

**GATEWAY SERVICES COMMUNITY
DEVELOPMENT DISTRICT**

BASIC FINANCIAL STATEMENTS

September 30, 2013

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
BASIC FINANCIAL STATEMENTS
September 30, 2013

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BASIC
FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Gateway Services Community Development District
Lee County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gateway Services Community Development District (the "District") as of and for the year ended September 30, 2013, 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 35 and 36 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 May 15, 2014, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 15, 2014

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

Our discussion and analysis of Gateway Services Community Development District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the year ended September 30, 2013:

- The District's total assets exceeded total liabilities by \$ 45,150,696 (net position). This total was comprised of \$ 35,383,237 in the District's governmental activities and \$ 9,767,459 in its business-type activities.
- Governmental activities revenues totaled \$ 4,125,742 while governmental activities expenses totaled \$ 5,390,044. Business-type revenues totaled \$ 3,658,617, while business-type expenses totaled \$ 3,661,815.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. The government-wide financial statements present an overall picture of the District's financial position and results of operations. The fund financial statements present financial information for the District's major funds. The notes to basic financial statements provide additional information concerning the District's finances that are not disclosed in the government-wide or fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements are the statement of net position and the statement of activities. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by property tax assessments. Business-type activities are supported by charges to the users of those activities, such as water and sewer services.

The statement of net position presents information on all assets, liabilities and deferred inflows/outflows of resources of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories: 1) net investment in capital assets; 2) restricted and; 3) unrestricted. Assets, liabilities, and net position are reported for all governmental activities separate from the assets, liabilities, and net position of business-type activities.

The statement of activities presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program. Revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the District include physical environment and general government. Business-type activities financed by user charges include water and sewer services.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

Fund Financial Statements

Fund financial statements present financial information for governmental funds and proprietary funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the fund, changes in current financial resources (revenues and expenditures), and current available resources. The enterprise fund financial statements provide information on all assets and liabilities of the fund, changes in the economic resources (revenues and expenses), and total economic resources.

Fund financial statements include a balance sheet and a statement of revenues, expenditures and change in fund balance for the governmental funds. For enterprise funds, a statement of net position, a statement of revenues, expenses and change in net position, and a statement of cash flows are presented. Fund financial statements provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses and to comply with legal requirements.

The government-wide financial statements and the fund financial statements provide different pictures of the District. The government-wide financial statements provide an overall picture of the District's financial standing, split between governmental activities and business-type activities. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including capital assets are reported in the statement of net position. All liabilities, including principal outstanding on bonds, and future employee benefits, obligated but not paid by the District, are included. The statement of activities includes a provision for depreciation of all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The fund financial statements provide a picture of the major funds of the District. In the case of governmental activities, outlays for long-lived assets are reported as expenditures and long-term liabilities, such as general obligations bonds, are not included in the fund financial statements. To provide a link from the fund financial statements to the government-wide financial statements, reconciliations are provided from the fund financial statements to the government-wide financial statements.

Notes to the Basic Financial Statements

The notes provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, debt, and retirement plans are some of the items included in the notes to basic financial statements.

**GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net position as of September 30, 2013 and 2012:

**Gateway Services Community Development District
Statements of Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
CURRENT AND OTHER ASSETS	\$ 7,432,772	\$ 7,419,096	\$ 3,509,601	\$ 3,583,969	\$ 10,942,373	\$ 11,003,065
CAPITAL ASSETS (NET)	<u>30,797,249</u>	<u>32,084,677</u>	<u>10,554,133</u>	<u>10,853,104</u>	<u>41,351,382</u>	<u>42,937,781</u>
Total assets	<u>38,230,021</u>	<u>39,503,773</u>	<u>14,063,734</u>	<u>14,437,073</u>	<u>52,293,755</u>	<u>53,940,846</u>
OTHER LIABILITIES	290,076	220,485	2,509,215	2,644,922	2,799,291	2,865,407
NONCURRENT LIABILITIES	<u>2,556,708</u>	<u>2,635,749</u>	<u>1,787,060</u>	<u>2,021,494</u>	<u>4,343,768</u>	<u>4,657,243</u>
Total liabilities	<u>2,846,784</u>	<u>2,856,234</u>	<u>4,296,275</u>	<u>4,666,416</u>	<u>7,143,059</u>	<u>7,522,650</u>
NET POSITION						
Net investment in capital assets	28,385,528	29,599,743	8,904,706	8,976,754	37,290,234	38,576,497
Restricted	1,769,486	2,038,686	1,169,413	1,134,996	2,938,899	3,173,682
Unrestricted (deficit)	<u>5,228,223</u>	<u>5,009,110</u>	<u>(306,660)</u>	<u>(341,093)</u>	<u>4,921,563</u>	<u>4,668,017</u>
Total net position	<u>\$ 35,383,237</u>	<u>\$ 36,647,539</u>	<u>\$ 9,767,459</u>	<u>\$ 9,770,657</u>	<u>\$ 45,150,696</u>	<u>\$ 46,418,196</u>

