

**Northwest Florida
Transportation Corridor Authority**

FINANCIAL STATEMENTS


September 30, 2014



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INGRAM

CPAs and Advisors

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Northwest Florida Transportation Corridor Authority
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September 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northwest Florida Transportation Corridor Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Northwest Florida Transportation Corridor Authority (the "Authority"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority'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 opinions on these financial statements based on our audit. We conducted our audit 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 opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Northwest Florida Transportation Corridor Authority, as of September 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance 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 management's discussion and analysis on pages 3 through 6 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2015, on our consideration of the Northwest Florida Transportation Corridor Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Florida Transportation Corridor Authority's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
June 22, 2015

Management's Discussion and Analysis

Management's discussion and analysis provide an easily readable analysis of the Authority's financial activities. The analysis provides summary financial information for the Authority and should be read in conjunction with the Authority's financial statements.

Financial Highlights

- Total assets of the Authority exceeded total liabilities by \$8,179,324 (net position). Of this amount, \$(133) is the deficit of unrestricted net position for governmental activities. Total net position includes \$8,179,457 in net investment in capital assets in the governmental activities.
- Total net position is \$8,179,324.
- Governmental activities revenues are \$124,398, while governmental activities expenses are \$20,461 for the year ended September 30, 2014.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to basic financial statements*. The *government-wide financial statements* present an overall picture of the Authority's financial position and results of operations. The *fund financial statements* present financial information for the Authority's major funds. The *notes to basic financial statements* provide additional information concerning the Authority's finances that are not otherwise disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

The *government-wide financial statements* include the *statement of net position* and *statement of activities*. These statements are designed to provide readers with a broad overview of the Authority's financial position, in a manner similar to that of private-sector companies. Emphasis is placed on the net position of governmental activities as well as the change in net position. Governmental activities are the activities where most of the Authority's programs and services are reported including, but not limited to, capital outlay for road construction projects. The Authority does not have any business-type activities.

The *statement of net position* presents information on all assets and liabilities of the Authority, with the difference between the two reported as *net position*. Increases or decreases in net position over time may serve as a useful indicator of the Authority's improving or declining financial position.

The *statement of activities* presents information on all revenues and expenses of the Authority and the change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fees).

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. Individual funds have been established by the Authority to account for revenues that are restricted to certain uses, or to comply with legal requirements. The major categories of funds found in the Authority's *fund financial statements* include: governmental funds.

Fund financial statements provide financial information for the Authority's major fund and more detailed information about the Authority's activities. Governmental fund financial statements provide information on the *current* assets and liabilities of the funds, changes in *current* financial resources (revenues and expenditures), and *current* available resources.

Fund financial statements for all governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. The Authority's general fund includes a statement of revenues, expenditures, and changes in fund balances.

The *government-wide financial statements* and the *fund financial statements* provide different presentations of the Authority's financial position. Categorized by governmental activities, the government-wide financial statements provide an overall picture of the Authority's financial standing. All construction-in-progress of the Authority is reported in the statement of net position, as well as all liabilities. The *fund financial statements* provide a presentation of the Authority's major funds. In the case of fund financial statements, outlays for long lived assets are reported as expenditures. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, a reconciliation is provided.

Notes to basic financial statements provide additional detail concerning the financial activities and financial balances of the Authority. Additional information about the accounting practices of the Authority, investments of the Authority, and capital assets are just a few of the items included in the notes to basic financial statements.

Financial Analysis of the Authority

The following schedule provides a summary of the assets, liabilities and net position of the Authority. At the end of the fiscal year 2014, the Authority is able to report positive balances in all categories of net position, for the government as a whole, except unrestricted net position.

**Net Position
Governmental Activities**

<i>September 30,</i>	2014	2013
Current and other assets	\$ 21,805	\$ 262,048
Capital assets, net	8,179,457	8,075,653
Total assets	8,201,262	8,337,701
Current liabilities	21,938	262,314
Total liabilities	21,938	262,314
Net position – net investment in capital assets	8,179,457	8,075,653
Net position – unrestricted	(133)	(266)
Total net position	\$ 8,179,324	\$ 8,075,387

Net investment in capital assets represents substantially all of the Authority's total net position. These capital assets are construction-in-progress on road projects to be used to improve mobility on the U.S. 98 corridor in Northwest Florida to enhance traveler safety, identify and develop hurricane evacuation routes, promote economic development along the corridor, and implement transportation projects to alleviate current or anticipated traffic congestion.

