

**BEELINE
COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Beeline Community Development District
Palm Beach County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Beeline Community Development District, Palm Beach County, 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 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, the business-type activities, and each major fund of the District as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows 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 June 20, 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 June 20, 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.

June 20, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Beeline Community Development District, Palm Beach County, 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 liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a net position deficit balance of (\$5,837,343). The net position deficit was created due to the District financing a utility system in a prior year, which was conveyed to the County in a prior year. The reason for this was that the County is better able to maintain the infrastructure than the District. Further, financial condition assessment procedures have been applied and no deteriorating financial conditions were noted.
- The change in the District's total net position in comparison with the prior year was \$165,351, an increase. 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 \$1,955,798, a decrease of (\$275,109) in comparison with the prior fiscal year. The majority of fund balance is restricted for debt service and capital projects, a portion is 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 and liabilities 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.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by assessments (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include governmental government and maintenance and operations. The business-type activities of the District include maintenance of a utility area.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

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. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

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 outflows 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 fund. 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.

Proprietary Fund

The District maintains one type of proprietary fund, an enterprise fund. An enterprise fund is used to report the same function presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for activities related to the utility area within the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund was closed out during the current fiscal year.

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, liabilities exceeded assets at the close of the most recent fiscal year due to the transfer of infrastructure to Palm Beach County in a prior year.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

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

	NET POSITION					
	SEPTEMBER 30,					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 2,194,960	\$ 2,273,706	\$ -	\$ 53,505	\$ 2,194,960	\$ 2,327,211
Capital assets, net of depreciation	1,623,734	595,390	-	717,500	1,623,734	1,312,890
Total assets	3,818,694	2,869,096	-	771,005	3,818,694	3,640,101
Current liabilities	506,037	314,632	-	8,163	506,037	322,795
Long-term liabilities	9,150,000	9,320,000	-	-	9,150,000	9,320,000
Total liabilities	9,656,037	9,634,632	-	8,163	9,656,037	9,642,795
Net position						
Net investment in capital assets	(6,865,370)	(7,752,965)	-	717,500	(6,865,370)	(7,035,465)
Restricted	927,447	919,483	-	-	927,447	919,483
Unrestricted	100,580	67,946	-	45,342	100,580	113,288
Total net position	\$ (5,837,343)	\$ (6,765,536)	\$ -	\$ 762,842	\$ (5,837,343)	\$ (6,002,694)

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 increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations.

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,					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 1,026,776	\$ 979,854	\$ -	\$ 118,958	\$ 1,026,776	\$ 1,098,812
Operating grants and contributions	145,407	62,399	-	-	145,407	62,399
Capital grants and contributions	95	107	-	-	95	107
General revenues						
Investment earnings	145	89	6	32	151	121
Total revenues	1,172,423	1,042,449	6	118,990	1,172,429	1,161,439
Expenses:						
General government	192,741	212,447	-	-	192,741	212,447
Maintenance and operations	166,895	-	-	148,295	166,895	148,295
Interest	647,442	658,729	-	-	647,442	658,729
Total expenses	1,007,078	871,176	-	148,295	1,007,078	1,019,471
Transfers	762,848	-	(762,848)	-	-	-
Change in net position	928,193	171,273	(762,842)	(29,305)	165,351	141,968
Net position - beginning	(6,765,536)	(6,936,809)	762,842	792,147	(6,002,694)	(6,144,662)
Net position - ending	\$ (5,837,343)	\$ (6,765,536)	\$ -	\$ 762,842	\$ (5,837,343)	\$ (6,002,694)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental activities

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2015 was \$1,007,078. The costs of the District's activities were paid by program revenues. Program revenues are comprised primarily of assessments. The remainder of the current fiscal year includes interest revenues and reimbursement from major landowners and Lessee for certain operating costs and property taxes. The majority of the increase in program revenues is due to an increase in assessments. Expenses increases as a result of the transfer of the utility maintenance costs to the governmental activities.

Business-type activities

Business-type activities reflect the operations of the utility area within the District. For the fiscal year ended September 30, 2015, there were no operating costs as the operations of the utility area including the land were transferred to the governmental activities.

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. The general fund budget for the fiscal year ended September 30, 2015 was amended to decrease revenues and appropriations by \$5,578.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2015, the District had \$1,623,734 invested in infrastructure under construction and land for its governmental activities. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Capital Debt

At September 30, 2015, the District had \$9,150,000 Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND OTHER EVENTS

In a subsequent fiscal year, the District anticipates that the utility parcel will be conveyed back to Pratt & Whitney Division (P&W) ("Major Landowner"). As of the report date, the conveyance has not been completed yet.

CONTACTING THE DISTRICTS 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 Beeline Community Development District's management services at Special District Services, Inc., 2501A Burns Road, Palm Beach Gardens, Florida 33410.

