FLORIDA'S TURNPIKE SYSTEM

Comprehensive Annual Financial Report

Fiscal Years Ended
June 30, 2017 and 2016

Prepared by:
The Finance Department of Florida's Turnpike System

SUNPASS®
PREPAID TOLL PROGRAM

FLORIDA'S TURNPIKE

FDOT

AN ENTERPRISE FUND OF THE FLORIDA DEPARTMENT OF TRANSPORTATION

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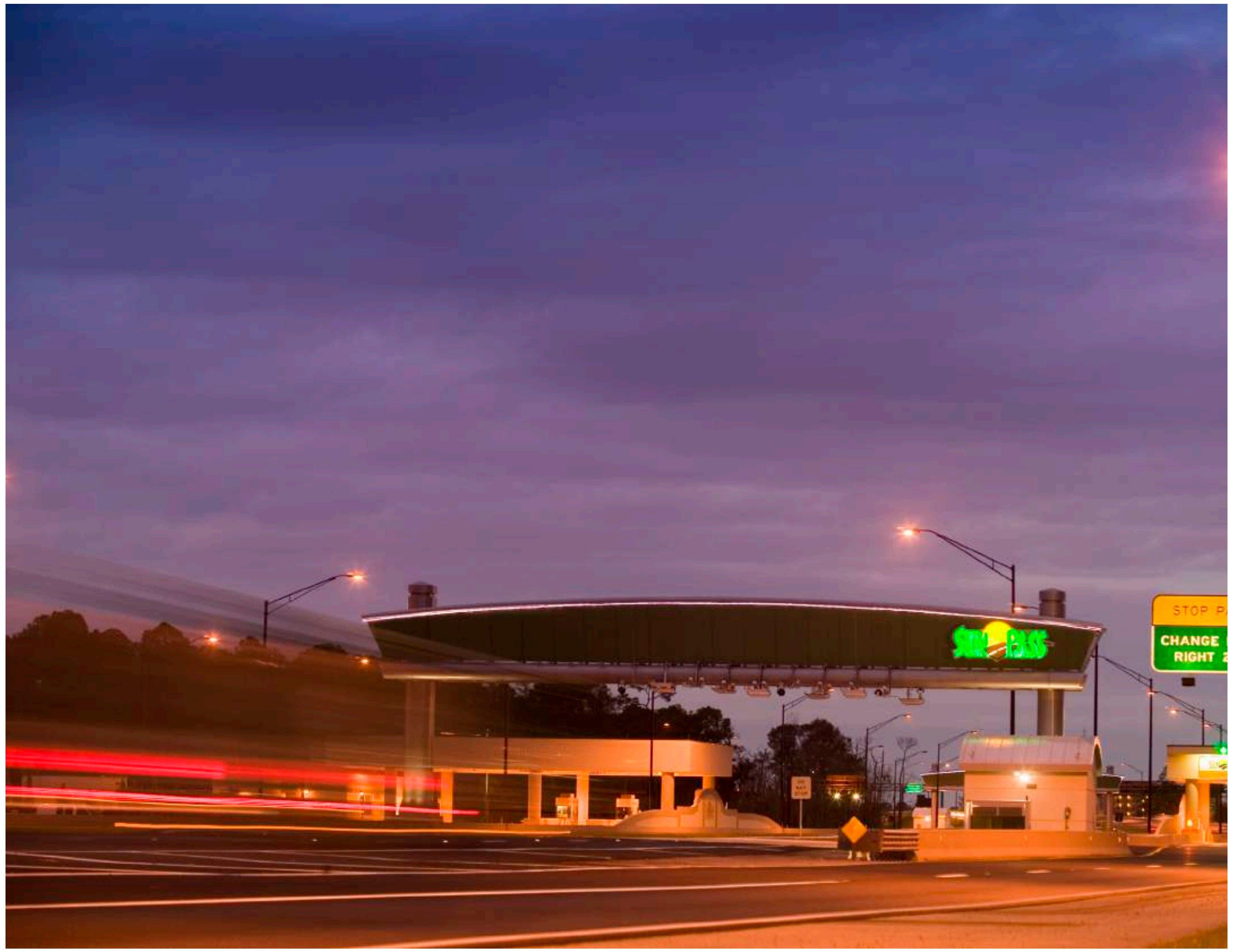
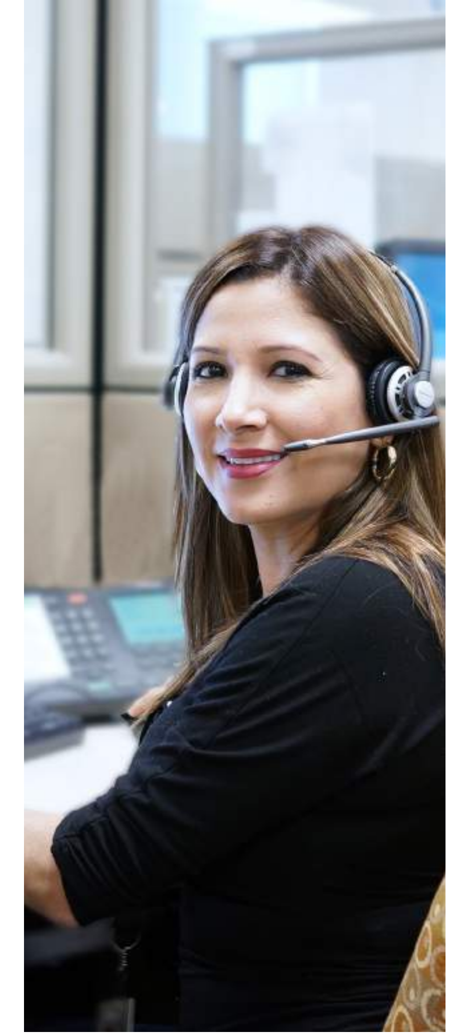


INTRODUCTORY SECTION (unaudited)

FINANCIAL SECTION



STATISTICAL SECTION (unaudited)

Florida Department of Transportation

RICK SCOTT
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

MIKE DEW
SECRETARY

December 22, 2017

Mr. Mike Dew, Secretary
Florida Department of Transportation
605 Suwannee Street
Tallahassee, Florida 32399

Dear Secretary Dew:

On behalf of Florida's Turnpike Enterprise, which is responsible for Florida's Turnpike System ("System"), we are pleased to submit this Comprehensive Annual Financial Report ("CAFR") for fiscal years 2017 and 2016. The report has been prepared in accordance with standards prescribed by the Governmental Accounting Standards Board and other rule-making bodies. The enclosed CAFR reflects the results of operations and the financial condition of the System, and is divided into an Introductory Section (unaudited), Financial Section, and Statistical Section (unaudited), to facilitate an understanding of the financial performance of the System. The responsibility for the accuracy of the data and the completeness and fairness of the presentation in this report rests with the management of the System and the Florida Department of Transportation ("Department").

The System utilizes an internal control structure that is designed to provide reasonable assurance that assets are safeguarded and financial transactions are properly recorded and adequately documented. Many program safeguards are in place to protect the System, including statutory and bond covenant requirements. Management believes the existing internal control structure is designed and operating so that a material misstatement would be prevented or detected and corrected by Department employees in the normal course of performing their duties.

An independent auditor has issued an unmodified opinion on the financial statements for the fiscal years ended June 30, 2017 and 2016, which is presented in the Financial Section of this report. Management's Discussion and Analysis immediately follows the Independent Auditor's Report and provides a narrative overview and analysis of the basic financial statements.

System Profile

The Department is an agency of the State of Florida ("State") and the System is presented as a blended enterprise fund in the financial reports of the State. The System is self-supported by resources generated from toll revenues, concession revenues, investment earnings, and the issuance of municipal bonds. System revenues are pledged for repayment of outstanding bonds. Management is responsible for preserving and reinvesting in the System to ensure financial sustainability. Budgetary control is exercised through operating and capital budgets approved by the State Legislature. Appropriate controls are maintained to ensure expenditures do not exceed authorized limits.

The System was created by the State Legislature in 1953 and became part of the Department in 1969. In 1990, the State Legislature expanded the System's reach by passing Senate Bill 1316 – a visionary plan that authorized the System to utilize toll revenues and bond proceeds to fund transportation expansion projects throughout the State. In 2002, the System became an Enterprise of the Department, responsible for the management and preservation of the System roadways and the collection of tolls on eight other facilities owned or operated by the Department.

Information Useful in Assessing Economic Condition

The System serves a diverse group of customers across the most populous regions of the State. A key component to the System's financial success is the transportation benefit it provides to a variety of customers. Customers choose System roadways based on route preference and time efficiency. Although System roadways are primarily utilized by passenger vehicles, they also serve as an important alternative for commercial vehicles. Due to the combination of vehicle mix and trip purpose, traffic and revenue are significantly influenced by population, employment levels, and tourism.

Florida is the third most populous state and continues to experience strong population growth year after year. According to the US Census Bureau, Florida's population is reported to be over twenty million. Over the past two decades, Florida's population has grown 35%, outpacing the nation's population growth.

Although Florida is still considered a popular retirement destination, statistics reveal that younger people are relocating to Florida to pursue employment opportunities. Florida's labor force has grown and the unemployment rate remains low. According to the Bureau of Labor Statistics, Florida's unemployment rate was 3.8% as of September 2017, slightly lower than the 4.2% for the nation. Additionally, Florida's annual job growth rate exceeds the nation's rate. Florida continues to provide an economic climate that is attractive for business in all sectors.

Governor Scott's strategic investment in the tourism industry, along with industry partners, continues to pay big dividends by attracting a record number of visitors for the sixth consecutive year. Florida welcomed over 112 million tourists in 2016, breaking the prior year's record of 107 million. Nearly 1.2 million Floridians are employed in the tourism industry.

Long-Term Financial Planning

Management remains steadfast in its mission to meet the State's growing transportation needs and stimulate economic development through investment in Florida's infrastructure. The System strives to achieve this goal through ongoing initiatives in capital projects related to safety, capacity, access, preservation, and expansion.

Florida Statutes authorize the issuance of revenue bonds to fund approved projects provided that no more than $10 billion in bonds are outstanding. Currently, $2.6 billion of bonds are outstanding with a Five-Year Capital Plan that calls for $1.5 billion of additional bonds to be issued. The remaining statutory limit will provide the legislative authority for the System to expand beyond the current Five-Year Work Program.

The System continues to report a strong debt service coverage ratio driven by record operating revenues of over $1 billion for fiscal year 2017, a 6% increase from the previous year. For fiscal year 2017, the System's debt service coverage ratio of 3.3 exceeded the System's debt management policy, as well as the bond indenture requirement.

Since opening to traffic in 1957, the System has generated sufficient revenues to operate, maintain, and preserve the System, as well as meet debt service requirements and construct improvements and expansions.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its CAFR for the fiscal year ended June 30, 2016. This was the 25th consecutive year that the System achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. Management believes that the current CAFR continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR is accomplished through the collaborative efforts and dedication of the Department's staff.

Respectfully submitted,

Diane Gutierrez-Scaccetti
Executive Director and Chief Executive Officer
Florida's Turnpike Enterprise

Bren W. Dietrich, CPA
Chief Financial Officer
Florida's Turnpike Enterprise

Robin M. Naitove, CPA
Comptroller
Florida Department of Transportation

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Florida's Turnpike System

Florida Department of Transportation

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Jeffrey R. Emer

Executive Director/CEO

MISSION STATEMENTS

Florida's Turnpike:

To help meet the State's growing transportation needs, ensuring value to customers, protecting investors and managing the Turnpike System in a business-like manner.

Florida Department of Transportation:

To provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity and preserves the quality of our environment and communities.

Florida Transportation Commission:

To provide leadership in meeting Florida's transportation needs through policy guidance on issues of Statewide importance and maintaining public accountability for the Department of Transportation.

Photo: Governor Rick Scott

ORGANIZATIONAL STRUCTURE

PEOPLE OF FLORIDA

GOVERNOR
Rick Scott

SECRETARY
Mike Dew

- TRANSPORTATION DISADVANTAGED EXECUTIVE DIRECTOR
  Steve Holmes
- FLORIDA TRANSPORTATION COMMISSION EXECUTIVE DIRECTOR
  Teddi Pitts
  - CHAIRMAN
    Jay Trumbull
    Panama City
  - VICE-CHAIRMAN
    Ken Wright
    Orlando
  - SECRETARY
    Beth Kigel
    Palm Beach Gardens
  - Donnie Ellington
    Gainesville
  - Maurice Ferré
    Miami
  - Teresa Sarnoff
    Miami
  - Jim Sebesta
    St. Petersburg
  - John Browning, Jr.
    East Palatka
  - Ronald Howse, PE
    Cocoa
- OFFICE OF GENERAL COUNSEL
  Erik Fenniman
- CHIEF OF STAFF & LEGISLATIVE PROGRAMS
  Shannan Schuessler
  - COMMUNICATIONS OFFICE
    Dick Kane
  - LEGISLATIVE PROGRAMS
    Vacant
- RAIL ENTERPRISE EXECUTIVE DIRECTOR
  Thomas Byron, PE (Interim)
- OFFICE OF INSPECTOR GENERAL
  Bob Clift
- ASST. SECRETARY ENGINEERING & OPERATIONS
  Brian Blanchard, PE
- ASST. SECRETARY FINANCE & ADMINISTRATION
  April Blackburn (Interim)
- DISTRICT OFFICES
  1,2,3,4,5,6,7
- ASST. SECRETARY STRATEGIC DEVELOPMENT
  Thomas Byron, PE

TURNPIKE ENTERPRISE EXECUTIVE DIRECTOR/ CHIEF EXECUTIVE OFFICER
Diane Gutierrez-Scaccetti

- GENERAL COUNSEL
  Christy Alexander
- HUMAN RESOURCES
  Laura Duran
- DIRECTOR OF ADMINISTRATION
  Brett Hartzog
- DIRECTOR OF TRANSPORTATION OPERATIONS
  Paul Wai, PE
- DIRECTOR OF TRANSPORTATION DEVELOPMENT
  Michael Shannon, PE
- DIRECTOR OF TOLL SYSTEMS
  Floyd Holland
- COMMUNICATION AND MARKETING
  Kim Poulton
- CHIEF FINANCIAL OFFICER
  Bren Dietrich, CPA
- INTERGOVERNMENTAL AFFAIRS
  Thomas DiGiacomo

"It is an honor to be appointed as Secretary of the Florida Department of Transportation. Florida is the fastest growing state in the nation and Governor Scott's continued focus on our transportation infrastructure is vital not only to our growing population, but to Florida's booming economy. I look forward to continuing the great work of FDOT and cementing our state as a leader in transportation."

- Secretary Mike Dew

In June 2017, Governor Rick Scott appointed Mike Dew as Secretary of the Department. Secretary Dew served as Chief of Staff of the Department since January 2015. Previously, he served as the Chief of Staff of the Florida Department of Corrections from 2013–2014, and as Director of External Affairs for Governor Scott from 2011-2012.

The Department consists of seven Districts and Florida's Turnpike Enterprise ("Enterprise"). The District Secretaries and the Executive Director of the Enterprise report to the Department's Secretary.

In accordance with Florida Statutes, the Florida Transportation Commission ("FTC") serves as a citizen's oversight body for the Department. The FTC's purpose is to review major transportation policy initiatives submitted by the Department and recommend major transportation policy to the Governor and Legislature.

Photo: Secretary Mike Dew

ROADWAYS

The System's roadways consist of the Mainline, nine existing expansion projects, and two expansion projects under construction. Since 2011, the System has been removing cash toll collection and converting segments to All-Electronic Tolling ("AET") in phases to provide at-speed, non-stop tolling by way of a vehicle transponder or image of the vehicle's license plate. To date, 97 centerline miles have been converted to AET.

MAINLINE

The System's Mainline is a 320-mile, multi-lane facility extending from Florida City in Miami-Dade County northward to Wildwood in Sumter County. This contiguous roadway consists of the 47-mile SR 821 Homestead Extension of Florida's Turnpike (HEFT) and SR 91, which consists of the 43-mile Southern Coin System, the 155-mile Ticket System, the 67-mile Northern Coin System and the eight-mile Beachline West Expressway. The first four facilities are contiguous in a north-south direction. The Beachline West Expressway intersects with the Northern Coin System and has an east-west orientation. The Mainline opened from Miami to Fort Pierce in 1957, Fort Pierce to Orlando in 1963 and Orlando to Wildwood in 1964. The Beachline West Expressway opened in 1973, and SR 821 (HEFT) opened the following year in 1974.

EXPANSION PROJECTS -COMPLETED

Suncoast Parkway: A 42-mile, four-lane limited-access toll facility that extends from the Veterans Expressway near Van Dyke Road in Hillsborough County, northward through Pasco County, terminating at US 98 in Hernando County. This facility was completed in stages and fully opened to traffic in 2001.

Polk Parkway: A 25-mile, two- and four-lane limited-access toll facility that forms a partial loop around the south side of the City of Lakeland, connecting with I-4 at Clark Road on the west and Mt. Olive Road on the east. This facility opened to traffic in 1999.

Sawgrass Expressway: A 23-mile, four-lane limited-access AET facility beginning with a connection to I-595 and I-75, extending north, then east, to its interchange with the Mainline and SW 10th Street in Deerfield Beach. The Sawgrass Expressway provides a bypass of the urban Fort Lauderdale and Miami areas for motorists traveling south from the Mainline in northern Broward County. This facility became part of the System in 1990.

Beachline East Expressway: A 22-mile, limited-access toll facility that extends from SR 520 in Orange County into Brevard County, where it splits into two branches. The southeast branch continues as SR 528 and connects with the Bennett Causeway at US 1, and the northeast branch connects with SR 405. This facility became part of the System in 2014.

Seminole Expressway: An 18-mile, four-lane limited-access toll facility. The original 12-mile section, SR 426 to US 17/92, opened to traffic in 1994; the final six-mile section, US 17/92 to I-4, opened to traffic in 2002. The expressway connects with the Central Florida GreeneWay, a toll facility operated by the Central Florida Expressway Authority, at SR 426 in east Orlando.

Veterans Expressway: A 15-mile, four-lane limited-access AET facility extending north from the Courtney Campbell Causeway (SR 60) near the Tampa International Airport to Dale Mabry Highway (SR 597) just north of Van Dyke Road. This facility opened to traffic in 1994.

Western Beltway, Part C: An 11-mile, limited-access toll facility extending from I-4 in Osceola County across US 192 to Seidel Road in Orange County. The facility provides an alternative north-south route between the Mainline and I-4. Completed in two stages, the facility fully opened to traffic in 2006.

Southern Connector Extension: A six-mile, four-lane limited-access toll facility that connects the Central Florida GreeneWay southwestward to I-4 in Osceola County. The facility opened to traffic in 1996.

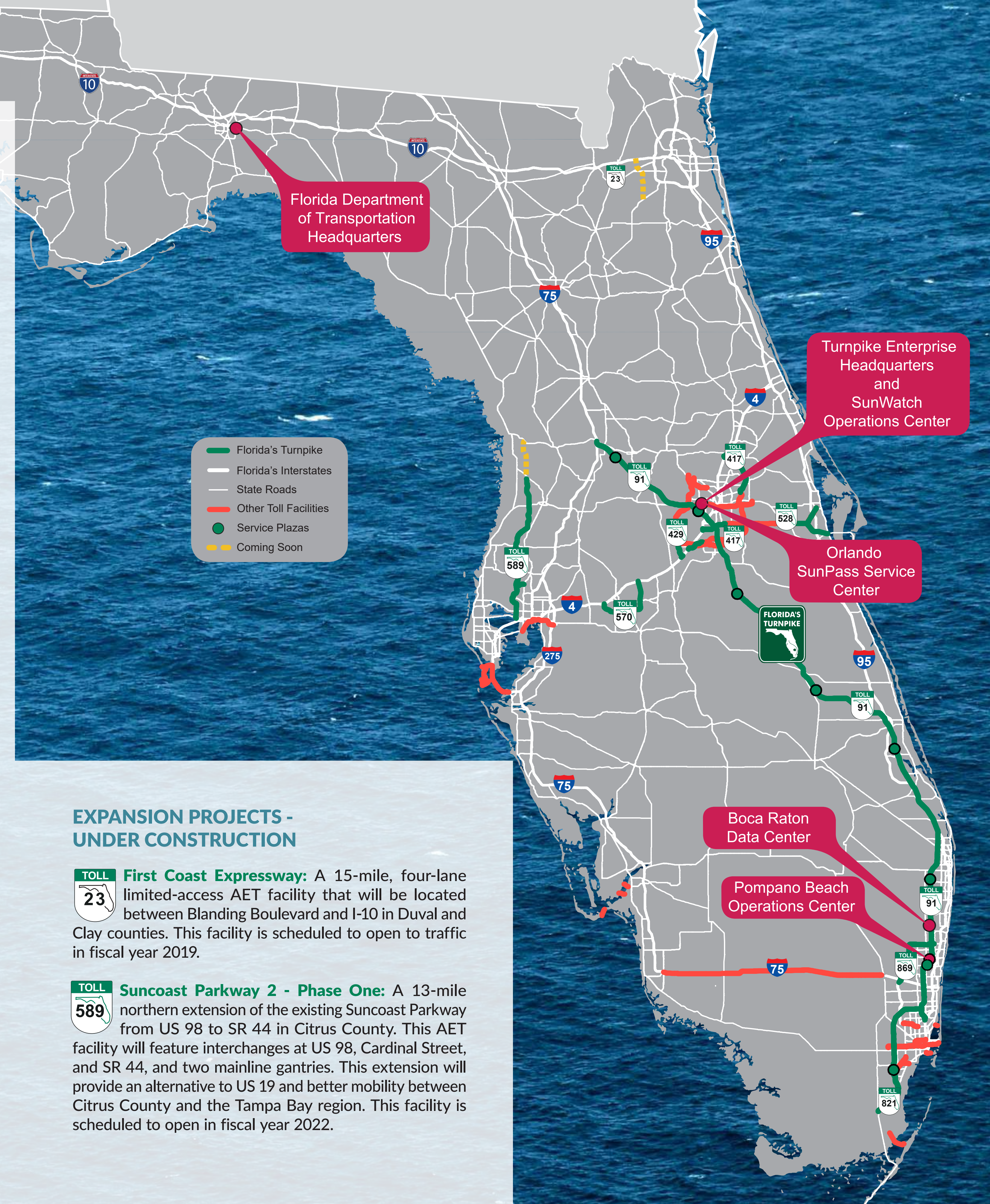
Exit 2

I-4 Connector: A one-mile, 12-lane limited-access AET facility that connects I-4 to the Selmon Expressway in Hillsborough County. The facility opened to traffic in January 2014.

EXPANSION PROJECTS - UNDER CONSTRUCTION

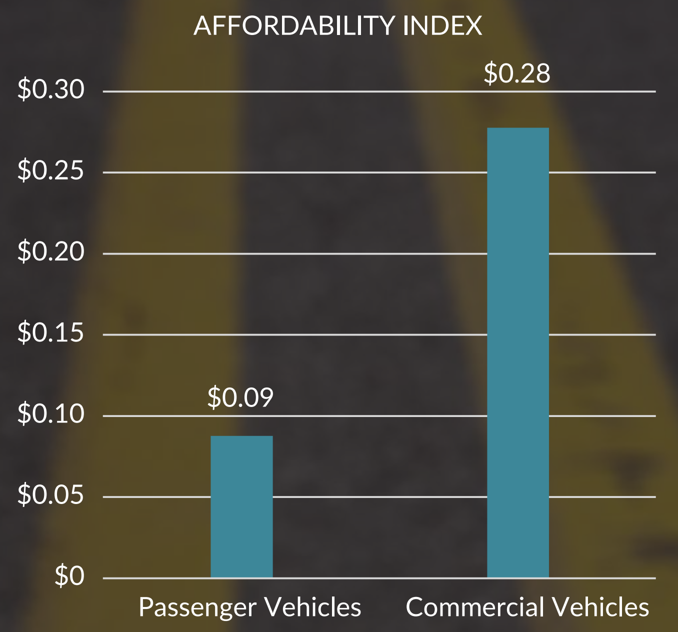
First Coast Expressway: A 15-mile, four-lane limited-access AET facility that will be located between Blanding Boulevard and I-10 in Duval and Clay counties. This facility is scheduled to open to traffic in fiscal year 2019.

Suncoast Parkway 2 - Phase One: A 13-mile northern extension of the existing Suncoast Parkway from US 98 to SR 44 in Citrus County. This AET facility will feature interchanges at US 98, Cardinal Street, and SR 44, and two mainline gantries. This extension will provide an alternative to US 19 and better mobility between Citrus County and the Tampa Bay region. This facility is scheduled to open in fiscal year 2022.



AFFORDABILITY INDEX

The ***Affordability Index*** is a measure of total toll revenue to annual vehicle miles traveled ("VMT").



Passenger vehicles (2-axle automobiles and motorcycles) account for 95% of the System's VMT. During fiscal year 2017, customers traveled ten billion vehicle miles on the System at an average of nine cents per mile for passenger vehicles and 28 cents per mile for commercial vehicles. The significant usage of the System continues to demonstrate that toll rates are affordable and competitive nationally.

TOLL COLLECTION

The System collects tolls using three methods: SunPass electronic toll collection ("ETC"), TOLL-BY-PLATE, and traditional cash collection.

SunPass – In an effort to provide customer convenience, reduce operating costs, and improve efficiency, the System launched the SunPass ETC system in 1999. SunPass is a transponder device loaded with prepaid funds that attaches to a vehicle's windshield, allowing customers to bypass traditional cash collection booths. As an added incentive to participate, SunPass customers pay the lowest tolls. A customer traversing the entire Mainline would receive a 22% discount on the cost of the trip. For fiscal year 2017, 82% of the System's toll transactions were processed via ETC.

The System has agreements with several retailers making SunPass accessible to customers at over 3,200 retail locations throughout Florida and actively monitors the SunPass supply chain, ensuring retailers are receiving inventory in an efficient and timely manner. The System also actively engages with retailers to help promote SunPass transponders at retail locations through the creation and placement of SunPass point of sale materials. SunPass retailers include, but are not limited to:

- Publix Super Markets
- CVS
- Walgreens
- Amscot
- Navarro Discount Pharmacies
- Sedano's Supermarkets
- Visit Florida welcome centers and rest areas
- Florida's Turnpike service plaza gift shops, vending machines, and Shell fuel stations
- County tax collector offices, Escambia County (Santa Rosa Island Authority Office)
- Central Florida's Visitor Information Center
- AAA South (all branch offices in Florida)
- Navy Exchange Service Command
- Daily's Convenience Stores

Managing a SunPass account is easy. The System offers its customers a variety of payment choices. Customers may establish recurring payments, as well as add money to their prepaid accounts using a payment card via the internet, a mobile application, by telephone, or by replenishing their accounts with cash at several retail locations. The SunPass mobile application is available for download on Android and iOS devices.

SunPass customers can conveniently obtain account balances and replenish their accounts with cash at over 5,400 retail locations throughout Florida. The System has also installed SunPass activation kiosks at Florida welcome centers and all Florida's Turnpike service plazas, allowing customers to activate their transponders, pay TOLL-BY-PLATE invoices, and pay unpaid toll violations with a user-friendly and conveniently-located kiosk.

SunPass customers also have access to SunPass Plus Parking, which can be used to pay for parking at Orlando, Tampa, Palm Beach, Miami, and Ft. Lauderdale-Hollywood International Airports and Hard Rock Stadium in Miami. The SunPass Plus Parking program has been well received by customers and provides an additional customer benefit to SunPass ownership.

TOLL-BY-PLATE – For non-SunPass customers, video tolling of license plates may be utilized. A camera captures a photograph of the license plate as the vehicle passes through the toll facility and matches the license plate to the registered owner of the vehicle. Customers are then invoiced for their tolls. For fiscal year 2017, TOLL-BY-PLATE transactions accounted for approximately 10% of the System's toll transactions.

Cash Collection – Traditional cash collection is still utilized at most System toll facilities, however, cash collection only accounted for approximately 8% of toll transactions for fiscal year 2017. The System is continually converting existing cash collection booths to All-Electronic Tolling, with the long-term goal of eliminating all cash tolling.

INTEROPERABILITY

The System has been a national leader achieving interoperability through coordinated efforts with state agencies, independent toll authorities, and industry associations both within and outside of Florida. Within Florida, the System partners with smaller, independent toll agencies and private enterprise to incorporate SunPass-compatible toll technology for electronic toll collection. Additionally, the System is currently interoperable with toll agencies in North Carolina and Georgia, allowing customers to use their SunPass, Quick Pass® or Peach Pass®. Interoperability agreements have also been executed with the South Carolina Department of Transportation and the Greenville Southern Connector, in addition to the U.S. Central Hub, encompassing Texas, Oklahoma, and Kansas.

EXPRESS LANES

The System is currently in the process of constructing express lanes, which are optional travel lanes that customers can choose to use when they want to bypass congestion. Customers in the express lanes pay a dynamically-priced toll. With dynamic pricing, toll rates increase as the express lanes become more congested. Express lanes provide additional travel lanes and are designed with a limited number of entry and exit points to serve longer, more regional trips by helping move traffic through congested urban areas.

Photo: TOLL-BY-PLATE camera

MAJOR PROJECTS

MINNEOLA INTERCHANGE

During fiscal year 2017, the System completed over $250 million of major projects, including the completion of the new Minneola Interchange on the Mainline in Lake County. The new AET access point brings promise of faster commutes into Orlando and expanded residential development. Local leaders see the potential for as many as 7,000 direct and indirect jobs as a result of the new interchange and as much as a one billion dollar economic impact in the region.

The cost of the project was funded through a joint effort among the System, a private developer, and county and local governments. All of the land for the project was donated by the private developer, while the City of Minneola helped raise funds for the construction of the interchange. Further, the completion of Hancock Road, which was an integral part of the interchange project, was partially funded by the government of Lake County.

OTHER MAJOR PROJECTS COMPLETED IN FISCAL YEAR 2017

- Widened SR 821 (HEFT) from SW 216th St to north of Eureka Dr, including express lanes (milepost 12-15)
- Widened Veterans Expressway from north of Barry Rd to south of Linebaugh Ave, including express lanes (milepost 5-7)
- Widened Veterans Expressway from south of Gunn Hwy to Sugarwood Toll Plaza (milepost 9-11)
- Added new interchange at SR 417 and Mainline (milepost 251)
- Resurfaced Mainline (milepost 221-227)

KEY PROJECTS UNDER CONSTRUCTION AT THE END OF FISCAL YEAR 2017

- New toll facility construction of First Coast Expressway in Clay and Duval counties, scheduled to open in 2018
- Widening SR 528 from I-4 to McCoy Rd (milepost 0-8)
- Widening SR 821 (HEFT) from SW 288th St to SW 216th St, including express lanes (milepost 5-12)
- Widening SR 821 (HEFT) from Eureka Dr to SR 836, including express lanes (milepost 15-26)
- Widening Mainline from Osceola Parkway to SR 528, including express lanes (milepost 249-254)
- Widening Veterans Expressway from Sugarwood Toll Plaza to Van Dyke Rd, including express lanes (milepost 11-14)
- Interchange improvements at Glades Rd northbound exit ramp and Mainline (milepost 75)
- Interchange improvements at Sunrise Blvd and Mainline (milepost 58)
- Interchange improvements at I-75 and Mainline (milepost 309)
- Resurfacing of Mainline (milepost 239-249)
- Resurfacing of Mainline (milepost 178-185)
- AET conversion of Suncoast Parkway

Photo: Completed Minneola Interchange

> "The Turnpike's newest interchange at Minneola is a prime example of what can happen when state and local governments join forces for a common goal. We are confident that the Turnpike interchange at Minneola will be a win-win for the City of Minneola and Turnpike customers alike."
>
> **- Diane Gutierrez-Scaccetti**

Photo: Minneola Interchange Opening

MAJOR PROJECTS

FISCAL YEARS 2018-2023

With historically strong financial performance and anticipated traffic and revenue growth, the System is investing in new revenue-generating projects and continuing to provide safe, well-maintained roadways for greater ease of travel and toll collection efficiency. Over the next several years, the System will undertake many projects related to capacity, access, preservation, and expansion. This robust capital program demonstrates the System's success as a national leader in user-financed transportation.

CENTRAL REGION

A Suncoast Parkway 2:

This AET facility will extend the existing Suncoast Parkway at US 98 north for 13 miles into Citrus County where it will terminate at SR 44 (2018).

B AET conversion from Three Lakes Toll Plaza to I-75 (2019)

C Widen Mainline from Minneola Interchange to US 27 (2023)

D Widen Mainline from SR 50 to Minneola Interchange (2021)

E New interchange ramps at Mainline and I-4 (2018)

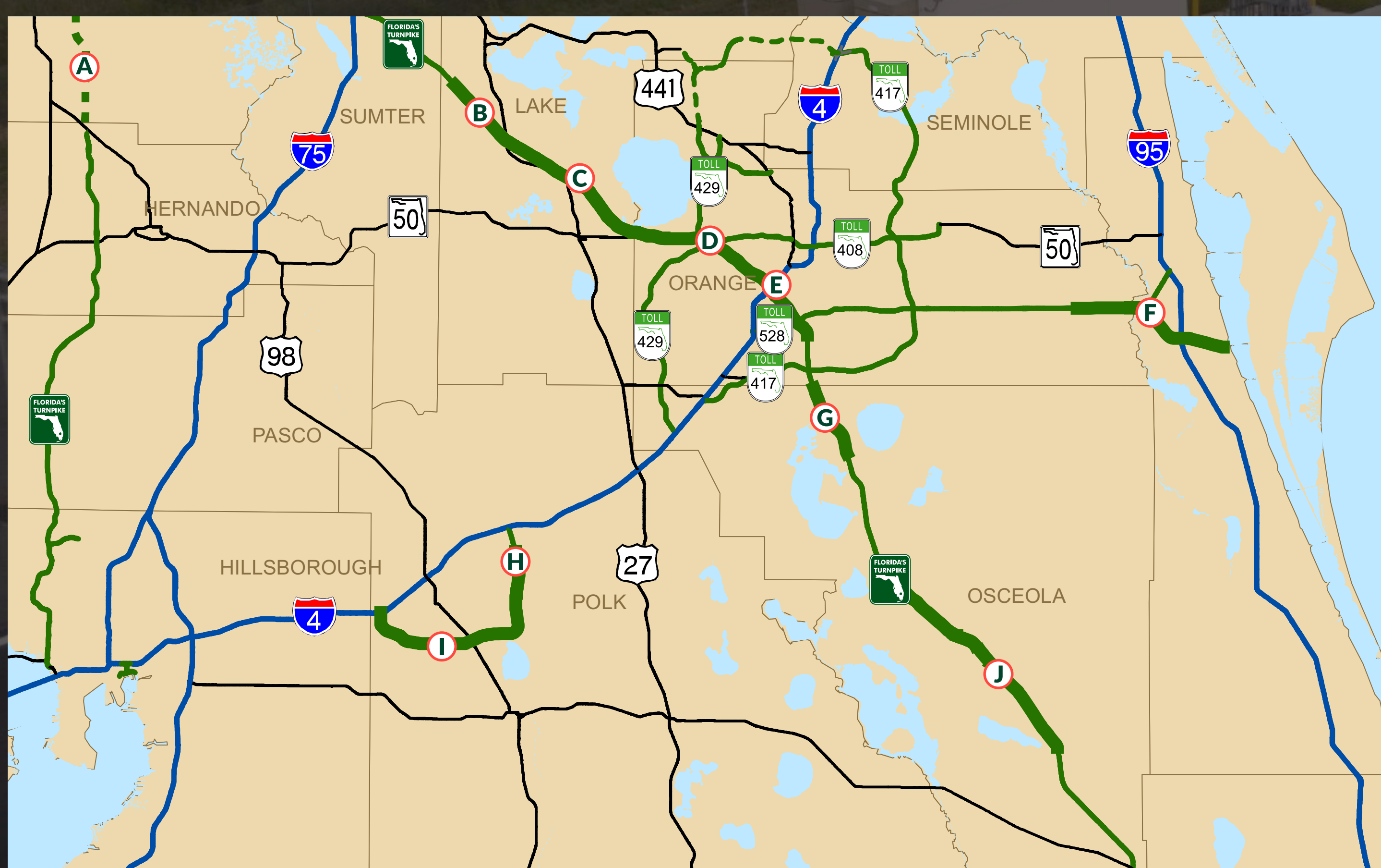
F Resurface SR 528 from milepost 31-46 (2018)

G Widen Mainline from US 192 to Osceola Parkway, including express lanes (2022)

H Widen Polk Parkway from Old Dixie Hwy to south of Pace Rd (2020)

I AET conversion from I-4 to Old Dixie Hwy (2020)

J Resurface Mainline from milepost 207-220 (2018)

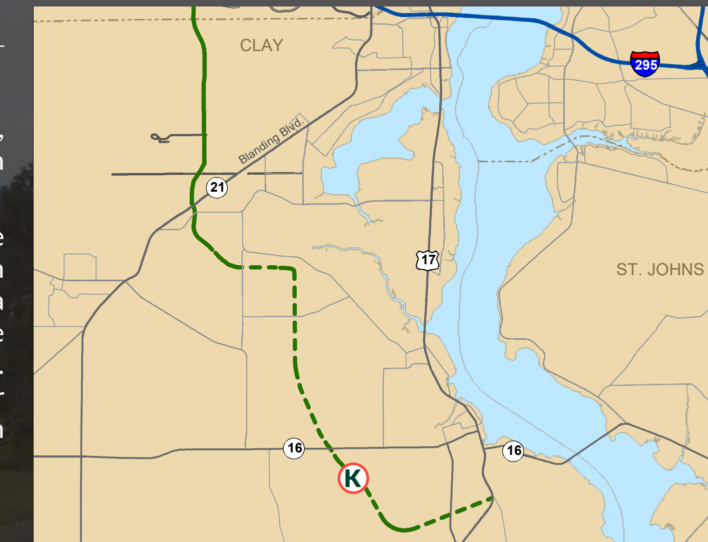


NORTHERN REGION

K First Coast Expressway - Phase One Extension:

With construction anticipated to begin in fiscal year 2019, the First Coast Expressway will extend phase one from SR 21 (Blanding Boulevard) to US 17.