The following schedule provides a summary of the changes in net position.

**Changes in Net Position
Governmental Activities**

<i>Year Ended September 30,</i>	2014	2013
Revenues		
Intergovernmental	\$ 124,127	\$ 804,143
Miscellaneous revenue	271	-
Total revenues	124,398	804,143
Expenses		
	20,461	39,190
Increase in net position	\$ 103,937	\$ 764,953

Governmental activities revenues exceeded expenses by \$103,937.

Substantially all of the revenues for governmental activities were generated by intergovernmental receipts from grants, with all expenditures being used for the road projects funded by the grants.

Financial Analysis of the Authority's Funds

Governmental Funds

General Fund

The main operating fund of the Authority is the general fund. As of September 30, 2014, total assets were \$21,805 and total liabilities were \$21,938. At the end of fiscal year 2014, unassigned fund balance of the general fund was a deficit of \$(133).

Capital Assets Activity

The following schedule provides a summary of the Authority's capital assets activity. The Authority's total investment in capital assets activities as of September 30, 2014, was \$8,179,457 (net of accumulated depreciation). This investment in capital assets is comprised of construction-in-progress.

The major capital asset event during the current fiscal year continues to be planning for construction of roads.

Capital Assets (net of depreciation) Governmental Activities

<i>September 30,</i>	2014	2013
Construction-in-progress	\$ 8,179,457	\$ 8,075,653
Total	\$ 8,179,457	\$ 8,075,653

Additional information on the Authority's capital assets can be found in note 4 – capital assets, of the notes to the basic financial statements.

Contacting the Authority's Finance Department

This financial report is designed to provide a general overview of the Northwest Florida Transportation Corridor Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Northwest Florida Transportation Corridor Authority's Finance Department, Post Office Box 787, Pensacola, Florida 32591. You may visit the Authority's website at <http://www.nwftca.com/>.

Northwest Florida Transportation Corridor Authority
Statement of Net Position and Governmental Fund Balance Sheet
September 30, 2014

	General Fund	Adjustments (Note 2)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 5,808	\$ -	\$ 5,808
Grant receivable, net	15,997	-	15,997
Capital assets, net	-	8,179,457	8,179,457
Total assets	\$ 21,805	8,179,457	8,201,262
Liabilities			
Accounts payable	\$ 21,938	-	21,938
Total liabilities	21,938	-	21,938
Fund balance/net position			
Unassigned fund balance	(133)	133	-
Total liabilities and fund balance	\$ 21,805		
Net position			
Net investment in capital assets		8,179,457	8,179,457
Unrestricted		(133)	(133)
Total net position		\$ 8,179,324	\$ 8,179,324

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

**Northwest Florida Transportation Corridor Authority
Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance
Year Ended September 30, 2014**

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues			
Intergovernmental	\$ 124,127	\$ -	\$ 124,127
Miscellaneous revenue	271	-	271
Total revenues	<u>124,398</u>	-	<u>124,398</u>
Expenditures			
General government	20,461	-	20,461
Capital outlay	103,804	(103,804)	-
Total expenditures	<u>124,265</u>	<u>(103,804)</u>	<u>20,461</u>
Excess of revenues over expenditures/ change in net position	133	103,804	103,937
Fund balance (deficit)/net position			
Beginning of year	<u>(266)</u>	8,075,653	<u>8,075,387</u>
End of year	<u>\$ (133)</u>	<u>\$ 8,179,457</u>	<u>\$ 8,179,324</u>

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

**Northwest Florida Transportation Corridor Authority
Statement of Revenues, Expenditures and Changes in Fund
Balance – Budget and Actual – General Fund
Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$ 217,941	\$ 217,941	\$ 124,127	\$ (93,814)
Miscellaneous revenue	-	-	271	271
Total revenues	217,941	217,941	124,398	(93,543)
Expenditures				
General government	152,524	152,524	20,461	132,063
Capital outlay	65,417	65,417	103,804	(38,387)
Total expenditures	217,941	217,941	124,265	93,676
Excess of revenues over expenditures	\$ -	\$ -	\$ 133	\$ 133

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

Northwest Florida Transportation Corridor Authority

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Northwest Florida Transportation Corridor Authority (the “Authority”) have been prepared in conformity with United States generally accepted accounting principles (U.S. GAAP) as applied to governmental units promulgated by the Governmental Accounting Standards Board (GASB).