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	Governmental Activities
ASSETS	
Cash	\$ 30,144
Accounts receivable	68,481
Prepays and deposits	17,268
Restricted assets:	
Investments	2,079,067
Capital assets:	
Nondepreciable	1,623,734
Total assets	3,818,694
 LIABILITIES	
Accounts payable	25,663
Contracts and retainage payable	213,499
Accrued interest payable	266,875
Non-current liabilities:	
Due within one year	180,000
Due in more than one year	8,970,000
Total liabilities	9,656,037
 NET POSITION	
Net investment in capital assets	(6,865,370)
Restricted for debt service	927,447
Unrestricted	100,580
Total net position	\$ (5,837,343)

See notes to the financial statements

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 192,741	\$ 201,495	\$ 145,282	\$ -	\$ 154,036	\$ -	\$ 154,036
Maintenance and operations	166,895	-	-	95	(166,800)	-	(166,800)
Interest on long-term debt	647,442	825,281	125	-	177,964	-	177,964
Total governmental activities	1,007,078	1,026,776	145,407	95	165,200	-	165,200
Business-type activities:							
Maintenance and operations	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-
General revenues:							
Unrestricted investment earnings					145	6	151
Total general revenues					145	6	151
Transfers					762,848	(762,848)	
Change in net position					928,193	(762,842)	165,351
Net position - beginning					(6,765,536)	762,842	(6,002,694)
Net position - ending					\$ (5,837,343)	\$ -	\$ (5,837,343)

See notes to the financial statements

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash	\$ 30,144	\$ -	\$ -	\$ 30,144
Investments	-	1,194,322	884,745	2,079,067
Accounts receivable	68,481	-	-	68,481
Due from other funds	10,350	-	-	10,350
Deposits	16,765	-	-	16,765
Prepays	503	-	-	503
Total assets	<u>\$ 126,243</u>	<u>\$ 1,194,322</u>	<u>\$ 884,745</u>	<u>\$ 2,205,310</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 25,663	\$ -	\$ -	\$ 25,663
Contracts and retainage payable	-	-	213,499	213,499
Due to other funds	-	-	10,350	10,350
Total liabilities	<u>25,663</u>	<u>-</u>	<u>223,849</u>	<u>249,512</u>
Fund balances:				
Nonspendable:				
Prepays and deposits	17,268	-	-	17,268
Restricted for:				
Debt service	-	1,194,322	-	1,194,322
Capital projects	-	-	660,896	660,896
Unassigned	83,312	-	-	83,312
Total fund balances	<u>100,580</u>	<u>1,194,322</u>	<u>660,896</u>	<u>1,955,798</u>
Total liabilities and fund balances	<u>\$ 126,243</u>	<u>\$ 1,194,322</u>	<u>\$ 884,745</u>	<u>\$ 2,205,310</u>

See notes to the financial statements

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Fund balance - governmental funds	\$ 1,955,798
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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 if any, in the net position of the government as a whole.	1,623,734
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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

Accrued interest payable	(266,875)	
Bonds payable	(9,150,000)	(9,416,875)
Net position of governmental activities		\$ (5,837,343)

See notes to the financial statements

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Assessments	\$ 201,495	\$ 825,281	\$ -	\$ 1,026,776
Landowner contributions	145,282	-	-	145,282
Interests	145	125	95	365
Total revenues	<u>346,922</u>	<u>825,406</u>	<u>95</u>	<u>1,172,423</u>
EXPENDITURES				
Current:				
General government	192,741	-	-	192,741
Maintenance	166,895	-	-	166,895
Debt service:				
Principal	-	170,000	-	170,000
Interest	-	652,400	-	652,400
Capital outlay	-	-	310,844	310,844
Total expenditures	<u>359,636</u>	<u>822,400</u>	<u>310,844</u>	<u>1,492,880</u>
Excess (deficiency) of revenues over (under) expenditures	(12,714)	3,006	(310,749)	(320,457)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	45,348	-	-	45,348
Total other financing sources (uses)	<u>45,348</u>	<u>-</u>	<u>-</u>	<u>45,348</u>
Net change in fund balance	32,634	3,006	(310,749)	(275,109)
Fund balances - beginning	67,946	1,191,316	971,645	2,230,907
Fund balances - ending	<u>\$ 100,580</u>	<u>\$ 1,194,322</u>	<u>\$ 660,896</u>	<u>\$ 1,955,798</u>

See notes to the financial statements

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, 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	\$	(275,109)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures, however, cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.		310,844
Transfer of land from the enterprise fund to the governmental activities is shown as an increase in net position on the governmental activities statement, however the amount is not recorded at the fund level.		717,500
Repayments of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.		170,000
The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.		4,958
Change in net assets of governmental activities	\$	928,193