The vision of the completed First Coast Expressway will be a four-lane toll road connecting I-10 in Duval County with I-95 in St. Johns County through Clay County, covering a total distance of 46.5 miles. It will include a new bridge over the St. Johns River near the existing Shands Bridge. Drivers will be able to avoid the congestion on the inner beltway (I-295) if their destination is Clay County or south of Jacksonville.



SOUTHERN REGION

L AET conversion from Lantana Toll Plaza to Three Lakes Toll Plaza (2019)

M Widen Mainline from Boynton Beach Blvd to Lake Worth Rd (2019)

N Widen Mainline from Atlantic Blvd to Palm Beach County line (2018)

O Widen Sawgrass Expressway from Sunrise Blvd to Atlantic Blvd, including express lanes (2023)

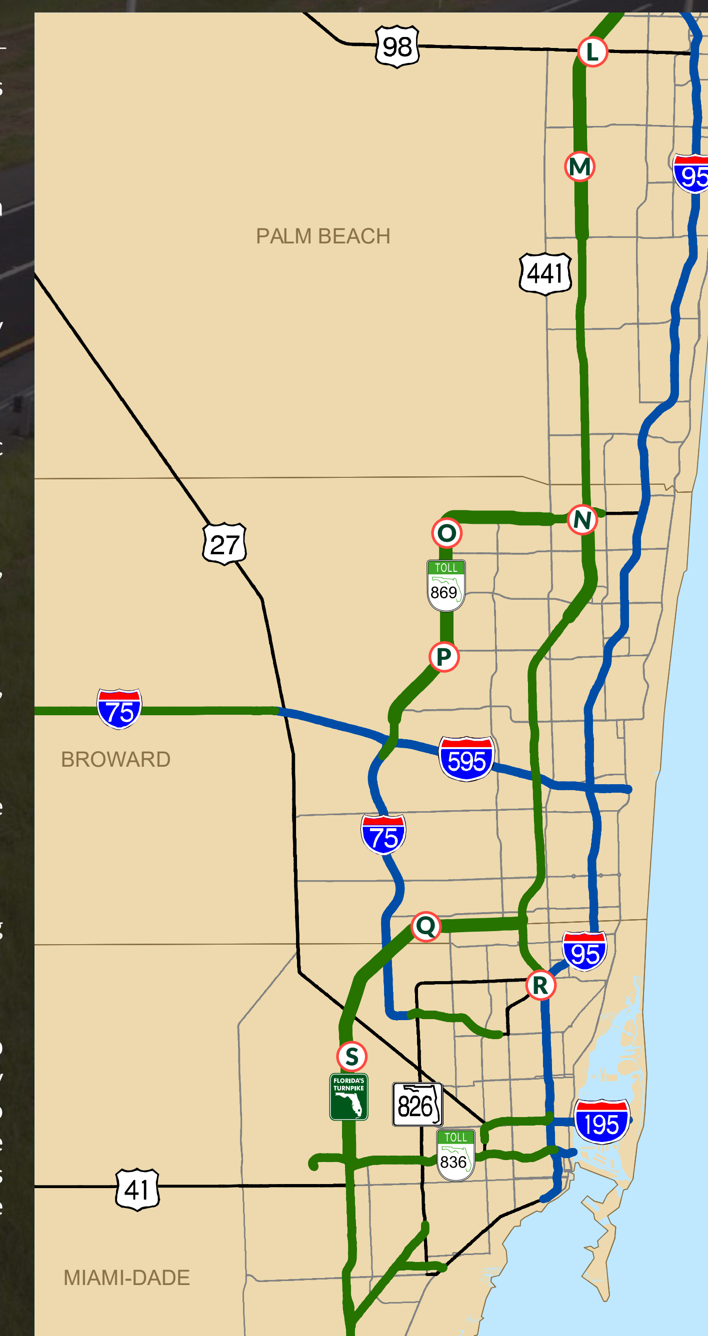
P Widen Sawgrass Expressway from Atlantic Blvd to SR 7, including express lanes (2021)

Q Widen SR 821 (HEFT) from I-75 to Miramar Toll Plaza, including express lanes (2018)

R Interchange improvements at Golden Glades and Mainline (2021)

S Widen SR 821 (HEFT) from SR 836 to I-75, including express lanes (2019)

Other key projects in this region not displayed on the map include (1) AET conversion from I-595 in Broward County through Martin and St. Lucie counties, continuing into Central Florida and ending in Osceola County at Three Lakes Toll Plaza (2019), and (2) interchange improvements at SR 821 (HEFT) and Hainlin Mills Dr in Miami-Dade County (2020).



SERVING OUR CUSTOMERS

SERVICE PLAZAS

There are eight service plazas located along the Mainline: Snapper Creek, Pompano Beach, West Palm Beach, Fort Pierce/Port St. Lucie, Fort Drum, Canoe Creek, Turkey Lake, and Okahumpka. The service plazas are located approximately every 45 miles on the Mainline. They have been recently reconstructed as part of a new thirty-year concession agreement, with the final service plaza, Fort Pierce/Port St. Lucie, to be completed in fiscal year 2018. The design for the plazas was inspired by the naturally occurring elements of Florida's environment. Combining Leadership in Energy and Environmental Design (LEED) certified buildings and inspiration from Florida's cultural and environmental history, the resulting architecture is one that celebrates water, sun, flora and fauna, and the conservation of Florida's natural resources. Each service plaza is themed as Sun, Water or Landscape, which symbolizes the plaza's sustainability, water and energy efficiency, conservation in building materials, the use of environmentally preferred materials, and waste management.

The service plaza restaurant buildings range in size from 11,000 square feet to 40,000 square feet. The convenience stores are 3,500 square feet. The service plazas are open 24-hours a day and typically offer a variety of quick-serve food dining options, healthy food choices, gift shops, free wireless internet, ATMs, Florida Lottery, 24-hour news broadcasts, travel information, outdoor eating, dog walks, and other amenities. The restrooms have changing tables and each plaza also has a family-style restroom. Additionally, the service plazas offer all grades of gasoline, diesel fuel, and E85 ethanol for flex-fuel approved vehicles. An estimated 29.5 million travelers visited the service plazas in fiscal year 2017, up 8.2% from the previous year.

Tesla, Inc. ("Tesla") recently installed electric vehicle charging stations at the Turkey Lake and Fort Drum Service Plazas, which are operated at Tesla's own cost and expense. The System and concessionaire are actively pursuing additional vendors to supply and operate additional electric vehicle charging stations at other service plazas.

The System is committed to meeting the traveling needs of its customers. Each year the System conducts customer satisfaction surveys to capture and evaluate the opinions and perceptions about the eight service plazas. During fiscal year 2017, 92% of the service plaza customers were pleased with their overall experience.

Photo: Fort Pierce/Port St. Lucie convenience store

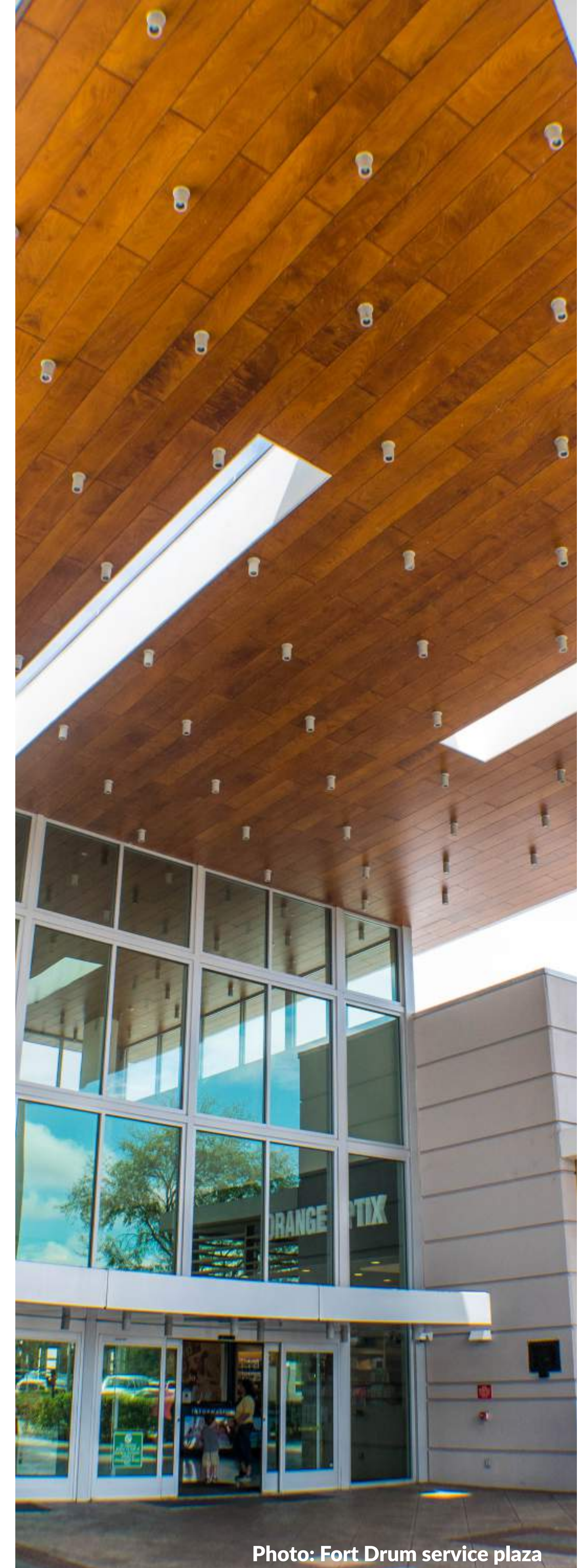


Photo: Fort Drum service plaza

SERVING OUR CUSTOMERS

SERVICE PLAZA SURVEY RESULTS

Overall Service Plaza Scorecard			
Restaurant Building	**Good**	**Fair**	**Poor**
Quality of Service	86%	12%	2%
General Appearance	95%	5%	0%
Restroom Cleanliness	90%	9%	1%
Fuel Station			
Quality of Service	90%	9%	1%
General Appearance	96%	3%	1%
Restroom Cleanliness	93%	7%	0%
FY 2017 Overall Avg	92%	7%	1%
FY 2016 Overall Avg	92%	6%	2%
FY 2015 Overall Avg	92%	6%	2%

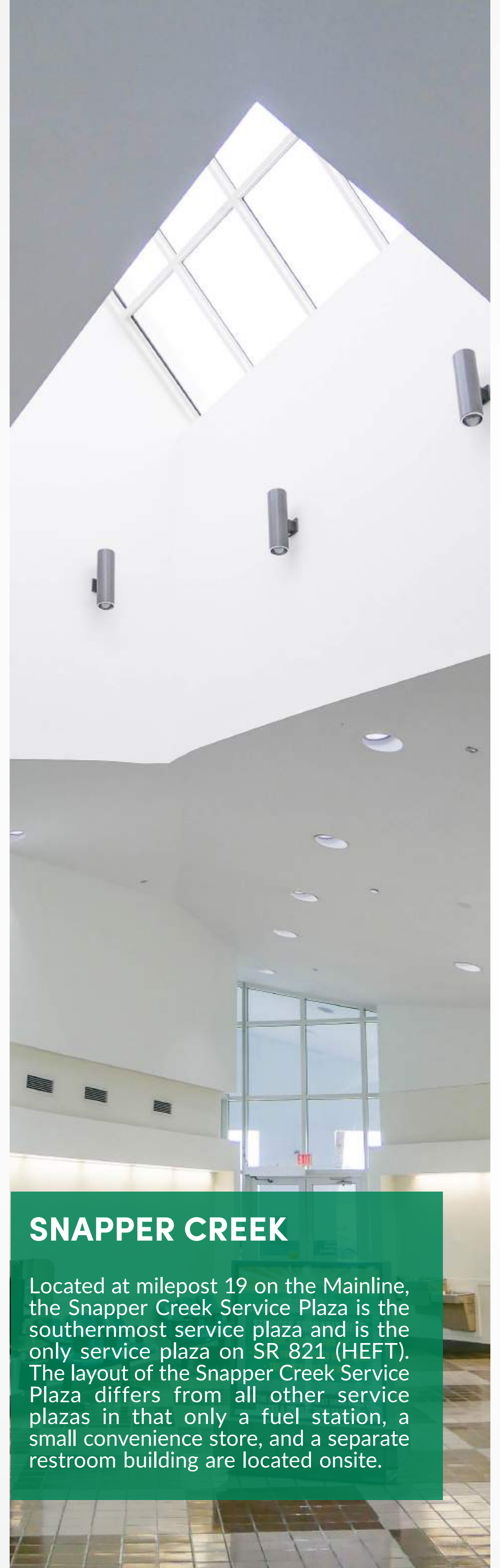
This data represents the rating categories and combined scores for the service plazas and the overall average rating for fiscal year 2017.

Source – Fiscal Year 2017 Service Plaza Customer Survey

Annual Average Daily Traffic Entering the Service Plazas	
Service Plaza	**Daily Avg Vehicle**
Okahumpka	3,956
Turkey Lake	4,104
Canoe Creek	5,228
Fort Drum	6,740
Fort Pierce/Port St. Lucie	6,330
West Palm Beach	5,816
Pompano Beach	4,185
Snapper Creek	1,818
FY 2017 Overall Total	38,177
FY 2016 Overall Total	35,947
FY 2015 Overall Total	33,058

This data represents the annual average daily traffic ("AADT") entering the service plazas. The AADT for each plaza was calculated using seven-day traffic volumes collected from vehicle counts conducted at each plaza during the week of the survey.

Source – Fiscal Year 2017 Service Plaza Customer Survey



SNAPPER CREEK

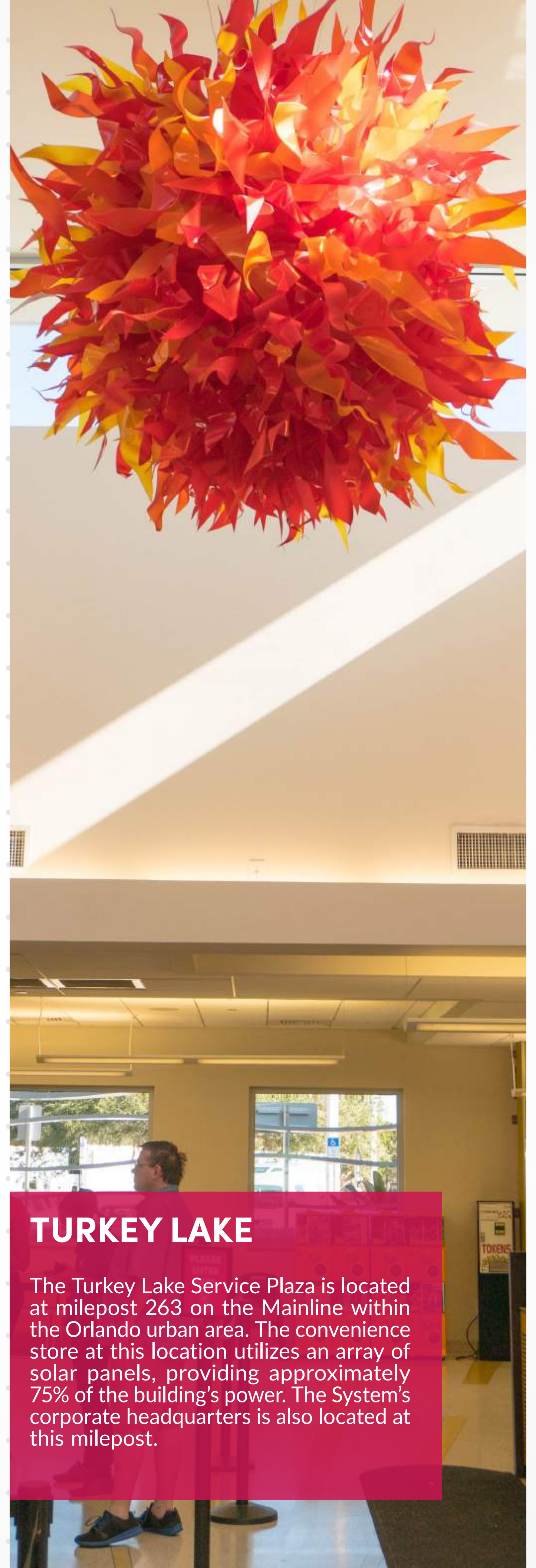
Located at milepost 19 on the Mainline, the Snapper Creek Service Plaza is the southernmost service plaza and is the only service plaza on SR 821 (HEFT). The layout of the Snapper Creek Service Plaza differs from all other service plazas in that only a fuel station, a small convenience store, and a separate restroom building are located onsite.

POMPANO BEACH

The Pompano Beach Service Plaza is located on the western limits of the City of Pompano Beach at milepost 65 on the Mainline. As one of the two service plazas with a water-themed design, it features a 350-gallon salt water tank. The System's operations center is also located at this milepost.

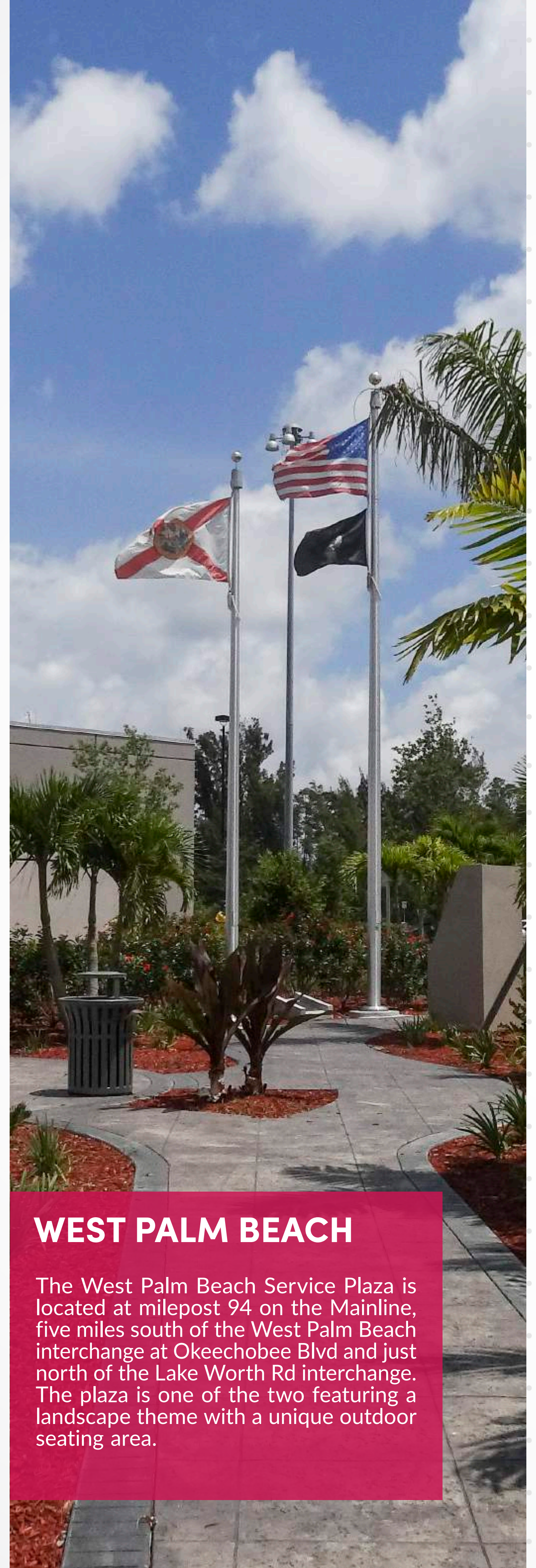
FORT DRUM

The largest service plaza, Fort Drum, is located at milepost 184 on the Mainline between the southern edge of the Orlando urban area and the northern edge of Florida's southeastern corridor. The plaza is one of two that features electric vehicle charging stations installed and operated by Tesla, Inc.



TURKEY LAKE

The Turkey Lake Service Plaza is located at milepost 263 on the Mainline within the Orlando urban area. The convenience store at this location utilizes an array of solar panels, providing approximately 75% of the building's power. The System's corporate headquarters is also located at this milepost.

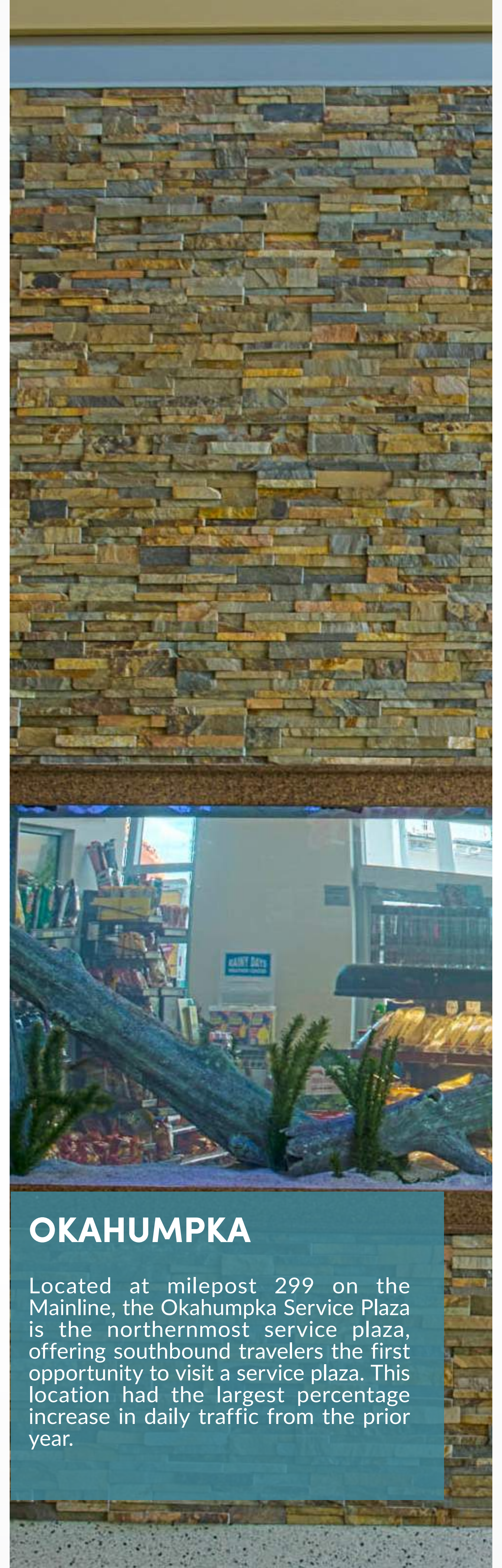


WEST PALM BEACH

The West Palm Beach Service Plaza is located at milepost 94 on the Mainline, five miles south of the West Palm Beach interchange at Okeechobee Blvd and just north of the Lake Worth Rd interchange. The plaza is one of the two featuring a landscape theme with a unique outdoor seating area.

CANOE CREEK

The Canoe Creek Service Plaza is located at milepost 229 on the Mainline, approximately 20 miles southeast of Walt Disney World, Universal Studios, and Sea World. Since plaza rennovations were completed in 2015, it has continued to produce some of the highest customer service ratings among the service plazas.



OKAHUMPKA

Located at milepost 299 on the Mainline, the Okahumpka Service Plaza is the northernmost service plaza, offering southbound travelers the first opportunity to visit a service plaza. This location had the largest percentage increase in daily traffic from the prior year.

FORT PIERCE

Currently undergoing major renovations, scheduled to be completed in 2018, the Fort Pierce/Port St. Lucie Service Plaza is located at milepost 144 on the Mainline, approximately eight miles south of the Fort Pierce interchange at SR 70.

Photo: State Trooper on safety patrol

SERVING OUR CUSTOMERS

SAFETY

Safety remains the top priority of the System. Many safety initiatives have been implemented to create a safer traveling environment.

TROOP K

Florida Highway Patrol ("FHP") Troop K is dedicated solely to patrolling System roadways. Troop K's safety and enforcement emphasis is on unlawful speed, aggressive drivers, impaired drivers, contraband interdiction, seatbelt and child restraint, Move Over law, following too closely, and commercial motor vehicle inspections. Expenditures incurred by FHP in carrying out its powers and duties while providing law enforcement services on System roadways are treated as part of the cost of the operation of the System.

INCIDENT MANAGEMENT

Intelligent Transportation Systems ("ITS") are crucial for incident management, allowing the Transportation Management Centers ("TMC") to identify and quickly respond to crash scenes, which in turn reduces incident durations, congestion, and provides a safer traveling environment for customers. The System utilizes closed circuit television cameras, vehicle detection systems, and arterial and dynamic message signs to monitor and manage traffic. Of the two TMCs used to monitor and manage these devices, Turkey Lake TMC recently began a full renovation project to create additional space for its operators, dedicated displays to prepare for the implementation of express lanes and the opening of the First Coast Expressway, and real-time dashboard reporting for incident and safety managers.

The TMCs work closely with FHP, Road Rangers, towing vendors, other Department Districts, "511" travel information providers, traffic media, and other agencies, to manage traffic and incidents. The TMCs coordinate emergency response efforts, reduce the likelihood of secondary crashes, and advise motorists of traffic conditions. Both TMC locations rely on ITS equipment for up-to-date information such as the average speeds of traffic, areas of congestion, and other tools to manage incidents on the roadway.

Rapid Incident Scene Clearance ("RISC") is a safety program that utilizes qualified towing companies to quickly clear major roadway obstructions, such as large vehicle crashes, rollovers, fires and cargo spills. The RISC program provides incentives to contractors who utilize specialized equipment and procedures, which significantly reduce clearing times. The RISC program continues to relieve congestion at a fast pace. During fiscal year 2017, RISC towing contractors cleared 101 traffic incidents in an average of 55 minutes, well below the incentivized goal of ninety minutes or less.

SPECIALTY TOWING AND ROADSIDE REPAIR

The Specialty Towing and Roadside Repair ("STARR") program facilitates safe, expedient and efficient towing services for crashed or disabled vehicles on the System. Qualified vendors are required to employ personnel with specialized training and industry-related certification. During fiscal year 2017, STARR vendors responded to over eight thousand calls dispatched by the FHP. They met stated arrival times 93% of the time, and held an average arrival time of just over twenty minutes. The STARR program covers the Mainline, and the majority of expansion facilities.

ROAD RANGERS

Road Rangers, also known as the State Farm Safety Patrol, is a free highway assistance service available on System roadways. The Road Ranger mission is to provide free highway assistance services during incidents to reduce delay and improve safety for the motoring public and responders. For emergency road service assistance, customers may dial *347.

The Road Rangers are equipped, at a minimum, with the following equipment to assist as needed: two-ton jacks, sand, an air compressor, auto fluids, booster cables, a cell phone, fire extinguishers, first aid kits, flares, a flashing arrow board, public address system, radiator water, reflective cones, wood blocks, and basic repair tools.

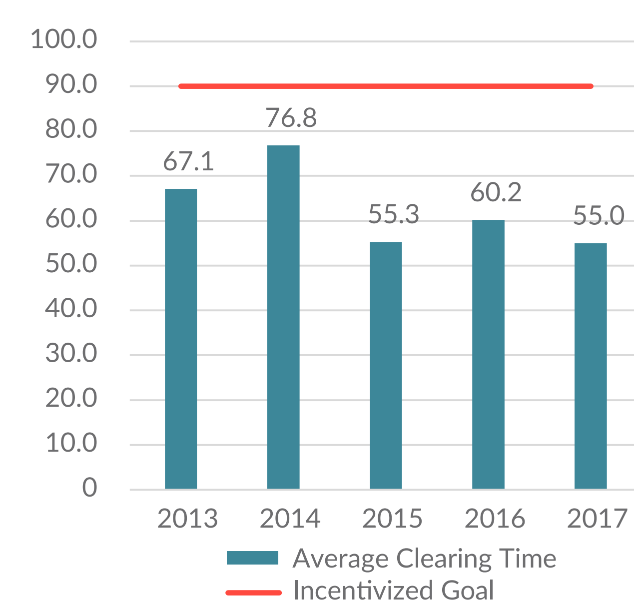
Uniformed safety patrol drivers are trained in first aid and CPR. Each safety patrol driver provides a comment card or website feedback link to every stranded motorist that is assisted, so that services can be reviewed and improved upon.

WRONG-WAY DRIVER DETECTION

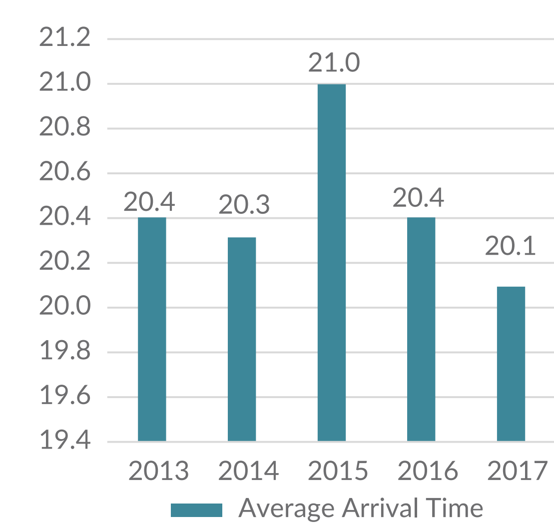
Wrong-way crashes are infrequent but the results can be severe. A recent pilot project on SR 821 (HEFT) and Sawgrass Expressway targeted wrong-way drivers. The project included a combination of wrong-way pavement arrows and oversized signs with flashing solar-powered LED lights to alert drivers driving in the wrong direction. In addition, vehicle-alert technology such as radar and cameras were installed to detect wrong-way vehicles and alert the TMCs.

The University of Central Florida has been researching wrong-way driving at a national level and is now working with the System staff to evaluate the effectiveness of the wrong-way driver detection system. In fiscal year 2017, the System procured the equipment to deploy phase two of the wrong-way driver detection system. Phase two devices were installed and commissioned in May 2017, which include oversized wrong-way signs with solar powered rectangular rapid flashing beacons, radar, and cameras along 18 ramps on the Seminole Expressway and Southern Connector Extension.

RISC AVERAGE CLEARING TIME (in minutes)



STARR AVERAGE ARRIVAL TIME (in minutes)



HURRICANE EVACUATION

In the event of a hurricane, the System is committed to ensuring a safe evacuation and return for its customers. Several evacuation-related tips are available online at www.floridasturnpike.com/safety. Department Emergency Response Teams (also known as Strike Teams) are also available to assist during catastrophic storms and consist of trained employees who are deployed to service plazas to perform pre-storm and post-storm activities. In response to Hurricane Irma, several Strike Teams were deployed to regulate traffic volume at each of the eight service plaza locations. Each service plaza is equipped with industrial-size generators that can provide up to 72 hours of power. By having uninterrupted power, the public and emergency personnel are able to refuel their vehicles, have access to food and water during evacuations, and utilize restroom facilities.

Photo: Strike Team at service plaza

DYNAMIC MESSAGE SIGNS

Currently, the System has 164 Dynamic Message Signs ("DMS"). These electronically illuminated signs are strategically placed in locations where customers may experience traffic congestion and incidents. The signs, contained in overhead structures spanning the width of the roadway, provide real-time information about traffic delays, incidents, emergency operations and construction, allowing customers to make better informed travel decisions. During major incidents, the first priority of the TMCs, which operate the signs 24 hours per day, seven days a week, is to provide customers with accurate information as quickly as possible. When traffic conditions do not warrant a motorist response or there is no other information to communicate, the signs can broadcast safety messages about ongoing campaigns such as commuter information, the Move Over law, and other public safety information.

HIGHWAY ADVISORY RADIO

The System has installed ten Highway Advisory Radio transmitters at strategic locations along the roadways, providing real-time information on the radio about traffic delays, emergency operations, and construction updates. Messages are broadcast on the 1640 AM frequency 24 hours per day, seven days a week.

HOLIDAY MOTORIST SAFETY BREAKS

During specified holidays, restaurants at the eight 24-hour service plazas along the System offer free coffee for all motorists who promise to wear their safety belts.

SAFE PHONE ZONES

The Department invites motorists to stop at one of 64 rest areas, welcome centers and Turnpike service plazas that have been designated as Safe Phone Zones sponsored by GEICO®. Safe Phone Zones provide a place where drivers can safely and conveniently use their phones and other mobile devices for calling, texting, navigating, and accessing mobile applications. Motorists are made aware of upcoming locations on the highway with signs in advance of each facility. The signs read "Safe Phone Zones" and carry the GEICO logo.

FUTURE DEVELOPMENT IN TRANSPORTATION SAFETY

SUNTRAX

Florida is leading the way in the testing of Connected and Autonomous Vehicles ("CAV"). SunTrax is a large-scale test facility that will be developed jointly by the Department, Florida Polytechnic University, and industry partners.

The 2.25 mile long track will provide an opportunity for high-speed testing, while the 200-acre infield will allow for the testing of a multitude of different technologies. Many of the opportunities are related to CAV, and the entire site would be a connected environment for the testing of Vehicle-to-Infrastructure and Vehicle-to-Vehicle communications. With safety and enhanced customer experience as top priorities, SunTrax is uniquely poised to become an innovator for the testing of these emerging and disruptive technologies.

