

**New Port Tampa Bay Community
Development District**

FINANCIAL STATEMENTS

September 30, 2014



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New Port Tampa Bay Community Development District
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September 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
New Port Tampa Bay Community Development District
Tampa, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Port Tampa Bay Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 4 and 7 to the financial statements, the Developer and its affiliates defaulted on their obligation to pay assessments sufficient to make debt service payments in previous years, and the District authorized foreclosure action. The District initiated foreclosure proceedings which were settled in the prior year. As part of that process, the District transferred all of its property to a Special Purpose Entity ("SPE"). The SPE was created by the District to own, maintain, and sell or dispose of the property for the benefit of the bondholders. A significant portion of the District's future activity is dependent upon the continued involvement of the SPE and the District's bondholders.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015, on our consideration of the District's internal control over financial reporting and 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 the 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 District's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 19, 2015



Management's Discussion And Analysis

New Port Tampa Bay Community Development District Management's Discussion and Analysis

Our discussion and analysis of the New Port Tampa Bay Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2014, the liabilities of the District exceed its assets by approximately \$25.3 million (deficit).
- During the fiscal year ended September 30, 2014, the required bond principal and interest payments of \$730,000 and \$2,845,110, respectively, on the Series 2006A and 2006B bonds were not made. These amounts were added to the District's debt service obligation, which at September 30, 2014 totaled approximately \$22.3 million.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 – 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

New Port Tampa Bay Community Development District Management's Discussion and Analysis

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 5. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	2014	2013	Change
Assets			
Current and other assets	\$ 86,816	\$ 231,904	\$ (145,088)
Capital assets, net	37,535,198	37,535,198	-
Total assets	37,622,014	37,767,102	(145,088)
Liabilities			
Current liabilities	\$ 24,277,711	\$ 20,705,104	\$ 3,572,607
Other liabilities	38,608,564	39,370,379	(761,815)
Deferred inflows of resources			
Deferred revenue	-	3,685	-
Total liabilities and deferred inflows of resources	62,886,275	60,079,168	2,807,107
Net position			
Net investment in capital assets	(11,157,828)	(11,144,645)	(13,183)
Restricted for:			
Capital projects	34,049	141,546	(107,497)
Unrestricted	(14,140,482)	(11,308,967)	(2,831,515)
Total net position (deficit)	(25,264,261)	(22,312,066)	(2,952,195)
Total liabilities and net position	\$ 37,622,014	\$ 37,767,102	\$ (145,088)

For more detailed information, see the accompanying Statement of Net Position.

New Port Tampa Bay Community Development District Management's Discussion and Analysis

During the fiscal year ended September 30, 2014, total assets decreased approximately \$145,000 while liabilities increased by approximately \$2.8 million. The decrease in assets is primarily a result of utilizing money on hand to fund current year operations. The increase in liabilities is related to an increase in accrued interest because the District did not make the required interest payments on outstanding bonds.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	2014	2013	Change
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 79,716	\$ 69,164	\$ 10,552
General revenues:			
Interest and other revenues	-	73	(73)
Total revenues	79,716	69,237	10,479
Expenses:			
General government	159,760	197,665	(37,905)
Maintenance	13,856	28,265	(14,409)
Interest	2,858,295	2,858,295	-
Total expenses	3,031,911	3,084,225	(52,314)
Change in net position	(2,952,195)	(3,014,988)	62,793
Net position (deficit), beginning	(22,312,066)	(19,297,078)	(3,014,988)
Net position (deficit), ending	\$ (25,264,261)	\$ (22,312,066)	\$ (2,952,195)

For more detailed information, see the accompanying Statement of Activities.

Revenues increased and expenses decreased by approximately \$10,000 and \$52,000, respectively. The increase in revenues is largely due to changes in the extent of contributions received from the Developer. The decrease in expenses is a result of the District minimizing costs in light of financial difficulty. The overall result, including interest costs on bond debt, was a \$3 million decrease in net position for the fiscal year 2014.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance (deficit) of approximately \$22.2 million, which is a decrease from last year's deficit balance that totaled \$18.6 million. Significant transactions are discussed below.

New Port Tampa Bay Community Development District Management's Discussion and Analysis

- The required bond principal and interest payments of \$730,000 and \$2,845,110, respectively, on the Series 2006A and Series 2006B bonds were not made as of September 30, 2014. These amounts were recorded as current year expenditures and added to the debt service obligation as of September 30, 2014.

