

**BEACH
COMMUNITY DEVELOPMENT DISTRICT
CITY OF JACKSONVILLE, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

**BEACH COMMUNITY DEVELOPMENT DISTRICT
CITY OF JACKSONVILLE, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Beach Community Development District
City of Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Beach Community Development District, City of Jacksonville, Florida (the "District") as of and for the fiscal year ended September 30, 2015, 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 of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 and each major fund of the District as of September 30, 2015, and the respective changes in financial position thereof for the fiscal 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 the management's discussion and analysis and budgetary comparison information 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 July 1, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated July 1, 2016, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

July 1, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Beach Community Development District, City of Jacksonville, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position deficit balance of \$170,114.
- The change in the District's total net position in comparison with the prior fiscal year was \$(151,766) a decrease. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2015, the District's governmental funds reported combined ending fund balances of \$27,037,645, an increase of \$22,526,619 in comparison with the prior fiscal year. The total fund balance is restricted for debt service and capital projects, non-spendable for prepaid items, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent 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 this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment and developer revenues. The District does not have any business-type activities. The governmental activities of the District include the general government and maintenance functions.

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 activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains only one category of funds, the governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects funds, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	NET POSITION	
	SEPTEMBER 30,	
	2015	2014
Current and other assets	\$ 28,112,052	\$ 5,220,742
Capital assets, net of depreciation	20,172,740	14,589,984
Total assets	<u>48,284,792</u>	<u>19,810,726</u>
Current liabilities	2,250,433	1,223,005
Long-term liabilities	45,864,245	18,265,841
Total liabilities	<u>48,114,678</u>	<u>19,488,846</u>
Net position		
Net investment in capital assets	(25,691,505)	(3,675,857)
Restricted	25,800,052	3,990,485
Unrestricted	61,567	7,252
Total net position	<u>\$ 170,114</u>	<u>\$ 321,880</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position decreased during the most recent fiscal year. The majority of the decrease is due to the cost associated with the issuance of the Bonds.

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION		
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2015	2014
Revenues:		
Program revenues		
Charges for services	\$ 2,482,122	\$ 2,598,174
Operating grants and contributions	2,793	71,385
Capital grants and contributions	16,518	4,183,737
Total revenues	<u>2,501,433</u>	<u>6,853,296</u>
Expenses:		
General government	75,425	62,766
Maintenance and infrastructure	42,318	2,234,872
Bond issue costs	721,311	464,696
Interest	1,814,145	1,120,864
Total expenses	<u>2,653,199</u>	<u>3,883,198</u>
Change in net position	<u>(151,766)</u>	<u>2,970,098</u>
Net position - beginning	321,880	(2,648,218)
Net position - ending	<u>\$ 170,114</u>	<u>\$ 321,880</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2015 was \$2,653,199. Program revenues consisted primarily of assessments for the current fiscal year. The costs of the District's activities were funded by program revenues. In total, expenses, decreased from prior fiscal year. The majority of the decrease was the result of capital assets conveyed in the prior year.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures for the fiscal year ended September 30, 2015 did not exceed appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2015, the District had \$20,172,740 invested in infrastructure in progress. No depreciation has been taken since depreciable assets have not yet been completed and placed in service. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2015, the District had \$45,720,000 in Bonds outstanding. In addition, the District has \$252,370 due to the Developer in connection with advances provided to fund certain capital asset activity. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

For the subsequent fiscal year, the District anticipates that the cost of general operations will increase. The increase is related to physical environment functions such as landscaping, lighting, and right of way grounds maintenance and recreation facilities operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Beach Community Development District's Finance Department at 12051 Corporate Boulevard, Orlando, Florida, 32817.