During the fiscal year ended September 30, 2013, total assets and liabilities for the primary government decreased approximately \$ 1,647,100 and \$ 379,600, respectively. Total assets and liabilities of the District's governmental activities decreased by approximately \$ 1,273,800 and \$ 9,500, respectively. These decreases were largely the result of depreciation on capital infrastructure and principal payments on long-term debt.

Net position of the business-type activities decreased by approximately \$ 3,200. Included in this decrease is depreciation and amortization expense totaling approximately \$ 540,000. Total assets and liabilities of the business-type activities decreased by approximately \$ 373,300 and \$ 370,100, respectively. These decreases were largely the result of depreciation on capital infrastructure, timing of vendor payments and principal payments on long-term debt.

Governmental and Business-Type Activities

Governmental activities decreased the District's net position by \$ 1,264,302, while business-type activities decreased the District's net position by \$ 3,198, as reflected in the table below:

**Gateway Services Community Development District
Statements of Activities**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
REVENUES:						
Charges for services	\$ 3,975,337	\$ 3,541,780	\$ 3,656,866	\$ 3,359,573	\$ 7,632,203	\$ 6,901,353
General revenue:						
Interest income	9,130	40,453	1,751	15,192	10,881	55,645
Other income	<u>141,275</u>	<u>101,241</u>	<u>-</u>	<u>-</u>	<u>141,275</u>	<u>101,241</u>
Total revenues	<u>4,125,742</u>	<u>3,683,474</u>	<u>3,658,617</u>	<u>3,374,765</u>	<u>7,784,359</u>	<u>7,058,239</u>

**GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
EXPENSES:						
General government	309,304	507,659	-	-	309,304	507,659
Maintenance and operations	4,906,492	4,376,607	-	-	4,906,492	4,376,607
Interest and other debt service costs	174,248	184,301	-	-	174,248	184,301
Water and sewer	-	-	3,661,815	3,503,885	3,661,815	3,503,885
Total expenses	<u>5,390,044</u>	<u>5,068,567</u>	<u>3,661,815</u>	<u>3,503,885</u>	<u>9,051,859</u>	<u>8,572,452</u>
Change in net position	(1,264,302)	(1,385,093)	(3,198)	(129,120)	(1,267,500)	(1,514,213)
NET POSITION, beginning of the year, as restated	<u>36,647,539</u>	<u>38,032,632</u>	<u>9,770,657</u>	<u>9,899,777</u>	<u>46,418,196</u>	<u>47,932,409</u>
NET POSITION, end of the year, as restated	<u>\$ 35,383,237</u>	<u>\$ 36,647,539</u>	<u>\$ 9,767,459</u>	<u>\$ 9,770,657</u>	<u>\$ 45,150,696</u>	<u>\$ 46,418,196</u>

Governmental Activities

Revenues of the District's governmental activities increased by approximately \$ 442,300, while expenses increased by approximately \$ 321,500 over the prior year. The increase in revenues was due to an increase in assessments. The increase in expenses was due to an increase in wetland maintenance expense. The overall results produced an approximate \$ 1,264,300 decrease in net position for fiscal year 2013.

Business-type Activities

Revenues and expenses of the District's business-type activities increased by approximately \$ 283,900 and \$ 157,900, respectively. The increase in revenues was due to an increase in rates for water, sewer, and irrigation usage. The increase in expenses was due to repairs and maintenance of infrastructure. The overall results produced a \$ 3,200 decrease in net position for fiscal year 2013.

ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$ 7,279,331.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's capital assets less accumulated depreciation for its governmental activities and business-type activities as of September 30, 2013 amounts to \$ 41,351,382.

Gateway Services Community Development District
Capital Assets (net of accumulated depreciation)

	Governmental Activities	Business- Type Activities
Land and land improvements	\$ 5,900,668	\$ -
Building and improvements	244,897	-
Infrastructure	24,480,401	-
Equipment	171,283	33,370
Water and sewer lines	-	8,981,405
Meters in the field	-	160,554
Plant and equipment	-	1,378,804
	\$ 30,797,249	\$ 10,554,133

At the end of the year, the District's governmental activities had special assessment bond debt outstanding of \$ 2,616,505 net of unamortized bond discount of \$ 18,495 and the District's business-type activities had water and sewer revenue bond debt outstanding of \$ 2,016,542, net of unamortized bond discount of \$ 18,458.

Additional information on the District's debt can be found in Notes 6 and 7 on pages 30 through 32 of this report.

General Fund Budgetary Highlights

An operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparisons for the general fund and special revenue funds, including the original budget and final adopted budgets are shown on pages 35 and 36.

The District experienced a favorable variance in revenues compared to the general fund budget in the amount of \$ 7,333. The District also experienced a favorable variance in expenditures compared to the general fund budget in the amount of \$ 31,253.

FUTURE FINANCIAL FACTORS

Gateway Services Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2014 were established to provide for the operations of the District.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Gateway Services Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Gateway Services Community Development District, 5680 W Cypress Street, Suite A, Tampa, Florida 33607.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
September 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current:			
Cash and cash equivalents	\$ 6,790,719	\$ 1,805,833	\$ 8,596,552
Accounts receivable, net	19,056	625,415	644,471
Prepaid expenses	72,245	21,349	93,594
Internal balances	550,752	(550,752)	-
Restricted assets:			
Cash and cash equivalents	-	1,607,756	1,607,756
Capital assets:			
Non depreciable	5,900,668	-	5,900,668
Depreciable, net	24,896,581	10,554,133	35,450,714
Total assets	38,230,021	14,063,734	52,293,755
LIABILITIES:			
Current liabilities:			
Accounts payable	153,441	213,176	366,617
Accrued interest payable	71,635	61,050	132,685
Customer prepayments	-	1,989,989	1,989,989
Bonds payable	65,000	245,000	310,000
Noncurrent liabilities:			
Compensated absences payable	5,203	15,518	20,721
Bonds payable, less current portion	2,551,505	1,771,542	4,323,047
Total liabilities	2,846,784	4,296,275	7,143,059
NET POSITION:			
Net investment in capital assets	28,385,528	8,904,706	37,290,234
Restricted:			
Debt service	233,378	331,744	565,122
Rate stabilization	-	539,150	539,150
Maintenance reserve	-	298,519	298,519
Capital projects	1,536,108	-	1,536,108
Unrestricted (deficit)	5,228,223	(306,660)	4,921,563
Total net position	\$ 35,383,237	\$ 9,767,459	\$ 45,150,696

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

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS:						
Governmental activities:						
General government	\$ 309,304	\$ -	\$ -	\$ (104,302)	\$ -	\$ (104,302)
Maintenance and operations	4,906,492	-	-	(1,401,607)	-	(1,401,607)
Interest and other debt service costs	174,248	-	-	91,202	-	91,202
Total governmental activities	<u>5,390,044</u>	<u>-</u>	<u>-</u>	<u>(1,414,707)</u>	<u>-</u>	<u>(1,414,707)</u>
Business-type activities:						
Water and sewer	3,661,815	-	-	-	(4,949)	(4,949)
Total business-type activities	<u>3,661,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,949)</u>	<u>(4,949)</u>
Total primary government	<u>\$ 9,051,859</u>	<u>\$ 7,632,203</u>	<u>\$ -</u>	<u>(1,414,707)</u>	<u>(4,949)</u>	<u>(1,419,656)</u>
General revenues:						
Interest income				9,130	1,751	10,881
Other income				141,275	-	141,275
Total general revenues				<u>150,405</u>	<u>1,751</u>	<u>152,156</u>
Change in net position				(1,264,302)	(3,198)	(1,267,500)
Net position, October 1, 2012, as restated (Note 14)				36,647,539	9,770,657	46,418,196
Net position, September 30, 2013				<u>\$ 35,383,237</u>	<u>\$ 9,767,459</u>	<u>\$ 45,150,696</u>