The overall decrease in fund balance for the year ended September 30, 2014 totaled approximately \$3.6 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2014, the District had approximately \$37.5 million invested in capital assets, which is unchanged from the fiscal year 2013 total.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	2014	2013	Change
Land	\$ 20,000,000	\$ 20,000,000	\$ -
Infrastructure under construction	17,535,198	17,535,198	-
Net capital assets	\$ 37,535,198	\$ 37,535,198	\$ -

More information about the District's capital assets is presented in Note 3 to the financial statements.

Debt

At September 30, 2014, the District had approximately \$49 million of bonds outstanding, which is unchanged from the fiscal year 2013 total.

A listing of debt amounts outstanding for the current and prior year is as follows:

<i>September 30,</i>	2014	2013	Change
Series 2006 A bonds	\$ 42,965,000	\$ 42,965,000	\$ -
Series 2006 B bonds	6,055,000	6,055,000	-
	\$ 49,020,000	\$ 49,020,000	\$ -

More information about the District's long-term debt is presented in Note 4 to the financial statements.



New Port Tampa Bay Community Development District Management's Discussion and Analysis

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 23.

The District experienced a favorable variance in revenues as compared to the budget of \$10,469 and an unfavorable variance in expenditures of \$35,435. The variance in revenues is a result of the Bondholder funding operations. The variance in expenditures occurred primarily due to unanticipated expenditures.

FUTURE FINANCIAL FACTORS

New Port Tampa Bay Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy. The District entered a tri-party agreement with the Bondholder and special purpose entity ("SPE"), which was formed to own District property, whereby the SPE receives quarterly transfers from the Trustee to fund operations. The Bondholder has full rights to direct management of the SPE. The District's land was sold in October 2014 to a development firm. The development firm will be responsible for funding the District's operations in fiscal year 2015.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the New Port Tampa Bay Community Development District's management company at 12051 Corporate Blvd., Orlando, Florida 32817.



Basic Financial Statements

**New Port Tampa Bay Community Development District
Statement of Net Position**

<i>September 30,</i>	2014
	Governmental Activities
Assets	
Cash and cash equivalents	\$ 45,349
Accounts receivable	32,373
Prepaid expenses	9,094
Capital assets:	
Not being depreciated	37,535,198
Total assets	37,622,014
Liabilities	
Accounts payable	33,817
Due to developer	14,704
Accrued interest payable	14,134,190
Non-current liabilities:	
Due within one year	10,095,000
Due in more than one year	38,608,564
Total liabilities	62,886,275
Net Position	
Net investment in capital assets	(11,157,828)
Restricted for:	
Capital projects	34,049
Unrestricted	(14,140,482)
Total net position (deficit)	\$ (25,264,261)

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

New Port Tampa Bay Community Development District Statement of Activities

Year ended September 30,

2014

Functions/Programs	Expenses	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ (159,760)	\$ -	\$ 73,344	\$ -	\$ (86,416)
Maintenance	(13,856)	-	6,361	-	(7,495)
Interest	(2,858,295)	-	2	9	(2,858,284)
Total governmental activities	\$(3,031,911)	\$ -	\$ 79,707	\$ 9	(2,952,195)
Net position (deficit) - beginning of year					(22,312,066)
Net position (deficit) - end of year					\$(25,264,261)

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

**New Port Tampa Bay Community Development District
Balance Sheet – Governmental Funds**

September 30,

2014

	General	Debt Service	Capital Projects	Non-major	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 763	\$ 10,538	\$ 34,048	\$ -	\$ 45,349
Accounts receivable	32,372	-	1	-	32,373
Prepaid expenditures	9,094	-	-	-	9,094
Total assets	\$ 42,229	\$ 10,538	\$ 34,049	\$ -	\$ 86,816
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 33,817	\$ -	\$ -	\$ -	\$ 33,817
Due to developer	14,704	-	-	-	14,704
Debt service obligations	-	22,268,728	-	-	22,268,728
Total liabilities	48,521	22,268,728	-	-	22,317,249
Fund balances					
Nonspendable	9,094	-	-	-	9,094
Restricted for capital projects	-	-	34,049	-	34,049
Unassigned	(15,386)	(22,258,190)	-	-	(22,273,576)
Total fund balances (deficit)	(6,292)	(22,258,190)	34,049	-	(22,230,433)
Total liabilities and fund balances	\$ 42,229	\$ 10,538	\$ 34,049	\$ -	\$ 86,816

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

**New Port Tampa Bay Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position**

<i>September 30,</i>	2014
Total fund balances (deficit), governmental funds	\$ (22,230,433)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	37,535,198
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(40,569,026)
Total net position (deficit) - governmental activities	\$ (25,264,261)