**BEACH COMMUNITY DEVELOPMENT DISTRICT
CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 60,346
Prepaid items and deposits	11,358
Restricted assets:	
Investments	28,034,847
Interest receivable	5,501
Capital assets:	
Nondepreciable	<u>20,172,740</u>
Total assets	<u>48,284,792</u>
 LIABILITIES	
Accounts payable	5,179
Contracts and retainage payable	1,069,228
Accrued interest payable	1,176,026
Non-current liabilities:	
Due to Developer	252,370
Due within one year	240,000
Due in more than one year	<u>45,371,875</u>
Total liabilities	<u>48,114,678</u>
 NET POSITION	
Net investment in capital assets	(25,691,505)
Restricted for debt service	2,468,121
Restricted for capital projects	23,331,931
Unrestricted	61,567
Total net position	<u><u>\$ 170,114</u></u>

See notes to the financial statements

**BEACH COMMUNITY DEVELOPMENT DISTRICT
CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 75,425	\$ 169,147	\$ 250	\$ -	\$ 93,972
Maintenance and operations	42,318	-	-	16,518	(25,800)
Bond issue costs	721,311	-	-	-	(721,311)
Interest on long-term debt	1,814,145	2,312,975	2,543	-	501,373
Total governmental activities	2,653,199	2,482,122	2,793	16,518	(151,766)
					Change in net position (151,766)
					Net position - beginning 321,880
					Net position - ending \$ 170,114

See notes to the financial statements

**BEACH COMMUNITY DEVELOPMENT DISTRICT
CITY OF JACKSONVILLE, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash	\$ 60,346	\$ -	\$ -	\$ 60,346
Investments	-	3,643,662	24,391,185	28,034,847
Interest receivable	-	485	5,016	5,501
Prepaid items and deposits	6,400	-	4,958	11,358
Total assets	<u>\$ 66,746</u>	<u>\$ 3,644,147</u>	<u>\$ 24,401,159</u>	<u>\$ 28,112,052</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,179	\$ -	\$ -	\$ 5,179
Contracts and retainage payable	-	-	1,069,228	1,069,228
Total liabilities	<u>5,179</u>	<u>-</u>	<u>1,069,228</u>	<u>1,074,407</u>
Fund balances:				
Nonspendable:				
Prepaid items	6,400	-	-	6,400
Reserved for:				
Debt service	-	3,644,147	-	3,644,147
Capital projects	-	-	23,331,931	23,331,931
Unassigned	55,167	-	-	55,167
Total fund balances	<u>61,567</u>	<u>3,644,147</u>	<u>23,331,931</u>	<u>27,037,645</u>
Total liabilities and fund balances	<u>\$ 66,746</u>	<u>\$ 3,644,147</u>	<u>\$ 24,401,159</u>	<u>\$ 28,112,052</u>

See notes to the financial statements

**BEACH COMMUNITY DEVELOPMENT DISTRICT
CITY OF JACKSONVILLE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Total fund balances - governmental funds \$ 27,037,645

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets 20,172,740

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable (1,176,026)

Advances from Developer (252,370)

Bonds payable (45,611,875)

Net position of governmental activities \$ 170,114

See notes to the financial statements

**BEACH COMMUNITY DEVELOPMENT DISTRICT
CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Assessments	\$ 169,147	\$ 2,312,975	\$ -	\$ 2,482,122
Developer contributions	250	-	-	250
Interest	-	2,543	16,518	19,061
Total revenues	<u>169,397</u>	<u>2,315,518</u>	<u>16,518</u>	<u>2,501,433</u>
EXPENDITURES				
Current:				
General government	75,425	-		75,425
Maintenance and operations	42,318	-		42,318
Debt service:				
Principal		3,275,000		3,275,000
Interest	-	1,151,408	-	1,151,408
Bond issuance costs	-	541,101	180,210	721,311
Developer advance			546,189	546,189
Capital outlay	-	-	5,582,756	5,582,756
Total expenditures	<u>117,743</u>	<u>4,967,509</u>	<u>6,309,155</u>	<u>11,394,407</u>
Excess (deficiency) of revenues over (under) expenditures	51,654	(2,651,991)	(6,292,637)	(8,892,974)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,661	-	-	2,661
Transfers out		-	(2,661)	(2,661)
Bond proceeds		2,411,145	28,508,855	30,920,000
Original issue discount		(8,242)	(99,883)	(108,125)
Advances from Developer	-	-	607,718	607,718
Total other financing sources (uses)	<u>2,661</u>	<u>2,402,903</u>	<u>29,014,029</u>	<u>31,419,593</u>
Net change in fund balances	54,315	(249,088)	22,721,392	22,526,619
Fund balances - beginning	<u>7,252</u>	<u>3,893,235</u>	<u>610,539</u>	<u>4,511,026</u>
Fund balances - ending	<u>\$ 61,567</u>	<u>\$ 3,644,147</u>	<u>\$ 23,331,931</u>	<u>\$ 27,037,645</u>