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

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2013

ASSETS

		Stoneybrook	Special Revenue Funds	Town Lakes	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:							
Cash and cash equivalents	\$ 4,017,089	\$ 100,016	\$ 608,747	\$ 12,178	\$ 1,543,978	\$ 508,711	\$ 6,790,719
Accounts receivable	19,056	-	-	-	-	-	19,056
Prepaid expenditures	70,596	-	1,649	-	-	-	72,245
Due from other funds	807,627	-	707,561	6,892	-	1,086	1,523,166
Total assets	\$ 4,914,368	\$ 100,016	\$ 1,317,957	\$ 19,070	\$ 1,543,978	\$ 509,797	\$ 8,405,186

LIABILITIES AND FUND BALANCES

LIABILITIES AND FUND BALANCES:							
Accounts payable	\$ 93,552	\$ 10,150	\$ 49,699	\$ 40	\$ -	\$ -	\$ 153,441
Due to other funds	701,762	4,582	257,850	350	7,870	-	972,414
Total liabilities	795,314	14,732	307,549	390	7,870	-	1,125,855

FUND BALANCES:

Nonspendable:							
Prepaid expenditures	70,596	-	1,649	-	-	-	72,245
Restricted for:							
Debt service	-	-	-	-	-	509,797	509,797
Capital projects	-	-	-	-	1,536,108	-	1,536,108
Assigned for:							
Emergency funds	700,000	-	-	-	-	-	700,000
Operating reserve	147,847	40,873	106,292	-	-	-	295,012
Capital assets	3,200,611	-	105,213	-	-	-	3,305,824
Special revenue activities	-	44,411	797,254	18,680	-	-	860,345
Total fund balances	4,119,054	85,284	1,010,408	18,680	1,536,108	509,797	7,279,331
Total liabilities and fund balances	\$ 4,914,368	\$ 100,016	\$ 1,317,957	\$ 19,070	\$ 1,543,978	\$ 509,797	\$ 8,405,186

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

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 September 30, 2013

AMOUNTS REPORTED FOR GOVERNMENTAL
 ACTIVITIES IN THE STATEMENT OF NET POSITION
 ARE DIFFERENT BECAUSE:

Total fund balance of the governmental funds in the balance sheet, page 11		\$ 7,279,331
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Capital assets used in governmental activities are not
 financial resources and, therefore, are not reported
 in the governmental funds:

Governmental capital assets	\$ 46,826,535	
Less accumulated depreciation	<u>(16,029,286)</u>	30,797,249

Certain liabilities are not due and payable in the
 current period and, therefore, are not reported
 in the governmental funds:

Accrued interest payable		(71,635)
Compensated absences payable		(5,203)
Governmental bonds payable		<u>(2,616,505)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 9		\$ <u>35,383,237</u>
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The accompanying notes to basic financial statements are an integral part of these statements.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2013