Photo: SunTrax rendering

FINANCIAL SECTION

Photo: Florida's Turnpike Headquarters

RSM US LLP

Independent Auditor's Report

Secretary of Transportation
Florida Department of Transportation
Tallahassee, Florida

Report on the Financial Statements
We have audited the accompanying financial statements of Florida's Turnpike System (the System), an enterprise fund of the Florida Department of Transportation, which is an agency of the State of Florida, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the System'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 audit to obtain reasonable assurance about whether the financial statements are free from 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 above present fairly, in all material respects, the financial position of Florida's Turnpike System, as of June 30, 2017 and 2016, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1, the financial statements present only the System and do not purport to, and do not represent fairly the financial position of the Florida Department of Transportation or the Florida Transportation Enterprise Fund as of June 30, 2017 and 2016, and the changes in their financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information

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

Other Information
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 31, 2017, on our consideration of the System'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 solely 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 the effectiveness of the System's 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 the System's internal control over financial reporting and compliance.

RSM US LLP

Orlando, Florida
October 31, 2017

As management of Florida's Turnpike System (the "System" or "we" or "us" or "our"), we offer readers of the annual financial report this narrative overview of our financial activities for the fiscal years ended June 30, 2017 and 2016. Please read it in conjunction with the financial statements and notes to the financial statements as a whole.

We operate as a proprietary fund of the Florida Department of Transportation (the "Department"), an agency of the State of Florida (the "State"). Accordingly, we are presented as an enterprise fund in the State's Comprehensive Annual Financial Report ("CAFR"). The statements contained herein only include our accounts and do not include any other accounts of the State.

FINANCIAL HIGHLIGHTS – FISCAL YEAR 2017

Our bond rating was upgraded by Fitch Ratings during the current year. Additionally, both Moody's Investors Service and Standard & Poor's Rating Services reaffirmed their ratings, which were upgraded in the previous year.

We had a positive net position of $8.6 billion at year end, compared to $8.0 billion as of the prior year end, reflecting an increase in net position of $615.7 million or 7.7%. Our net position has continued to grow over the past several years, serving as an indicator of our financial strength.

Our operating revenues were $1.0 billion, an increase of $57.4 million, or 5.8%, compared to the previous fiscal year. The increase was primarily due to an increase in toll transactions as a result of overall growth in Florida's economy.

As a result of growth in System traffic in the past several years and the related impact to System roadways, expenses for renewals and replacements increased by $36.9 million compared to the previous fiscal year, accounting for over half of the $59.6 million overall increase in operating expenses.

We invested $0.5 billion in capital assets as a part of our ongoing capital program, with a primary focus on increasing capacity and access to the System.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to our basic financial statements, notes to the financial statements, and required supplementary information. As an enterprise fund, our financial statements are presented in a manner similar to a private sector business.

Balance Sheets

This statement presents information on all of our assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the sum of the assets and deferred outflows and the sum of liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position are relative indicators of whether our financial position is improving or deteriorating.

Statements of Revenues, Expenses, and Changes in Net Position

This statement shows the results of our total operations during the fiscal year and reflects both operating and nonoperating activities. Changes in net position reflect the current fiscal period's operating impact upon our overall financial position.

Statements of Cash Flows

This statement presents information about our sources and uses of cash and the change in the cash balance during the fiscal year. The direct method of cash flows is presented, ending with a reconciliation of operating income to net cash provided by operating activities.

Notes to the Financial Statements

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

Other

Certain required supplementary information is presented to disclose trend data on our infrastructure condition.

FINANCIAL ANALYSIS

Balance Sheets

The following table summarizes the components of our balance sheets as of the three preceding fiscal year ends:

Table 1 - Balance Sheets

	As of June 30			Change		Change	
	2017	2016	2015	2017 vs. 2016		2016 vs. 2015	
(in thousands)							
Current assets	$ 1,020,769	$ 1,086,107	$ 898,499	$ (65,338)	(6.0) %	$ 187,608	20.9 %
Noncurrent restricted assets	194,073	223,194	223,579	(29,121)	(13.0)	(385)	(0.2)
Capital assets — net	10,325,329	9,856,585	9,385,220	468,744	4.8	471,365	5.0
Other assets	79,349	66,440	105,915	12,909	19.4	(39,475)	(37.3)
Total assets	11,619,520	11,232,326	10,613,213	387,194	3.4	619,113	5.8
Deferred outflows of resources	29,691	36,919	36,119	(7,228)	(19.6)	800	2.2
Total assets and deferred outflows of resources	$ 11,649,211	$ 11,269,245	$ 10,649,332	$ 379,966	3.4 %	$ 619,913	5.8 %
Current liabilities	$ 249,305	$ 301,644	$ 240,138	$ (52,339)	(17.4) %	$ 61,506	25.6 %
Long-term portion of bonds payable	2,619,726	2,792,466	2,767,374	(172,740)	(6.2)	25,092	0.9
Other liabilities	32,801	43,999	130,737	(11,198)	(25.5)	(86,738)	(66.3)
Total liabilities	2,901,832	3,138,109	3,138,249	(236,277)	(7.5)	(140)	(0.0)
Deferred inflows of resources	139,590	139,040	137,108	550	0.4	1,932	1.4
Net position:							
Net investment in capital assets	7,551,130	6,922,696	6,506,936	628,434	9.1	415,760	6.4
Restricted	93,660	121,883	110,351	(28,223)	(23.2)	11,532	10.5
Unrestricted	962,999	947,517	756,688	15,482	1.6	190,829	25.2
Total net position	8,607,789	7,992,096	7,373,975	615,693	7.7	618,121	8.4
Total liabilities, deferred inflows of resources, and net position	$ 11,649,211	$ 11,269,245	$ 10,649,332	$ 379,966	3.4 %	$ 619,913	5.8 %

As further discussed below, our assets primarily consist of capital assets, while our liabilities primarily consist of debt on outstanding bonds.

Capital Assets

The following table summarizes our capital assets, net of accumulated depreciation and amortization, as of the three preceding fiscal year ends:

Table 2 - Capital Assets, Net of Depreciation and Amortization

	As of June 30			Change		Change	
	2017	2016	2015	2017 vs. 2016		2016 vs. 2015	
(in thousands)							
Infrastructure	$ 7,811,666	$ 7,629,841	$ 7,224,909	$ 181,825	2.4 %	$ 404,932	5.6 %
Construction in progress	1,206,448	917,982	949,387	288,466	31.4	(31,405)	(3.3)
Land	951,869	924,181	903,572	27,688	3.0	20,609	2.3
Furniture and equipment — net	164,177	184,788	105,129	(20,611)	(11.2)	79,659	75.8
Buildings and improvements — net	115,755	121,249	128,207	(5,494)	(4.5)	(6,958)	(5.4)
Buildings — nondepreciable	68,753	68,753	60,367	—	—	8,386	13.9
Intangible assets — net	6,661	9,791	13,649	(3,130)	(32.0)	(3,858)	(28.3)
Total capital assets — net	$ 10,325,329	$ 9,856,585	$ 9,385,220	$ 468,744	4.8 %	$ 471,365	5.0 %

The increase in infrastructure from fiscal year end 2016 to 2017 is primarily attributable to the completion of certain widenings, including portions of the Veterans Expressway in Hillsborough County and SR 821 (HEFT) in Miami-Dade County, as well as the completion of a new Mainline interchange near the City of Minneola in Lake County.

The increase in construction in progress from fiscal year end 2016 to 2017 is primarily attributable to additional expenditures for several ongoing expansions, widenings, and interchange projects, including the new First Coast Expressway in Clay and Duval counties, widening of the Beachline West Expressway from I-4 to the Mainline, as well as ongoing widenings of SR 821 (HEFT) and the Veterans Expressway.

The increase in capital assets from fiscal year end 2015 to 2016 is primarily attributable to the widening of the Beachline West Expressway from I-4 to the Mainline, ongoing widenings of SR 821 (HEFT) and the Veterans Expressway, renovation of the Okahumpka Service Plaza, and a new Mainline interchange at SR 417.

Our financial statements present capital assets in two groups distinguished by whether the capital assets are subject to depreciation and amortization, or not. See *Note 4 – Capital Assets* to the financial statements.

The following table summarizes our major additions of capital assets for fiscal years ended June 30, 2017 and 2016:

Table 3 - Major Capital Asset Additions

	2017	2016
(in thousands)		
Widening and capacity improvements	$ 309,884	$ 281,005
Expansion projects	46,134	102,012
Interchange and access projects	75,198	85,277
All-Electronic Tolling improvements	24,288	7,764
Total	$ 455,504	$ 476,058

Capital projects planned for fiscal year 2018 include $291.1 million of widening and capacity improvement projects on the Mainline in Central and Southern Florida, a $138.1 million expansion of the Suncoast Parkway in Citrus and Hernando counties and $403.5 million to widen SR 821 (HEFT). These projects will be funded over the next few years with toll revenues, bond proceeds and available state and local funds.

Modified Approach for Reporting Infrastructure

Governmental accounting and reporting standards permit an alternative to reporting depreciation for infrastructure assets known as the modified approach. For our highway system and improvements, we made the commitment to maintain and preserve these assets at condition level ratings equal to or greater than those established by the Department. As a result, we do not report depreciation expense for our highway system and improvements; rather, costs for both maintenance and preservation of infrastructure assets are expensed in the period incurred.

As detailed in the required supplementary information included after the notes to the financial statements, we exceeded our targeted infrastructure condition level ratings for the last several years. For fiscal years ending June 30, 2017 and 2016, we estimated we would need to spend $103.8 million and $77.1 million, respectively, for infrastructure maintenance and preservation, but actually expended $123.1 million and $82.8 million, respectively. Fluctuations occur from year to year between the amount spent to preserve and maintain the System and the estimated amount resulting from changes in the timing of work activities. Our overall maintenance condition rating is consistent from year to year.

Bonds Payable

The long-term portion of bonds payable and a portion of current liabilities included in Table 1 consists of our outstanding bonds. See *Note 6 – Bonds Payable* to the financial statements.

We are authorized by Section 338.2275 of the Florida Statutes to have up to $10.0 billion of outstanding bonds to fund approved projects. As of June 30, 2017, we have $2.8 billion of outstanding bonds related to financing the construction of expansion projects and system improvements.

We issue bonds to fund expansion and improvement projects in accordance with our Debt Management Guidelines. Pursuant to these guidelines, we typically issue 30-year fixed-rate bonds. Bonds are issued to fund projects with an expected useful life not less than the term of the bonds. We do not issue bonds for operations and maintenance costs. Bonds are issued through the State Board of Administration ("SBA"), Division of Bond Finance, in accordance with Section 11(d), Article VII of the State Constitution. Bonds are only issued for projects included in our legislatively- approved Work Program (Section 339.135 (4), F.S.). Planned bond sales are included in the Department's financially-balanced five-year finance plan and 36-month cash forecast. The resolution authorizing the issuance of bonds requires a debt service reserve be established in an amount as defined in the resolution. Our debt reserve was fully funded for fiscal years 2017 and 2016.

During fiscal year 2017, our bond rating was upgraded by Fitch Ratings from AA- to AA. Moody's Investors Service and Standard & Poor's Rating Services reaffirmed their ratings of Aa2 and AA, respectively. Our debt service coverage ratio was 3.25 and 3.04 for fiscal years 2017 and 2016, respectively. The high coverage is primarily due to increased net operating revenues available for debt service, as further discussed below, and exceeds the 1.2 minimum debt service coverage as required by the bond resolution.

Net Position

The increase in our net position over the three preceding fiscal years was primarily due to positive annual operating results, as further discussed below.

We continue to invest our positive net operating revenues in capital assets, which are used to provide services to customers. Although our investment in capital assets is reported net of related debt, it should be noted that our revenues are utilized to repay this debt in accordance with the bond resolution.

A portion of our net position represents resources subject to bond covenants or other restrictions. Such funds are held to meet bond sinking fund, debt service reserve, and renewal and replacement requirements. The change in restricted net position over the three preceding fiscal year ends is primarily due to changes in the debt service reserve requirement. See *Note 6 – Bonds Payable* to the financial statements.

Unrestricted net position represents residual amounts after all mandatory transfers have been made as required by bond covenants and other restrictions. Typically, unrestricted net position is used to fund capital improvements and to support our ongoing operations. The change in unrestricted net position over the three preceding fiscal year ends is primarily due to increases in annual net revenues.

The following table summarizes our revenues, expenses, and changes in net position for the three preceding fiscal years:

Table 4 - Revenues, Expenses, and Changes in Net Position

	For the Fiscal Year Ended June 30			Change		Change	
(in thousands)	2017	2016	2015	2017 vs. 2016		2016 vs. 2015	
Operating revenues:							
Toll facilities	$ 1,008,420	$ 955,930	$ 865,950	$ 52,490	5.5 %	$ 89,980	10.4 %
Toll administrative charges	20,229	16,993	15,334	3,236	19.0	1,659	10.8
Concessions and other	15,881	14,226	13,305	1,655	11.6	921	6.9
Nonoperating revenues:							
Investment (loss) earnings	(1,942)	28,382	7,560	(30,324)	(106.8)	20,822	275.4
Interest subsidy	5,533	5,550	5,509	(17)	(0.3)	41	0.7
Total revenues	1,048,121	1,021,081	907,658	27,040	2.6	113,423	12.5
Expenses:							
Operations and maintenance	203,811	188,249	175,769	15,562	8.3	12,480	7.1
Business development and marketing	4,387	4,209	1,391	178	4.2	2,818	202.6
Pollution remediation	—	—	547	—	—	(547)	(100.0)
Renewals and replacements	76,839	39,917	40,367	36,922	92.5	(450)	(1.1)
Depreciation and amortization	44,356	49,365	34,951	(5,009)	(10.1)	14,414	41.2
Planning and development	36,626	24,661	18,882	11,965	48.5	5,779	30.6
Other nonoperating expenses — net	71,904	101,503	93,560	(29,599)	(29.2)	7,943	8.5
Total expenses	437,923	407,904	365,467	30,019	7.4	42,437	11.6
Income before contributions and transfer	610,198	613,177	542,191	(2,979)	(0.5)	70,986	13.1
Capital contributions from others	5,495	4,944	7,449	551	11.1	(2,505)	(33.6)
Transfer — facility acquisition	—	—	(39,919)	—	—	39,919	(100.0)
Increase in net position	615,693	618,121	509,721	(2,428)	(0.4)	108,400	21.3
Net position:							
Beginning	7,992,096	7,373,975	6,864,254	618,121	8.4	509,721	7.4
Ending	$ 8,607,789	$ 7,992,096	$ 7,373,975	$ 615,693	7.7 %	$ 618,121	8.4 %

The annual increases in total revenues were primarily attributable to higher toll revenues as a result of growth in toll transactions. For fiscal years 2017 and 2016, toll transactions increased by approximately five percent and nine percent, respectively. We have a broad customer base and the ability to serve more than sixty percent of the State's population. Expanded use of the interstate highway system and continued heavy flows of commuter traffic makes the Turnpike an attractive option to the motoring public in both rural and urban areas. Customers perceive the value of the System's well-maintained roadways and high level of service, which contributes to the growth in annual revenues.

Additionally, toll revenue reflects the impact of the implementation of Section 338.165(3), Florida Statutes, permitting the Department to index toll rates on existing toll facilities. As such, toll rates were indexed for fiscal years 2016 and 2015 as a result of changes in the annual Consumer Price Index ("CPI") of 1.6% and 1.5%, respectively. For fiscal year 2017, the change in the annual CPI was insignificant, and as such, toll rates were not indexed.

The change in investment earnings is primarily due to the market valuation adjustment of investments.

The annual increases in total expenses were primarily attributable to increased renewals and replacements as a result of additional resurfacing activity and other non-routine preservation activities driven by the growth in traffic. Further, the increase in planning and development costs is primarily due to the impairment of construction costs previously capitalized and the need for additional planning and development activity as a result of significant traffic growth.

ECONOMIC CONDITIONS AND OUTLOOK

Since 2010, Florida's economy has expanded at a steady pace. The key drivers for the improving economy are growth in jobs, population, and tourism. As a result, commuter, recreational, and commercial traffic are expected to continue to increase beyond 2017.

As a result of Hurricane Irma, which made landfall on September 10, 2017, all tolls were suspended from September 5, 2017 to September 20, 2017, as mandated by the governor of Florida. We estimate the fiscal year 2018 revenue loss associated with this toll suspension will be mitigated by anticipated growth in traffic, and the indexing of toll rates.

We believe that fiscal year 2018 toll revenues will be more than sufficient to meet obligations for debt service, operating and maintenance costs, and the preservation of the System. The remaining revenues after the aforementioned costs will be utilized to fund the capital improvement program.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of our financial results and condition for those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Florida's Turnpike System, P.O. Box 613069, Ocoee, Florida 34761, or by calling (407) 264-3998.

BALANCE SHEETS

AS OF JUNE 30, 2017 and 2016

(in thousands)		2017	2016
Assets and Deferred Outflows of Resources			
Current assets:			
Pooled cash and cash equivalents	Note 2	$ 965,075	$ 1,024,877
Accrued interest and accounts receivable		7,572	11,149
Due from governmental agencies	Note 3	42,820	45,342
Other current assets		5,302	4,739
Total current assets		1,020,769	1,086,107
Noncurrent assets:			
Restricted cash and cash equivalents	Note 2	44	1,073
Restricted investments	Note 2	194,029	222,121
Total restricted assets		194,073	223,194
Nondepreciable capital assets	Note 4	10,038,736	9,540,757
Depreciable capital assets — net	Note 4	286,593	315,828
Service concession arrangement receivable	Note 8	79,349	66,440
Total noncurrent assets		10,598,751	10,146,219
Total assets		11,619,520	11,232,326
Deferred outflows of resources	Note 5	29,691	36,919
Total assets and deferred outflows of resources		$ 11,649,211	$ 11,269,245
Liabilities, Deferred Inflows of Resources, and Net Position			
Current liabilities:			
Construction contracts and retainage payable		$ 64,234	$ 61,769
Current portion of bonds payable	Note 6	140,640	133,590
Due to governmental agencies — current portion	Note 3	31,828	99,923
Unearned revenue and other current liabilities		12,603	6,362
Total current liabilities		249,305	301,644
Noncurrent liabilities:			
Long-term portion of bonds payable — net of premiums	Note 6	2,619,726	2,792,466
Due to governmental agencies — less current portion	Note 3	32,400	37,117
Unearned revenue and other noncurrent liabilities		401	6,882
Total noncurrent liabilities		2,652,527	2,836,465
Total liabilities		2,901,832	3,138,109
Deferred inflows of resources	Note 8	139,590	139,040
Net position:			
Net investment in capital assets		7,551,130	6,922,696
Restricted for debt service		93,660	121,883
Unrestricted		962,999	947,517
Total net position		8,607,789	7,992,096
Total liabilities, deferred inflows of resources, and net position		$ 11,649,211	$ 11,269,245

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 and 2016

(in thousands)		2017	2016
Operating revenues:			
Toll facilities		$ 1,008,420	$ 955,930
Toll administrative charges		20,229	16,993
Concessions and other		15,881	14,226
Total operating revenues		1,044,530	987,149
Operating expenses:			
Operations and maintenance		203,811	188,249
Business development and marketing		4,387	4,209
Renewals and replacements		76,839	39,917
Depreciation and amortization		44,356	49,365
Planning and development		36,626	24,661
Total operating expenses		366,019	306,401
Operating income		678,511	680,748
Nonoperating revenues (expenses):			
Investment (loss) earnings		(1,942)	28,382
Interest subsidy	Note 6	5,533	5,550
Interest expense	Note 4	(71,587)	(87,211)
Other — net		(317)	(14,292)
Total nonoperating expenses — net		(68,313)	(67,571)
Income before contributions		610,198	613,177
Capital contributions from others		5,495	4,944
Increase in net position		615,693	618,121
Net position:			
Beginning of year		7,992,096	7,373,975
End of year		$ 8,607,789	$ 7,992,096

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 and 2016

(in thousands)	2017	2016
Operating activities:		
Cash received from customers	$ 1,024,615	$ 959,630
Cash payments to suppliers for goods and services	(298,413)	(239,784)
Cash payments for personnel	(18,782)	(18,888)
Other operating receipts	14,455	16,293
Net cash provided by operating activities	721,875	717,251
Noncapital financing activities:		
Payments to governmental agencies	(68,827)	(10,500)
Contributions to other governmental agencies	(1,760)	(5,255)
Net cash used in noncapital financing activities	(70,587)	(15,755)
Capital and related financing activities:		
Proceeds from the issuance of revenue bonds	161,105	794,965
Contributions from other governmental agencies	12,930	3,398
Receipts from 2009B Build America Bonds interest subsidy	5,533	5,550
Proceeds from the sale of capital assets	421	161
Payments for the acquisition or construction of capital assets	(487,899)	(508,782)
Payments for refunding of revenue bonds	(162,110)	(613,420)
Principal paid on revenue bond maturities	(133,590)	(129,620)
Interest paid on revenue bonds	(129,337)	(137,385)
Repayments for advances from governmental agencies	(4,717)	(4,717)
Payments for bond issuance costs	(375)	(2,833)
Net cash used in capital and related financing activities	(738,039)	(592,683)
Investing activities:		
Proceeds from the sale or maturity of investments	723,585	760,427
Interest received	19,006	16,095
Purchase of investments	(716,671)	(751,343)
Net cash provided by investing activities	25,920	25,179
Net (decrease) increase in restricted and unrestricted cash and cash equivalents	(60,831)	133,992
Restricted and unrestricted cash and cash equivalents:		
Beginning of year	1,025,950	891,958
End of year	$ 965,119	$ 1,025,950

The accompanying notes are an integral part of these financial statements.

(Continued)

STATEMENTS OF CASH FLOWS (CONT.)
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 and 2016

(in thousands)	2017	2016
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 678,511	$ 680,748
Adjustments:		
Depreciation and amortization expense	44,356	49,365
Impairment of capital assets	10,408	—
Other noncash adjustments	(2,342)	(355)
Change in:		
Accrued interest and accounts receivable	(6,767)	2,840
Due from governmental agencies	(764)	(13,562)
Other current assets	(3,626)	979
Construction contracts and retainage payable	1,385	(6,854)
Due to governmental agencies	732	3,676
Unearned revenue and other current liabilities	(18)	414
Net cash provided by operating activities	$ 721,875	$ 717,251
Supplemental schedule of noncash investing, capital, and financing activities:		
Bond premium amortization, net	$ (29,422)	$ (27,302)
Amortization of deferred losses on early retirement of debt	$ 5,555	$ 6,214
Deferred gain (loss) and net bond premiums due to refunding	$ 1,673	$ (14,529)
Loss on disposal of capital assets	$ 1,490	$ 4,414
Capital asset contributions in deferred inflows of resources	$ —	$ 9,942
Purchases of capital assets in current and other liabilities	$ 57,972	$ 56,892
Capitalized interest	$ 33,879	$ 27,929
Unrealized (losses) gains on investments	$ (20,163)	$ 12,287
Noncash contributions received for capital projects, net of accumulated depreciation — $6,639 (2017) and $0 (2016)	$ 5,244	$ 1,887

The accompanying notes are an integral part of these financial statements.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Florida's Turnpike System (the "System") is part of the Florida Department of Transportation (the "Department"), which is an agency of the State of Florida (the "State"). The Department is responsible for cash management and other administrative and financial matters on behalf of the System. The System's financial statements for fiscal years 2017 and 2016 contained herein include only the accounts and transactions of the System and do not include any other accounts and transactions of the Department or the State. The System is presented as an enterprise fund in the Comprehensive Annual Financial Report ("CAFR") of the State.

Basis of Accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). The operations of the System are accounted for on an accrual basis in order to recognize the flow of economic resources. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

Investments with a maturity of three months or less at the time of purchase are considered to be cash equivalents. Included within this category are repurchase agreements held by the State Board of Administration ("SBA") and cash deposited in the State's general pool of investments, which are reported at fair value. See *Note 2 – Cash and Cash Equivalents and Investments*.

Investments

Investments are stated at fair value with the exception of certain nonparticipating contracts, such as repurchase agreements, which are reported at cost. Fair value is defined by GASB Statement No. 72, *Fair Value Measurement and Application*, as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy categorizes the valuation technique inputs into three levels, as follows: Level 1 — unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date; Level 2 — quoted prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly; and Level 3 — unobservable inputs for an asset or liability. See *Note 2 – Cash and Cash Equivalents and Investments*.

Accrued Interest and Accounts Receivable

Accounts receivable are reported at their net realizable value and are primarily comprised of the short-term portion of a service concession arrangement receivable. See *Note 8 – Deferred Inflows of Resources*.

Other Current Assets

Other current assets are primarily comprised of toll equipment parts for use in toll lanes and inventory of toll transponders that are valued at the lower of cost or market (first in, first out method). Toll equipment parts are reported at historical cost and classified as current if planned use is within the twelve month operating cycle.

Capital Assets

Capital assets are recorded at historical cost, except for contributed assets received from entities other than the State, which are recorded at acquisition value at the date of contribution. Construction in progress generally consists of project costs for capital assets not yet placed in service. See *Note 4 – Capital Assets*.

Construction period interest cost, net of interest earned on the unexpended proceeds of borrowings, is capitalized by applying the weighted average interest rate to the average amount of eligible accumulated construction expenditures during the construction period. Costs for maintenance and repairs are expensed as incurred. The System's capitalization level is one-thousand dollars for tangible assets and five hundred thousand dollars for intangible assets. Depreciation and amortization are charged on a straight-line basis over useful lives ranging from

fifteen to thirty years for buildings and improvements, three to ten years for furniture and equipment and three to fifteen years for intangible assets.

The System has elected to use the modified approach for reporting infrastructure. As such, our highway system improvements are not depreciated. Buildings constructed or acquired meeting the criteria of a Service Concession Arrangement ("SCA") are also not depreciated. See *Note 8 – Deferred Inflows of Resources*. Under the System's policy of accounting for toll facilities pursuant to "betterment accounting," property costs represent a historical accumulation of costs expended to acquire right-of-way and to construct, improve, and place in operation the various projects and related facilities. Acquisition costs also include the costs of enlargement, betterments, and certain overhead amounts incurred during the construction phase. Subsequent betterments are capitalized. All such costs are not reduced for subsequent replacements, as replacements are considered to be period costs and are included in renewals and replacements. These policies are consistent with practices followed by similar entities within the toll bridge, turnpike, and tunnel industry and with the modified approach for reporting infrastructure assets pursuant to GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* ("GASB 34").

The modified approach is an alternative to reporting depreciation of infrastructure capital assets, provided that two requirements are met. The System meets the requirements by utilizing an asset management system and disclosing and documenting that infrastructure is preserved at or above an established condition rating.

Depreciation expense is not reported for infrastructure assets and amounts are not capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential. Rather, costs for both maintenance and preservation of infrastructure capital assets are expensed in the period incurred. The System relies on the Department to maintain an asset management system that has an up-to-date inventory of System infrastructure assets and that performs condition assessments of those assets, summarizing the results using a measurement scale. Using these results, System management estimates the annual amount to maintain and preserve its infrastructure at a condition level established and disclosed by the System. The information required by GASB 34 is presented in the required supplementary information included after the notes to the financial statements.

The System's management periodically reviews its capital assets and considers impairment whenever indicators of impairment are present, such as when the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. During fiscal year 2017, the System recorded an impairment loss on capital assets which is presented in the Statements of Cash Flows. No material capital asset impairments were recorded for fiscal year 2016.

Restricted Assets

Certain assets are required to be segregated from other assets due to various bond indenture provisions. These assets are legally restricted for specific purposes, such as construction, renewals and replacements, and debt service.

Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized over the term of the bonds using the interest method. See *Note 6 – Bonds Payable*.

Deferred Inflows and Outflows of Resources

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 until that time. Likewise, 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 that time. See *Note 5 – Deferred Outflows of Resources* and *Note 8 – Deferred Inflows of Resources*.

Net Position

Net position is comprised of three components: (1) Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, and capital-related deferred outflows of resources, reduced by capital-related borrowings and deferred inflows of resources. (2) Restricted net position is comprised of assets restricted for debt service, net of related liabilities. It is the System's policy to first use restricted assets when an expense is incurred for purposes for which both restricted and unrestricted assets are available. (3) Unrestricted net position consists of net assets that have no restrictions regarding their use.

Operating Revenues and Expenses

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the System are toll collections, toll administrative charges, and concession revenue. Operating expenses consist primarily of operations, maintenance, renewal and replacement costs, planning and development costs, business development and marketing costs, and depreciation and amortization on certain capital assets. All revenues and expenses not meeting these definitions are recorded as nonoperating revenues and expenses.

Capital Contributions from Others

Amounts included in capital contributions from others represent contributions to the System to support road construction projects. Such contributions are presented as nonoperating revenues in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and changes therein, as well as disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

In order to conform to current year presentation, certain amounts in the prior year financial statements and notes to the financial statements have been reclassified.

Certain planning and development expenses related to transportation projects and programs have historically been included as a renewals and replacements cost; however, as project costs grow in line with the System's overall growth, these costs have become more significant. In an effort to increase transparency, these planning and development costs have been separated from renewals and replacements, with prior year presentation reclassified accordingly. This reclassification had no impact on previously-stated net position. The following line items of the Statements of Revenues, Expenses and Changes in Net Position were impacted: renewals and replacements and planning and development.

During fiscal year 2017, the System identified a misclassification of cash in net position. The error had no impact on previously-stated net position or debt service coverage and was not material to the System's financial statements and notes to the financial statements. As a result of the error, certain items of net position have been reclassified from restricted to unrestricted in prior year presentation of the accompanying financial statements and notes to the financial statements, with no impact to previously-stated net position. The following line items of net position on the Balance Sheets were impacted: pooled cash and cash equivalents, restricted cash and cash equivalents, net investment in capital assets, and unrestricted.

Recent Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases* ("GASB 87"), in an effort to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. GASB 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of GASB 87 are effective for reporting periods beginning after December 15, 2019. The System is currently evaluating the future impact of the implementation of GASB 87. No other pronouncements issued are expected to have an impact on the System's financial statements.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The System's deposit and investment practices are governed by Chapter 280, Florida Statutes, Section 17.57 and Section 215.47, as well as various legal covenants related to outstanding bonds.

Florida Statutes generally require public funds to be deposited in a bank or savings association that is designated by the State Chief Financial Officer ("State CFO") as authorized to receive deposits, and that meets the collateral requirements. The State CFO determines the collateral requirements and collateral pledging level for each Qualified Public Depository ("QPD") following guidelines outlined in Chapter 69C 2, Florida Administrative Code ("FAC"), and Section 280.04, Florida Statutes. The State CFO is directed by the FAC to review the "Public Depository Monthly Reports" and continually monitor the collateral pledging level(s), as well as required collateral of each QPD.

Eligible collateral includes federal, federally-guaranteed, and state and local government obligations, as well as corporate bonds, letters of credit issued by a Federal Home Loan Bank, and with the State CFO's permission, collateralized mortgage obligations, real estate mortgage investment conduits and securities, or other interests in any open-end management investment company registered under the Investment Company Act of 1940, provided the portfolio of such investment company is limited to direct obligations of the United States ("U.S.") government and to repurchase agreements fully collateralized by such direct obligations of the U.S. government, provided such investment company takes delivery of such collateral either directly or through an authorized custodian. Florida Statutes provide that if a loss to public depositors is not covered by (1) deposit insurance, (2) letters of credit, and (3) proceeds from the sale of collateral pledged or deposited by the defaulting depository, the difference will be provided by an assessment levied against other QPDs.

The System deposits monies in the State's general pool of investments. Under Florida Statutes, the State CFO is provided with the powers and duties concerning the investment of certain funds and specifies acceptable investments. The State CFO pools deposited monies from all departments in the State Treasury. The State Treasury, in turn, keeps these funds fully invested to maximize interest earnings. Authorized investment types include certificates of deposit, direct obligations of the U.S. Treasury, obligations of federal agencies, asset-backed or mortgage-backed securities, commercial paper, bankers' acceptances, medium-term corporate obligations, repurchase agreements, reverse repurchase agreements, commingled and mutual funds, obligations of state and local governments, derivatives, put and call options, negotiable certificates of deposit and convertible debt obligations of any corporation domiciled within the U.S. and, subject to certain rating conditions, foreign bonds denominated in U.S. dollars and registered with the Securities and Exchange Commission.

NOTES TO THE FINANCIAL STATEMENTS ($ amounts presented in thousands (000) unless otherwise noted)

The System's cash and cash equivalents and investments are summarized as follows:

As of June 30, 2017

	Cash on deposit	Cash held by the State Treasury	Cash held by the SBA	U.S. government securities held by the SBA	Pooled investments with the State Treasury	Total
Pooled cash and cash equivalents	$ 2,657	$ 2,642	$ 7	$ 81,907	$ 877,862	$ 965,075
Restricted cash and cash equivalents	–	–	44	–	–	44
Restricted investments	–	–	–	194,029	–	194,029
Totals	$ 2,657	$ 2,642	$ 51	$ 275,936	$ 877,862	$ 1,159,148

As of June 30, 2016

	Cash on deposit	Cash held by the State Treasury	Cash held by the SBA	U.S. government securities held by the SBA	Pooled investments with the State Treasury	Total
Pooled cash and cash equivalents	$ 2,313	$ 1,542	$ 4	$ 74,124	$ 946,894	$ 1,024,877
Restricted cash and cash equivalents	–	–	83	990	–	1,073
Restricted investments	–	–	–	222,121	–	222,121
Totals	$ 2,313	$ 1,542	$ 87	$ 297,235	$ 946,894	$ 1,248,071

For the years ended June 30, 2017 and 2016, the bank balance for cash on deposit was $2,079 and $1,863, respectively, all of which was insured by the Federal Deposit Insurance Corporation ("FDIC") or collateralized pursuant to Chapter 280, Florida Statutes.

U.S. government securities held by the SBA are classified as level 1 investments under the fair value hierarchy. Pooled investments with the State Treasury are based on the net asset value of the pool. No allocation is made as to the System's share of the types of investments or their level classification. Further information on the type of investments held by the State Treasury is disclosed in the notes of the State CAFR.

The System's investments consist of U.S. Treasury Notes held by the SBA. As of June 30, 2017 and 2016, the maturity dates of these securities were less than a year. Further information may be obtained from the Chief Operating Officer — Finance and Accounting, State Board of Administration of Florida, 1801 Hermitage Boulevard, Suite 100, Tallahassee, Florida 32308, or by calling (850) 488-4406.

Credit Risk

Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB Statement No. 40, *Deposit and Investment Risk Disclosures — an Amendment of GASB Statement No. 3* ("GASB 40"), requires the disclosure of nationally-recognized credit quality ratings of investments in debt securities, as well as investments in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities existing at year end, such as Standard & Poor's Ratings Services, Moody's Investors Service, or Fitch Ratings of AA, AAA, etc. Excluded from such disclosure requirements are U.S. government obligations and obligations explicitly guaranteed by the U.S. government, since those investments are deemed to have no exposure to credit risk.

The Florida Treasury Investment Pool is rated by Standard & Poor's Ratings Services. The rating at June 30, 2017 was A+f. The System relies on the controls and safeguards provided by Section 17.57, Florida Statutes, to address the credit risk that may exist for its investments in the State's general pool, as discussed above.

Custodial Credit Risk

Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits or recover collateral securities that are in possession of an outside party. Custodial credit risk for investments exists when, in the event of the failure of the counterparty to a transaction, a government may be unable to recover the value of the investment or collateral securities that are in the possession of an outside party. The System relies on the controls and safeguards provided by Section 17.57, Florida Statutes, to address the custodial credit risk that may exist for its investments in the State's general pool, as discussed above. The SBA's custodial credit risk policy states that custodial credit risk will be minimized through the use of trust accounts maintained at top-tier third party custodian banks. To the extent possible, negotiated trust and custody contracts require that all deposits, investments, and collateral be held in accounts in the SBA's name apart from the assets of the custodian banks.