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

**New Port Tampa Bay Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds**

Year ended September 30,

2014

	General	Debt Service	Capital Projects	Non-major	Total Governmental Funds
Revenues					
Developer contributions	\$ 80,024	\$ -	\$ 56,641	\$ 3,685	\$ 140,350
Interest and other revenues	-	2	9	-	11
Total revenues	80,024	2	56,650	3,685	140,361
Expenditures					
Current:					
General government	91,134	-	64,941	3,685	159,760
Maintenance	13,856	-	-	-	13,856
Debt service:					
Principal	-	730,000	-	-	730,000
Interest	-	2,845,110	-	-	2,845,110
Total expenditures	104,990	3,575,110	64,941	3,685	3,748,726
Excess (deficit) of revenues over expenditures	(24,966)	(3,575,108)	(8,291)	-	(3,608,365)
Other financing sources (uses)					
Transfers in	84,485	14,721	-	-	99,206
Transfers out	-	-	(99,206)	-	(99,206)
Net other financing sources (uses)	84,485	14,721	(99,206)	-	-
Net change in fund balances	59,519	(3,560,387)	(107,497)	-	(3,608,365)
Fund balances (deficit), beginning of year	(65,811)	(18,697,803)	141,546	-	(18,622,068)
Fund balances (deficit), end of year	\$ (6,292)	\$ (22,258,190)	\$ 34,049	\$ -	\$ (22,230,433)

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

**New Port Tampa Bay Community Development District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

<i>Year ended September 30,</i>	2014
Net change in fund balances - governmental funds	\$ (3,608,365)
Amortization of bond original issue discount is not recognized in the governmental funds but is reported as an expense in the Statement of Activities.	(13,185)
Revenues previously reported in the Statement of Activities that did not provide current financial resources are reported in the current period in the governmental funds.	(60,645)
Accrual of the unpaid bond principal is a reduction in fund balance in the governmental funds but has no effect on the Statement of Activities.	730,000
Change in net position of governmental activities	\$ (2,952,195)

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

New Port Tampa Bay Community Development District Notes to Financial Statements

NOTE 1 – NATURE OF ORGANIZATION

The New Port Tampa Bay Community Development District (the “District”) was established on August 25, 2005 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by City of Tampa Ordinance 2005-233. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance, and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2014 all Board members were affiliated with the majority bondholder that took control of all District property after foreclosure proceedings (“Bondholder”).

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB) in statements No. 14 and No. 61. Based on the criteria identified therein, the special purpose entity New Port Tampa CDD Holdings, LLC (“SPE”) is included in the financial statements as a blended component unit.

The SPE was formed for the purpose of taking ownership of all foreclosed property for the benefit of the Bondholder. The property was formerly owned by the developer associated with the District. The SPE is wholly-owned by the District, but the Bondholder has full management rights pursuant to an operating agreement dated May 8, 2013. Although it is a separate legal entity from the District, the SPE is reported as if it were a part of the primary government. Separate financial statements for the SPE are not published.

New Port Tampa Bay Community Development District Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2014, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Bondholder contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

New Port Tampa Bay Community Development District Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Fund – The Capital Projects Fund accounts for the financial resources to be used in the acquisition or construction of major infrastructure within the District financed with the bonds previously issued or other means.

For the year ended September 30, 2014, the District does not report any proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40, *Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3)*.

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others negotiable direct or indirect obligations which are secured by the United States Government; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

New Port Tampa Bay Community Development District Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

New Port Tampa Bay Community Development District Notes to Financial Statements

NOTE 2 – 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. The District does not have any of this type of item at September 30, 2014.

In addition to liabilities, the financial statements 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. The District does not have any of this type of item at September 30, 2014.

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts. For the year ended September 30, 2014, actual expenditures exceeded budget appropriations due to unanticipated repairs and maintenance expenditures.

New Port Tampa Bay Community Development District Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. A public hearing is conducted to obtain comments.
- C. Prior to October 1, the budget is legally adopted by the District Board.
- D. All budget changes must be approved by the District Board.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2014:

	Beginning Balance	Additions	Transfers and Conveyances	Ending Balance
Governmental Activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 20,000,000	\$ -	\$ -	\$ 20,000,000
Infrastructure under construction	17,535,198	-	-	17,535,198
Total capital assets, not being depreciated	37,535,198	-	-	37,535,198
Governmental activities capital assets, net	\$ 37,535,198	\$ -	\$ -	\$ 37,535,198

The total projected cost of the infrastructure improvements was originally estimated at \$74.4 million. Construction on the project has been halted. The District does not currently have an estimated cost or timeline to complete the project. Any estimate would be subject to change based on the timing of when the project is to be completed as well as the cost associated with any deterioration of the existing infrastructure. Additionally, any new developer may make changes to the project as it was originally planned. The District will convey certain infrastructure improvements to other governmental entities upon completion of the project.