See notes to the financial statements

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Business- Type Activities - Utility</u>
Nonoperating revenues	
Interest income and other	\$ 6
Total nonoperating revenue	<u>6</u>
Transfers	<u>(762,848)</u>
Change in net position	(762,842)
Total net position - beginning	<u>762,842</u>
Total net position - ending	<u><u>\$</u></u>

See notes to the financial statements

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Business-Type Activities - Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from users	\$ 25,676
Payments for services	<u>(8,163)</u>
Net cash provided (used) by operating activities	<u>17,513</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>(45,348)</u>
Net cash provided (used) by noncapital financing activities	<u>(45,348)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>6</u>
Transfer to State Investment Pool	
Net cash provided by investing activities	<u>6</u>
Net increase (decrease) in cash and cash equivalents	(27,829)
Cash and cash equivalents - October 1	<u>27,829</u>
Cash and cash equivalents - September 30	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase in accounts receivable	8,911
Deposits	16,765
Decrease in accounts payable	<u>(8,163)</u>
Total adjustments	<u>17,513</u>
Net cash provided (used) by operating activities	<u>\$ 17,513</u>
NON CASH ITEM:	
Transfer of land from enterprise fund to governmental activities	<u>\$ 717,500</u>

See notes to the financial statements

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Reporting Entity

Beeline Community Development District ("District") was created on July 23, 2002 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Palm Beach County Ordinance 2002-30. 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 in order to plan, finance, construct, acquire, operate and maintain public infrastructure for the benefit of the District's landowners. United Technologies Corporation (UTC), operating through its Pratt & Whitney Division (P&W) ("Major Landowner"), owns a majority of the land within the District and the District is economically dependent on the Landowner.

The District is governed by the Board of Supervisors ("Board") which is composed of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

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") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District 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 and enterprise fund 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

The District billed the landowners for maintenance assessments. The maintenance assessment represents the amount collected from the landowners for operating and maintenance expenses of the District. The majority of assessments were collected from the major landowner. In conformance with governmental accounting principles, maintenance assessments relating to the current budget and collected within 60 days after the end of the budget period are recognized as revenue.

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

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

The District reports the following major proprietary fund:

Utility Fund

This fund is used to account for the maintenance and operations related to the utility area within the District. The fund was closed out during the current fiscal year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

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.

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 and any unspent Bond proceeds are required to be held in investments 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.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

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.

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. 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.

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 Bond 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

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 established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The 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.

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) Public hearings are 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
Money Market Mutual Funds -Fidelity Institutional Govt	\$ 2,079,067	S&P AAAm	Weighted average of the fund portfolio: 34 days
	<u>\$ 2,079,067</u>		

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				
Construction in progress	\$ 595,390	\$ 310,844	\$ -	\$ 906,234
Land		717,500		717,500
Total capital assets, not being depreciated	595,390	1,028,344	-	1,623,734
Governmental activities capital assets, net	\$ 595,390	\$ 1,028,344	\$ -	\$ 1,623,734
<u>Business-type activities:</u>				
Capital assets, not being depreciated				
Land	\$ 717,500	\$ -	\$ 717,500	\$ -
Total capital assets, not being depreciated	717,500	-	717,500	-
Business-type activities capital assets, net	\$ 717,500	\$ -	\$ 717,500	\$ -

The infrastructure intended to serve the District has been estimated at a total cost of approximately \$8,921,000. The infrastructure will include potable water and wastewater systems, fire protection system improvements, electrical improvements to a control structure, and other land improvements. A portion or all of the project costs is expected to be financed with the proceeds from the issuance of Bonds. Operation and maintenance of the water distribution and the wastewater collection system has been transferred to the Palm Beach County Water Utilities Department. Certain infrastructure was acquired from the Developer in a prior fiscal year.

NOTE 6 – LONG TERM LIABILITIES

On March 1, 2008, the District issued \$10,115,000 of Special Assessment Bonds, Series 2008A. The Series 2008A Bonds are due in 2037, with fixed interest rate of 7.00%. The Bonds were issued to prepay the \$1,500,000 aggregate principal amount of Special assessment Notes, Series 2007 and to finance all or a portion of 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 Series 2008A Bonds is due serially on May 1.

The Series 2008 Bonds are subject to optional, mandatory sinking fund and extraordinary mandatory redemption prior to maturity as outlined in the Bond Indenture.