This summary of the Authority’s significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

Financial reporting entity

Northwest Florida Transportation Corridor Authority was created in 2005 by the Florida Legislature. It was created for the purpose of improving mobility on the U.S. 98 corridor in Northwest Florida to enhance traveler safety, identify and develop hurricane evacuation routes, promote economic development along the corridor, and implement transportation projects to alleviate current or anticipated traffic congestion.

Measurement Focus and Basis of Accounting

The basic financial statements of the Authority are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. The Authority has no business-type activities.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - *Accounting and Financial Reporting for Nonexchange Transactions*.

Northwest Florida Transportation Corridor Authority Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds from long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financial sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as reductions of the related liabilities, rather than as expenditures.

Grants, entitlements, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses not allocated to functions are reported separately. Interest on general long-term debt is considered such an indirect expense. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and entitlement revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not reported as program revenues are reported as general revenues.

When both restricted and unrestricted resources are available for use, the Authority uses externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Fund Financial Statements

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Current financial resources measurement focus generally means that only current assets and current liabilities are included in the balance sheet. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The Authority considers grants, entitlements and other revenues available if collected within 60 days after year-end. Grants, entitlements and interest are all considered to be susceptible to accrual and are recognized as revenues of the fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

Expenditures are recorded when the related fund liability is incurred.

Northwest Florida Transportation Corridor Authority

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

The Authority considers all demand accounts, which are not subjected to withdrawal restrictions, to be cash and cash equivalents.

Grants receivable, net

All receivables are reported at their gross value and, where appropriate, are reduced by the allowance for doubtful accounts which is the estimated portion that is expected to be uncollectible. As of September 30, 2014 there were no accounts receivable considered uncollectible.

Capital assets

Capital assets are recorded as expenditures in the general fund at the time of purchase, and are capitalized at historical cost in the statement of net position. Capital assets of the Authority are currently construction-in-progress only. No estimated useful life is used because the assets have not been put into operation yet. Donated assets are recorded at estimated fair market value on the date received. Estimated useful life is management's estimate of how long the assets are expected to meet service demands.

Unearned revenues

Unearned revenues reported in government-wide financial statements represent unearned revenues. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Fund balance

The Authority has implemented GASB Statement 54 employing the following terminology and classifications for fund balance.

Northwest Florida Transportation Corridor Authority Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. There were no nonspendable funds as of September 30, 2014.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. There were no restricted funds as of September 30, 2014.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors. There were no committed funds as of September 30, 2014.

Assigned – This category includes resources that are intended to be used for specific purposes, but is neither restricted nor committed. These are resources that have been set aside for a specific purpose by an authorized government body or official. There were no assigned funds as of September 30, 2014.

Unassigned – This category is the residual classification for the Authority's fund balance. The balance as of September 30, 2014 was a deficit of \$(133).

Net position

Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced as applicable by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Restricted - This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.

Unrestricted - indicates that portion of net position that is available for future periods.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was implemented in the current year. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows or resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Northwest Florida Transportation Corridor Authority Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the Authority has no transactions that meet the definition of deferred outflow of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Authority has no transactions that meet the definition of deferred inflows of resources.

Subsequent events

Management of the Authority has evaluated subsequent events through June 22, 2015, the date the financial statements were available to be issued.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The following is an explanation of differences between the general fund balance sheet and statement of net position.

The total fund balance deficit of Northwest Florida Transportation Corridor Authority's governmental general fund of \$(133) differs from the net position of governmental activities of \$8,179,324 reported in the statement of net position and governmental fund balance sheet. This difference results primarily from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation stems from the fact that capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The details of this difference are as follows:

**Northwest Florida Transportation Corridor Authority
Notes to Financial Statements**

**NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

Cost of capital assets	\$ 8,179,457
<hr/>	
Net adjustment to increase fund balance - total governmental funds to arrive at net position of governmental activities	\$ 8,179,457
<hr/> <hr/>	

The following is an explanation of differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities.