	General Fund	Special Revenue Funds			Capital Projects Fund	Debt Service Fund	Total Governmental Funds
		Stoneybrook	Pelican Preserve	Town Lakes			
REVENUES:							
Assessments	\$ 1,791,707	\$ 450,782	\$ 1,460,506	\$ 6,892	\$ -	\$ 265,450	\$ 3,975,337
Interest and other revenues	130,707	6	19,410	1	281	-	150,405
Total revenues	<u>1,922,414</u>	<u>450,788</u>	<u>1,479,916</u>	<u>6,893</u>	<u>281</u>	<u>265,450</u>	<u>4,125,742</u>
EXPENDITURES:							
Current:							
General government	211,922	15,226	82,156	-	-	-	309,304
Maintenance and operations	1,705,133	354,911	1,026,382	533	-	-	3,086,959
Capital outlay	214,574	-	30,076	-	287,470	-	532,120
Debt service:							
Principal	-	-	-	-	-	80,000	80,000
Interest	-	-	-	-	-	179,233	179,233
Total expenditures	<u>2,131,629</u>	<u>370,137</u>	<u>1,138,614</u>	<u>533</u>	<u>287,470</u>	<u>259,233</u>	<u>4,187,616</u>
Net change in fund balances	(209,215)	80,651	341,302	6,360	(287,189)	6,217	(61,874)
FUND BALANCES, October 1, 2012, as restated (Note 14)	<u>4,328,269</u>	<u>4,633</u>	<u>669,106</u>	<u>12,320</u>	<u>1,823,297</u>	<u>503,580</u>	<u>7,341,205</u>
FUND BALANCES, September 30, 2013	<u>\$ 4,119,054</u>	<u>\$ 85,284</u>	<u>\$ 1,010,408</u>	<u>\$ 18,680</u>	<u>\$ 1,536,108</u>	<u>\$ 509,797</u>	<u>\$ 7,279,331</u>

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

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

AMOUNTS REPORTED FOR GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF ACTIVITIES
ARE DIFFERENT BECAUSE:

Net change in fund balance - total governmental funds,
page 13 \$ (61,874)

Governmental funds report capital outlays as
expenditures. However, in the statement of activities,
the cost of those assets is depreciated over their
estimated useful lives.

Expenditures for capital assets	\$	230,340	
Current year provision for depreciation		<u>(1,517,768)</u>	(1,287,428)

Repayment of debt principal in an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position:

Bond principal payments	80,000
-------------------------	--------

Certain items reported in the statement of activities do not
require the use of current financial resources and therefore
are not reported as expenditures in the governmental funds:

Change in accrued interest payable	5,959
Change in compensated absences	15
Provision for amortization of bond discount	<u>(974)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 10	\$ <u><u>(1,264,302)</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
September 30, 2013

	Water and Sewer Fund
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 1,805,833
Accounts receivable, net	625,415
Prepaid expenses	21,349
Due from other funds	16,114
Total current assets	2,468,711
Restricted assets:	
Cash and cash equivalents	1,607,756
Total restricted assets	1,607,756
Non-current assets:	
Capital assets (net)	10,554,133
Total non-current assets	10,554,133
Total assets	\$ 14,630,600
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 213,176
Accrued interest payable	61,050
Customer prepayments	1,989,989
Due to other funds	566,866
Current portion of bonds payable	245,000
Total current liabilities	3,076,081
Noncurrent liabilities:	
Compensated absences payable	15,518
Bonds payable, less current portion	1,771,542
Total liabilities	4,863,141
NET POSITION:	
Net investment in capital assets	8,904,706
Restricted:	
Debt service	331,744
Rate stabilization	539,150
Maintenance reserve	298,519
Unrestricted (deficit)	(306,660)
Total net position	9,767,459
Total liabilities and net position	\$ 14,630,600

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

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION - PROPRIETARY FUND
For the Year Ended September 30, 2013

	<u>Water and Sewer Fund</u>
OPERATING REVENUES:	
Charges for services	\$ <u>3,656,866</u>
OPERATING EXPENSES:	
Water purchases	1,800,512
Administrative and other	612,911
Provision for depreciation	540,031
Personnel services	275,081
Repairs and maintenance	141,093
Utilities	143,642
Insurance	<u>23,368</u>
Total operating expenses	<u>3,536,638</u>
Operating income	<u>120,228</u>
NONOPERATING REVENUES (EXPENSES):	
Interest earnings	1,751
Interest expense	<u>(125,177)</u>
Total nonoperating revenues (expenses)	<u>(123,426)</u>
Change in net position	(3,198)
NET POSITION, October 1, 2012, as restated (Note 14)	<u>9,770,657</u>
NET POSITION, September 30, 2013	<u>\$ <u>9,767,459</u></u>