See notes to the financial statements

**BEACH COMMUNITY DEVELOPMENT DISTRICT
CITY OF JACKSONVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Net change in fund balances - total governmental funds	\$ 22,526,619
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	5,582,756
Governmental funds report Developer advances as financial resources when cash is received, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.	(607,718)
Governmental funds report the face amount of Bonds issued as financial resources when debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.	(30,920,000)
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.	3,821,189
The change in accrued interest on long-term liabilities between the current and prior fiscal years is recorded in the statement of activities, but not in the governmental fund financial statements.	(662,737)
Original issue discounts is shown as an expenditure on the fund financial statements while the amount is shown as a reduction of the bond payable on the government wide financial statement.	<u>108,125</u>
Change in net position of governmental activities	<u><u>\$ (151,766)</u></u>

See notes to the financial statements

**BEACH COMMUNITY DEVELOPMENT DISTRICT
CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Beach Community Development District ("District") was created on March 26, 2007 by Ordinance 2007-170-E of the City of Jacksonville, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. 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 the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected on at large basis by the owners of 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, 2015 all of the members are affiliated with the Developer or affiliated entities ("Developer").

The Board has the 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.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District's Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING 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 of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment (Operating-type special assessments for maintenance and debt service are treated as charges for services) and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement 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 related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem assessments on all assessable property within the District. Assessments are levied to pay for the operations and maintenance and debt service of the District. The fiscal year for which annual assessments are levied begins on October 1 and, if collected using the Uniform Method of Collection, with discounts available for payments through February 28 and become delinquent on April 1. Alternatively, the District adopts a resolution providing for the collection dates and directly collects the assessments.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

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 government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

The State Board of Administration's Local Government Surplus Funds Trust Fund (Florida PRIME) is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. Rule 2a-7 is the rule that allows money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The District has reported its investment in Florida PRIME at the same value as the pooled shares allocated to the District.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured. Any unspent proceeds are required to be held in investments allowed in as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

No depreciation has been taken in the current year as the District's infrastructure and other capital assets are under construction.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

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. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of 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.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the District would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the District reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

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 public 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) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District's investments were held as follows at September 30, 2015:

	Fair Value	Credit Risk	Maturities
First American Treasury Obligation Class Y	\$ 1,190,567	S&P AAAm	Weighted average of the fund portfolio: 43 days
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	26,844,280	S&P AAAm	Weighted average of the fund portfolio: 29 days
Total Investments	<u>\$ 28,034,847</u>		

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

Interest rate risk – The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

However, the Bond Indenture limits the type of investments held using unspent proceeds.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Infrastructure in progress	\$ 14,589,984	\$ 5,582,756	\$ -	\$ 20,172,740
Total capital assets, not being depreciated	14,589,984	5,582,756	-	20,172,740
Governmental activities capital assets	\$ 14,589,984	\$ 5,582,756	\$ -	\$ 20,172,740

The infrastructure intended to serve the District is estimated at a total cost of approximately \$161,000,000. The infrastructure will include roadways, a fire station, potable water and wastewater systems, stormwater management improvements, recreation improvements and land improvements including wetland mitigation areas. A portion of the project costs is expected to be financed with the proceeds from the issuance of Bonds. Upon completion, certain assets are to be conveyed to other entities.

In connection with the 2013 and 2015 projects, if the amount by which the cost of the 2013 and 2015 projects or portion thereof to be conveyed by the Developer to the District pursuant to acquisition agreements exceeds the amount actually paid by the District for the 2013 and 2015 projects or portions thereof from proceeds of the Series 2013 and 2015 Bonds, it may be determined that deferred obligations exist. Upon completion of the project, certain funds available from the 2013 and 2015 Bonds may be used to pay deferred obligations, as outlined in the Bond Indentures. At September 30, 2015, the 2013 and 2015 projects have not been completed and the District has not yet determined if liabilities exist for deferred obligations.