Concentration of Credit Risk

Increased risk of loss occurs as more investments are acquired from one issuer (i.e., lack of diversification). This results in a concentration of credit risk. GASB 40 requires disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government or investments in external investment pools, such as those that the System makes through the SBA or the State's general pool of investments.

Foreign Currency Risk

Foreign currency risk exists when there is a possibility that changes in exchange rates could adversely affect an investment's or deposit's fair value. GASB 40 requires disclosures of value in U.S. dollars by foreign currency denomination and by investment type for investments denominated in foreign currencies. The System relies on the controls and safeguards provided by Section 17.57, Florida Statutes, to address the foreign currency risk that may exist for its investments in the State's general pool, as discussed above. For the years ended June 30, 2017 and 2016, the System was not exposed to any foreign currency risks.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Through its investment policy, the State Treasury manages its exposure to interest rate risk by limiting either the maturities or durations of the various investment strategies used for the investment pool. In addition, interest rate risk exposure, in some cases, is managed by limiting the maximum weighted average maturity gap. The maximum weighted average maturity gap is defined as the difference between the weighted average days to maturity of the portfolio minus the weighted average days to maturity of the liabilities. The SBA manages its exposure to interest rate risk through various investment policies. More information regarding interest rate risk for the State's general pool of investments can be found in the State's CAFR.

Photo: Turnpike landscaping

3. DUE FROM/TO GOVERNMENTAL AGENCIES

The System enters into various agreements with the Department and other governmental agencies in the regular course of operations. At June 30, 2017 and 2016, amounts due from/to governmental agencies consisted of the following:

	2017	2016
Due from governmental agencies:		
Due from the Department (A)	$ 40,324	$ 36,600
Due from the Department of Financial Services (B)	2,359	5,644
Due from other governments	137	3,098
Total due from governmental agencies	$ 42,820	$ 45,342
Due to governmental agencies:		
June operations, maintenance, in-house and overhead reimbursement	26,989	26,235
State Infrastructure Bank loans (C)	32,617	35,835
Operations and maintenance subsidy (D)	—	68,827
State Transportation Trust Fund (E)	4,500	6,000
Due to other governments	122	143
Total due to governmental agencies	64,228	137,040
Less current portion	(31,828)	(99,923)
Total due to governmental agencies — less current portion	$ 32,400	$ 37,117

(A) Amounts due from the Department were primarily comprised of toll revenue collected from customers and held in a Department fund at year end. The amounts were remitted to the System subsequent to the respective year ends.

(B) Amounts due from the Department of Financial Services ("DFS") are attributable to escrow deposits held by DFS on behalf of local governments and organizations to fund certain construction costs. Pursuant to the agreement between the System and the local governments, the System is required to incur the construction costs before the deposits are released from escrow.

(C) State Infrastructure Bank ("SIB") loans were established in 1997 as a pilot program for eight states, which allows those states to capitalize the SIB loans with up to 10% of their Federal Highway apportionments. The SIB acts as a revolving fund to provide assistance in the form of interest free loans, credit enhancements, capital reserves, subsidized interest rates, or to provide other debt financing security. In fiscal year 2005, the System received the last advance for Seminole Expressway, Project 2, with the balance due in installments through 2026. A SIB loan is also being utilized for interest cost subsidies, which will be fully repaid by fiscal year 2034. The repayment of these loans is subordinate to the repayment of bonded debt.

(D) As provided in Section 338.223 (4), Florida Statutes, the Department is authorized to make operations and maintenance loans to the System, subject to a limitation of 1.5% of state transportation tax revenues available for that fiscal year. This loan was repaid in full during fiscal year 2017.

(E) In the spring of 2012, Senate Bill 1998 repealed the Toll Facility Revolving Trust Fund ("TFRTF") and transferred the funds and future revenues to the State Transportation Trust Fund ("STTF"). This loan will be fully repaid by 2020 from the System's general reserve fund.

NOTES TO THE FINANCIAL STATEMENTS ($ amounts presented in thousands (000) unless otherwise noted)
FISCAL YEARS ENDING JUNE 30, 2017 and 2016

The following table presents maturities of SIB and STTF loans at June 30, 2017:

2018	$ 4,717
2019	4,717
2020	4,717
2021	3,218
2022	3,218
Thereafter	16,530
Total	$ 37,117

Payments and Reimbursements to the Department

Transactions between the System and other funds of the Department consist of reimbursements made by the System to the Department. Reimbursements include amounts arising from the use of Department personnel, equipment and materials, and charges incurred from independent suppliers and contractors who are paid directly by the Department on behalf of the System. For the years ended June 30, 2017 and 2016, the System made reimbursements to the Department of $202,863 and $195,906, respectively.

Photo: Turnpike ramps overlook eastbound I-595 Express

NOTES TO THE FINANCIAL STATEMENTS ($ amounts presented in thousands (000) unless otherwise noted)

4. CAPITAL ASSETS

Changes in the System's capital assets for fiscal years ended June 30, 2017 and 2016 are shown below:

As of June 30, 2017	Beginning	Transfers	Additions	Retirements	Ending
Nondepreciable capital assets:					
Construction in progress	$ 917,982	$ (180,532)	$ 480,030	$ (11,032)	$ 1,206,448
Land	924,181	(6,281)	34,778	(809)	951,869
Buildings	68,753	–	–	–	68,753
Infrastructure	7,629,841	181,825	–	–	7,811,666
Total nondepreciable capital assets	9,540,757	(4,988)	514,808	(11,841)	10,038,736
Depreciable capital assets:					
Buildings and improvements	238,954	19	3,641	–	242,614
Furniture and equipment	296,770	4,969	13,674	(5,914)	309,499
Intangible assets	54,583	–	–	(224)	54,359
Total depreciable capital assets – gross	590,307	4,988	17,315	(6,138)	606,472
Less accumulated depreciation:					
Buildings and improvements	(117,705)	–	(9,154)	–	(126,859)
Furniture and equipment	(111,982)	–	(38,794)	5,454	(145,322)
Intangible assets	(44,792)	–	(3,047)	141	(47,698)
Total accumulated depreciation	(274,479)	–	(50,995)	5,595	(319,879)
Total depreciable capital assets – net	315,828	4,988	(33,680)	(543)	286,593
Total capital assets	$ 9,856,585	$ –	$ 481,128	$ (12,384)	$ 10,325,329

As of June 30, 2016	Beginning	Transfers	Additions	Retirements	Ending
Nondepreciable capital assets:					
Construction in progress	$ 949,387	$ (515,599)	$ 484,194	$ –	$ 917,982
Land	903,572	–	21,066	(457)	924,181
Buildings	60,367	–	8,386	–	68,753
Infrastructure	7,224,909	399,281	5,651	–	7,629,841
Total nondepreciable capital assets	9,138,235	(116,318)	519,297	(457)	9,540,757
Depreciable capital assets:					
Buildings and improvements	240,381	2,535	–	(3,962)	238,954
Furniture and equipment	198,943	111,517	6,617	(20,307)	296,770
Intangible assets	51,951	2,802	–	(170)	54,583
Total depreciable capital assets – gross	491,275	116,854	6,617	(24,439)	590,307
Less accumulated depreciation:					
Buildings and improvements	(112,174)	–	(8,472)	2,941	(117,705)
Furniture and equipment	(93,814)	(536)	(34,252)	16,620	(111,982)
Intangible assets	(38,302)	–	(6,641)	151	(44,792)
Total accumulated depreciation	(244,290)	(536)	(49,365)	19,712	(274,479)
Total depreciable capital assets – net	246,985	116,318	(42,748)	(4,727)	315,828
Total capital assets	$ 9,385,220	$ –	$ 476,549	$ (5,184)	$ 9,856,585

Capitalized Interest

The following table reconciles the System's interest expense, as adjusted for bond premiums and refunding losses, to interest expense as reported on the Statements of Revenues, Expenses, and Changes in Net Position, for fiscal years ended June 30, 2017 and 2016, respectively:

	2017	2016
Interest expense – before capitalized interest	$ 105,469	$ 116,296
Less interest costs capitalized to assets	(33,879)	(27,929)
Less interest earned on bond proceeds	(3)	(1,156)
Interest expense – after capitalized interest	71,587	87,211

5. DEFERRED OUTFLOWS OF RESOURCES

In accordance with GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*, losses on bond refunding equal the difference between the reacquisition price and the carrying value of the refunded debt which are reclassified to deferred outflows of resources. The deferred outflows of resources are amortized and recognized as interest expense in a systematic and rational manner over the shorter of the remaining term of the refunded debt or the new debt. At June 30, 2017 and 2016, there was no outstanding in-substance defeased debt. The following table presents activity of deferred outflows of resources for the fiscal years ended June 30, 2017 and 2016, respectively:

	2017	2016
Beginning balance	$ 36,919	$ 36,119
Refunded bonds:		
Reacquisition price over (under) carrying amount	(1,673)	12,382
Defeasance	–	(5,368)
Amortization	(5,555)	(6,214)
Ending balance	$ 29,691	$ 36,919

During the fiscal year ended June 30, 2017, certain bonds with maturity dates ranging from 2017 to 2036 with an aggregate outstanding principal balance of $157,950 were refunded, resulting in a $32,001 reduction of future debt service payments and a present value savings of $23,173.

During the fiscal year ended June 30, 2016, certain bonds with maturity dates ranging from 2016 to 2036 with an aggregate outstanding principal balance of $598,890 were refunded, resulting in a $108,626 reduction of future debt service payments and a present value savings of $83,639.

NOTES TO THE FINANCIAL STATEMENTS ($ amounts presented in thousands (000) unless otherwise noted)

6. BONDS PAYABLE

Revenue bonds and the interest payable thereon are obligations of the System, secured by and payable from the pledge of the System's net revenues. Bonds payable as of June 30, 2017 and 2016 were as follows:

			Bonds Payable at June 30, 2017				Bonds Payable at June 30, 2016		
Series	Issuance Amount	Interest Rates	Serial Bonds	Term Bonds	Total Bonds	Maturing in Fiscal Year	Serial Bonds	Term Bonds	Total Bonds
2016C	$ 142,595	4.00% - 5.00%	$ 142,595	$ —	$ 142,595	2018 - 2037	$ —	$ —	$ —
2016B	113,350	2.50% - 5.00%	106,055	—	106,055	2018 - 2027	113,350	—	113,350
2016A	173,385	3.00% - 5.00%	166,835	—	166,835	2018 - 2036	173,385	—	173,385
2015B	195,875	3.00% - 5.00%	189,825	—	189,825	2018 - 2036	195,875	—	195,875
2015A	241,480	2.95% - 5.00%	183,575	44,700	228,275	2018 - 2045	190,380	44,700	235,080
2014A	223,580	3.25% - 5.00%	181,795	35,520	217,315	2018 - 2044	184,095	35,520	219,615
2013C	267,405	4.00% - 5.00%	237,975	—	237,975	2018 - 2043	247,880	—	247,880
2013B	206,035	5.00%	87,845	—	87,845	2018 - 2022	125,460	—	125,460
2013A	183,140	5.00%	132,645	—	132,645	2018 - 2025	146,175	—	146,175
2012A	306,065	2.88% - 5.00%	242,560	47,835	290,395	2018 - 2042	246,365	47,835	294,200
2011A	150,165	3.25% - 5.25%	85,390	33,355	118,745	2018 - 2041	92,910	33,355	126,265
2010B	251,080	4.50% - 5.00%	104,250	115,635	219,885	2018 - 2040	109,315	115,635	224,950
2010A	211,255	5.00%	119,570	—	119,570	2018 - 2030	133,265	—	133,265
2009B	255,000	6.14% - 6.80%	—	255,000	255,000	2020 - 2039	—	255,000	255,000
2009A	68,445	3.50% - 5.00%	16,980	—	16,980	2018 - 2020	24,325	—	24,325
2008A	325,775	4.50% - 5.00%	70,325	—	70,325	2018 - 2037	152,505	81,880	234,385
2006A	443,290	3.00% - 5.00%	23,525	—	23,525	2018 - 2029	23,525	—	23,525
		Subtotal	$ 2,091,745	$ 532,045	$ 2,623,790		$ 2,158,810	$ 613,925	$ 2,772,735
		Unamortized bond premium— net			136,576				153,321
		Total bonds payable			2,760,366				2,926,056
		Less current portion of bonds payable			(140,640)				(133,590)
		Long-term portion of bonds payable — net			$ 2,619,726				$ 2,792,466

NOTES TO THE FINANCIAL STATEMENTS ($ amounts presented in thousands (000) unless otherwise noted)

As of June 30, 2017, debt service requirements to maturity, including interest at fixed rates, were as follows:

Maturing	Principal	Interest	Total
2018	$ 140,640	$ 122,095	$ 262,735
2019	148,070	115,140	263,210
2020	138,975	107,737	246,712
2021	145,990	100,707	246,697
2022	126,740	93,308	220,048
2023 - 2027	635,325	373,236	1,008,561
2028 - 2032	517,230	245,139	762,369
2033 - 2037	475,725	129,893	605,618
2038 - 2042	244,475	39,073	283,548
2043 - 2045	50,620	3,479	54,099
Total	$ 2,623,790	$ 1,329,807	$ 3,953,597

American Recovery and Reinvestment Act of 2009

The 2009B Term Bonds were issued under the American Recovery and Reinvestment Act of 2009 ("Recovery Act") as Build America Bonds. Pursuant to the Recovery Act, the System receives a cash subsidy payment from the U.S. Treasury equal to 35% of the interest payable on each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the U.S. Government, but is required to be paid by the Treasury under the Recovery Act. Any cash subsidy payments received by the System are deposited into the Sinking Fund. The cash subsidy interest payments received in fiscal years 2017 and 2016 were $5,533 and $5,550, respectively, and are included in nonoperating revenues on the Statements of Revenues, Expenses, and Changes in Net Position.

Bond Sales

In February 2017, the State of Florida issued $142,595 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2016C ("2016C Bonds"), to refund a portion of the outstanding State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2008A, and to pay costs of issuance.

Bond Refunding

The System participates in current and advance refunding of outstanding debt to take advantage of a general reduction in interest rates to reduce future debt service costs. Gains or losses resulting from refunding are recorded as deferred outflows or inflows of resources. For further discussion, see *Note 5 – Deferred Outflows of Resources*.

Bond Covenants

In October 1988, the State Board of Administration, Division of Bond Finance, approved a resolution authorizing the issuance of bonds to provide for the financing of acquisition and construction of System projects or the refunding of such bonds. The resolution was last amended in May 2005. In accordance with the resolution, the System is required to comply with certain covenants. The resolution requires a debt service reserve be established in an amount as defined in the resolution. The debt service reserve requirement for each bond issue is to be funded from bond proceeds, revenues, or through a reserve account credit facility as provided for in the resolution. The Company's debt reserve was fully funded for fiscal years 2017 and 2016.

The resolution requires that if the Standard & Poor's Rating Services or Moody's Investors Service rating of an issuer of a reserve credit facility falls below AAA to AA or A, that credit facility must be replaced with another AAA-rated credit facility within six months or with cash over a five-year period in equal semiannual installments. If the rating falls below A, replacement must occur with another AAA-rated credit facility within six months or with cash over 12 months in equal monthly installments. The resolution also requires the Company to maintain a debt service coverage ratio of at least 1.2.

As of June 30, 2017 and 2016, the System was in full compliance with all bond covenants.

7. CHANGES IN NONCURRENT LIABILITIES

2017	Beginning Balance	Additions	Reductions	Reclass to Current	Ending Balance
Long-term portion of bonds payable — net:					
Long-term portion of bonds payable	$ 2,639,145	$ 142,595	$ (157,950)	$ (140,640)	$ 2,483,150
Issuance premiums	153,321	18,510	(35,255)	–	136,576
Total long-term portion of bonds payable — net	2,792,466	161,105	(193,205)	(140,640)	2,619,726
Due to governmental agencies — less current portion	37,117	–	–	(4,717)	32,400
Unearned revenue and other noncurrent liabilities	6,882	–	(6,431)	(50)	401
Total noncurrent liabilities	$ 2,836,465	$ 161,105	$ (199,636)	$ (145,407)	$ 2,652,527

2016	Beginning Balance	Additions	Reductions	Reclass to Current	Ending Balance
Long-term portion of bonds payable — net:					
Long-term portion of bonds payable	$ 2,650,110	$ 717,690	$ (595,065)	$ (133,590)	$ 2,639,145
Issuance premiums	117,264	70,875	(34,818)	–	153,321
Total long-term portion of bonds payable — net	2,767,374	788,565	(629,883)	(133,590)	2,792,466
Due to governmental agencies — less current portion	110,662	–	–	(73,545)	37,117
Unearned revenue and other noncurrent liabilities	20,075	–	(608)	(12,585)	6,882
Total noncurrent liabilities	$ 2,898,111	$ 788,565	$ (630,491)	$ (219,720)	$ 2,836,465

8. DEFERRED INFLOWS OF RESOURCES

In April 2009, the System entered into an Agreement (the "Agreement") with Areas USA FLTP, LLC (the "Operator") to reconstruct and operate eight service plazas along the Mainline through January 2040. Pursuant to the Agreement, the System retains ownership of the assets (service plazas) and the Operator is required to return the assets in their original or enhanced condition. The concession fees per the Agreement are based on a fixed monthly rental payment, or a percentage of revenue generated, whichever is greater. The Agreement meets all the criteria of GASB Statement No. 60 – *Accounting and Financial Reporting for Service Concession Arrangements*.

When reconstruction of a service plaza is completed by the Operator, the System records an addition to deferred inflows of resources, which is equal to the difference between the fair value of the asset and the System's obligations, and is subsequently amortized over the remaining term of the agreement. No reconstruction was completed in the current year.

Additionally, to account for the guaranteed minimum payment component of the Agreement, a service concession arrangement ("SCA") receivable is recorded by the System with a corresponding entry to deferred inflows of resources, which is equal to the present value of the fixed component of the guaranteed minimum payment. As of June 30, 2017, the System recorded a SCA receivable of $81,284, of which $79,349 is non-current and $1,935 is current.

After recording concessions revenue of $6,181 for fiscal year 2017, which is equal to the amortization of deferred inflows, the System's remaining balance of deferred inflows of resources was $139,590 as of June 30, 2017. Total service plaza concessions revenue, including additional fees and consumer price index adjustments, was $7,074 for fiscal year 2017 and is included in the Statements of Revenues, Expenses, and Changes in Net Assets as a component of concessions and other.

NOTES TO THE FINANCIAL STATEMENTS ($ amounts presented in thousands (000) unless otherwise noted)

9. EMPLOYEE BENEFITS

Pensions

Florida Retirement System — The System participates in the Florida Retirement System ("FRS"), a cost-sharing multiple-employer public-employee retirement system administered by the State of Florida, Department of Management Services, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions.

The cost of pension benefits for current employees is charged to the System through an overhead rate assessed by the Department in the period the benefits are earned.

Retiree Health Insurance Subsidy Program — In 1987, the Florida Legislature established through Section 112.363, Florida Statutes, the retiree Health Insurance Subsidy ("HIS") to assist retirees of all State-administered retirement systems in paying health insurance costs. The retiree HIS is a cost-sharing multiple-employer defined-benefit pension plan. Eligible retirees or beneficiaries receive a monthly retiree health insurance subsidy payment equal to the number of years of creditable service completed at the time of retirement multiplied by five dollars. The payments to individual retirees or beneficiaries were at least thirty dollars, but not more than one hundred and fifty dollars per month during each of the fiscal years. To be eligible to receive the retiree HIS, a retiree under any State administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The cost of the retiree health insurance subsidy program for employees is charged to the System through an overhead rate assessed by the Department in the period the benefits are earned.

The State of Florida applies the guidance in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in accounting for the FRS and HIS. The Department of Financial Services ("DFS") has determined that the System is not a payor fund for the purpose of liquidating the pension and HIS liabilities. An actuarial valuation has been performed for both plans. Personnel assigned to the System were included in the actuarial analysis and are part of the total pension liabilities, the net pension liabilities, and the plan net positions disclosed in the notes and other required supplementary information of the CAFR of the State of Florida, which may be obtained from the DFS. The FRS also issues a publicly-available financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the State of Florida, Department of Management Services, Division of Retirement, Research, Education and Policy Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

Other Postemployment Benefits

The System participates in the State Employees' Health Insurance Program, a cost-sharing multiple-employer defined-benefit plan administered by the State of Florida, Department of Management Services, Division of State Group Insurance, to provide group health benefits. Section 110.123, Florida Statutes, provides that retirees may participate in the State's group health insurance programs. Although premiums are paid by the retiree, the premium cost to the retiree is implicitly subsidized by the pooling of claims experience with existing State employees, resulting in a single premium determination.

The DFS has determined that the System is not a payor fund for the purpose of liquidating actuarial accrued liability. An actuarial valuation has been performed for the plan. Personnel assigned to the System were included in the actuarial analysis and are part of the actuarial accrued liability, annual required contribution, and net other postemployment benefit obligation disclosed in the notes and other required supplementary information of the CAFR of the State of Florida.

The cost of group insurance benefits for current employees is charged to the System through an overhead rate assessed by the Department in the period the benefits are earned.

Deferred Compensation Plan

The System, through the State of Florida, offers its employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. In accordance with Section 112.215, Florida Statutes, the plan is available to all regular payroll State employees and permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable financial emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are, notwithstanding the mandates of 26 U.S.C. s. 457(b)(6) specifically all of the assets specified in subparagraph 1, held in trust for the exclusive benefit of participants and their beneficiaries as mandated by 26 U.S.C. s. 457(g)(1).

The System does not contribute to the plan. Participation under the plan is solely at the discretion of the employee. The State has no liability for losses under the plan, but does have the duty of due care that would be required to an ordinary and prudent investor. Pursuant to Section 112.215, Florida Statutes, the Deferred Compensation Trust Fund resides in the State Treasury.

Compensated Absences

Employees earn the right to be compensated during absences for vacation and illness. Within the limits established by law or rule, the value of unused leave benefits will be paid to employees by the Department upon separation from State service.

The cost of vacation and vested sick leave benefits is charged to the System through an overhead rate assessed by the Department in the period the benefits are paid. The liability for accrued leave is recorded by the Department which is responsible for paying accrued leave when it is taken.

10. COMMITMENTS AND CONTINGENCIES

Operating Leases

The System leases certain equipment and office space under noncancelable operating leases. As of June 30, 2017, future minimum lease payments under noncancelable operating leases with initial or remaining terms in excess of one year are as follows:

2018	$	103
2019		93
2020		54
2021		26
2022		15
Total	$	291

Rent expense for noncancelable operating leases was $106 for both years ended June 30, 2017 and 2016.

Other Commitments and Contingencies

Commitments on outstanding System contracts total approximately one billion dollars at June 30, 2017.

The System is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of System management, based on the advice of Department legal counsel, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the System's financial position or results of operations.

Risk Management

The System participates in various insurance programs established by the State of Florida for property and casualty losses and employee health insurance. Coverages include property, general liability, automobile liability, workers' compensation, and federal civil rights actions. The System reimburses the Department for certain costs, a portion of which covers the related policy premiums. The System is not responsible for losses incurred within the State's insurance programs. Additionally, the System obtains conventional coverage for damage to System bridges, facilities, and eligible business interruptions.

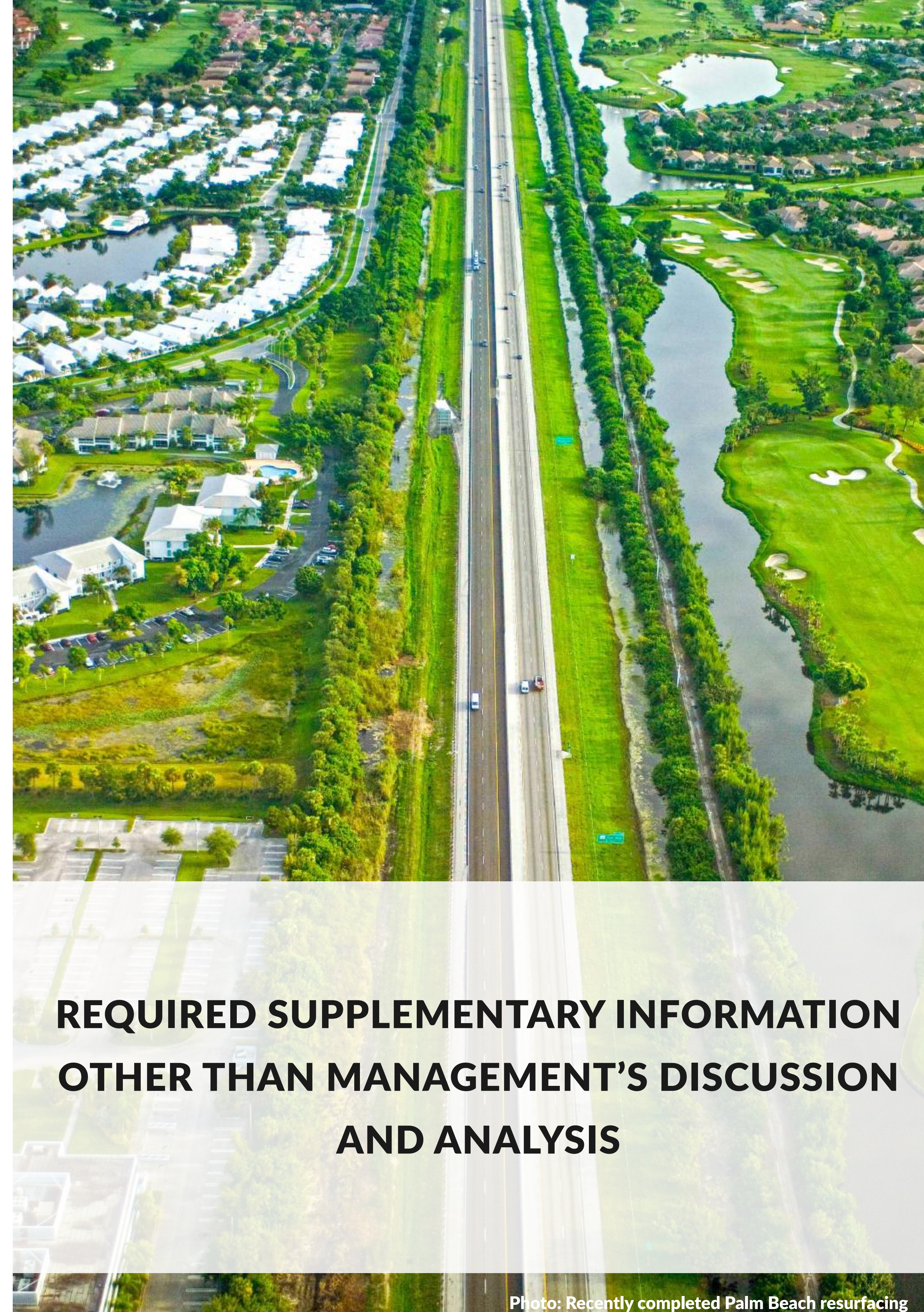
No losses were incurred in fiscal years 2017 or 2016 that exceeded coverages.

11. POLLUTION REMEDIATION

Groundwater and soil contamination related to fuel tank leakage existed at the System's eight service plazas. The sites were accepted into the Florida Department of Environmental Protection's ("FDEP") Petroleum Restoration Program. The Program provides for reimbursement of System-contracted remediation or State-contracted cleanup of qualifying sites. As of June 30, 2017 and 2016, seven of the eight service plaza sites have been remediated. As of June 30, 2017 and 2016, the liability remained unchanged at $178.

This estimate was developed based on existing site studies performed under the FDEP program. Management believes that this estimate is reasonable based on the information available as of June 30, 2017. The System's remediation efforts are nearing the end and estimates are subject to change based on new information obtained as the project progresses. Additionally, the System could potentially receive some funding from FDEP for future pollution remediation; however, estimates are not available.

Photo: Turnpike retention pond



REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

Photo: Recently completed Palm Beach resurfacing

TREND DATA ON THE SYSTEM'S INFRASTRUCTURE CONDITION

Infrastructure Assets Reported Using the Modified Approach

Pursuant to GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, the System adopted an alternative method of recording depreciation expense on its infrastructure assets (highway system and improvements). Under this alternative method, referred to as the modified approach, the System expenses certain maintenance and preservation costs and, consequently, does not report depreciation expense related to infrastructure. System assets accounted for under the modified approach include 483 centerline miles of roadway and 739 bridges.

In using this modified approach, the System relies on the Department to maintain an asset management system that has an up-to-date inventory of System infrastructure assets and to perform condition assessments of those assets, summarizing the results using a measurement scale. Using these results, System management estimates the annual amount to maintain and preserve its infrastructure at a condition level established and disclosed by the System. System management also documents the annual amount expensed to maintain and preserve its infrastructure at or above the established condition level.

Department Condition and Maintenance Programs

Resurfacing Program – Road pavements require periodic resurfacing. The frequency of resurfacing depends on the volume of traffic, type of traffic, pavement material variability, and weather conditions. Resurfacing preserves the structural integrity of highway pavement and includes pavement resurfacing, pavement rehabilitation, and minor reconstruction.

The Department conducts an annual pavement condition survey. Pavements are rated on a scale of 0 to 10 (with 10 being the best) in each of three criteria: ride smoothness, pavement cracking, and wheel path rutting. Ride smoothness is what the motorist experiences; it directly affects motor vehicle operation costs. Pavement cracking refers to the structural deterioration of the pavement, which leads to loss of smoothness and deterioration of the road base by water seepage if not corrected. Wheel path ruts are depressions in pavement caused by heavy use. Ride smoothness and wheel path rutting are measured mechanically, using lasers. Pavement cracking is determined through visual observation by experienced survey crews.

The condition rating scales are set by a statewide committee of pavement engineers, so that a pavement segment receiving a rating of 6 or less in any of the three rating criteria is designated a deficient pavement segment. The standard is to ensure that 80% of the pavement on the System's roadways has a score greater than 6 in all three criteria.

Bridge Repair and Replacement Program – The Department's bridge repair program emphasizes periodic maintenance and specified structural rehabilitation work. The primary focus is on the replacement of structurally deficient or weight-restricted bridges.

The Department conducts bridge condition surveys using the National Bridge Inspection ("NBI") Standards to determine condition ratings. Each bridge is inspected at least once every two years. During the inspection process, the major components, such as deck, superstructure, and substructure, are assigned a condition rating. The condition rating ranges from 0 to 9. A rating of 8 to 9 is very good to excellent, which indicates that no repairs are necessary. A rating of 5 to 7 is fair to good, which indicates that minor repairs are required. A rating below 5 identifies bridges needing major repairs or replacement. A rating of 4 or less indicates a condition of poor to failing and requires urgency in making repairs. A rating of 2 requires closure of the bridge, while a rating of 1 is used for a bridge that is closed. A rating of 0 means the bridge is beyond repair. The standard is to ensure that 90% of all System bridges achieve a rating of 5 or better.

Routine Maintenance Program – The System is responsible for managing and performing routine maintenance on its roadways. Routine maintenance includes many activities, such as highway repair, roadside upkeep, emergency response, maintaining signs, roadway striping, and keeping storm drains clear and structurally sound.

The Department monitors the quality and effectiveness of the System's routine maintenance program by periodic surveys, using the Maintenance Rating Program ("MRP"). The Department has used the MRP since 1985 to evaluate routine maintenance in five broad categories: roadway, roadside, vegetation and aesthetics, traffic services, and drainage. The MRP results in a maintenance rating of 1 to 100 for each category, as well as an overall rating for the System's routine maintenance performance. The standard is to achieve an overall routine maintenance rating of 80 or higher.

The following table presents the System's infrastructure condition ratings for the past three fiscal years:

	Infrastructure Condition Ratings		
	2017	2016	2015
Percentage of pavement meeting Department standards	99%	98%	99%
Percentage of bridges meeting Department standards	99%	99%	99%
Overall routine maintenance rating	88	88	88

The following table presents a comparison of budgeted-to-actual maintenance and preservation costs:

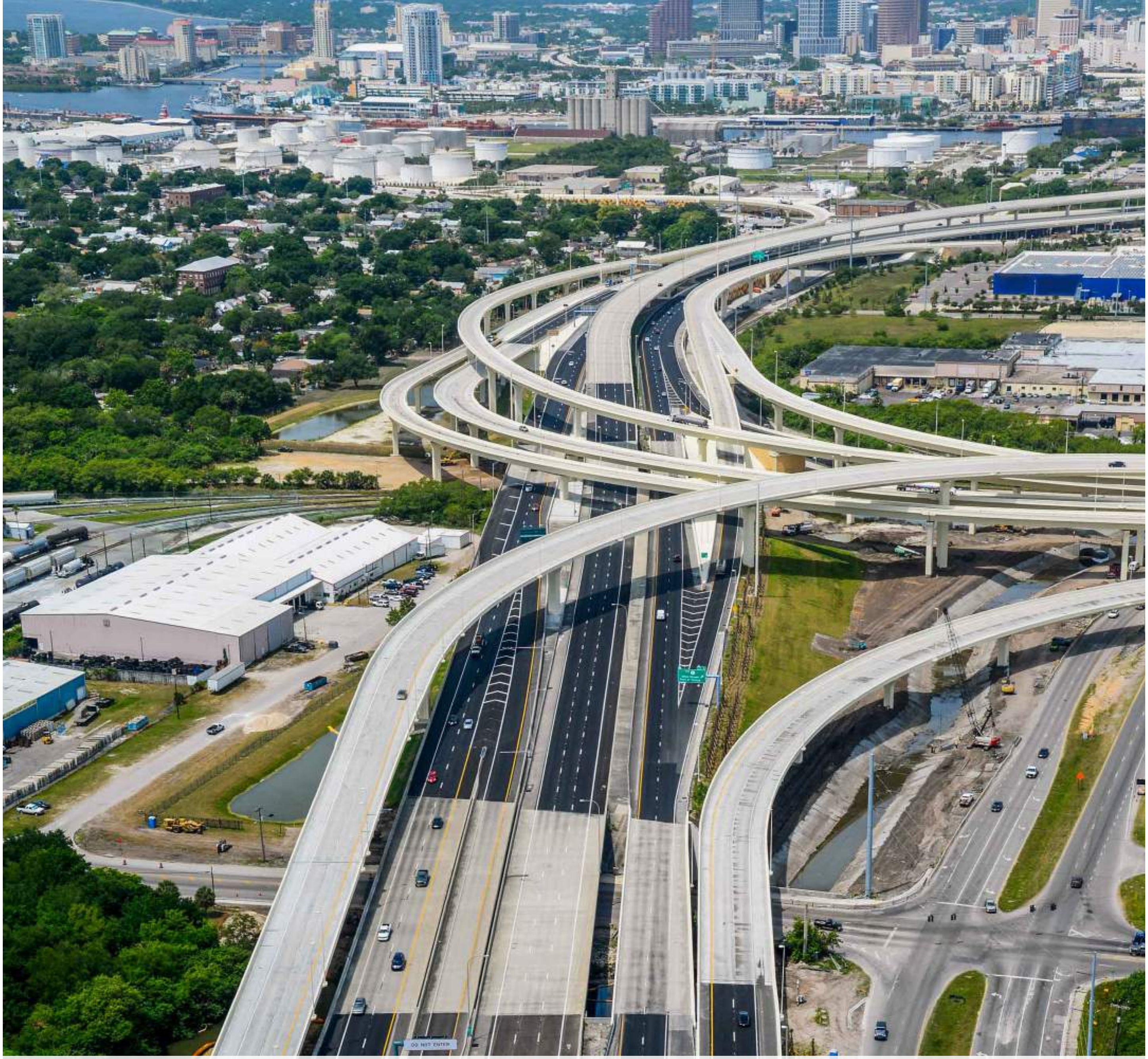
(in thousands)	Budget	Actual	Over (Under)
2017	$ 103,752	$ 123,129	$ 19,377
2016	77,085	82,792	5,707
2015	81,810	80,017	(1,793)
2014	86,922	98,925	12,003
2013	102,670	117,808	15,138

Budgeted costs are based on a cash basis, while actual costs are reported under the accrual basis of accounting.