The governmental funds statement of revenues, expenditures and changes in fund balance includes a reconciliation between net changes in fund balance - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation stems from the fact that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense when completed. The details of this difference are as follows:

Capital outlay	\$ 103,804
<hr/>	
Net adjustment to increase net change in fund balance - total governmental funds to arrive at change in net position of governmental activities	\$ 103,804
<hr/> <hr/>	

NOTE 3: CASH AND CASH EQUIVALENTS

The Authority's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Authority does not have an investment policy and there were no investments at September 30, 2014.

Florida Statutes, Section 218.415, authorizes the Authority to invest surplus funds in the following:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.
- Direct obligations of the United States Treasury.

Northwest Florida Transportation Corridor Authority Notes to Financial Statements

NOTE 3: CASH AND CASH EQUIVALENTS (CONTINUED)

Interest Rate Risk

At September 30, 2014, the Authority did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2014, the Authority did not hold any investments that were considered to be a credit risk.

Custodial Risk

All cash resources of the Authority are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that the Authority's funds are entirely collateralized throughout the fiscal year.

In the event of failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

At September 30, 2014, the Authority did not hold any investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2014, the Authority did not hold any investments that were considered to be a concentration of credit risk.

NOTE 4: CAPITAL ASSETS

Capital assets balances and activity for the year ended September 30, 2014 are as follows:

	Balance September 30, 2013	Additions	Deletions/ Adjustments	Balance September 30, 2014
Construction-in-progress	\$ 8,075,653	\$ 103,804	\$ -	\$ 8,179,457
Total capital assets, not being depreciated	\$ 8,075,653	\$ 103,804	\$ -	\$ 8,179,457

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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To the Board of Directors
Northwest Florida Transportation Corridor Authority

Report on the Financial Statements

We have audited the financial statements of the Northwest Florida Transportation Corridor Authority, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 22, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 22, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2012-13 FY Finding #	2011-12 FY Finding #
14-01	13-01	12-01
14-02	13-02	12-02

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Northwest Florida Transportation Corridor Authority, is incorporated under the provisions of the State of Florida (Statute Section 343.80). There are no component units of the reporting entity as defined in publications cited in Rule 10.553.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not Northwest Florida Transportation Corridor Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Northwest Florida Transportation Corridor Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. We determined that the Authority has a deteriorating financial condition because they have a negative unassigned fund balance of \$133. This was caused by necessary expenditures (i.e. bank fees) incurred by the Authority that were not reimbursed by the grants.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Northwest Florida Transportation Corridor Authority for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
June 22, 2015

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of
Northwest Florida Transportation Corridor Authority

We have examined the Northwest Florida Transportation Corridor Authority's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the Northwest Florida Transportation Corridor Authority's compliance with those requirements. Our responsibility is to express an opinion on the Northwest Florida Transportation Corridor Authority's compliance based on our examination.

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

In our opinion, the Northwest Florida Transportation Corridor Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
June 22, 2015

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

To the Board of Directors of
Northwest Florida Transportation Corridor Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Northwest Florida Transportation Corridor Authority, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Northwest Florida Transportation Corridor Authority's basic financial statements, and have issued our report thereon dated June 22, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. We have identified the following deficiencies in internal control which are also considered to be material weakness.

14-01 (prior years 13-01 and 12-01) (Initially reported in 2006) Significant adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles.

Management's response - We realize that ideally our internal control system should be designed in a manner that ensures the accuracy of the financial statements and that the auditors should not have to recommend journal entries to see that they conform to U.S. generally accepted accounting principles. We do not feel that in the near future the benefits derived from investing in the resources necessary for us to implement an effective internal control system in this regard would outweigh the cost of those resources.

14-02 (prior years 13-02 and 12-02) (Initially reported in 2006) Inadequate design of internal control over the preparation of the financial statements being audited gives rise to a significant deficiency in internal control.

Management's response - Our auditors assist us with the preparation of our financial statements. We do not feel that in the near future the benefits derived from investing in the resources necessary for us to prepare our own financial statements would outweigh the cost of those resources.

Compliance and Other Matters

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

The Authority's Response to Findings

The Northwest Florida Transportation Corridor Authority's responses to the findings identified in our audit are included above. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
June 22, 2015