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

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended September 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 3,654,361
Cash paid to employees for services	(267,592)
Cash paid to suppliers for goods and services	<u>(2,594,678)</u>
Net cash provided by operating activities	<u>792,091</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Net cash paid to other governments	(225,619)
Net cash payments from other funds	<u>379,356</u>
Net cash provided by noncapital financing activities	<u>153,737</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest paid	(129,000)
Bond principal payments	(230,000)
Purchase of capital assets	<u>(241,060)</u>
Net cash used in capital and related financing activities	<u>(600,060)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	1,751
Net sale of investments	<u>66,502</u>
Net cash provided by investing activities	<u>68,253</u>
Net increase in cash and cash equivalents	414,021
CASH AND CASH EQUIVALENTS, October 1, 2012	<u>2,999,568</u>
CASH AND CASH EQUIVALENTS, September 30, 2013	<u>\$ <u>3,413,589</u></u>

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

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
(continued)
For the Year Ended September 30, 2013

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ <u>120,228</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Provision for depreciation	540,031
Changes in assets and liabilities:	
Decrease in accounts receivable	63,880
Increase in prepaid expenses	(21,349)
Increase in accounts payable	148,197
Decrease in customer prepayments	(66,385)
Increase in compensated absences payable	<u>7,489</u>
Total adjustments	<u>671,863</u>
Net cash provided by operating activities	<u><u>\$ 792,091</u></u>

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

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2013

	<u>Agency Fund</u>
ASSETS:	
Investments	\$ 251,977
Prepays	<u>3,233</u>
Total assets	\$ <u><u>255,210</u></u>
LIABILITIES:	
Agency funds on hand	\$ <u>255,210</u>
Total liabilities	\$ <u><u>255,210</u></u>

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

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - ORGANIZATION AND OPERATIONS

The Gateway Services Community Development District (the "District") was established on May 22, 1986 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by the Florida Land and Water Adjudicatory Commission Chapter 42F-1. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by a Board of Supervisors (the "Board"), which is comprised of five members. The Supervisors are elected on an at large basis by registered voters residing within the boundaries of the District. The Board exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Assessing and levying special 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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The District's more significant accounting policies are described below.

Reporting entity:

The criteria used for including component units consists of identification of legally separate organizations for which the Board of Supervisors of the District are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. Based upon this review, there were no potential component units of the District.

Basis of Presentation:

FINANCIAL STATEMENTS – GOVERNMENT WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District has both governmental and business-type activities.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full-accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The net costs, by function, are also supported by general revenues, other revenue, etc. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflect capital-specific grants.

This government-wide focus is more on the ability to sustain the District as an entity and the change in the District's net position resulting from the current year's activities.

FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures (expenses).

The District reports the following major funds:

GOVERNMENTAL FUND TYPE

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

Stoneybrook, Pelican Preserve and Town Lakes Special Revenue Funds – These Special Revenue Funds are the primary operating funds of their respective developments which are located within the boundaries of the District.

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

PROPRIETARY FUND TYPE

Water and Sewer Fund – The Water and Sewer Fund is used to account for the operations of the water and sewer facilities, which are funded by the proceeds from operations of these facilities, including user fees, meter fees, and connection fees.

In addition, the District reports the following fiduciary fund which accounts for assets held by the District as an agent on behalf of others.

Agency Fund – The Agency Fund is used to account for the collection and remittance of monies by the District on behalf of other governments and entities.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting, and presentation:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available for use. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues available if they are collected within sixty days after year end. Expenditures are generally recognized when the liability is incurred, except that interest payable on debt is recognized only when due.

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 Water and Sewer Fund are charges to customers for water and sewer usage. The District's operating expenses within its proprietary fund include the cost of water, administrative expenses, insurance, repairs and maintenance, utilities, 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.

Budgets and budgetary accounting:

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund and the special revenue funds. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

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

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

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash equivalents:

For purposes of the statement of cash flows, the Water and Sewer Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments:

Investments are stated at their fair value, which is based on quoted market prices. Unrealized gains and losses in fair value are recognized. Certain investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased.

Restricted assets:

Certain proceeds of the District's Water and Sewer Refunding Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Prepaid expenses/expenditures:

When applicable, certain payments reflect costs applicable to a future accounting period and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital assets:

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

Proprietary fund capital assets are capitalized and depreciated over useful lives of the assets. The District's proprietary fund capital assets include water and sewer lines, meters in the field and equipment for the water and sewer facilities. Property, plant and equipment of the business-type activities are depreciated using the straight line method over the following estimated useful lives.