For fiscal year 2017, the variance of budget-to-actual is primarily attributable to the timing of certain projects.

For fiscal years prior to 2015, certain planning and development expenses are included as actual costs in the table above. As these expenses generally do not represent maintenance and preservation costs, they have been removed from the analysis for fiscal years 2015 and beyond. Retrospective application of this presentation prior to fiscal year 2015 has been deemed impracticable by the System.

Photo: Turnpike and Jog Road interchange



STATISTICAL SECTION

This section of the Florida's Turnpike System ("System") Comprehensive Annual Financial Report provides detailed information to assist users in understanding and assessing the System's overall economic condition in conjunction with the financial statements, notes to the financial statements, and required supplementary information.

Photo: I-4 Connector

TABLE OF CONTENTS

COMPONENTS OF NET POSITION
Fiscal Years 2008 through 2017 (dollars in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Position:										
Net Investment in Capital Assets	$7,551,130	$6,922,696	$6,506,936	$6,111,063	$5,339,106	$5,051,519	$4,791,948	$4,592,159	$4,446,638	$4,041,985
Restricted	93,660	121,883	110,351	120,925	149,546	166,228	164,939	158,071	136,453	19,504
Unrestricted	962,999	947,517	756,688	632,266	590,109	474,229	466,221	371,876	223,084	454,114
Total Net Position	$8,607,789	$7,992,096	$7,373,975	$6,864,254	$6,078,761	$5,691,976	$5,423,108	$5,122,106	$4,806,175	$4,515,603

Over the past ten years, the System has almost doubled its net position (see graphic below). This continues to be an indicator of the System's financial strength.

COMPONENTS OF NET POSITION (dollars in thousands)

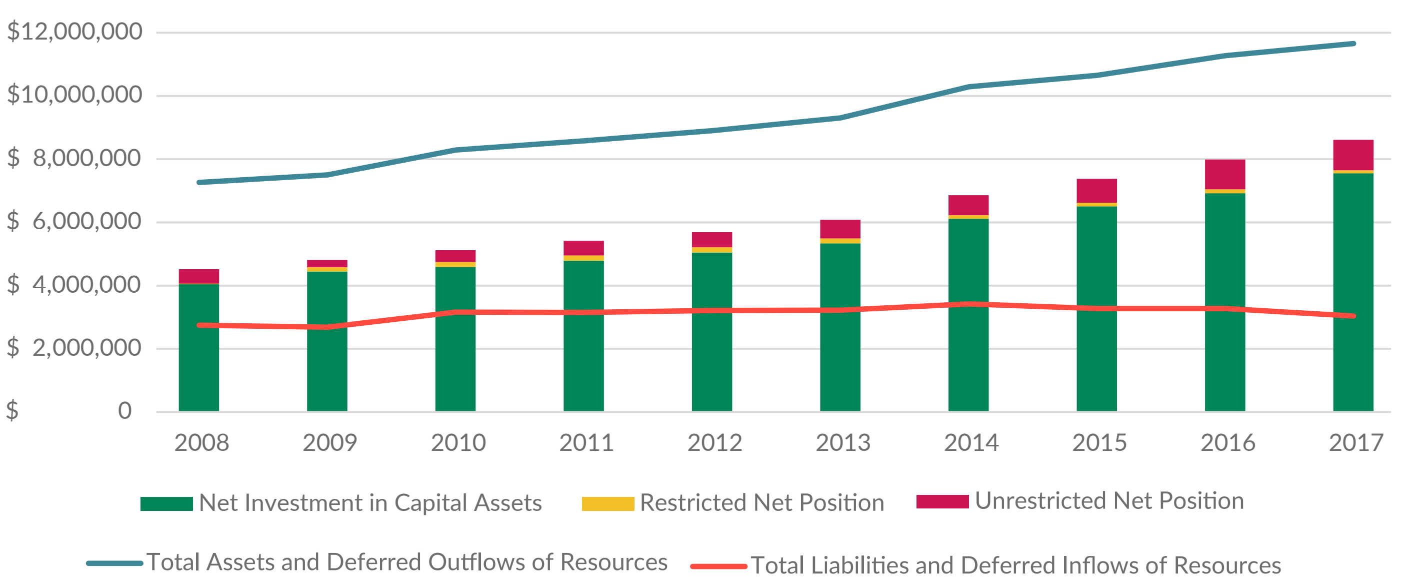



Photo: SR 821 (HEFT)

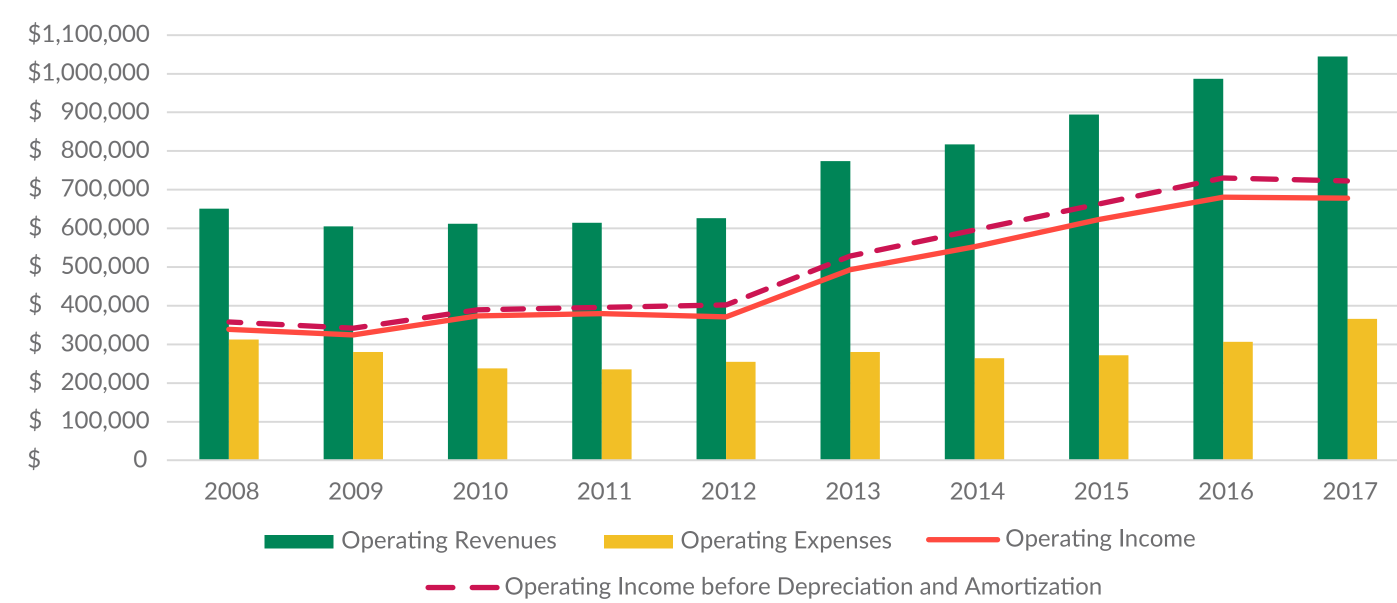
Source: Audited Financial Statements

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Years 2008 through 2017 (dollars in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues:										
Toll Facilities	$1,008,420	$955,930	$865,950	$796,301	$755,542	$608,812	$600,079	$596,173	$590,528	$635,571
Toll Administrative Charges	20,229	16,993	15,334	8,495	6,237	6,301	2,487	-	-	-
Concessions and Other	15,881	14,226	13,305	12,073	12,443	11,389	11,867	15,423	14,369	15,172
Total Operating Revenues	1,044,530	987,149	894,589	816,869	774,222	626,502	614,433	611,596	604,897	650,743
Operating Expenses:										
Operations and Maintenance	203,811	188,249	175,769	164,191	162,422	177,329	179,245	170,262	186,608	184,218
Business Development and Marketing	4,387	4,209	1,391	1,647	1,203	2,676	3,302	2,160	3,995	5,669
Pollution Remediation	-	-	547	-	-	-	(1,030)	-	9,502	-
Renewals and Replacements	76,839	39,917	40,367	62,684	81,912	44,064	34,502	50,005	62,848	102,726
Depreciation and Amortization	44,356	49,365	34,951	35,419	35,165	31,038	19,110	15,268	17,613	19,628
Planning and Development	36,626	24,661	18,882	-	-	-	-	-	-	-
Total Operating Expenses	366,019	306,401	271,907	263,941	280,702	255,107	235,129	237,695	280,566	312,241
Operating Income	678,511	680,748	622,682	552,928	493,520	371,395	379,304	373,901	324,331	338,502
Nonoperating Expenses — Net	(68,313)	(67,571)	(80,491)	(81,581)	(107,959)	(99,173)	(96,058)	(66,816)	(68,253)	(41,859)
Income Before Contributions and Transfer	610,198	613,177	542,191	471,347	385,561	272,222	283,246	307,085	256,078	296,643
Capital Contributions (to) from Others	5,495	4,944	7,449	314,146	1,224	(3,354)	17,756	8,846	34,494	3,506
Transfer — Facility Acquisition	-	-	(39,919)	-	-	-	-	-	-	-
Increase in Net Position	$ 615,693	$618,121	$509,721	$785,493	$386,785	$268,868	$301,002	$315,931	$290,572	$300,149
Operating Margin	65%	69%	70%	68%	64%	59%	62%	61%	54%	52%
Operating Margin before Depreciation and Amortization	69%	74%	74%	72%	68%	64%	65%	64%	57%	55%

The increase in total revenues compared to fiscal year 2016 is primarily due to increased toll transactions as a result of economic growth. The increase in total revenues from fiscal year 2013 through fiscal year 2016 is primarily due to the annual toll rate indexing, coupled with systemwide traffic growth. In accordance with Section 338.231(3)(b), F.S., the System began collecting an administrative charge in association with video billings in fiscal year 2011. The fiscal year 2015 transfer for facility acquisition represents the difference between the amount paid and the net book value of the assets transferred from FDOT for the Beachline East Expressway. The fiscal year 2014 increase in contributions for capital projects is due to the completion of the I-4 Connector. Net position has continued to increase over the reporting period reflecting the System's financial strength.

REVENUES, EXPENSES, AND CHANGES IN NET POSITION (dollars in thousands)



Source: Audited Financial Statements

Financial Trends

TOLL AND RATE PER MILE (TWO-AXLE VEHICLES)
as of June 30, 2017

Project	Length of Project (Miles)	SunPass® Toll	SunPass Rate Per Mile	TOLL-BY-PLATE® Toll	TOLL-BY-PLATE Rate Per Mile	Cash Toll	Cash Rate Per Mile
SR 821 (HEFT)	47	$3.97	$0.084	$5.02	$0.107	N/A	N/A
Southern Coin System [A]	43	2.91	0.068	N/A	N/A	$3.57	$0.083
Ticket System	155	10.10	0.065	N/A	N/A	12.90	0.083
Northern Coin System	67	4.22	0.063	N/A	N/A	4.50	0.067
Beachline West Expressway [B]	8	0.79	0.099	N/A	N/A	1.00	0.125
Beachline East Expressway [C]	15	0.26	0.017	N/A	N/A	0.50	0.033
Sawgrass Expressway	23	2.12	0.092	2.64	0.115	N/A	N/A
Seminole Expressway	18	2.10	0.117	N/A	N/A	2.25	0.125
Veterans Expressway	15	1.85	0.123	2.38	0.159	N/A	N/A
Southern Connector Extension	6	0.79	0.132	N/A	N/A	1.00	0.167
Polk Parkway	25	3.18	0.127	N/A	N/A	3.75	0.150
Suncoast Parkway	42	3.18	0.076	N/A	N/A	3.75	0.089
Western Beltway, Part C	11	1.06	0.096	N/A	N/A	1.25	0.114
I-4 Connector [D]	1	0.52 - 1.04	0.52 - 1.04	0.77 - 1.29	0.77 - 1.29	N/A	N/A

[A] TOLL-BY-PLATE toll rates only apply on the southern section of the facility where the first phase of All-Electronic Tolling ("AET") was implemented.

[B] Toll rates include the System's portion only. The consolidated rates inclusive of Central Florida Expressway Authority's portion are $1.88 SunPass and $2.25 cash.

[C] The length of project includes the southern spur. The 7-mile northern spur (SR 407) increases the length of the project to 22 miles. Toll rates reflect the System's portion of tolls collected by Central Florida Expressway Authority at Dallas Mainline Toll Plaza ($0.26 SunPass and $0.50 cash).

[D] The I-4 Connector is an elevated bridge-type AET facility with a higher per mile toll rate.

SUNPASS TOLL VS. CASH TOLL

As indicated in the above table, toll rates are differentiated between conventional cash, TOLL-BY-PLATE, and customers paying through the SunPass Electronic Toll Collection ("ETC") method on System facilities. The ETC method provides for increased throughput at the toll plazas, enhanced safety, and lower transaction processing costs which allows the System to offer a pricing preference to SunPass customers.

THREE-PLUS AXLE VEHICLE (TRUCK) TOLL

Only the toll for two-axle vehicles is provided in the above table. Two toll rate formulas are utilized on the System to calculate truck tolls: the "n minus one" formula, and the "per-axle" formula. The n minus one formula is used for all System facilities except for the Ticket System which utilizes the per-axle formula.

- N minus one = Number of vehicle axles, minus one, multiplied by the two-axle toll rate.
- Per-axle = Number of vehicle axles, multiplied by the two-axle toll rate divided by two.

TOLL RATE SETTING

Section 338.231, Florida Statutes, authorizes the Department to fix and adjust toll rates on the System and requires all toll rate changes be implemented through the provisions of the Administrative Procedures Act (Chapter 120, Florida Statutes). This requires a published notice and the opportunity for a public hearing to solicit public comment before adoption of the proposed toll rate change.

TOLL RATE INDEXING

Section 338.165(3), Florida Statutes, authorizes the Department to index toll rates on existing toll facilities to the annual Consumer Price Index ("CPI"), or similar inflation indicator, no more frequently than once a year, and no less frequently than once every five years. SunPass and TOLL-BY-PLATE rates may be adjusted annually on or before July 1 each year based on the actual change in the year-over-year CPI, while cash rates are indexed every five years. Tolls were not indexed during fiscal year 2017 as the minimal change in CPI did not prompt an adjustment.

Source: AECOM, Traffic & Revenue Consultant

TOLL COLLECTION
Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

	2017	2016 [A]	2015 [A]	2014 [A]	2013 [A]	2012	2011	2010	2009 [F]	2008
Toll Revenue:										
Mainline	$ 710,861	$681,386	$624,033	$581,632	$550,715	$439,961	$434,230	$432,970	$428,124	$461,567
Expansion Projects [B]:										
Sawgrass Expressway	85,417	80,510	72,614	69,768	66,579	51,360	50,314	49,702	48,121	50,902
Seminole Expressway	55,302	51,713	45,243	40,919	38,473	31,457	30,763	30,882	32,488	36,138
Veterans Expressway	51,645	45,721	41,111	39,925	41,616	32,757	32,466	31,692	30,980	33,089
Southern Connector Extension	12,626	10,917	8,746	7,517	6,794	4,343	4,201	4,148	4,443	5,130
Polk Parkway	33,595	31,359	27,713	24,590	23,649	22,615	21,775	21,391	21,496	22,450
Suncoast Parkway	26,993	25,709	23,682	22,011	21,349	20,769	21,233	20,621	20,157	21,424
Western Beltway, Part C	12,930	11,032	8,853	7,289	6,367	5,550	5,097	4,767	4,719	4,871
I-4 Connector [C]	13,448	12,071	8,774	2,650	-	-	-	-	-	-
Beachline East Expressway [D]	5,603	5,512	5,181	-	-	-	-	-	-	-
Total Toll Revenue	1,008,420	955,930	865,950	796,301	755,542	608,812	600,079	596,173	590,528	635,571
Total Administrative Charges [E]	20,229	16,993	15,334	8,495	6,237	6,301	2,487	-	-	-
Total Revenue	$1,028,649	$972,923	$881,284	$804,796	$761,779	$615,113	$602,566	$596,173	$590,528	$635,571
Total Transactions	872,854	833,847	767,885	690,584	663,267	664,279	652,857	639,426	630,861	667,320

[A] Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

[B] Toll facilities other than the Mainline are considered Expansion Projects and are combined as such in the graph below.

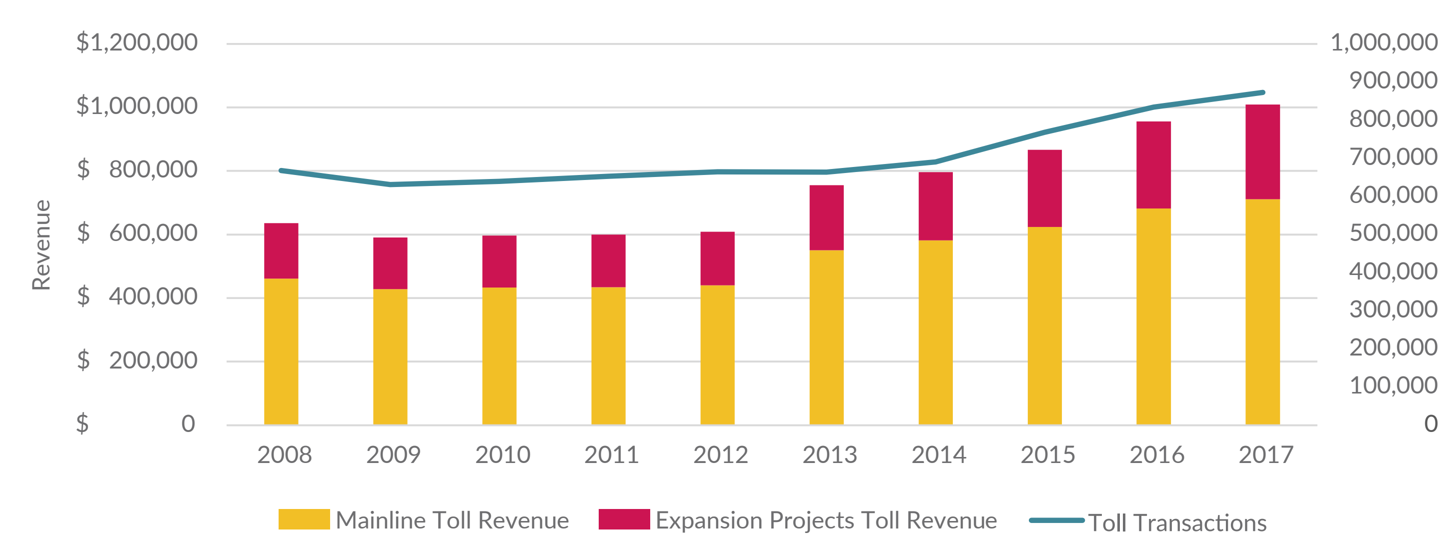
[C] I-4 Connector opened to traffic in January 2014.

[D] Beachline East Expressway was acquired in July 2014.

[E] In accordance with Section 338.231(3)(b), F.S., the System began collecting an administrative charge in association with video billings in fiscal year 2011. The increase beginning in fiscal year 2015 is a result of the expansion of All-Electronic Tolling throughout the state.

[F] The decrease in fiscal year 2009 Toll Revenue and Transactions was due to a decline in Florida's economic conditions.

TOLL COLLECTION (dollars and transactions in thousands)



Source: AECOM, Traffic & Revenue Consultant

Revenue Capacity

ELECTRONIC TOLL COLLECTION ("ETC")

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

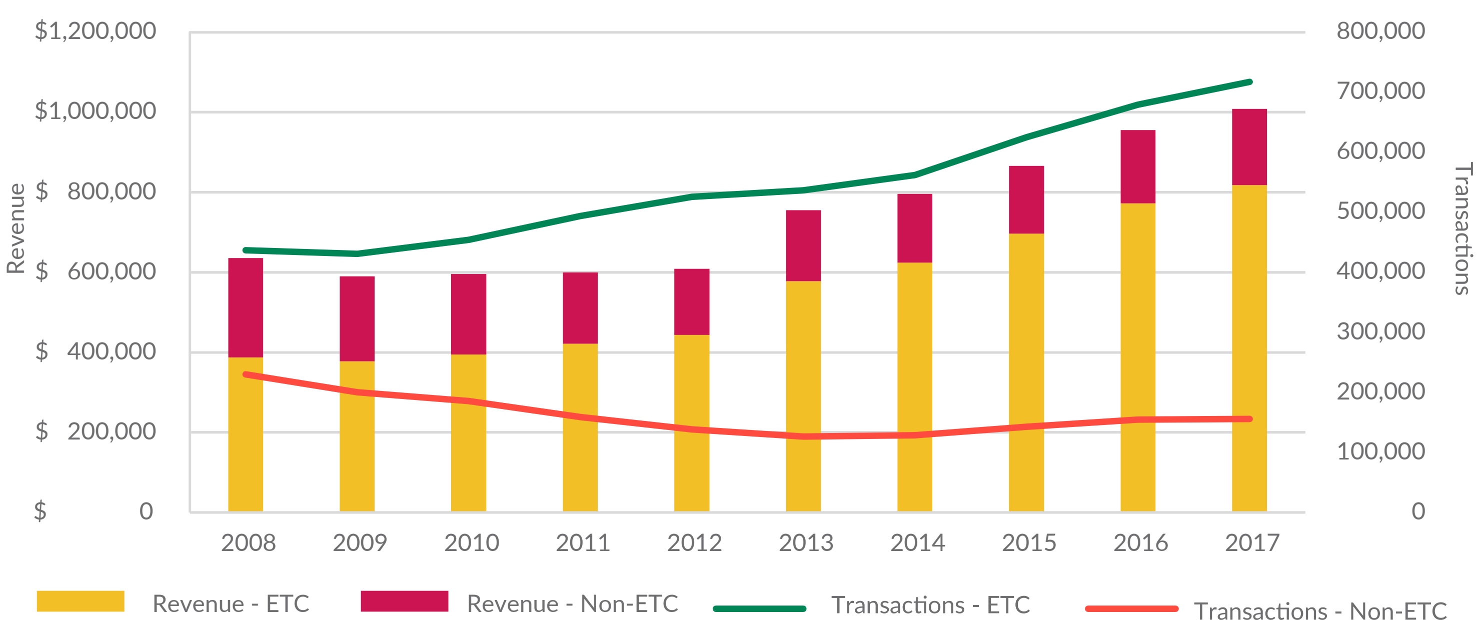
Fiscal Year	Total Toll Revenue	ETC Revenue [A]	Percentage ETC Revenue	Total Transactions	ETC Transactions [A]	Percentage ETC Transactions
2017	$1,008,420	$818,116	81.13%	872,854	717,191	82.17%
2016 [B]	955,930	772,090	80.77	833,847	679,317	81.47
2015 [B]	865,950	696,438	80.42	767,885	625,017	81.39
2014 [B]	796,301	624,064	78.37	690,584	562,167	81.40
2013 [B]	755,542	578,278	76.54	663,267	536,576	80.90
2012	608,812	443,876	72.91	664,279	525,616	79.13
2011	600,079	421,598	70.26	652,857	493,627	75.61
2010	596,173	395,202	66.29	639,426	454,012	71.00
2009 [C]	590,528	377,938	64.00	630,861	430,720	68.27
2008	635,571	387,382	60.95	667,320	437,017	65.49

[A] Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

[B] Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

[C] The decrease in fiscal year 2009 Total Toll Revenue and Total Transactions was due to a decline in Florida's economic conditions.

TOLL COLLECTION - ETC vs. NON-ETC (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the impact of All-Electronic Tolling conversion and the effectiveness of the SunPass Program.

Source: AECOM, Traffic & Revenue Consultant

TOLL COLLECTION BY ROADWAY - MAINLINE

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

TOLL COLLECTION

Fiscal Year	SR 821 (HEFT)	Golden Glades to Wildwood: Southern Coin	Golden Glades to Wildwood: Ticket	Golden Glades to Wildwood: Northern Coin	Beachline West	Total Revenue	Transactions
2017	$179,416	$174,769	$179,277	$149,380	$28,019	$710,861	547,119
2016 [A]	176,238	166,994	172,239	138,928	26,987	681,386	529,318
2015 [A]	162,017	150,189	162,411	124,586	24,830	624,033	493,114
2014 [A]	153,421	139,645	150,885	114,822	22,859	581,632	459,759
2013 [A]	148,397	133,334	139,427	107,593	21,964	550,715	442,857
2012	108,203	100,861	130,482	84,707	15,708	439,961	440,023
2011	103,802	99,318	132,936	83,187	14,987	434,230	431,586
2010	103,164	98,660	134,525	82,474	14,147	432,970	422,237
2009 [B]	99,158	97,376	135,302	82,243	14,045	428,124	415,943
2008	106,509	104,982	145,269	88,765	16,042	461,567	441,380

[A] Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

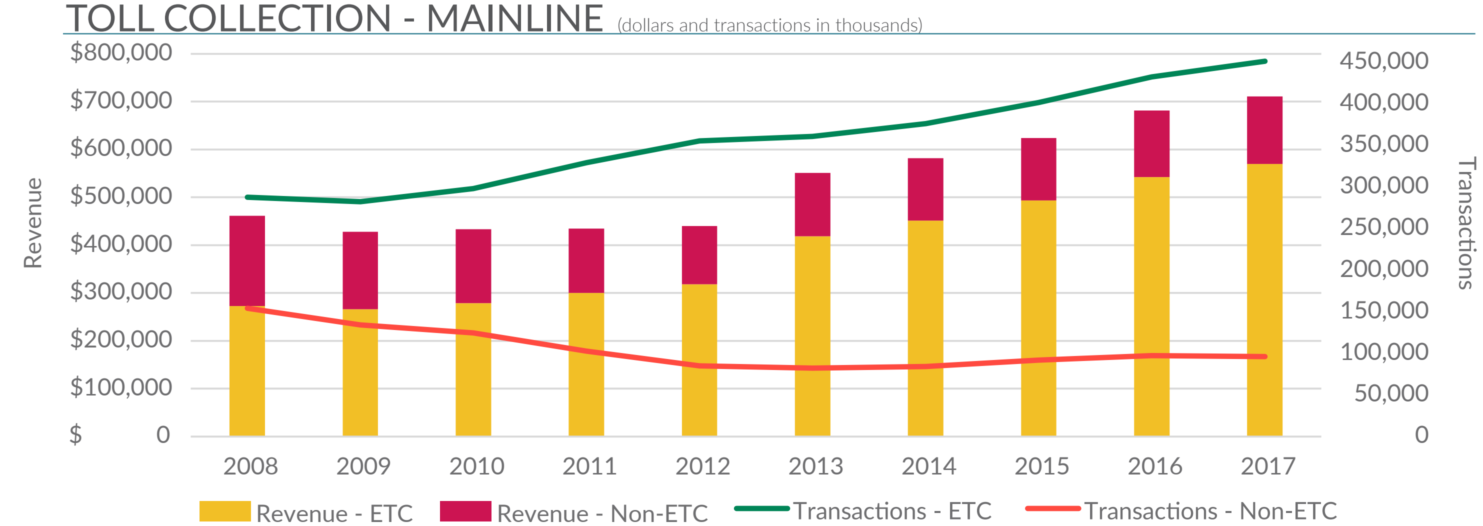
[B] The decrease in fiscal year 2009 Total Revenue and Transactions was due to a decline in Florida's economic conditions.

ELECTRONIC TOLL COLLECTION

Fiscal Year	SR 821 (HEFT)	Golden Glades to Wildwood: Southern Coin	Golden Glades to Wildwood: Ticket	Golden Glades to Wildwood: Northern Coin	Beachline West	Total Revenue [C]	Transactions [C]
2017	$158,622	$148,996	$133,373	$108,468	$19,962	$569,421	450,978
2016	158,806	142,511	124,773	96,871	19,429	542,390	432,004
2015	149,349	127,638	115,280	83,526	17,311	493,104	401,321
2014	141,220	114,939	104,983	74,718	15,454	451,314	375,810
2013	135,872	105,882	95,567	67,222	14,182	418,725	360,777
2012	94,678	76,341	88,314	49,574	9,013	317,920	355,060
2011	86,262	71,672	86,940	46,937	8,472	300,283	329,098
2010	75,003	66,544	84,483	45,049	7,707	278,786	297,731
2009	69,579	63,348	82,633	43,297	7,114	265,971	282,005
2008	70,706	64,616	84,761	45,024	7,479	272,586	287,441

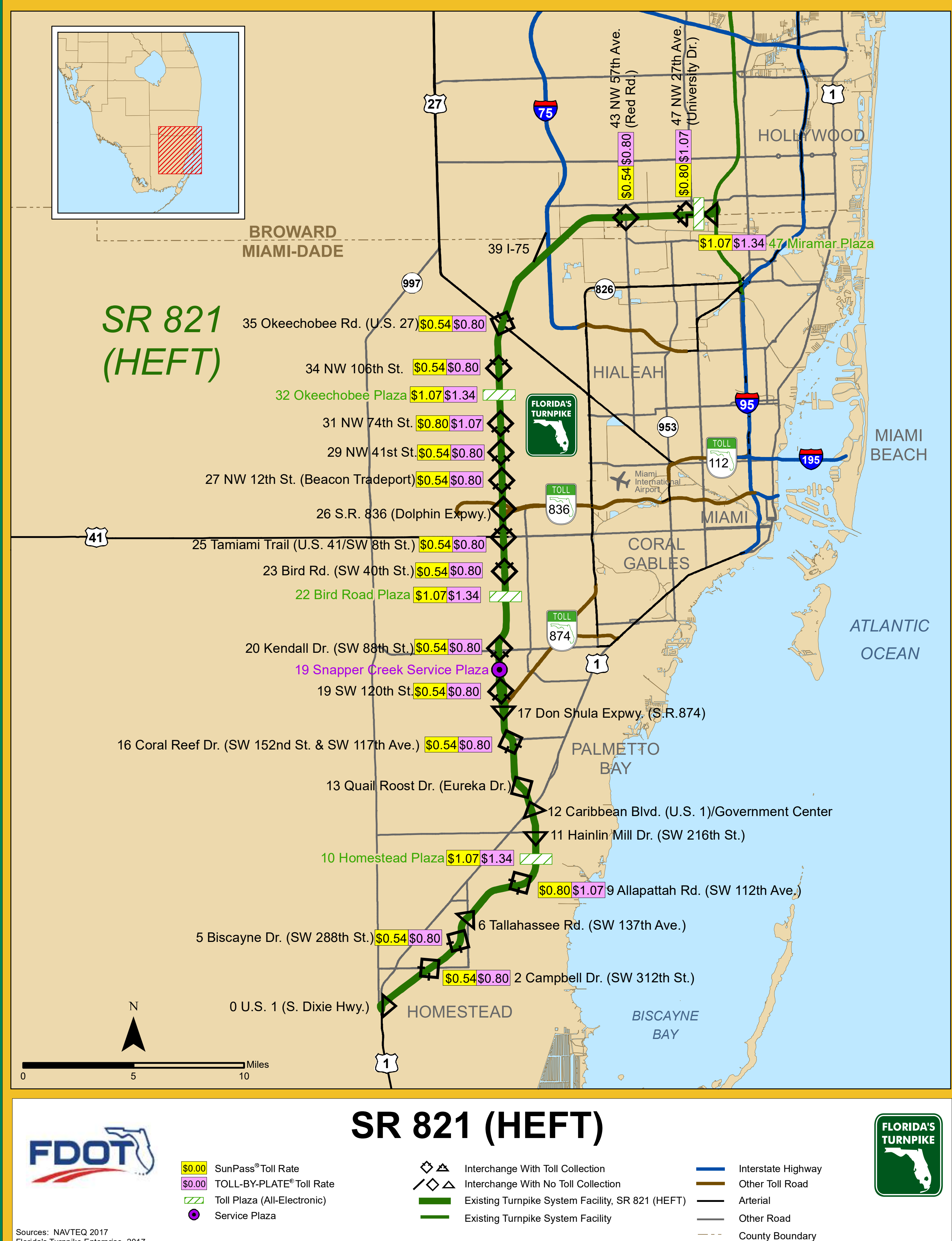
[C] Totals include SunPass and all interoperable partners.

TOLL COLLECTION - MAINLINE (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the impact of All-Electronic Tolling conversion and the effectiveness of the SunPass Program.