The District believes the stoppage of development related to the infrastructure under construction is temporary in nature and accordingly, no permanent impairment charge has been recorded.

NOTE 4 – BONDS PAYABLE

On February 1, 2006 the District issued \$43,510,000 of Special Assessment Bonds, Series 2006A due May 1, 2038 with a fixed interest rate of 5.875% and \$6,055,000 of Special Assessment Bonds, Series 2006B due November 1, 2012 with a fixed interest rate of 5.30%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District.

New Port Tampa Bay Community Development District Notes to Financial Statements

NOTE 4 – BONDS PAYABLE (CONTINUED)

Interest is to be paid semiannually on each May 1 and November 1. Principal on the Series 2006A Bonds is to be paid serially commencing May 1, 2006 through May 1, 2038. All principal of the Series 2006B Bonds was to be paid on maturity.

The Series 2006A Bonds are subject to optional redemption at the option of the District prior to maturity, in whole or in part on or after May 1, 2016 at the Redemption Price. The Series 2006A Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2006 A	\$ 42,965,000	\$ -	\$ -	\$ 42,965,000	\$ 4,040,000
Series 2006 B	6,055,000	-	-	6,055,000	6,055,000
	<u>\$ 49,020,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,020,000</u>	<u>\$ 10,095,000</u>

At September 30, 2014, the scheduled debt service requirements on long-term debt were as follows:

<i>Year Ending September 30,</i>	Principal	Interest	Total Debt Service
2015	\$ 10,095,000	\$ 15,795,602	\$ 25,890,602
2016	825,000	2,286,844	3,111,844
2017	875,000	2,238,375	3,113,375
2018	925,000	2,186,969	3,111,969
2019	980,000	2,132,625	3,112,625
2020 - 2024	5,870,000	9,725,769	15,595,769
2025 - 2029	7,875,000	7,779,969	15,654,969
2030 - 2034	10,570,000	5,168,531	15,738,531
2035 - 2038	11,005,000	1,663,800	12,668,800
	<u>\$ 49,020,000</u>	<u>\$ 48,978,484</u>	<u>\$ 97,998,484</u>

The Bond Indenture requires that the District maintain adequate funds in the reserve account to meet the debt service reserve requirement as defined in the Indenture. The requirement has not been met for the fiscal year ended September 30, 2014.

New Port Tampa Bay Community Development District Notes to Financial Statements

NOTE 4 – BONDS PAYABLE (CONTINUED)

The Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedure to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is not in compliance with this requirement because it did not receive any debt service assessments in the current year.

The balance of the long-term bonds at September 30, 2014 is summarized as follows:

<i>September 30,</i>	2014
Bond principal balance	\$ 49,020,000
Less unamortized bond discount	(316,436)
	<u>\$ 48,703,564</u>

Previous Events of Default have been declared dating back to fiscal year 2009 for failure to make debt service payments. Reserve funds were used to make the November 1, 2009 interest payment on the Series 2006A bonds, but the interest payment due on the same date for the Series 2006B bonds was not made. No full payment of principal or interest for either series of Bonds has been paid since. Amounts due to the Bondholder at September 30, 2014 as a result of missed debt service payments total \$9,320,000 in principal and \$12,948,728 in interest for both series of Bonds.

After repeated Events of Default for reasons stated above, the District was directed by the Bondholder to initiate foreclosure proceedings. Upon successful completion of the foreclosure, with the consent of the bond-holders, the District entered into an agreement with the Trustee and the SPE. As of February 2013, the District transferred all of its property to the SPE, which was created and is fully owned by the District to hold title to its property. In accordance with the agreement, the Bondholder has full rights to direct the SPE to manage and deal with the property in any manner.

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in the previous three years.

New Port Tampa Bay Community Development District Notes to Financial Statements

NOTE 6 – MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

NOTE 7 – CONCENTRATION

As mentioned in Note 1 and detailed further in Note 4, the Bondholder controls the District's Board of Supervisors as well as the SPE. The District received funding from the Bondholder during the current fiscal year in the amount of \$80,024. A significant portion of the District's future activity is dependent upon the continued involvement of the Bondholder.

NOTE 8 – INTERFUND ACTIVITY

During the year the District transferred \$99,206 from the Capital Projects Fund to the General and Debt Service Funds in order to pay for operations expenses and to pay down debt service interest.

