 30, 2019 and June 30, 2018 respectively. The following also presents what CFX's proportionate share of the net pension liability would be at June 30, 2020 and 2019 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, 2020		
	FRS		
	1% Decrease 5.9%	**Current Discount Rate 6.9%**	**1% Increase 7.9%**
CFX's proportionate share of the net pension liability (asset)	$ 13,151,181	$ 7,607,701	$ 2,977,957
	HIS		
	1% Decrease 2.50%	**Current Discount Rate 3.50%**	**1% Increase 4.50%**
CFX's proportionate share of the net pension liability (asset)	$ 2,729,721	$ 2,391,238	$ 2,109,321

	As of June 30, 2019		
	FRS		
	1% Decrease 6.0%	**Current Discount Rate 7.0%**	**1% Increase 8.0%**
CFX's proportionate share of the net pension liability (asset)	$ 11,278,799	$ 6,177,976	$ 1,945,186
	HIS		
	1% Decrease 2.87%	**Current Discount Rate 3.87%**	**1% Increase 4.87%**
CFX's proportionate share of the net pension liability (asset)	$ 2,430,551	$ 2,134,044	$ 1,886,888

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, 2019	Additions	Deletions	June 30, 2020	Due Within One year
Net pension liability	$ 8,312	$ 6,883	$ 5,198	$ 9,997	$ -

	June 30, 2018	Additions	Deletions	June 30, 2019	Due Within One year
Net pension liability	$ 7,979	$ 5,712	$ 5,379	$ 8,312	$ -

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

Note 9 - Risk Management

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

No settlements have exceeded coverage levels in place during 2018, 2019 and 2020.

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

Note 10 – Subsequent Events

On August 18, 2020, CFX issued Central Florida Expressway Authority Senior Lien Refunding Revenue Series 2020A Bond in the principal amount of $155,915,000. The bond was issued in the form of a bank loan directly with the bondholder, STI Institutional & Government, Inc. The bond was issued for the purpose of: (i) currently refunding the outstanding Central Florida Expressway Authority Refunding Revenue Bond 2010B, (ii) currently refunding the outstanding Central Florida Expressway Authority Refunding Revenue Bond 2013C and (iii) paying the costs of issuance in relation to the Bond. The net present value of savings was $11,219,373.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Trend Data on Infrastructure Condition

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

Evaluation Period Fiscal Year	Rating
2020	91%
2019	91%
2018	92%
2017	89%

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

Fiscal Year	Budget	Actual
	(in thousands)	
2020	$ 51,040	$ 31,002
2019	44,000	21,586
2018	31,850	33,837
2017	38,487	22,447
2016	42,406	15,964

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
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%
2014	2013	0.0091%	1,566	2,985	52.46%	88.54%

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

CFX Fiscal Year Ending June 30,	Plan Sponsor Measurement Date June 30,	CFX's Proportion of the HIS Net Pension Liability	CFX's Proportionate Share of the HIS Net Pension Liability	CFX's Covered 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
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%
2014	2013	0.0154%	1,343	4,482	29.96%	1.78%

Notes:

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

CENTRAL FLORIDA EXPRESSWAY AUTHORITY
Schedule of CFX Contributions

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

Fiscal Year Ending June 30,	FRS Contractually Required Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	CFX's Covered Payroll	FRS Contributions as a Percentage of Covered Payroll
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%
2014	344	344	-	2,987	11.52%

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

Fiscal Year Ending June 30,	HIS Contractually Required Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	CFX's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
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%
2014	52	52	-	4,507	1.15%

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

OTHER SUPPLEMENTARY INFORMATION

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

	Years Ended June 30, 2020	Years Ended June 30, 2019
	(in thousands)	(in thousands)
Schedule 1		
Revenues:		
Tolls	$ 451,894	$ 463,236
Fees tied to revenue collection	12,140	9,917
Transponder sales	820	648
Other operating	1,778	1,482
Interest	10,817	6,458
Miscellaneous	732	914
Total revenues	478,181	482,655
Expenses:		
Operations	64,937	62,123
Maintenance	18,022	17,753
Administration	8,910	8,447
Other operating	3,580	3,317
Total expenses	95,449	91,640
Add deposits into OMA reserve	756	1,086
Less advances allowable for operations and maintenance expenses received from FDOT	(7,601)	(7,041)
Net expenses	88,604	85,685
Net revenues, as defined, inclusive of advances received from the FDOT	$ 389,577	$ 396,970
Senior lien debt service payments	$ 192,866	$ 170,170
Senior lien debt service ratio of net revenues to debt service payments	2.02	2.33
Subordinate Payments		
SunTrust Bank Loan Payment	7,555	7,473
Total Subordinate Payments	$ 7,555	$ 7,473
Subordinate Debt Service Ratio*	1.94	2.23

*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

MSL
Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements, as listed in the table of contents, of the Central Florida Expressway Authority ("CFX") as of and for the year ended June 30, 2020, and have issued our report thereon dated October 27, 2020.

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

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 October 27, 2020.

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.

MSL, P.A.
Certified Public Accountants

Orlando, Florida
October 27, 2020

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH BOND COVENANTS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements, as listed in the table of contents, of the Central Florida Expressway Authority ("CFX") as of and for the year ended June 30, 2020, and have issued our report thereon dated October 27, 2020.

Other Matter

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

Restricted Use Relating to the Other Matter

This communication related to compliance with the aforementioned Amended and Restated Master Bond Resolution and 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.

MSL, P.A.
Certified Public Accountants

Orlando, Florida
October 27, 2020

MSL

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the compliance of the Central Florida Expressway Authority ("CFX") with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended June 30, 2020. Management is responsible for CFX's compliance with those requirements. Our responsibility is to express an opinion on CFX's compliance based on our examination.

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

In our opinion, CFX complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2020.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
October 27, 2020

MSL

Certified Public Accountants

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Central Florida Expressway Authority ("CFX") as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated October 27, 2020.

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 October 27, 2020, 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, 2020.

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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
October 27, 2020