Source: AECOM, Traffic & Revenue Consultant



TOLL COLLECTION BY ROADWAY - SR 821 (HEFT)

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

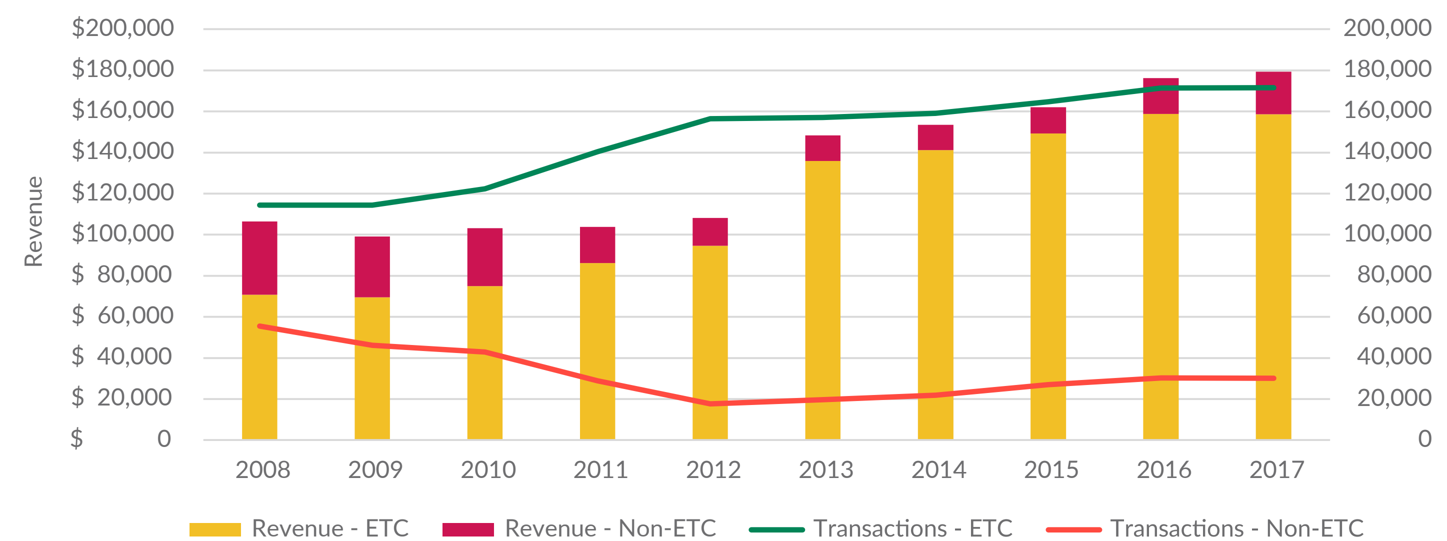
	TOLL COLLECTION		ELECTRONIC TOLL COLLECTION [(A)]	
Fiscal Year	Revenue	Transactions	Revenue	Transactions
2017	$179,416	201,715	$158,622	171,543
2016 [(B)]	176,238	201,600	158,806	171,370
2015 [(B)]	162,017	191,673	149,349	164,675
2014 [(B)]	153,421	181,095	141,220	159,164
2013 [(B)]	148,397	176,698	135,872	157,036
2012	108,203	174,126	94,678	156,466
2011	103,802	169,218	86,262	140,382
2010	103,164	165,152	75,003	122,256
2009 [(C)]	99,158	160,659	69,579	114,450
2008	106,509	169,884	70,706	115,927

(A) Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

(B) Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

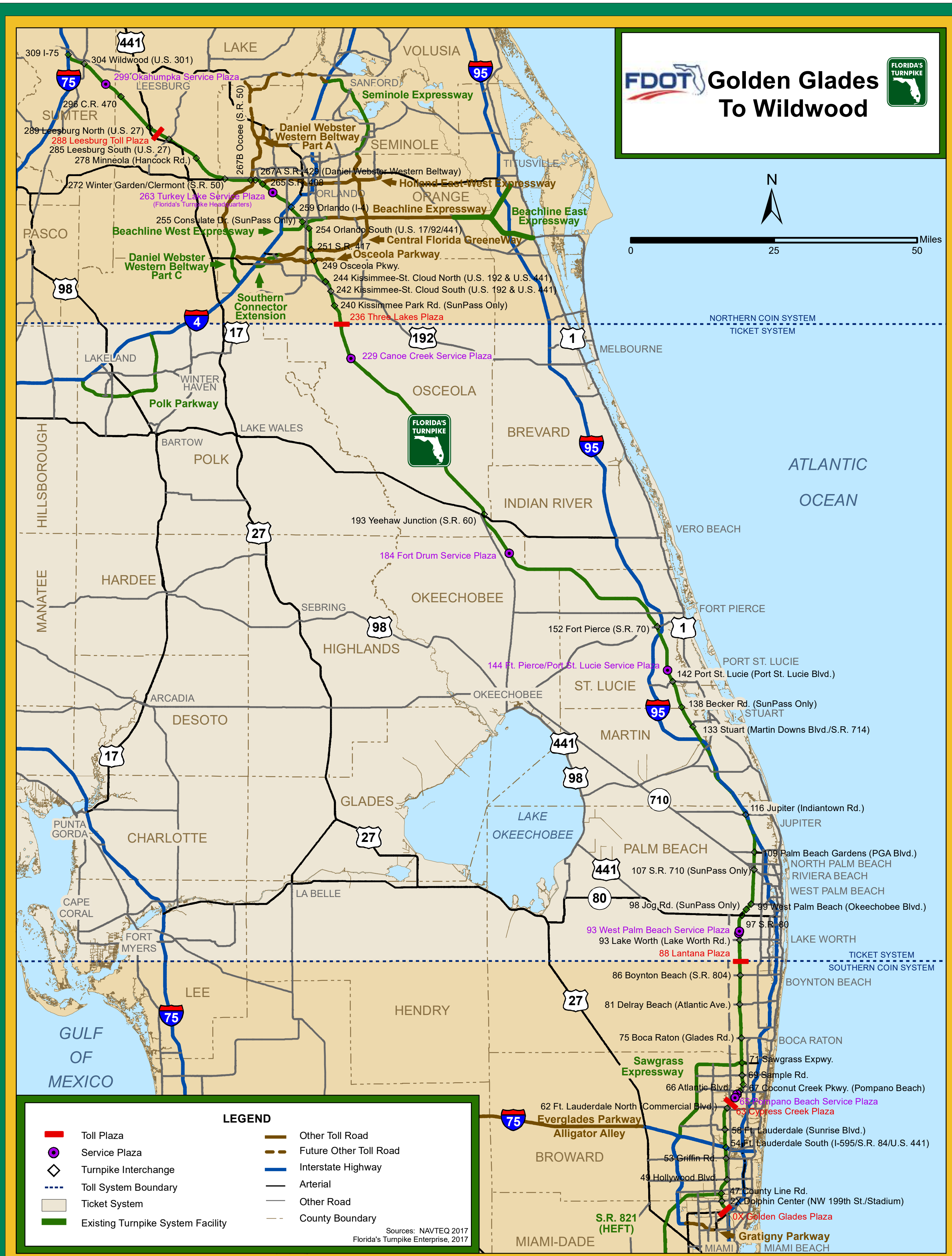
(C) The decrease in fiscal year 2009 Toll Revenue and Transactions was due to a decline in Florida's economic conditions.

TOLL COLLECTION - SR 821 (HEFT) (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the impact of All-Electronic Tolling conversion and the effectiveness of the SunPass Program.

Source: AECOM, Traffic & Revenue Consultant



TOLL COLLECTION BY ROADWAY - GOLDEN GLADES TO WILDWOOD

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

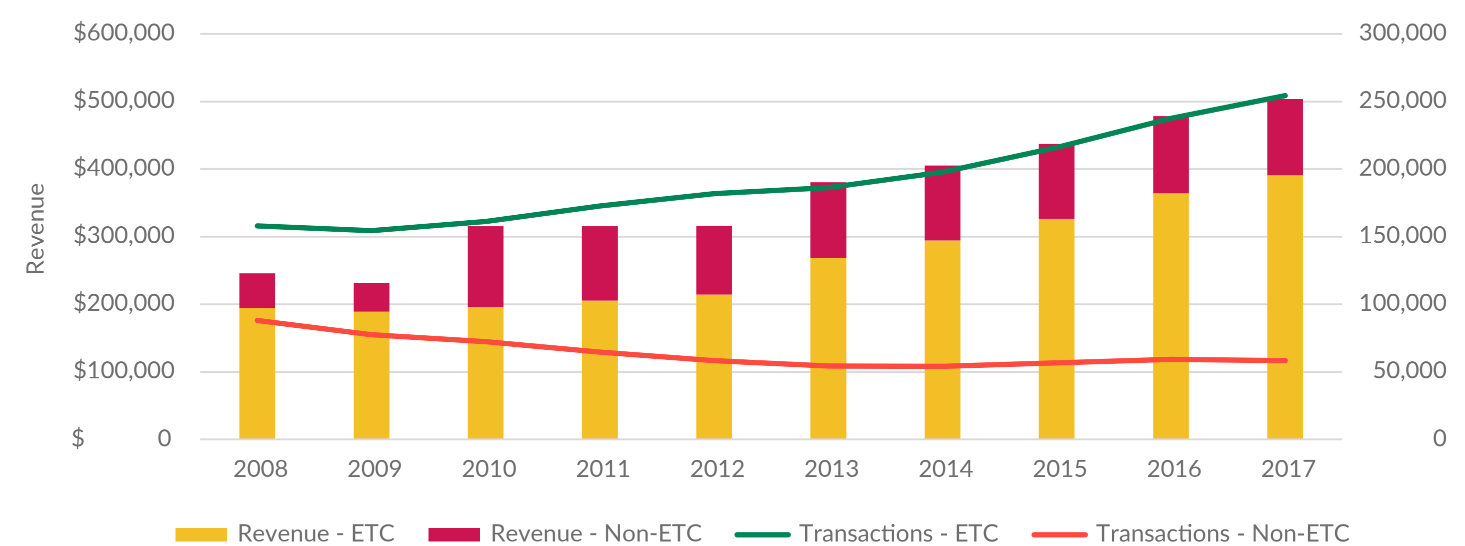
	TOLL COLLECTION					ELECTRONIC TOLL COLLECTION (A)				
	Revenue					Revenue				
Fiscal Year	Southern Coin	Ticket	Northern Coin	Total Revenue	Total Transactions	Southern Coin	Ticket	Northern Coin	Total Revenue	Total Transactions
2017	$174,769	$179,277	$149,380	$503,426	312,641	$148,996	$133,373	$108,468	$390,837	254,303
2016 (B)	166,994	172,239	138,928	478,161	296,677	142,511	124,773	96,871	364,155	237,491
2015 (B)	150,189	162,411	124,586	437,186	272,691	127,638	115,280	83,526	326,444	215,896
2014 (B)	139,645	150,885	114,822	405,352	252,031	114,939	104,983	74,718	294,640	197,811
2013 (B)	133,334	139,427	107,593	380,354	240,643	105,882	95,567	67,222	268,671	186,174
2012	100,861	130,482	84,707	316,050	240,256	76,341	88,314	49,574	214,229	181,822
2011	99,318	132,936	83,187	315,441	237,370	71,672	86,940	46,937	205,549	172,794
2010	98,660	134,525	82,474	315,659	233,581	66,544	84,483	45,049	196,076	161,188
2009 (C)	97,376	135,302	82,243	314,921	231,974	63,348	82,633	43,297	189,278	154,514
2008	104,982	145,269	88,765	339,016	246,023	64,616	84,761	45,024	194,401	157,997

(A) Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

(B) Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

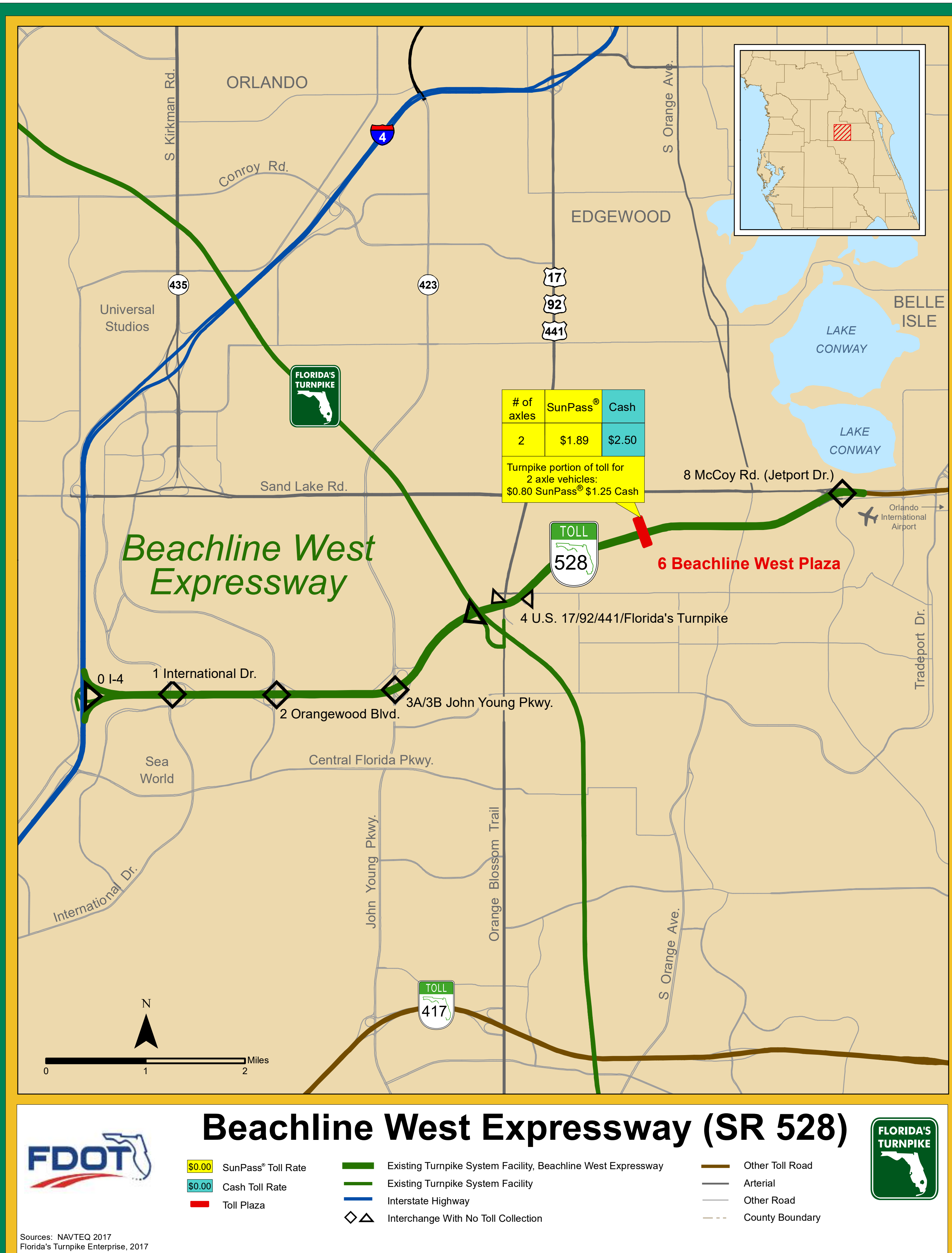
(C) The decrease in fiscal year 2009 Total Toll Revenue and Total Transactions was due to a decline in Florida's economic conditions.

TOLL COLLECTION - GOLDEN GLADES TO WILDWOOD (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the impact of All-Electronic Tolling conversion and the effectiveness of the SunPass Program.

Source: AECOM, Traffic & Revenue Consultant



TOLL COLLECTION BY ROADWAY - BEACHLINE WEST EXPRESSWAY (SR 528)

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

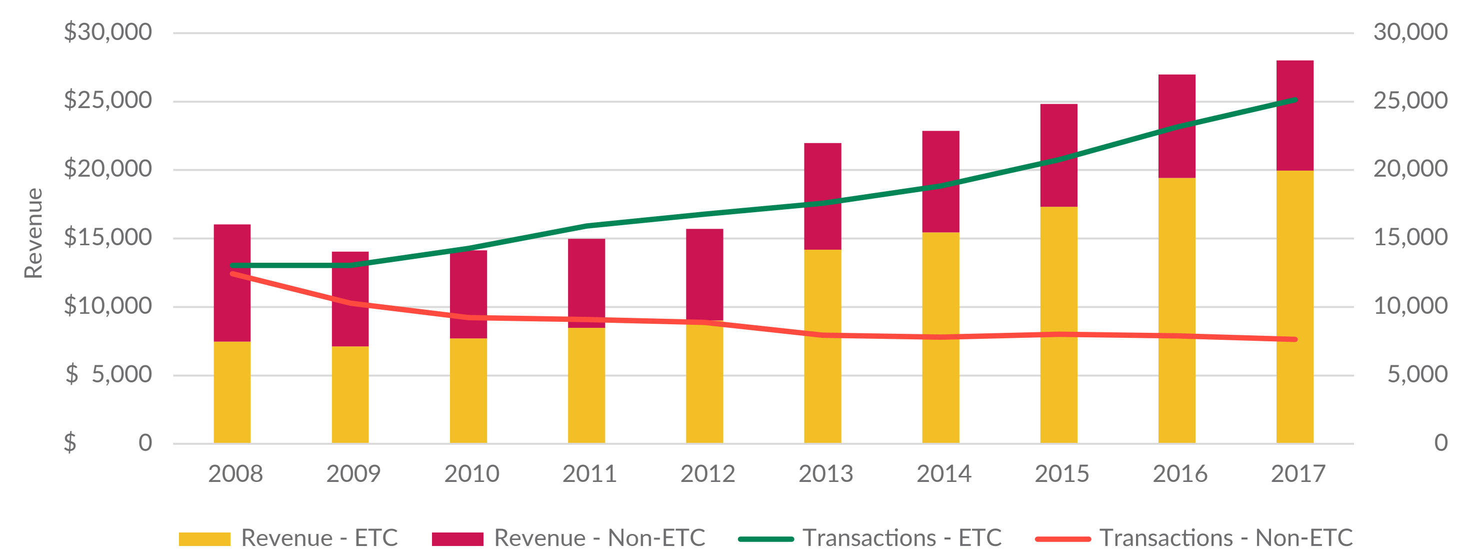
	TOLL COLLECTION		ELECTRONIC TOLL COLLECTION (A)	
Fiscal Year	Revenue	Transactions	Revenue	Transactions
2017	$28,019	32,763	$19,962	25,132
2016 (B)	26,987	31,041	19,429	23,143
2015 (B)	24,830	28,750	17,311	20,750
2014 (B)	22,859	26,633	15,454	18,835
2013 (B)	21,964	25,516	14,182	17,567
2012	15,708	25,641	9,013	16,772
2011	14,987	24,998	8,472	15,922
2010	14,147	23,504	7,707	14,287
2009 (C)	14,045	23,310	7,114	13,041
2008	16,042	25,473	7,479	13,517

(A) Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

(B) Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

(C) The decrease in fiscal year 2009 Toll Revenue and Transactions was due to a decline in Florida's economic conditions.

TOLL COLLECTION - BEACHLINE WEST EXPRESSWAY (SR 528) (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the effectiveness of the SunPass program.

Source: AECOM, Traffic & Revenue Consultant

Revenue Capacity

TOLL COLLECTION BY ROADWAY - SAWGRASS EXPRESSWAY (SR 869)

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

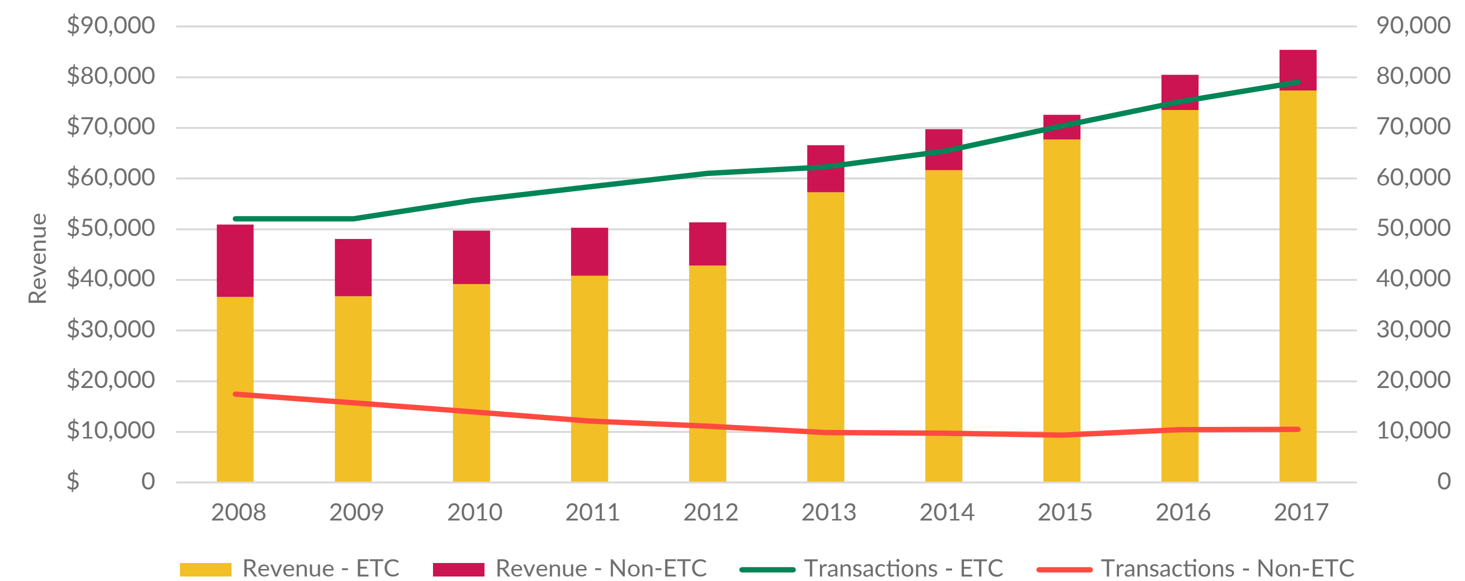
	TOLL COLLECTION		ELECTRONIC TOLL COLLECTION (A)	
Fiscal Year	Revenue	Transactions	Revenue	Transactions
2017	$85,417	89,551	$77,396	79,041
2016 (B)	80,510	85,633	73,570	75,179
2015 (B)	72,614	79,746	67,748	70,368
2014 (B)	69,768	75,121	61,665	65,371
2013 (B)	66,579	72,195	57,308	62,300
2012	51,360	72,179	42,843	61,052
2011	50,314	70,584	40,813	58,408
2010	49,702	69,662	39,188	55,684
2009 (C)	48,121	67,810	36,780	52,074
2008	50,902	69,503	36,648	50,365

(A) Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

(B) Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

(C) The decrease in fiscal year 2009 Toll Revenue and Transactions was due to a decline in Florida's economic conditions.

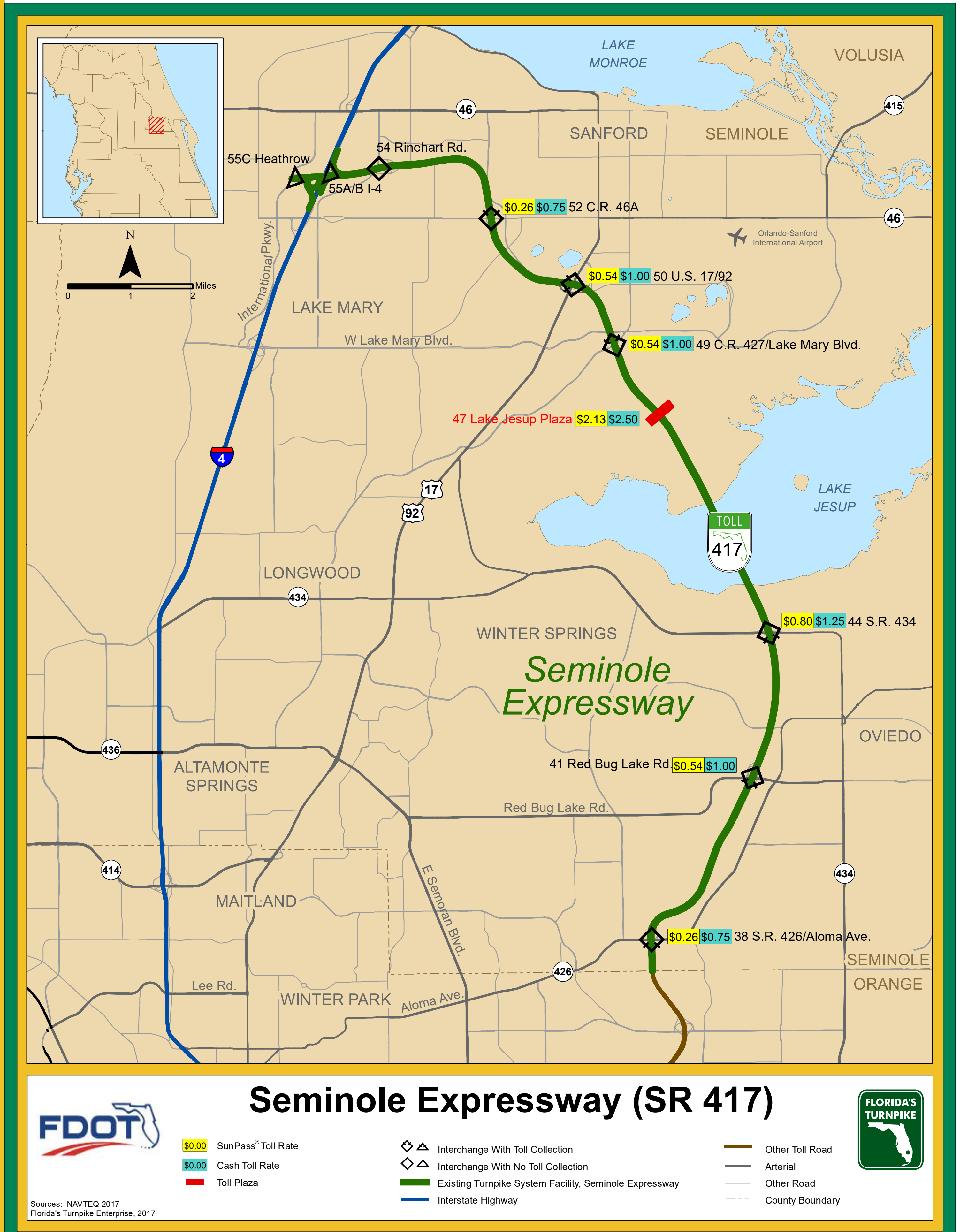
TOLL COLLECTION - SAWGRASS EXPRESSWAY (SR 869) (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the impact of All-Electronic Tolling conversion and the effectiveness of the SunPass Program.

Source: AECOM, Traffic & Revenue Consultant

Revenue Capacity



TOLL COLLECTION BY ROADWAY - SEMINOLE EXPRESSWAY (SR 417)

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

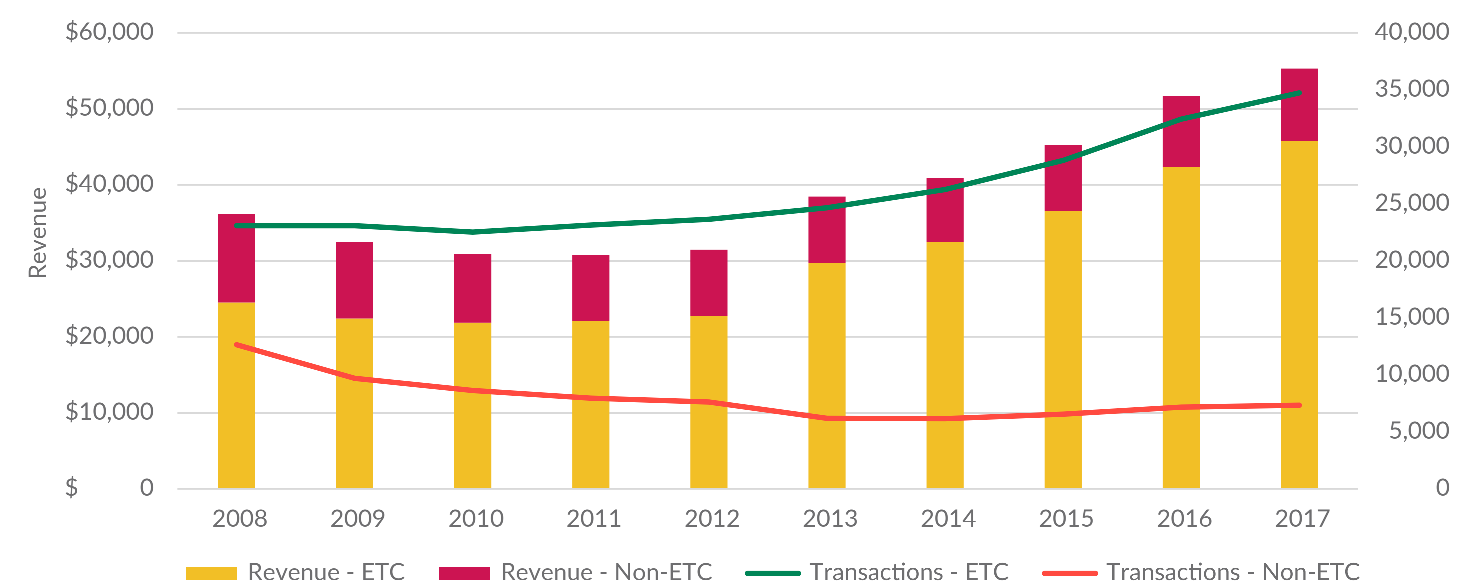
	TOLL COLLECTION		ELECTRONIC TOLL COLLECTION [A]	
Fiscal Year	Revenue	Transactions	Revenue	Transactions
2017	$55,302	42,067	$45,806	34,722
2016 [B]	51,713	39,592	42,363	32,433
2015 [B]	45,243	35,373	36,554	28,811
2014 [B]	40,919	32,436	32,489	26,267
2013 [B]	38,473	30,819	29,739	24,646
2012	31,457	31,265	22,752	23,642
2011 [C]	30,763	31,117	22,087	23,153
2010 [C]	30,882	31,168	21,869	22,538
2009 [C]	32,488	32,765	22,417	23,080
2008	36,138	35,719	24,509	24,794

[A] Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

[B] Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

[C] The decrease in Toll Revenue and Transactions in fiscal years 2009 through 2011 was due to prolonged economic recovery on the region.

TOLL COLLECTION - SEMINOLE EXPRESSWAY (SR 417) (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the effectiveness of the SunPass program.

Source: AECOM, Traffic & Revenue Consultant

TOLL COLLECTION BY ROADWAY - VETERANS EXPRESSWAY (SR 589)

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

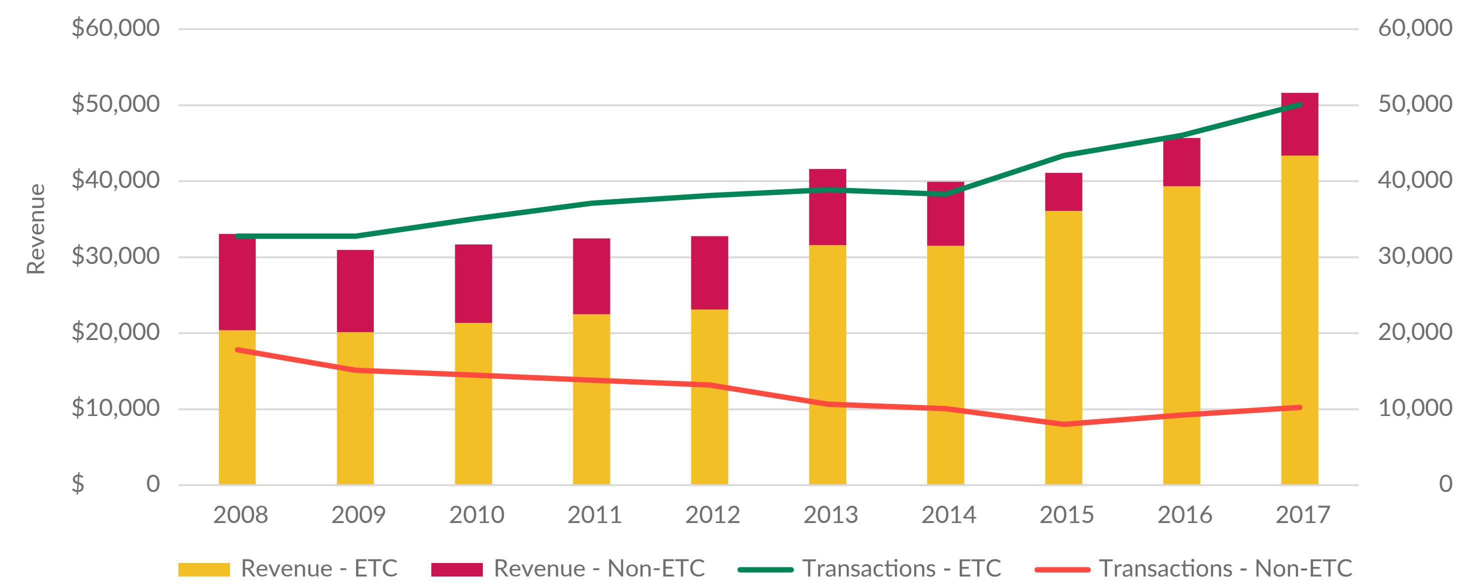
	TOLL COLLECTION		ELECTRONIC TOLL COLLECTION [A]	
Fiscal Year	Revenue	Transactions	Revenue	Transactions
2017	$51,645	60,321	$43,405	50,083
2016 [B]	45,721	55,304	39,337	46,047
2015 [B]	41,111	51,412	36,121	43,386
2014 [B][C]	39,925	48,345	31,495	38,281
2013 [B]	41,616	49,542	31,599	38,872
2012	32,757	51,288	23,152	38,108
2011	32,466	50,933	22,496	37,106
2010	31,692	49,555	21,353	35,043
2009 [C]	30,980	47,876	20,126	32,757
2008	33,089	50,586	20,381	33,138

[A] Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

[B] Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

[C] The decrease in fiscal year 2014 Toll Transactions and Revenue was a result of construction related to All-Electronic Tolling conversion. The decrease in fiscal year 2009 Toll Revenue and Transactions was due to a decline in Florida's economic conditions.

TOLL COLLECTION - VETERANS EXPRESSWAY (SR 589) (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the impact of All-Electronic Tolling conversion and the effectiveness of the SunPass Program.

Source: AECOM, Traffic & Revenue Consultant

Revenue Capacity

TOLL COLLECTION BY ROADWAY - SOUTHERN CONNECTOR EXT. (SR 417)

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

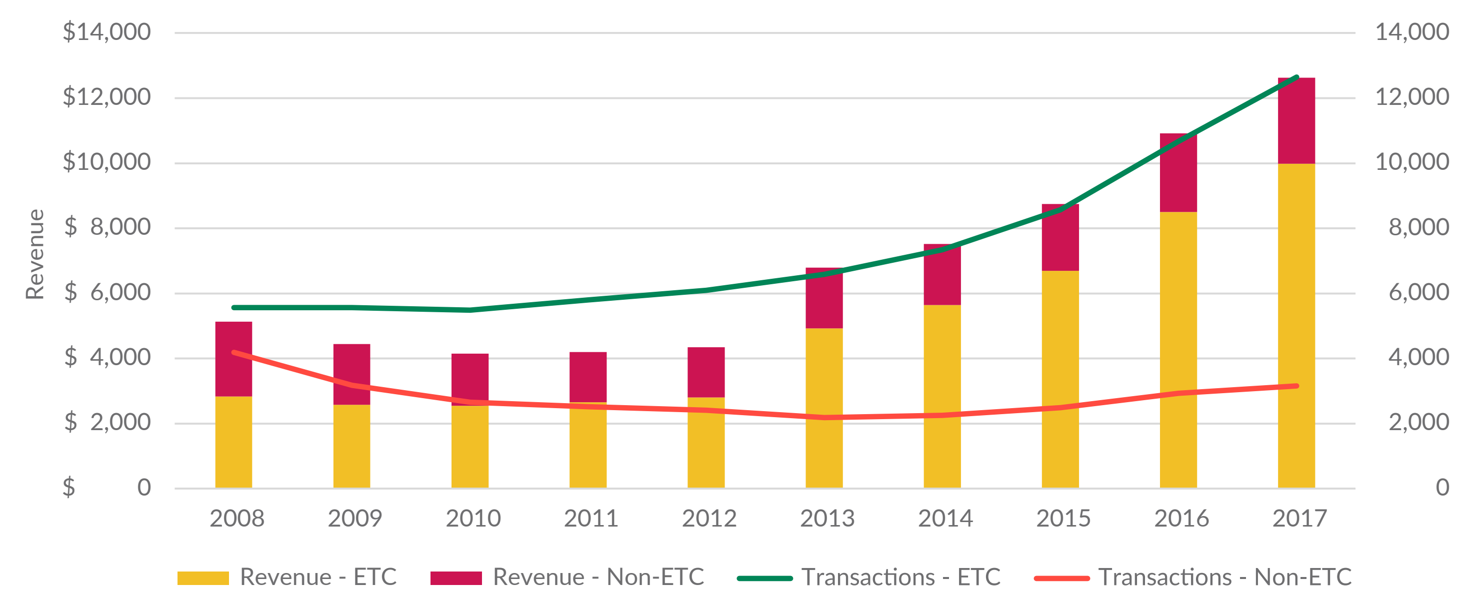
	TOLL COLLECTION		ELECTRONIC TOLL COLLECTION [A]	
Fiscal Year	Revenue	Transactions	Revenue	Transactions
2017	$12,626	15,803	$9,983	12,646
2016 [B]	10,917	13,603	8,499	10,670
2015 [B]	8,746	11,059	6,696	8,567
2014 [B]	7,517	9,599	5,641	7,348
2013 [B]	6,794	8,773	4,928	6,584
2012	4,343	8,499	2,804	6,091
2011	4,201	8,319	2,661	5,799
2010 [C]	4,148	8,138	2,551	5,483
2009 [C]	4,443	8,743	2,581	5,568
2008	5,130	9,760	2,830	6,005

(A) Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

(B) Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

(C) The decrease in fiscal years 2009 and 2010 Toll Revenue and Transactions was due to prolonged economic recovery in the region. .