The Bond Indenture requires that the District maintain adequate amounts in a reserve account to meet the debt service reserve requirement as defined in the Indenture. In addition, the Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds and the procedures to be followed by the District on assessments to property owners. The District agrees to levy non-ad valorem special assessments on all assessable property within the District benefited by the Project to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements as of September 30, 2015.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2008 A Bonds	\$ 9,320,000	\$ -	\$ (170,000)	\$ 9,150,000	\$ 180,000
Total	\$ 9,320,000	\$ -	\$ (170,000)	\$ 9,150,000	\$ 180,000

NOTE 6 – LONG TERM LIABILITIES (Continued)

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	\$ 180,000	\$ 640,500	\$ 820,500
2017	195,000	627,900	822,900
2018	210,000	614,250	824,250
2019	225,000	599,550	824,550
2020	240,000	583,800	823,800
2021-2025	1,480,000	2,642,500	4,122,500
2026-2030	2,105,000	2,042,600	4,147,600
2031-2035	2,990,000	1,191,400	4,181,400
2036-2037	1,525,000	162,050	1,687,050
Total	\$ 9,150,000	\$ 9,104,550	\$ 18,254,550

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended September 30, 2015 were as follows:

Fund	Transfer in	Transfer Out
General fund	\$ 45,348	\$ -
Governmental activities	717,500	
Enterprise fund		(762,848)
Total	\$ 762,848	\$ (762,848)

Transfers from the enterprise fund to the general fund were for the remaining assets of the enterprise fund at the time it was closed out. The remaining transfer is between the enterprise fund and the governmental activities for the land which is not shown on the governmental funds.

NOTE 8 – DEFICIT NET POSITON

The District has a governmental activities net asset deficit of \$(5,837,343) at September 30, 2015. There is no such deficit reflected in the governmental fund statements. The deficit primarily relates to capital expenditures that had been financed through the issuance of long term debt but was conveyed to another government in a prior year.

NOTE 9 – RELATED PARTY TRANSACTIONS

The District is being reimbursed for a portion of the legal costs, real estate taxes and certain maintenance costs. During the fiscal year ended September 30, 2015, the major landowner contributed approximately \$145,282 to the general fund for these costs.

In a prior year, the District and P&W entered into a Ground Lease Agreement prior to the actual transfer of title of the utility parcel to P&W. In the Ground Lease Agreement, the District (“Landlord”) agreed to lease the premises defined in the agreement to P&W (“Tenant”) for fifty years at an annual base rent in the amount of one dollar, commencing November 1, 2010. The tenant will reimburse the landlord as additional rent for any taxes and assessments paid that relates to the premises. In addition, the tenant agrees to comply with any hazardous materials law with regard to any hazardous materials under any such laws or regulations, and indemnify and release the District from such obligations. During the current fiscal year, no transactions were incurred related to the agreement.

NOTE 10 – CONCENTRATION

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

NOTE 11 – MANAGEMENT COMPANIES

District Activities

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 of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

Activities within Utility Area

The District has contracted with Bishop Environmental Specialists to provide operational supervision services for the systems within the utility area. At September 30, 2015, the District paid approximately \$93,800 for these services.

NOTE 12 – 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 have not exceeded commercial insurance coverage over the past three year.

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, 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		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 312,733	\$ 313,215	\$ 201,495	\$ (111,720)
Landowner contributions	67,000	61,000	145,282	84,282
Interests	240	180	145	(35)
Total revenues	<u>379,973</u>	<u>374,395</u>	<u>346,922</u>	<u>(27,473)</u>
EXPENDITURES				
Current:				
General government	251,973	246,395	192,741	53,654
Maintenance	128,000	128,000	166,895	(38,895)
Total expenditures	<u>379,973</u>	<u>374,395</u>	<u>359,636</u>	<u>14,759</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(12,714)	(12,714)
OTHER FINANCING SOURCES (USES)				
Operating transfers in			45,348	45,348
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>45,348</u>	<u>45,348</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>32,634</u>	<u>\$ 32,634</u>
Fund balance - beginning			<u>67,946</u>	
Fund balance - ending			<u>\$ 100,580</u>	

See notes to required supplementary information

**BEELINE COMMUNITY DEVELOPMENT DISTRICT
PALM BEACH COUNTY, 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. The general fund budget for the fiscal year ended September 30, 2015 was amended to decrease revenues and appropriations by \$5,578.



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
Beeline Community Development District
Palm Beach County, 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, the business-type activities, and each major fund of Beeline Community Development District, Palm Beach County, 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 June 20, 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.

June 20, 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
Beeline Community Development District
Palm Beach County, Florida

We have examined Beeline Community Development District, Palm Beach County, 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 Beeline Community Development District, Palm Beach County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

June 20, 2016



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

To the Board of Supervisors
Beeline Community Development District
Palm Beach County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Beeline Community Development District, Palm Beach County, Florida ("District") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 20, 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 Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 20, 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 Beeline Community Development District, Palm Beach County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Beeline Community Development District, Palm Beach County, 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.

June 20, 2016

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

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.

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.