NOTE 9 – LEASES

The District owns two submerged land leases with the Tampa Port Authority for waters within Tampa Bay adjacent to the District. During the current year the District paid \$56,641 to maintain the leases. The leases do not contain exact amounts for future payments or provisions that allow those amounts to be accurately calculated. Over the past five years, however, total annual lease payments have averaged approximately \$74,000. Both leases were signed for initial terms of five years and contain options for four consecutive renewal periods of five years. Both leases are currently in their first renewal period and will expire in 2030 if exercised fully. The District renewed both leases during the year ended September 30, 2014. The District may not sublease without the consent of the Tampa Port Authority.



**Required Supplemental Information
(Other Than MD&A)**

**New Port Tampa Bay Community Development District
Budget to Actual Comparison Schedule – General Fund**

<i>Year ended September 30,</i>	2014		
	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Developer contributions	\$ 69,555	\$ 80,024	\$ 10,469
Total revenues	69,555	80,024	10,469
Expenditures			
General government	49,555	91,134	(41,579)
Maintenance and operations	20,000	13,856	6,144
Total expenditures	69,555	104,990	(35,435)
Excess (deficit) of revenues over expenses	\$ -	\$ (24,966)	\$ (24,966)



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

To the Board of Supervisors
New Port Tampa Bay Community Development District
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Port Tampa Bay Community Development District (hereinafter referred to as the “District”), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency identified as IC2014-001 on the following page to be a material weakness.

IC2014-001: Unpaid Matured Interest Payments

- Condition: As part of our audit procedures, we identified approximately \$160,000 of unpaid matured interest payments that were not accrued on the District's financial statements as of September 30, 2014. This amount represents the May 2014 payment due on the Series 2006B bonds, which were due in full in November 2012.
- Criteria: Internal controls should be in place to provide reasonable assurance that expenditures are appropriate and properly accrued.
- Cause: The interest expenditures appear to be overlooked because the bond series technically was fully due in November 2012. Interest should continue to accrue, however, until the bonds are repaid or legally resolved in some other manner. The unpaid matured interest payment due in November 2013 was properly accrued.
- Effect: The District's debt service obligation and related interest expenditures on the financial statements were understated by approximately \$160,000.
- Recommendation: We recommend the District accrue any unpaid matured interest payments as they are due.
- Management Response: The District will take steps to insure that this oversight is avoided in the future.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described below.

- IC2009-002: The District is not in compliance with certain provisions of its bond indenture including those relating to 1) levying and collecting assessments to provide payment of debt service, 2) maintaining adequate funds in debt service reserve accounts, and 3) making its semi-annual debt service principal and interest payments.

The District's response to the finding identified in our audit is described below. We did not audit the District's response and, accordingly, we express no opinion on it.

- *The District has now successfully foreclosed on the property within the District securing the repayment of the District's bond debt. Thus, the District is in compliance with the terms of*

applicable bond trust indentures requiring the District to foreclose in the event of default.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cary Riggs & Ingram, L.L.C.

Miramar Beach, Florida
June 19, 2015

MANAGEMENT LETTER

To the Board of Supervisors
New Port Tampa Bay Community Development District
Tampa, Florida

Report on the Financial Statements

We have audited the financial statements of the New Port Tampa Bay Community Development District ("District") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 19, 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 Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated June 19, 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. We reported one finding in the preceding annual audit report that has not been corrected. The finding, identified as it IC2009-002 on page 25, was also included in the second preceding fiscal year audit report.

Official Title and Legal Authority

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

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 the District 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 District met the conditions described in Section 218.503(1)(a), Florida Statutes. The District failed to make bond debt service payments as a result of a lack of funds. The financial emergency conditions were a result of a deteriorating financial condition for the reason described below. The District's response is presented on page 25.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. As a result, we determined that a deteriorating financial condition exists with respect to the District. The Developer and its affiliates defaulted on their obligation to pay assessments sufficient to make debt service payments in previous years. During the fiscal year and through the date of this report, the District did not receive all assessed amounts for operations and maintenance or any amounts for debt service assessments. The District completed its foreclosure proceedings in previous years and created a special purpose entity to own, maintain, and sell or dispose of the District's property for the benefit of the Bondholder. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

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 District 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, the Board of Supervisors, 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.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 19, 2015



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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Supervisors
New Port Tampa Bay Community Development District
Tampa, Florida

We have examined New Port Tampa Bay Community Development District'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 District's compliance with those requirements. Our responsibility is to express an opinion on the District'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 District'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 District's compliance with specified requirements.

In our opinion, the District 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.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 19, 2015