Water and sewer lines	30-40 years
Meters in the field	15-20 years
Plant and equipment	10-39 years
Equipment	5-10 years

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

Property, plant and equipment of the governmental activities are depreciated using the straight-line method over the following estimated useful lives

Infrastructure	20-40 years
Buildings and improvements	7-39 years
Equipment	5-10 years

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Accounts receivable:

Accounts receivable reflected in the Water and Sewer Fund consist of charges to customers for services including water, sewer and irrigation revenues on services which have been rendered whether billed or not. Accounts receivable in the Water and Sewer Fund are shown net of an allowance for doubtful accounts of \$ 124,291.

Due to/from other funds:

Short-term inter-fund advances, when applicable, are recorded by the advancing fund as a receivable with a corresponding payable recorded by the receiving fund. Repayments reduce the corresponding receivable and payable. Inter-fund balances are eliminated in the government-wide financial statements.

Compensated absences:

Vested or accumulated leave (annual, personal and sick) that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. All vested or accumulated leave is accrued when incurred in the government-wide and proprietary fund financial statements. In accordance with the provisions of governmental accounting standards, no liability is recorded for nonvesting accumulating rights to receive sick pay or personal leave benefits.

Long term obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method or effective-interest method. Bonds payable are reported net of premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as other costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Deferred outflow/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity classifications:

Government-wide statements

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond proceeds or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund statements

The District presents fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Supervisors (the "Board"). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Assessments:

Assessments, including debt services assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefitted by the District's activities. Operation and maintenance assessments are imposed upon all benefitted lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District.

Use of estimates:

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

Date of management review:

Subsequent events were evaluated through May 15, 2014, which is the date the financial statements were available for issuance.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits:

The District's deposits must be placed with banks and savings and loans which are qualified as public depositories prior to receipt of public monies under Chapter 280, Florida Statutes. These deposits are insured by the FDIC up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. At year end, the carrying amount of the District's bank deposits, excluding the Agency Fund, was \$ 6,543,863 and the bank balance was \$ 6,870,659.

Investments:

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others, negotiable direct or indirect obligations which are secured by the United States Government; the Local Government Surplus Funds Trust as created by Section 218.405, Florida Statute; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest bearing time deposits or savings accounts in authorized financial institutions. In addition, the District's Bond Indentures allow it to invest in highly rated commercial paper and other securities including government obligations of any political subdivision of any state within the United States.

Investments as of September 30, 2013 were as follows:

	Reported Amount - Fair Value	Maturity
Money market mutual funds	\$ <u>3,660,445</u>	N/A

These deposits and investments are reflected in the accompanying statement of net position as cash and cash equivalents.

Credit risk:

Florida Statutes require the money market mutual funds held by the District to have the highest credit quality rating from a nationally recognized rating agency. The money market mutual funds held by the District are rated AAAM by Standard and Poor's and Aaa by Moody's Investors Service.

Interest rate risk:

The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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 its investments or collateral securities that are in the possession of an outside party. The District has adopted a policy for custodial credit risk, however, at September 30, 2013, no investments are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration risk:

The District's investment policy requires diversification, but does not specify limits on types of investments.

Restricted cash, cash equivalents and investments:

The proprietary fund maintains cash, cash equivalents and investments in the amounts of \$ 1,607,756 that are restricted under the terms of the bond indenture.

NOTE 4 – INTERFUND BALANCES

At September 30, 2013, interfund receivables and payables are as follows:

	General Fund	Pelican Preserve	Stoneybrook	Towne Lakes	Capital Projects Fund	Water and Sewer Fund	Total
Due to:							
General Fund	\$ -	\$ 242,539	\$ 3,779	\$ 350	\$ -	\$ 560,959	\$ 807,627
Pelican Preserve	693,784	-	-	-	7,870	5,907	707,561
Towne Lakes	6,892	-	-	-	-	-	6,892
Debt Service Fund	1,086	-	-	-	-	-	1,086
Water and Sewer Fund	-	15,311	803	-	-	-	16,114
	<u>\$ 701,762</u>	<u>\$ 257,850</u>	<u>\$ 4,582</u>	<u>\$ 350</u>	<u>\$ 7,870</u>	<u>\$ 566,866</u>	<u>\$ 1,539,280</u>