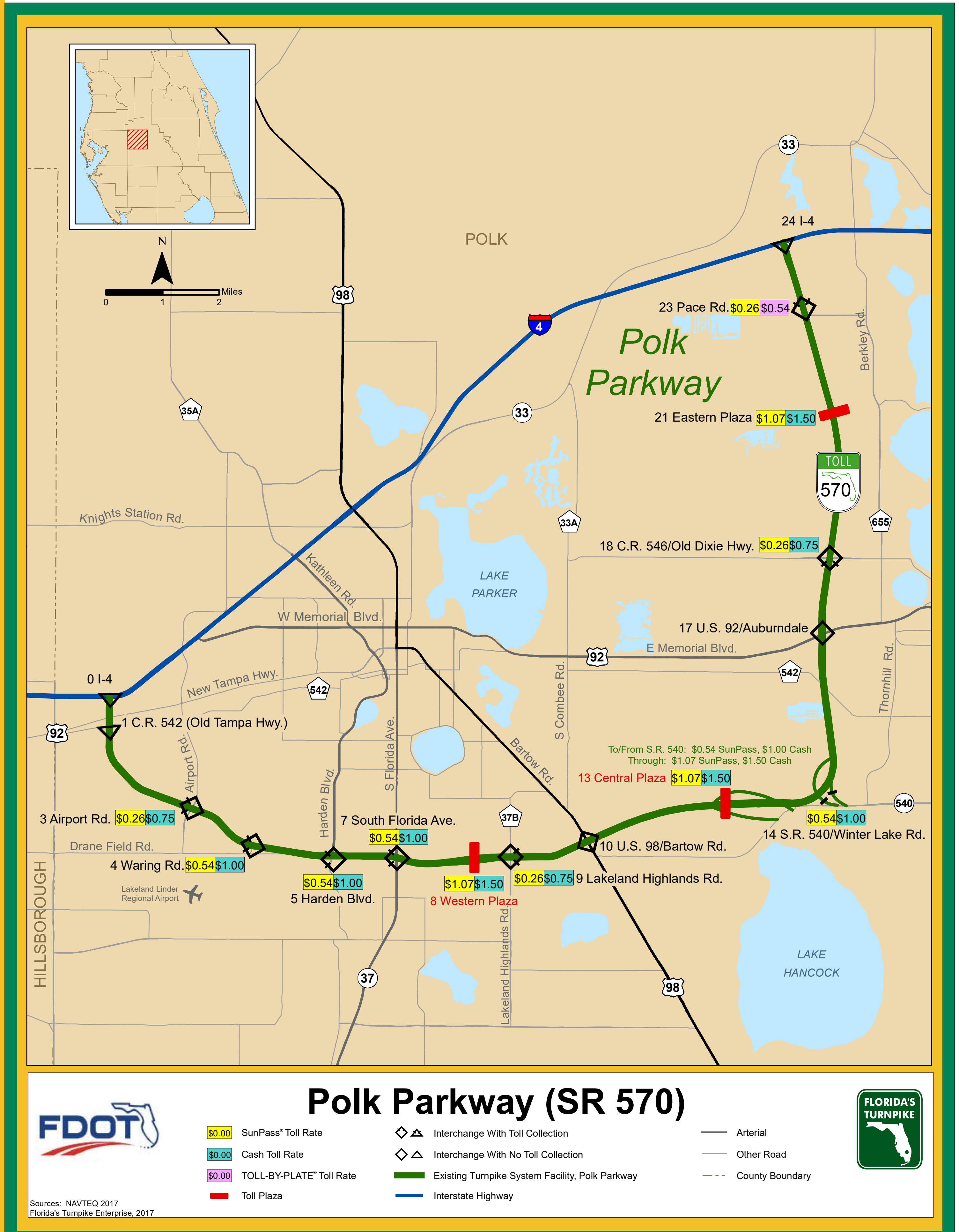
TOLL COLLECTION - SOUTHERN CONNECTOR EXT. (SR 417) (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the effectiveness of the SunPass program.

Source: AECOM, Traffic & Revenue Consultant

Revenue Capacity



TOLL COLLECTION BY ROADWAY - POLK PARKWAY (SR 570)

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

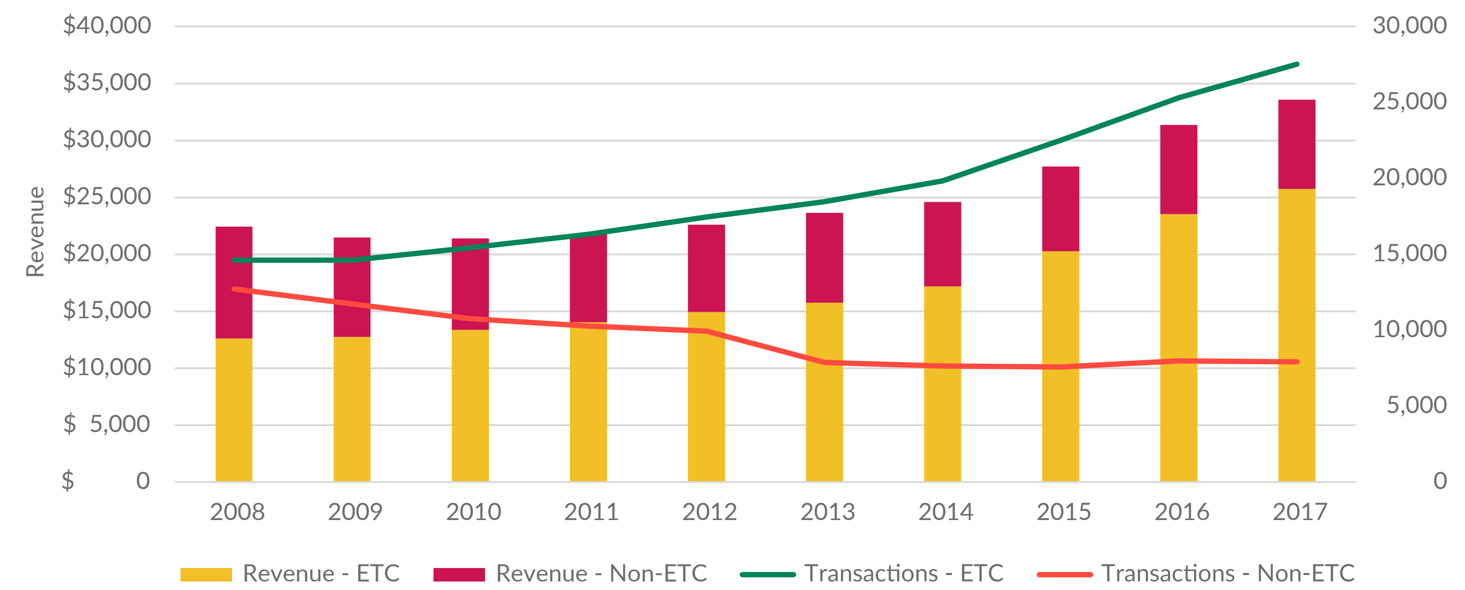
	TOLL COLLECTION		ELECTRONIC TOLL COLLECTION[A]	
Fiscal Year	Revenue	Transactions	Revenue	Transactions
2017	$33,595	35,441	$25,763	27,518
2016 [B]	31,359	33,316	23,540	25,318
2015 [B]	27,713	30,103	20,290	22,520
2014 [B]	24,590	27,495	17,202	19,849
2013 [B]	23,649	26,350	15,766	18,466
2012	22,615	27,395	14,951	17,453
2011	21,775	26,608	14,060	16,335
2010 [C]	21,391	26,209	13,366	15,435
2009 [C]	21,496	26,344	12,762	14,613
2008	22,450	27,330	12,629	14,214

[A] Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

[B] Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

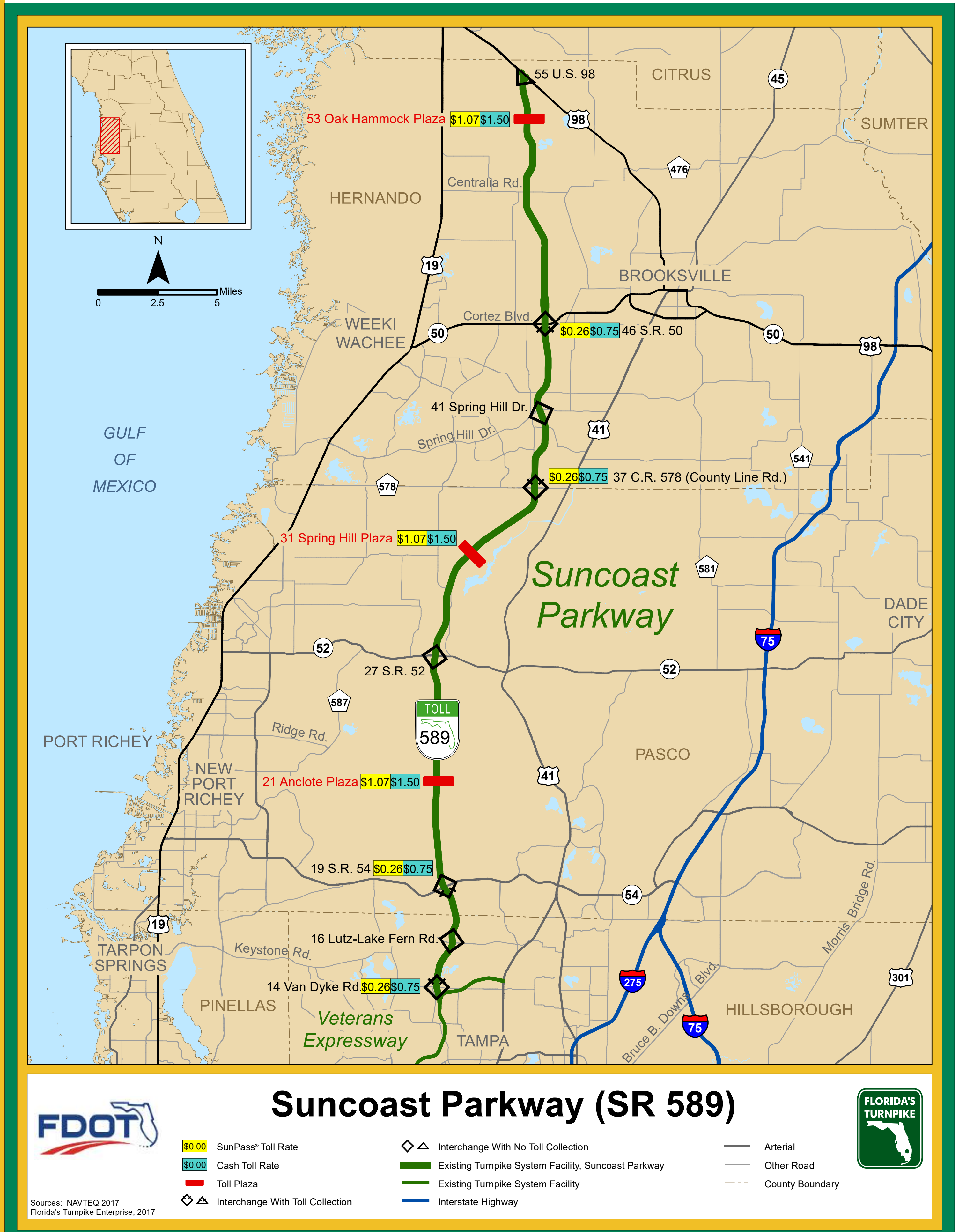
[C] The decrease in fiscal years 2009 and 2010 Toll Revenue and Transactions was due to prolonged economic recovery in the region.

TOLL COLLECTION - POLK PARKWAY (SR 570) (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the effectiveness of the SunPass program.

Source: AECOM, Traffic & Revenue Consultant



TOLL COLLECTION BY ROADWAY - SUNCOAST PARKWAY (SR 589)

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

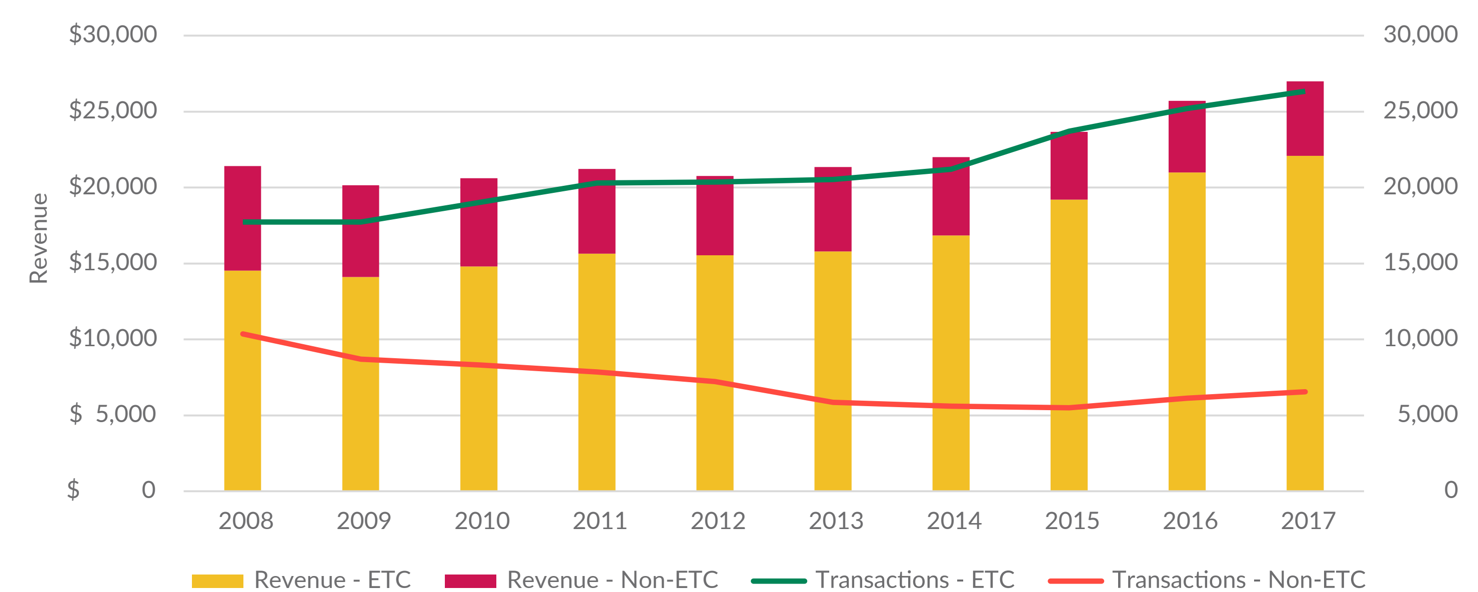
	TOLL COLLECTION		ELECTRONIC TOLL COLLECTION[A]	
Fiscal Year	Revenue	Transactions	Revenue	Transactions
2017	$26,993	32,896	$22,099	26,338
2016 [B]	25,709	31,349	20,998	25,206
2015 [B]	23,682	29,217	19,207	23,710
2014 [B]	22,011	26,805	16,861	21,201
2013 [B]	21,349	26,394	15,790	20,527
2012 [C]	20,769	27,593	15,545	20,358
2011	21,233	28,151	15,642	20,297
2010	20,621	27,345	14,808	19,026
2009 [C]	20,157	26,442	14,115	17,745
2008	21,424	28,114	14,525	18,222

[A] Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

[B] Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

[C] The decrease in fiscal years 2009 and 2012 Toll Revenue and Transactions was due to variations in the region's economic conditions.

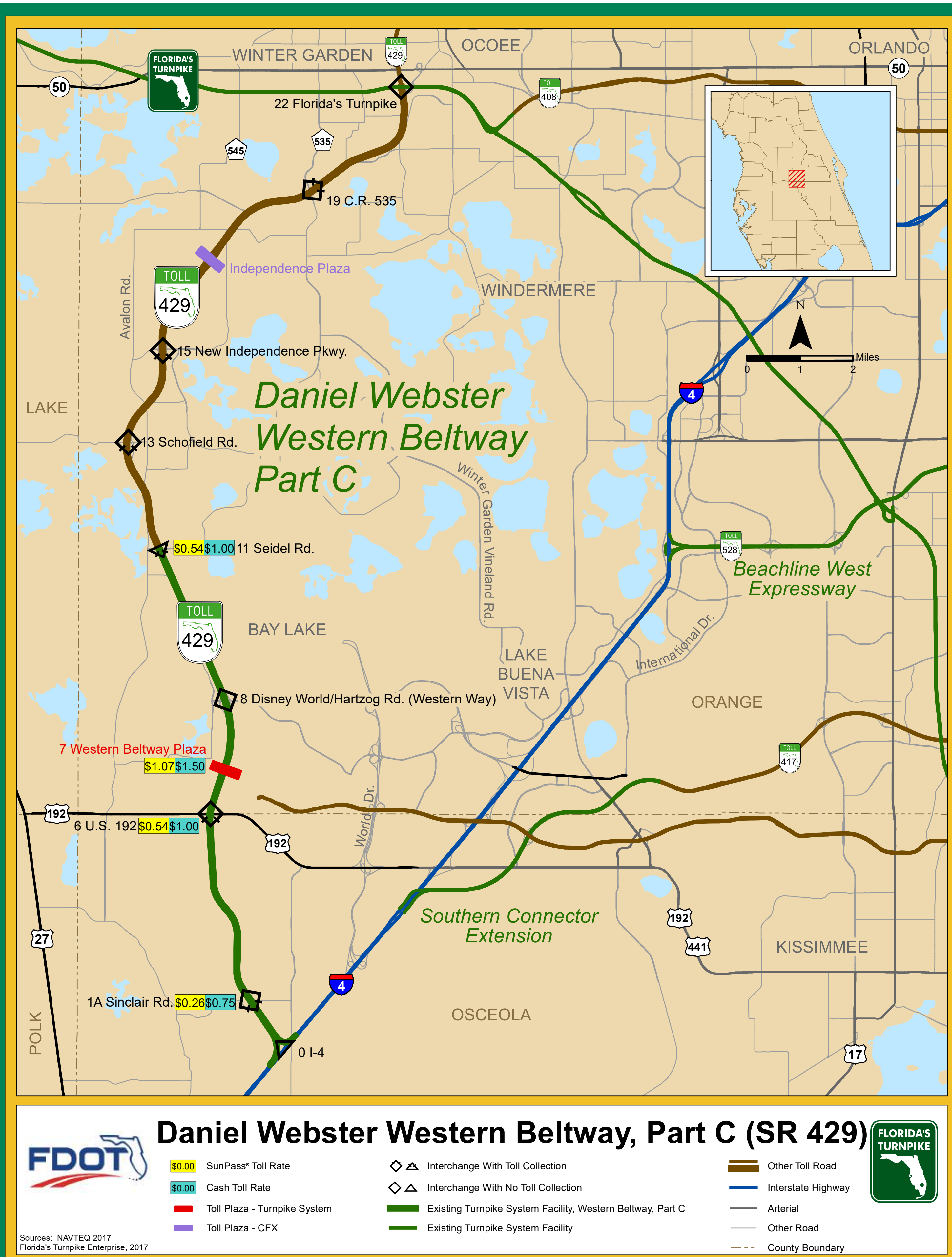
TOLL COLLECTION - SUNCOAST PARKWAY (SR 589) (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the effectiveness of the SunPass program.

Source: AECOM, Traffic & Revenue Consultant

Revenue Capacity



TOLL COLLECTION BY ROADWAY - WESTERN BELTWAY, PART C (SR 429)

Fiscal Years 2008 through 2017 (dollars and transactions in thousands)

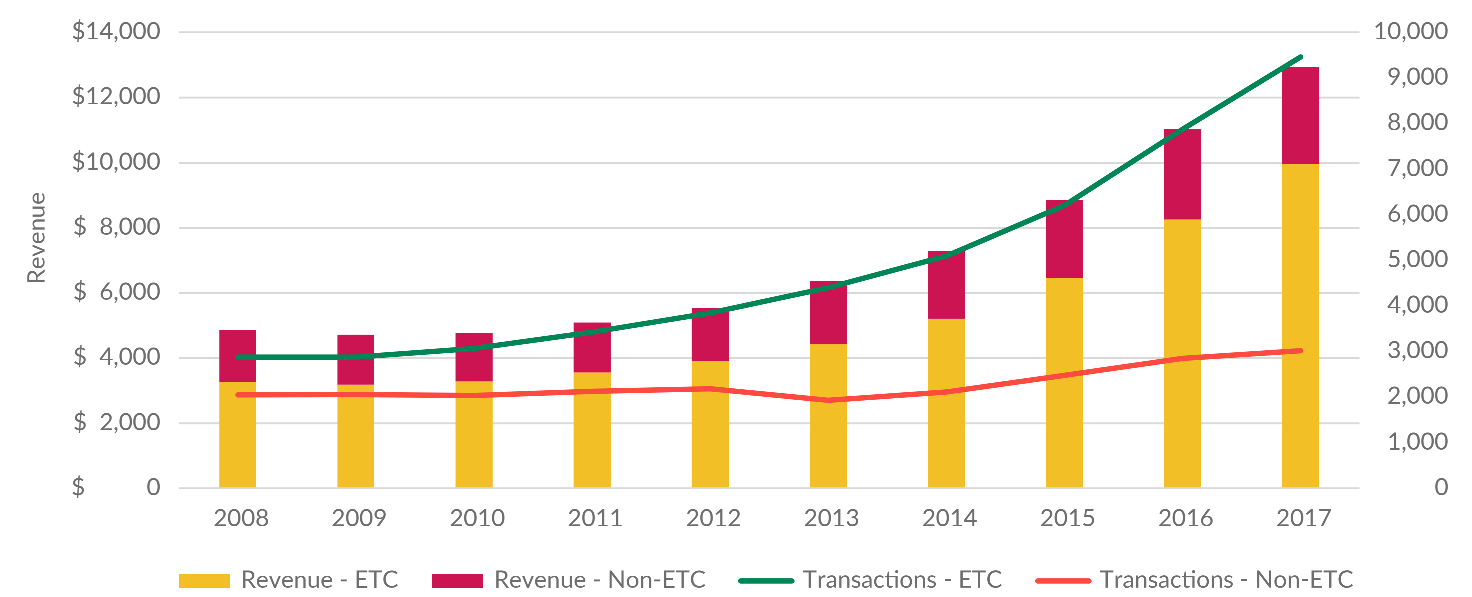
	TOLL COLLECTION		ELECTRONIC TOLL COLLECTION[A]	
Fiscal Year	Revenue	Transactions	Revenue	Transactions
2017	$12,930	12,487	$9,962	9,464
2016 [B]	11,032	10,727	8,259	7,874
2015 [B]	8,853	8,688	6,463	6,205
2014 [B]	7,289	7,209	5,209	5,097
2013 [B]	6,367	6,337	4,423	4,404
2012	5,550	6,037	3,909	3,852
2011	5,097	5,559	3,556	3,431
2010	4,767	5,112	3,281	3,072
2009 [C]	4,719	4,938	3,186	2,878
2008	4,871	4,928	3,274	2,838

(A) Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

(B) Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2014 through fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates, while fiscal year 2013 toll revenue includes indexed rates for all payment methods.

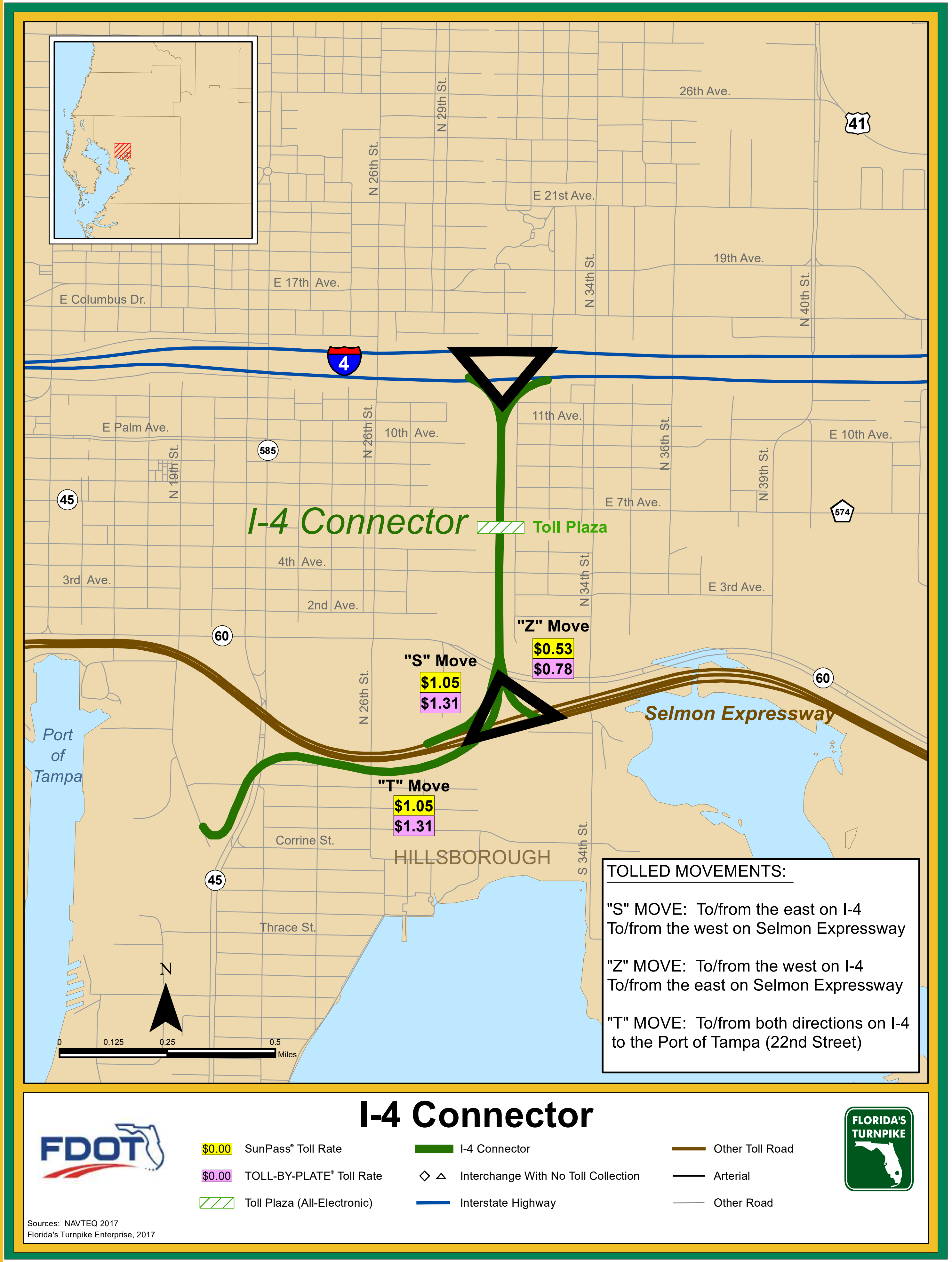
(C) The decrease in fiscal year 2009 Toll Revenue was due to a decline in Florida's economic conditions.

TOLL COLLECTION - WESTERN BELTWAY, PART C (SR 429) (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the effectiveness of the SunPass program.

Source: AECOM, Traffic & Revenue Consultant



TOLL COLLECTION BY ROADWAY - I-4 CONNECTOR

Fiscal Years 2014 through 2017 (dollars and transactions in thousands)

	TOLL COLLECTION		ELECTRONIC TOLL COLLECTION[A]	
Fiscal Year	Revenue	Transactions	Revenue	Transactions
2017	$13,448	17,577	$10,540	13,484
2016 [B]	12,071	16,283	9,636	12,354
2015 [B] [C]	8,774	12,094	7,134	9,213
2014 [C]	2,650	3,815	2,188	2,943

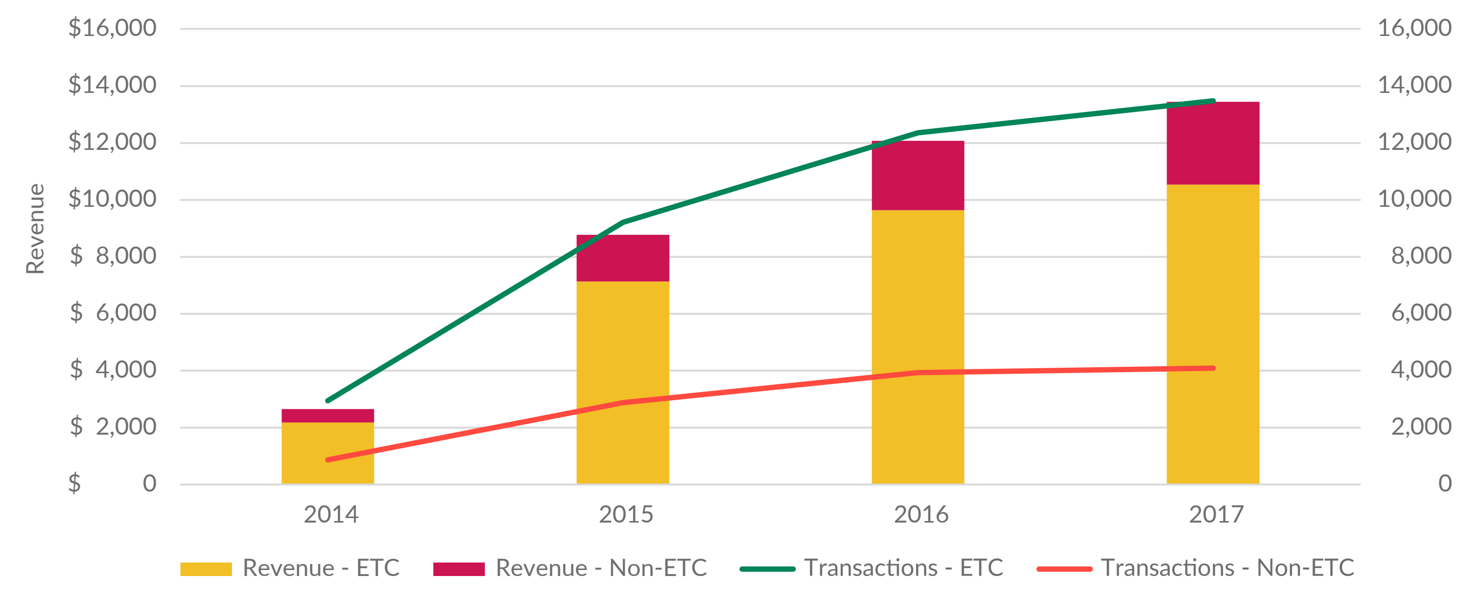
[A] Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

[B] Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2015 and 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates.

[C] This facility opened to traffic on January 6, 2014. Fiscal year 2015 represents the first full year of operations.

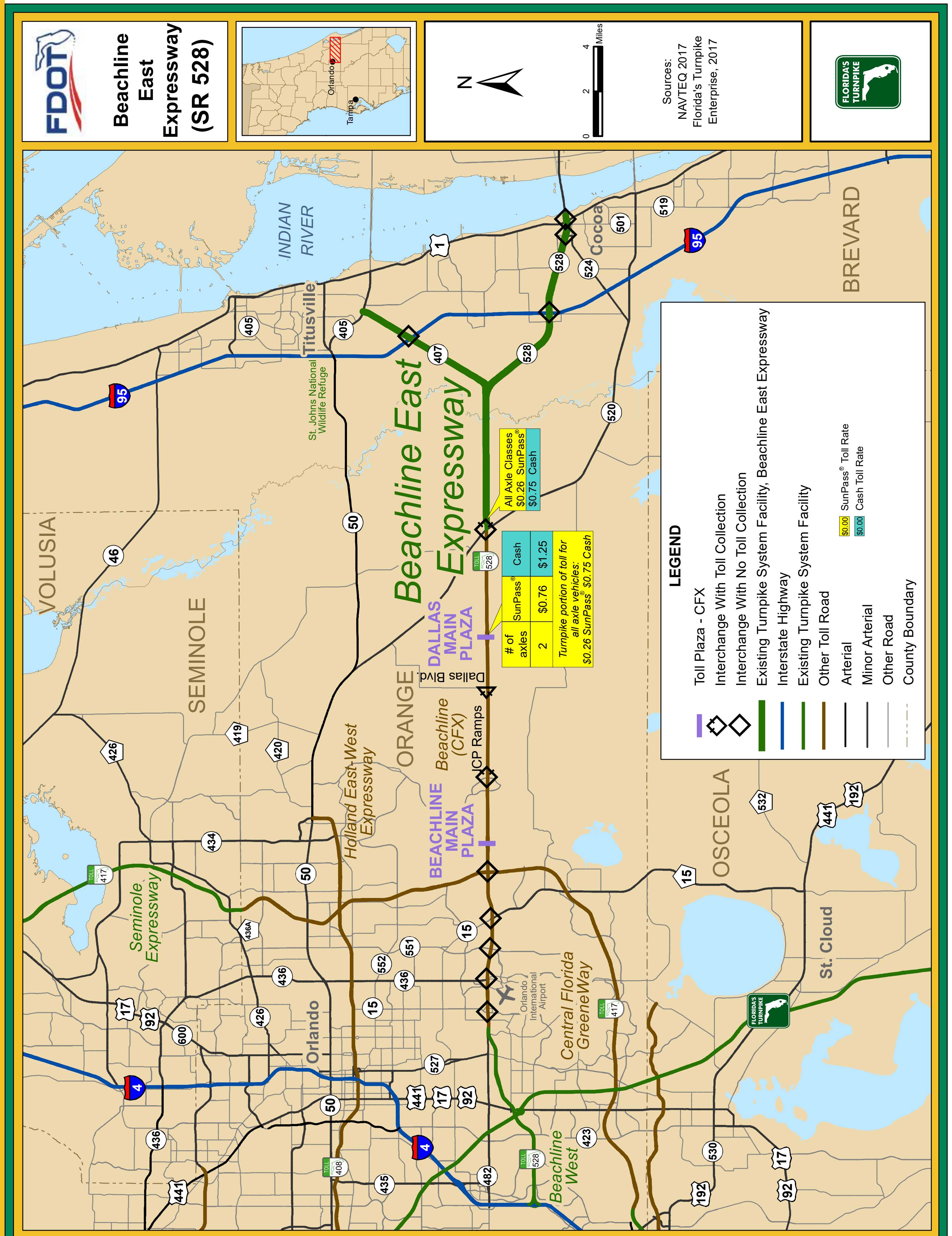
TOLL COLLECTION - I-4 CONNECTOR

(dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the effectiveness of the SunPass program.