The District has outstanding commitments related to contracts for construction of approximately \$15,675,000.

NOTE 5 – CAPITAL ASSETS (Continued)

Assignment of Construction Contract

On November 4, 2013, the District assumed the rights and obligations of the Developer under a construction contract it had with construction contractor Palm Beach Grading, Inc. (PBG). The contract amount at the time of assignment was approximately \$10,500,000. The work that was completed and paid for at the time of assignment was approximately \$3,800,000, with approximately \$6,700,000 to be funded with the Series 2013 Bonds (See Note 6). As part of the agreement, the District was required to deliver a permit performance bond to the Florida Department of Transportation (FDOT) related to certain improvements to a state road right-of-way. A performance bond, dated October 31, 2013 in the amount of \$246,833 with the District as principal and Platte River Insurance Company as Surety was delivered to FDOT.

Tri-party agreement with the Developer

The Developer, the District, and Jacksonville Electric Authority ("JEA") have entered into an agreement for a sewer connection to the JEA system for certain parcels within the District. As part of the agreement, the Developer or the District agreed to construct offsite improvements to provide water and sewer connections for certain parcels in the District. The improvements are divided into two phases. Upon completion the improvements will be conveyed to JEA. As part of the agreement a performance bond, dated September 16, 2014, in the amount of \$940,000 with the District as principal and Fidelity and Deposit Company of Maryland as Surety was delivered to JEA.

NOTE 6 – LONG-TERM LIABILITIES

Series 2013 Bonds

On November 4, 2013, the District issued \$18,075,000 of Capital Improvement Revenue Bonds, Series 2013 consisting of \$10,960,000 Term Bonds Series 2013A due on May 1, 2030 with a fixed interest rate of 6.7% on CUSIP No. 07332WAA1 for \$3,170,000 and a fixed interest rate of 7.2% on CUSIP No. 07332WAB9 for \$7,790,000 due May 1, 2044; The \$7,115,000 Term Bonds Series 2013B, CUSIP No. 07332WAC7, due in May 1, 2018 has a fixed interest rate of 6.5%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the A Bonds is to be paid serially commencing May 1, 2015 through May 1, 2044.

The Series 2013A Bonds are subject to redemption at the option of the District prior to their maturity. The Series 2013B Bonds are not subject to optional redemption. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the current fiscal year as the District collected assessments and prepaid the Series 2013B Bonds by \$3,160,000.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2015.

Series 2015 Bonds

On April 10, 2015, the District issued \$30,920,000 of Capital Improvement Revenue Bonds, Series 2015 consisting of \$9,295,000 Term Bonds Series 2015A due on May 1, 2045 with a fixed interest rate of 5.90% and \$21,625,000 Term Bonds Series 2015B due on May 1, 2021 with a fixed interest rate of 5.90%. The Bonds were issued to finance the acquisition, construction and equipping of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the A Bonds is to be paid serially commencing May 1, 2016 through May 1, 2045.

The Series 2015A Bonds are subject to redemption at the option of the District prior to their maturity. The Series 2015B Bonds are not subject to optional redemption. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Series 2015 Bonds (Continued)

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2015.

Due to Developer

In prior years, the Developer agreed to fund certain construction costs and convey to the District certain assets prior to the issuance of Bonds. At the beginning of fiscal year 2015 the District owed the Developer \$190,841. During the current year the Developer provided \$607,718 towards the constructions costs and was reimbursed \$546,189 upon the issuance of the Series 2015 Bonds. At the end of fiscal year 2015 the District owed the Developer \$252,370. Subsequent to fiscal year end, the Developer was repaid the amount outstanding at the end of fiscal year 2015.