Source: AECOM, Traffic & Revenue Consultant



TOLL COLLECTION BY ROADWAY - BEACHLINE EAST EXPRESSWAY (SR 528)

Fiscal Years 2015 through 2017 (dollars and transactions in thousands)

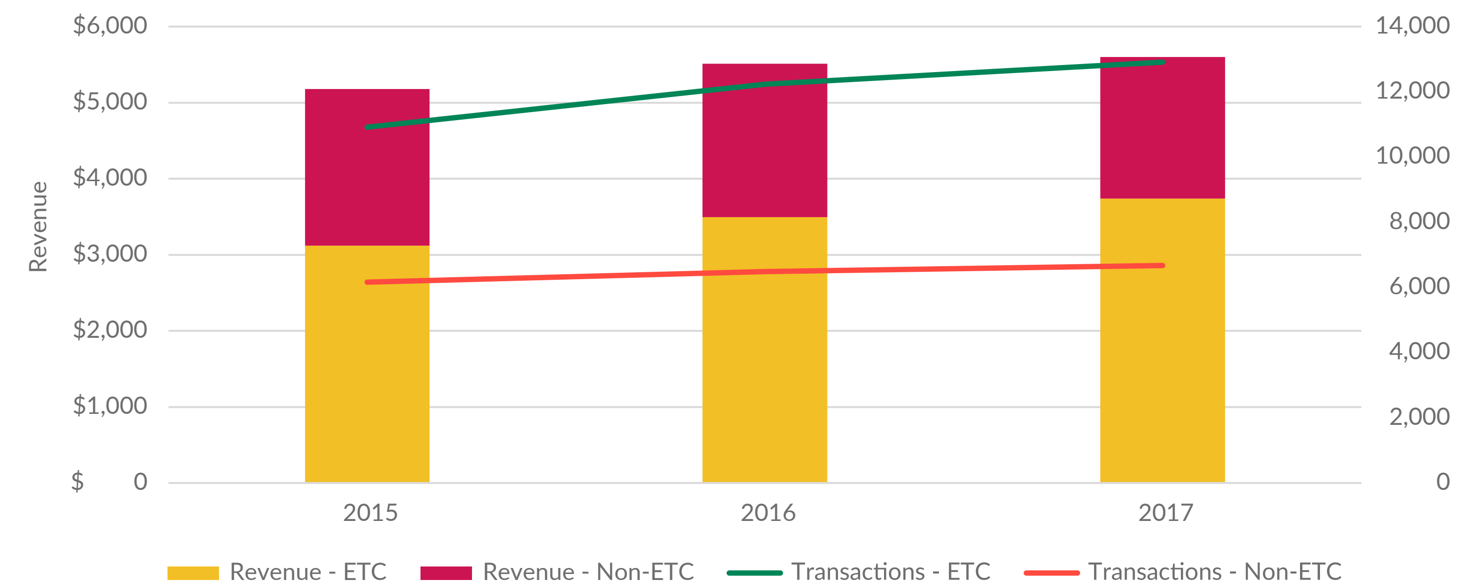
	TOLL COLLECTION		ELECTRONIC TOLL COLLECTION[A]	
Fiscal Year	Revenue	Transactions	Revenue	Transactions
2017	$5,603	19,592	$3,741	12,917
2016[B]	5,512	18,722	3,498	12,232
2015[B][C]	5,181	17,079	3,121	10,916

[A] Electronic Toll Collection ("ETC") Revenue and Transactions include SunPass and all interoperable partners.

[B] Florida Statutes authorize toll rates to be adjusted periodically based on an established index. The change in the established index from the prior period was minimal, therefore, toll rates were not adjusted in fiscal year 2017. Fiscal year 2015 and fiscal year 2016 toll revenues reflect the annual SunPass and TOLL-BY-PLATE indexed rates.

[C] This facility was acquired from the Department on July 1, 2014 (fiscal year 2015).

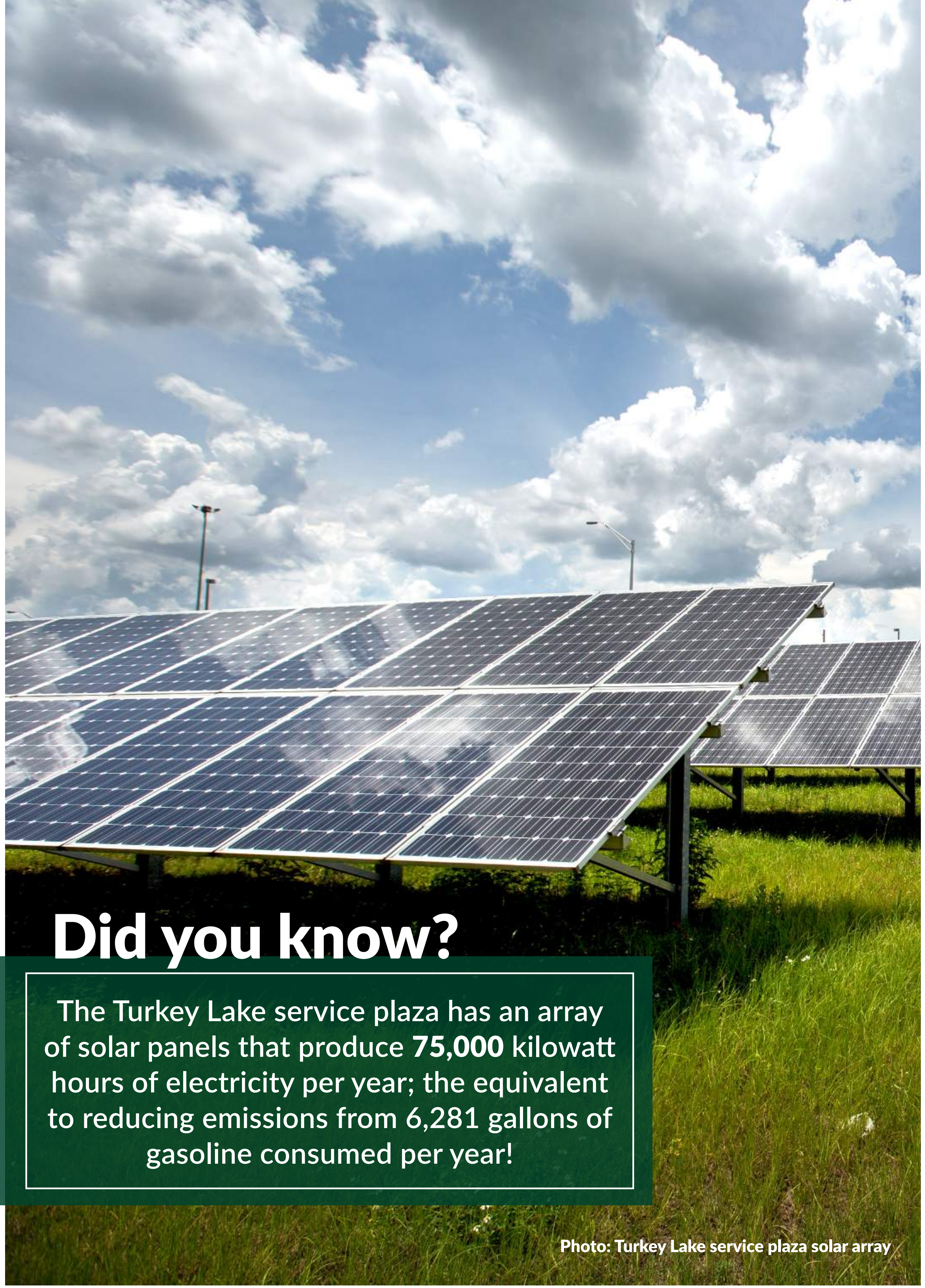
TOLL COLLECTION - BEACHLINE EAST EXPRESSWAY (SR 528) (dollars and transactions in thousands)



The increasing gap between the number of ETC and Non-ETC transactions reflects the effectiveness of the SunPass program.

Source: AECOM, Traffic & Revenue Consultant

Revenue Capacity



Did you know?

The Turkey Lake service plaza has an array of solar panels that produce **75,000** kilowatt hours of electricity per year; the equivalent to reducing emissions from 6,281 gallons of gasoline consumed per year!

Photo: Turkey Lake service plaza solar array

RATIOS OF OUTSTANDING DEBT BY TYPE

Fiscal Years 2008 through 2017 (dollars in thousands)

	Outstanding Debt					Debt Per		
Fiscal Year	Revenue Bonds (A)	SIB Loans (B)	STTF Loans (C)	STTF O&M Loans (D)	Total	Centerline Mile	Lane Mile	$ Operating Revenue (E)
2017	$2,760,366	$32,617	$4,500	$ -	$2,797,483	$5,792	$1,198	$2.68
2016	2,926,056	35,835	6,000	68,827	3,036,718	6,287	1,320	3.08
2015	2,894,419	39,052	7,500	79,327	3,020,298	6,253	1,313	3.38
2014	2,914,955	42,270	9,000	87,851	3,054,076	6,625	1,371	3.74
2013	2,878,854	45,488	9,000	94,410	3,027,752	6,582	1,366	3.91
2012	2,895,077	48,705	9,000	98,959	3,051,741	6,634	1,377	4.87
2011	2,835,228	51,923	9,000	101,480	2,997,631	6,517	1,375	4.88
2010	2,943,688	53,672	9,000	93,096	3,099,456	6,738	1,463	5.07
2009	2,453,194	53,899	9,000	83,100	2,599,193	5,650	1,239	4.30
2008	2,540,849	54,075	8,704	77,806	2,681,434	5,829	1,283	4.12

All debt of the System is related to business type activities (i.e. not governmental activities). No debt of the System is considered overlapping debt, and the System does not have any general obligation debt or debt financed with general government resources. The debt provided above includes principal amounts outstanding. Only revenue bonds have interest components while all other outstanding debt is "interest free."

(A) Outstanding debt includes short-term and long-term debt for Turnpike Revenue Bonds (net of premiums and discounts). Fiscal years 2012 and prior are net of premiums, discounts and refunding losses.

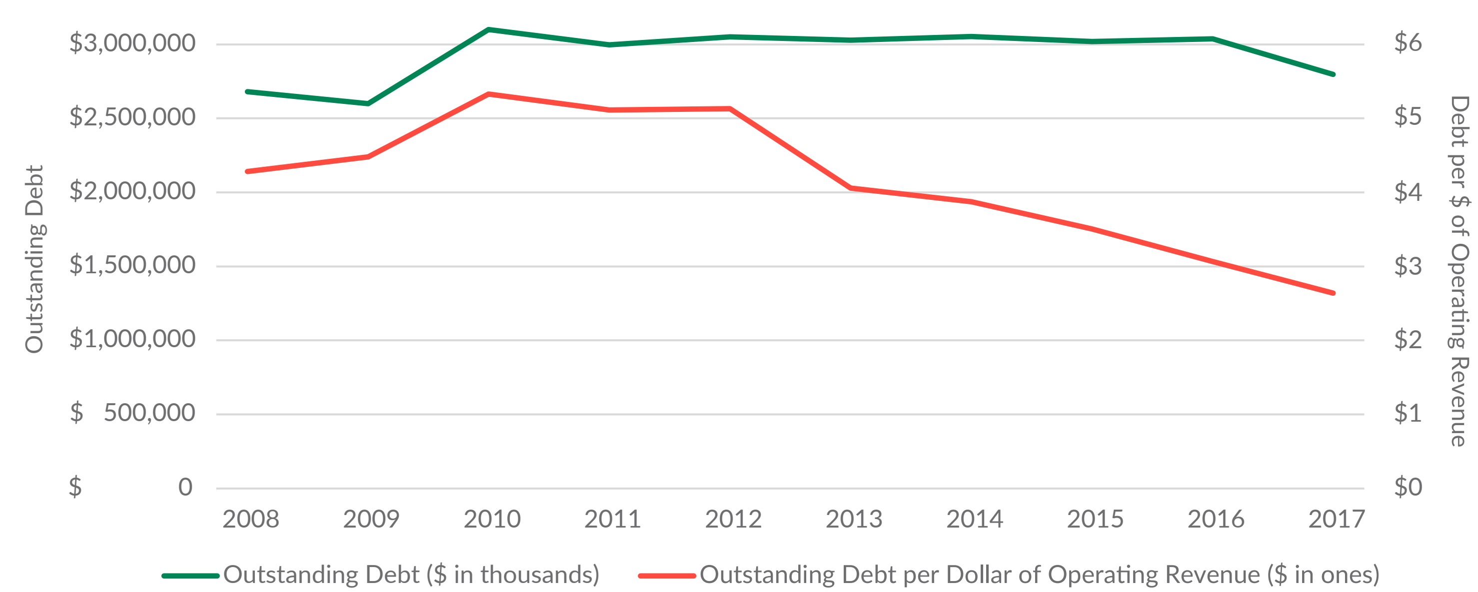
(B) State Infrastructure Bank ("SIB") loans were used for the Seminole Expressway II project, an interest subsidy, and construction of southern ramps to connect the Turnpike Mainline at SR 50 with SR 429.

(C) State Transportation Trust Fund ("STTF") loans from the Department were used for advances related to the acquisition of the Tampa-Hillsborough County and Seminole County Expressways, design costs associated with the Western Beltway, Part C expansion project, and costs associated with the Hollywood Boulevard and the Lake Worth Road interchange modifications. The first repayment of $1.5 million began in fiscal year 2015 and these loans are expected to be fully repaid by fiscal year 2020.

(D) The STTF loans were received in the form of Operations and Maintenance ("O&M") subsidies on the SR 80 interchange on the Mainline, the Seminole Expressway II project, and the Suncoast Parkway. In 2007, a loan was used for advance land acquisition related to future projects. These loans were fully repaid in fiscal year 2017.

(E) Gross revenue of the System used in the debt ratio calculation is obtained from the Debt Service Coverage calculation on the following page.

OUTSTANDING DEBT AND OUTSTANDING DEBT PER DOLLAR OF OPERATING REVENUE



As indicated in the above graph, outstanding debt increased during the initial years primarily due to the funding of expansion projects and system improvements. Total debt remained fairly stable thereafter as the level of debt repayment approximated the level of issuance to fund system improvements.

The outstanding debt per dollar of operating revenue increased from fiscal years 2008 through 2010 due to an overall increase in debt as well as a decline in economic conditions and revenues in fiscal years 2008 and 2009. The ratio began to decline thereafter due to a stabilization of debt levels coupled with a slight increase in toll revenues for fiscal years 2010, 2011 and 2012. The significant decrease in the ratio in fiscal years 2013 through 2017 is due to the large increase in toll revenues.

Source: Audited Financial Statements

DEBT SERVICE COVERAGE AND LEGALLY BONDED DEBT INFORMATION

Fiscal Years 2008 through 2017 (dollars in thousands)

	Outstanding Debt							Legally Bonded Debt Information [(B)]	
Fiscal Year	Gross Revenue (no interest)	O&M Expense [(A)]	Net Revenue Available	Debt Principal	Debt Interest [(C)]	Total Debt Service	Coverage Ratio [(D)]	Outstanding Bonded Debt	Debt as a % of Debt Limit
2017	$1,044,530	$208,198	$836,332	$133,590	$123,804	$257,394	3.25	$2,623,790	26.2%
2016	987,149	192,458	794,691	129,620	131,835	261,455	3.04	2,772,735	27.7
2015	894,589	177,160	717,429	120,990	132,100	253,090	2.83	2,777,155	27.8
2014	816,869	165,838	651,031	111,425	128,112	239,537	2.72	2,789,550	27.9
2013	774,222	163,625	610,597	111,680	131,938	243,618	2.51	2,772,295	27.7
2012	626,502	180,005	446,497	105,060	140,503	245,563	1.82	2,856,935	28.6
2011	614,433	182,547	431,886	99,000	138,118	237,118	1.82	2,811,830	28.1
2010	611,596	172,422	439,174	91,405	127,005	218,410	2.01	2,910,830	29.1
2009	604,897	190,603	414,294	81,660	121,485	203,145	2.04	2,443,520	24.4
2008	650,743	189,887	460,856	72,665	118,657	191,322	2.41	2,525,180	25.3

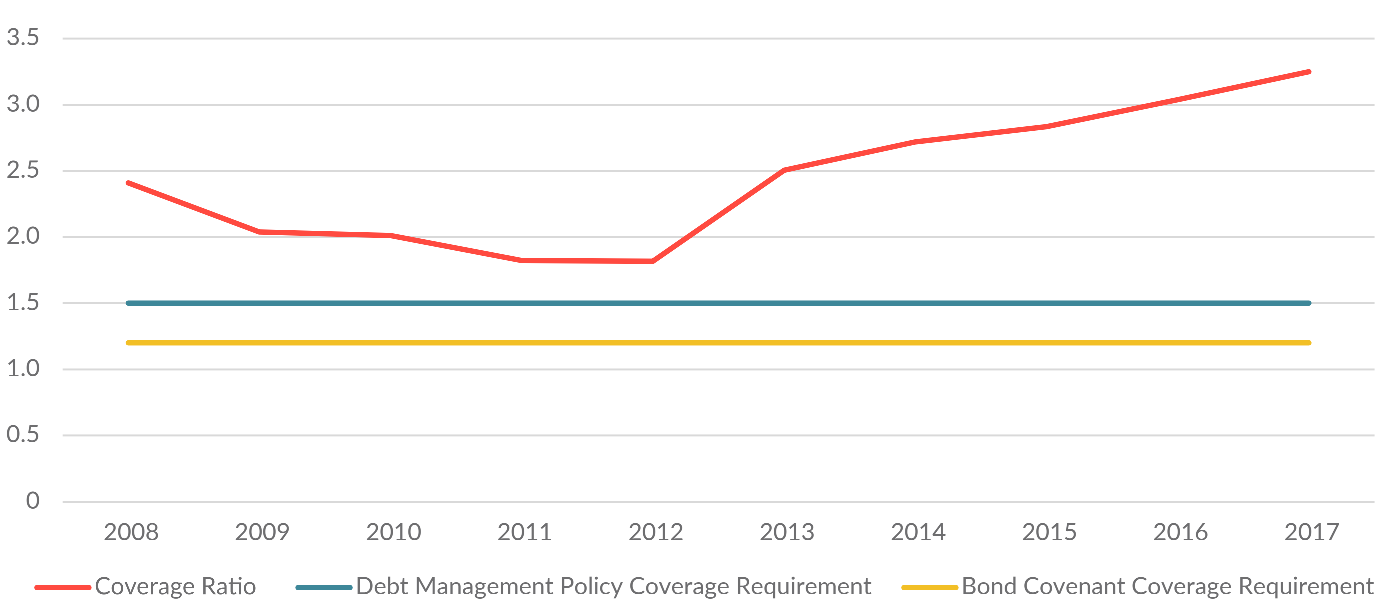
(A) Operations and Maintenance ("O&M") expense includes business development and marketing expense.

(B) The Department is authorized to borrow money as provided by the State Bond Act for the purpose of paying the cost of any legislatively-approved project. The principal and interest on such bonds are payable solely from Turnpike System revenues pledged for their payment. The State Board of Administration, Division of Bond Finance, issues revenue bonds on behalf of the Department in order to help fund expansion projects, new interchanges, widenings and other capital projects. Effective July 1, 2007, the Turnpike's legislative bond cap was increased to $10 billion of outstanding debt under Section 338.2275, Florida Statutes.

(C) Beginning in fiscal year 2010, interest payments are reduced by the federal subsidy on Build America Bonds. The subsidy ranges between $5.5 million and $5.9 million per year.

(D) The System's debt service coverage ratio increased from fiscal years 2013 to 2016 due to higher toll revenue as a result of systemwide toll rate indexing and traffic growth. The System's debt service coverage ratio increased in fiscal year 2017 due to higher toll revenue as a result of systemwide traffic growth.

DEBT SERVICE COVERAGE COMPLIANCE



As indicated in the graph above, the System's debt coverage ratio exceeds the requirements of the Bond Covenant and Debt Management Policy.

Source: Audited Financial Statements

DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Years 2008 through 2017

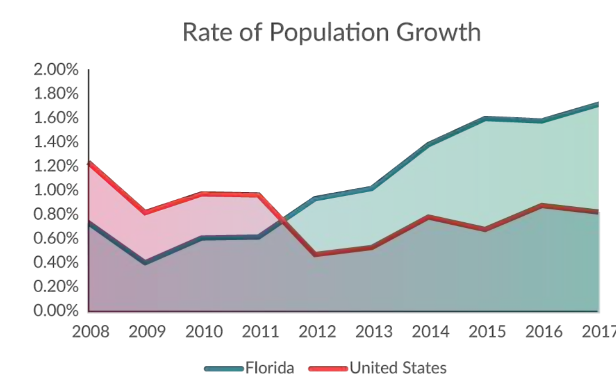
STATE OF FLORIDA (CALENDAR YEAR DATA)

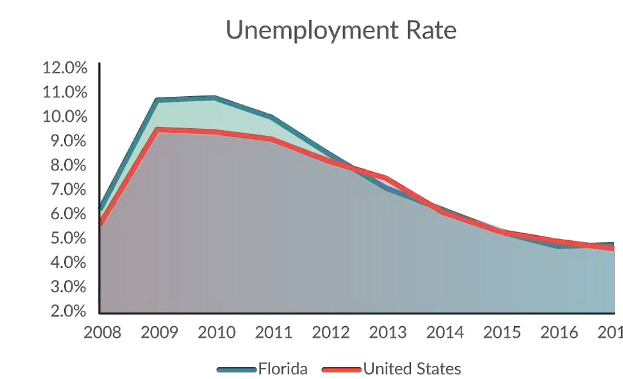
Calendar Year	Population (000)[(A)]	Total Personal Income (000)[(A)]	Per-Capita Income[(A)]	Consumer Price Index[(B)]	Labor Force (000)[(A)]	Unemployment Rate[(A)]
2017	20,555	$982,311,300	$42,495	244.1	10,077	4.8%
2016	20,208	938,670,750	41,994	239.3	9,837	4.7
2015	19,894	890,253,180	41,105	237.0	9,684	5.3
2014	19,581	851,271,080	39,961	236.7	9,576	6.2
2013	19,314	802,456,420	35,545	233.0	9,459	7.1
2012	19,119	771,633,830	34,900	229.6	9,283	8.5
2011	18,942	774,400,000	36,244	224.9	9,334	10.0
2010	18,826	716,044,000	34,352	218.1	9,268	10.8
2009	18,712	702,197,000	34,279	214.5	9,219	10.7
2008	18,637	716,584,000	31,349	215.3	9,232	6.2

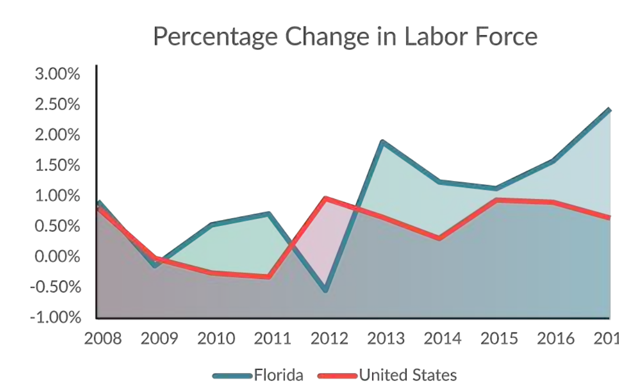
UNITED STATES (CALENDAR YEAR DATA)

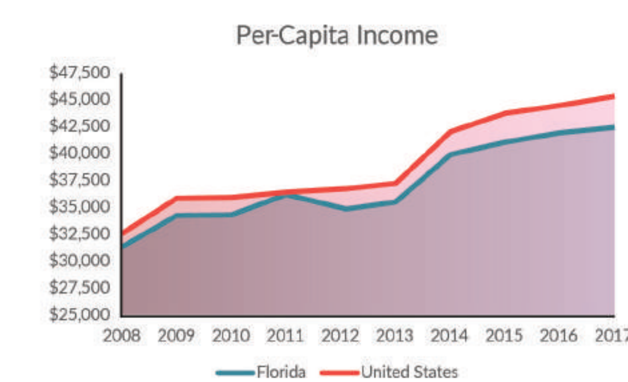
Calendar Year	Population (000)[(A)]	Total Personal Income (000)[(A)]	Per-Capita Income[(A)]	Consumer Price Index[(B)]	Labor Force (000)[(A)]	Unemployment Rate[(A)]
2017	327,150	$16,706,530,000	$45,386	244.1	160,300	4.6%
2016	324,475	15,982,025,000	44,526	239.3	159,275	4.9
2015	321,650	15,372,200,000	43,801	237.0	157,850	5.3
2014	319,480	14,637,800,000	42,093	236.7	156,380	6.1
2013	317,000	13,808,475,000	37,269	233.0	155,900	7.5
2012	315,330	13,411,730,000	36,788	229.6	154,880	8.2
2011	313,850	13,002,325,000	36,451	224.9	153,400	9.1
2010	310,850	12,402,025,000	35,967	218.1	153,900	9.4
2009	307,850	12,070,350,000	35,892	214.5	154,300	9.5
2008	305,350	12,100,650,000	32,590	215.3	154,325	5.6

(A) Calendar Year 2017 data based on estimates.
(B) Calendar Year 2017 data for Consumer Price Index calculated on a monthly average through October 2017.









Sources: Estimates based on the National Economic Estimating Conference (held July 12, 2017), the Florida Economic Estimating Conference (held July 19, 2017), and Bureau of Labor Statistics.

NON-AGRICULTURAL EMPLOYMENT - STATE OF FLORIDA

Calendar Years 2007 and 2016

	Calendar Year 2016			Calendar Year 2007		
Industry	Average Annual Employment	Rank	Percent of Total Employment	Average Annual Employment	Rank	Percent of Total Employment
Retail Trade	1,100,700	1	13.2%	1,027,300	1	12.9%
Health Care and Social Assistance	1,086,500	2	13.0	897,700	2	11.2
Accommodation and Food Services	952,400	3	11.1	787,900	3	9.9
Local Government	745,900	4	8.9	779,900	4	9.8
Administrative Services	633,100	5	7.6	594,100	6	7.4
Professional and Technical Services	529,700	6	6.3	460,100	7	5.8
Construction	473,400	7	5.7	622,900	5	7.8
Finance and Insurance	366,000	8	4.4	373,100	8	4.7
Other Services	349,800	9	4.2	335,200	10	4.2
Wholesale Trade	339,300	10	4.1	361,200	9	4.5
Transportation and Warehousing	255,300	11	3.1	229,800	12	2.9
Manufacturing - Durable Goods	240,900	12	2.9	269,200	11	3.4
Arts, Entertainment and Recreation	222,200	13	2.7	195,600	14	2.5
State Government	211,100	14	2.5	214,700	13	2.7
Real Estate, Rental and Leasing	180,700	15	2.2	178,100	15	2.2
Educational Services	156,800	16	1.9	118,800	19	1.5
Federal Government	137,400	17	1.6	128,000	18	1.6
Information	137,000	18	1.6	162,700	16	2.0
Manufacturing - Non-Durable Goods	114,500	19	1.4	129,800	17	1.6
Management of Companies and Enterprises	100,500	20	1.2	81,000	20	1.0
Utilities	22,800	21	0.3	23,700	21	0.3
Natural Resources and Mining	5,800	22	0.1	6,700	22	0.1
Total Non-Agricultural Employment	8,361,800		100.0%	7,977,500		100.0%

Note: The most current employment statistics are for calendar year 2016 (i.e. first half of fiscal year 2017).

Since the System services the entire State of Florida, it is deemed that employment by industry within the State is a more relevant socio-economic indicator than principal employers for the environment in which the System operates. As indicated in the above table, average employment for calendar year 2016 exceeded calendar year 2007 by 384,300, or approximately 4.8%. Comparing calendar year 2016 to calendar year 2007, the employment growth in the last decade is primarily attributable to the areas of Health Care and Social Assistance, Accommodation and Food Services, and Professional and Technical Services. These increases are partially offset by declines primarily in Construction, Manufacturing, and Information.

Photo: Turnpike and Western Beltway Interchange

Source: Bureau of Labor Statistics

NUMBER OF EMPLOYEES

Fiscal Years 2008 through 2017

AUTHORIZED POSITIONS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Administrative	69	66	63	56	56	58	64	66	66	62
Design Preparation & Right-of-Way Acquisition	35	32	30	24	24	21	18	18	18	21
Maintenance	24	24	22	27	25	27	24	27	27	28
Construction	6	6	8	7	9	9	9	9	9	11
Turnpike Toll Operations	271	291	297	306	306	330	318	348	357	371
Total Authorized Positions	405	419	420	420	420	445	433	468	477	493

OPERATIONS CONTRACT STAFF

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Manual Toll Collection [(A)]	605	608	619	790	902	991	1,024	1,329	1,397	1,724
SunPass Toll Collection	586	551	485	450	410	445	499	417	406	384
Tolls Data Center	56	65	61	61	59	58	55	53	58	93
Tolls Equipment Maintenance	155	137	122	85	89	90	96	101	104	109
Florida Highway Patrol's Troop K	222	222	222	222	198	222	221	221	183	183
Total Operations Contract Staff	1,624	1,583	1,509	1,608	1,658	1,806	1,895	2,121	2,148	2,493

[(A)] The number of manual toll collection staff has steadily declined due to the phased conversion to All-Electronic Tolling throughout the System.

Photo: New Minneola interchange

TOLL FACILITIES AND COMPONENTS

Fiscal Years 2008 through 2017

	June 30, 2017		Net Additions		June 30, 2008	
Components	Centerline Miles	Lane Miles	Centerline Miles	Lane Miles	Centerline Miles	Lane Miles
Mainline:						
SR 821 (HEFT)	47	273	-	11	47	262
Southern Coin System [(A)]	43	306	-	28	43	278
Ticket System	155	613	-	-	155	613
Northern Coin System [(B)]	67	393	-	84	67	309
Beachline West Expressway	8	41	-	8	8	33
Total Mainline	320	1,626	-	131	320	1,495
Expansion Projects - Completed:						
Sawgrass Expressway	23	134	-	-	23	134
Seminole Expressway	18	73	-	-	18	73
Veterans Expressway [(C)]	15	90	-	24	15	66
Southern Connector Extension	6	24	-	-	6	24
Polk Parkway	25	92	-	6	25	86
Suncoast Parkway	42	168	-	-	42	168
Western Beltway, Part C	11	44	-	-	11	44
I-4 Connector [(D)]	1	12	1	12	-	-
Beachline East Expressway [(E)]	22	72	22	72	-	-
Total Expansion Projects - Completed	163	709	23	114	140	595
Total Existing Turnpike Components	483	2,335	23	245	460	2,090
Under Construction:						
First Coast Expressway - Phase One [(F)]	15	60	15	60	-	-
Total Under Construction	15	60	15	60	-	-
Total Components	498	2,395	38	305	460	2,090

(A) During fiscal years 2010, 2011, and 2012, lane miles added to the System component were 16, 6, and 6, respectively.

(B) During fiscal years 2011 and 2012, lane miles added to the System component were 56 and 28, respectively.

(C) During fiscal year 2017, lane miles added to the System component were 24.

(D) This facility opened to traffic on January 6, 2014.

(E) This facility was acquired from the Department on July 1, 2014.

(F) The System began development on phase one of the First Coast Expressway in fiscal year 2013.

Other significant investments have been made in system preservation, safety, capacity and modernization projects, as well as new access to the System. Such projects include resurfacing, widening, new interchanges, median guardrail and canal protection systems, additional SunPass lanes at toll plazas, All-Electronic Tolling conversion, Traffic Management Centers, fiber optic cable, closed circuit television cameras, dynamic message signs, highway advisory radios, and other investments in technology.

Toll Facilities	June 30, 2017	Net Additions (Deletions)	June 30, 2008
Interchanges	139	10	129
Barriers	25	1	24
Toll Operation Buildings	188	9	179
Service Plaza and Service Station Buildings	16	-	16
Maintenance and Construction Buildings[(A)]	108	(4)	112
Law Enforcement Buildings	5	(1)	6
Administration Buildings	11	4	7
Radio Communications Buildings	19	-	19
Bridges[(B)]	739	38	701

(A) Due to All-Electronic Tolling conversions, maintenance buildings were repurposed to toll operation buildings.

(B) The primary reason for the net increase in bridges is due to the acquisition of the Beachline East Expressway in 2015 and the addition of the I-4 Connector in 2014.

Sources: ATKINS and HNTB Corporation, General Consultants, and AECOM, Traffic & Revenue Consultant

OPERATING INDICATORS

Fiscal Years 2008 through 2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Toll Revenue: (in thousands)										
Passenger Vehicles (2 axle)	$ 854,049	$814,164	$741,727	$685,203	$655,018	$529,045	$523,920	$522,888	$514,519	$546,712
Truck Vehicles (3+ axle)	154,371	141,766	124,223	111,098	100,524	79,767	76,159	73,285	76,009	88,859
Total	$1,008,420	$955,930	$865,950	$796,301	$755,542	$608,812	$600,079	$596,173	$590,528	$635,571
Number of Transactions: (in thousands)										
Passenger Vehicles (2 axle)	832,825	796,501	735,160	661,681	637,063	639,933	629,776	617,316	607,876	640,061
Truck Vehicles (3+ axle)	40,029	37,346	32,725	28,903	26,204	24,346	23,081	22,110	22,985	27,259
Total	872,854	833,847	767,885	690,584	663,267	664,279	652,857	639,426	630,861	667,320
Number of Miles: (in thousands)										
Passenger Vehicles (2 axle)	9,746,417	9,332,888	8,659,945	7,815,903	7,472,307	7,466,954	7,399,510	7,312,396	7,181,851	7,551,411
Truck Vehicles (3+ axle)	556,037	515,622	458,923	415,873	364,407	341,217	327,631	317,399	325,834	379,077
Total	10,302,454	9,848,510	9,118,868	8,231,776	7,836,714	7,808,171	7,727,141	7,629,795	7,507,685	7,930,488
Number of Trips[(A)]: (in thousands)										
Passenger Vehicles (2 axle)	656,855	628,133	579,373	516,760	496,804	499,127	491,306	481,630	474,606	499,943
Truck Vehicles (3+ axle)	31,859	29,686	26,006	22,833	20,435	18,989	18,006	17,250	17,946	21,292
Total	688,714	657,819	605,379	539,593	517,239	518,116	509,312	498,880	492,552	521,235
Average Toll Collected Per Trip:										
Passenger Vehicles (2 axle)	$1.30	$1.30	$1.28	$1.33	$1.32	$1.06	$1.07	$1.09	$1.08	$1.09
Truck Vehicles (3+ axle)	$4.85	$4.78	$4.78	$4.87	$4.92	$4.20	$4.23	$4.25	$4.24	$4.17
Average Toll Collected Per Transaction:										
Passenger Vehicles (2 axle)	$1.03	$1.02	$1.01	$1.04	$1.03	$0.83	$0.83	$0.85	$0.85	$0.85
Truck Vehicles (3+ axle)	$3.86	$3.80	$3.80	$3.84	$3.84	$3.28	$3.30	$3.31	$3.31	$3.26
Average Length of Trip (in Miles):										
Passenger Vehicles (2 axle)	14.84	14.86	14.95	15.12	15.04	14.96	15.06	15.18	15.13	15.10
Truck Vehicles (3+ axle)	17.45	17.37	17.65	18.21	17.83	17.97	18.20	18.40	18.16	17.80
Average Toll Per Mile:										
Passenger Vehicles (2 axle)	$0.09	$0.09	$0.09	$0.09	$0.09	$0.07	$0.07	$0.07	$0.07	$0.07
Truck Vehicles (3+ axle)	$0.28	$0.27	$0.27	$0.27	$0.28	$0.23	$0.23	$0.23	$0.23	$0.23
SunPass Transponders Sold[(B)] (in thousands)	1,798	1,789	1,565	1,243	1,091	1,080	1,137	756	732	493
Roadway Maintenance Condition Rating[(C)]	88	88	88	89	88	91	91	91	92	91

(A) Each trip may involve one or more toll transactions.

(B) All-Electronic Tolling conversion on the Sawgrass Expressway and the Veterans Expressway, as well as the opening of the I-4 Connector and traffic growth, contributed to the sales increase in fiscal years 2014 through 2016. Acceptance of SunPass at more Florida toll facilities also boosted sales in fiscal year 2016.

(C) The Florida Department of Transportation ("Department"), through the State Maintenance Office, rates the System's routine maintenance program from 1 to 100 in five categories (roadway, roadside, vegetation and aesthetics, drainage, and traffic services). An overall rating is also provided for the System with an overall standard established at 80. The System has significantly exceeded this standard for the reporting period. In fiscal year 2013, the Department's methodology for developing the Maintenance Rating Program rating was modified to provide equal weightings to the various maintenance categories which resulted in a lower score. Management believes the change in methodology does not impact the overall condition assessment of the System.

Source: AECOM, Traffic & Revenue Consultant

FLORIDA'S TURNPIKE

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