Long-term Debt Activity

Changes in long-term liability activity for the fiscal year ended September 30, 2015 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
Bonds payable:					
Series 2013A	\$ 10,960,000	\$ -	\$ (115,000)	\$ 10,845,000	\$ 125,000
Series 2013B	7,115,000		(3,160,000)	3,955,000	-
Series 2015A		9,295,000		9,295,000	115,000
Series 2015B		21,625,000		21,625,000	
Less: Discount		(108,125)		(108,125)	
Due to Developer	190,841	607,718	(546,189)	252,370	-
Total	\$ 18,265,841	\$ 31,419,593	\$ (3,821,189)	\$ 45,864,245	\$ 240,000

At September 30, 2015, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2016	\$ 240,000	\$ 2,822,464	\$ 3,062,464
2017	255,000	2,827,405	3,082,405
2018	4,225,000	2,810,986	7,035,986
2019	290,000	2,536,524	2,826,524
2020	305,000	2,517,879	2,822,879
2021 - 2025	23,480,000	7,363,537	30,843,537
2026 - 2030	2,550,000	5,205,296	7,755,296
2031 - 2035	3,525,000	4,241,460	7,766,460
2036 - 2040	4,920,000	2,871,320	7,791,320
2041 - 2045	5,930,000	987,260	6,917,260
Total	\$ 45,720,000	\$ 34,184,131	\$ 79,904,131

NOTE 7 – LANDOWNER AND DEVELOPER TRANSACTIONS

For the current fiscal year, Developer assessment revenues in the general and debt service funds were approximately \$169,000 and \$2,313,000, respectively.

NOTE 8 – CONCENTRATION

The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

NOTE 9 – MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 10 – 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 has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks if any, have not exceeded commercial insurance coverage over the past three years.

NOTE 11 – SUBSEQUENT EVENTS

Bond Payments

Subsequent to fiscal year end, the District prepaid \$980,000 of the Series 2013B Bonds and \$2,080,000 of the Series 2015B Bonds. The prepayment was an extraordinary mandatory redemption as outlined in the Bond Indenture.

Conveyances

During fiscal year 2014 the District adopted resolutions 2014-13 and 2014-14 related to the District's intent to accept dedications of real property from the Developer. The conveyances did not occur in fiscal year 2015 and are expected to occur subsequent to fiscal year end.

**BEACH COMMUNITY DEVELOPMENT DISTRICT
CITY OF JACKSONVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Assessments	\$ -	\$ 169,147	\$ 169,147
Developer contributions	169,300	250	(169,050)
Total revenues	169,300	169,397	97
EXPENDITURES			
Current:			
General government	60,985	75,425	(14,440)
Maintenance and operations	108,315	42,318	65,997
Total expenditures	169,300	117,743	51,557
Excess (deficiency) of revenues over (under) expenditures	-	51,654	51,654
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	-	2,661	2,661
Total other financing sources (uses)	-	2,661	2,661
Net change in fund balance	\$ -	54,315	\$ 54,315
Fund balance - beginning		7,252	
Fund balance - ending		\$ 61,567	

See notes to required supplementary information

**BEACH COMMUNITY DEVELOPMENT DISTRICT
CITY OF JACKSONVILLE, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures for the fiscal year ended September 30, 2015 did not exceeded appropriations.



**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
Beach Community Development District
City of Jacksonville, 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 and each major fund of Beach Community Development District, City of Jacksonville, Florida ("District") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated July 1, 2016.

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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*.

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

July 1, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Beach Community Development District
City of Jacksonville, Florida

We have examined Beach Community Development District, City of Jacksonville, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2015. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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 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 District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2015.

This report 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, management, and the Board of Supervisors of Beach Community Development District, City of Jacksonville, Florida and is not intended to be and should not be used by anyone other than these specified parties.

July 1, 2016



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
Beach Community Development District
City of Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Beach Community Development District, City of Jacksonville, Florida, ("District") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated July 1, 2016.

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*; 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 July 1, 2016, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Beach Community Development District, City of Jacksonville, Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Beach Community Development District, City of Jacksonville, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

July 1, 2016

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2013-01 Budget

2014-01 Budget

Current Status: Recommendation has been implemented.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2014, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2015.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2015.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2015 financial audit report.
6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2015. It is management's responsibility to monitor 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.