The outstanding balances between the funds resulted primarily from borrowings to pay certain expenses and the differences in the dates that certain transactions are received by the District and the time for the receipt of funds to clear before these funds can be transferred to the applicable account.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 5 - CAPITAL ASSETS

The following is a schedule of changes in capital assets during the year ended September 30, 2013:

	Balance, October 1, 2012	Additions	Deletions	Balance, September 30, 2013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 5,900,668	\$ -	\$ -	\$ 5,900,668
Total capital assets, not being depreciated	<u>5,900,668</u>	<u>-</u>	<u>-</u>	<u>5,900,668</u>
Capital assets, being depreciated:				
Building and improvements	2,217,817	-	-	2,217,817
Infrastructure	37,918,254	230,340	-	38,148,594
Equipment	559,456	-	-	559,456
Total capital assets, being depreciated	<u>40,695,527</u>	<u>230,340</u>	<u>-</u>	<u>40,925,867</u>
Less accumulated depreciation for:				
Building and improvements	1,912,071	60,849	-	1,972,920
Infrastructure	12,235,654	1,432,539	-	13,668,193
Equipment	363,793	24,380	-	388,173
Total accumulated depreciation	<u>14,511,518</u>	<u>1,517,768</u>	<u>-</u>	<u>16,029,286</u>
Total capital assets, being depreciated, net	<u>26,184,009</u>	<u>(1,287,428)</u>	<u>-</u>	<u>24,896,581</u>
Governmental activities capital assets, net	<u>\$ 32,084,677</u>	<u>\$ (1,287,428)</u>	<u>\$ -</u>	<u>\$ 30,797,249</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Water and sewer lines	17,384,597	15,450	-	17,400,047
Equipment	230,337	18,978	-	249,315
Meters in the field	344,649	10,745	-	355,394
Plant and equipment	1,440,219	195,887	-	1,636,106
Total capital assets, being depreciated	<u>19,399,802</u>	<u>241,060</u>	<u>-</u>	<u>19,640,862</u>
Less accumulated depreciation for:				
Water and sewer lines	7,966,602	452,040	-	8,418,642
Equipment	204,337	11,608	-	215,945
Meters in the field	181,445	13,395	-	194,840
Plant and equipment	194,314	62,988	-	257,302
Total accumulated depreciation	<u>8,546,698</u>	<u>540,031</u>	<u>-</u>	<u>9,086,729</u>
Total capital assets, being depreciated, net	<u>10,853,104</u>	<u>(298,971)</u>	<u>-</u>	<u>10,554,133</u>
Business-type activities capital assets, net	<u>\$ 10,853,104</u>	<u>\$ (298,971)</u>	<u>\$ -</u>	<u>\$ 10,554,133</u>

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

NOTE 5 - CAPITAL ASSETS (continued)

Provision for depreciation was charged as follows:

Total provision for depreciation - governmental activities	\$	<u>1,517,768</u>
Total provision for depreciation - business-type activities	\$	<u>540,031</u>

NOTE 6 - DEBT

a. Summary of Long-Term Debt of Governmental Activities:

Debt of governmental activities at September 30, 2013 included the following:

\$ 3,200,000 Special Assessment Bonds, Series 2003A; due in semi-annual installments through May 2033; interest payable semi-annually at 6.50% (net of unamortized bond discount of \$ 18,495). \$ 2,616,505

The following is a summary of the changes in governmental activities long-term debt during the year ended September 30, 2013:

	Balance, October 1, 2012	Additions	Deletions	Balance, September 30, 2013	Due Within One Year
Special Assessment Revenue Bonds, Series 2003A	\$ 2,715,000	\$ -	\$ 80,000	\$ 2,635,000	\$ 65,000
Original issue discount	(19,469)		(974)	(18,495)	-
Compensated absences	<u>5,218</u>	<u>-</u>	<u>15</u>	<u>5,203</u>	<u>-</u>
	<u>\$ 2,700,749</u>	<u>\$ -</u>	<u>\$ 79,041</u>	<u>\$ 2,621,708</u>	<u>\$ 65,000</u>

b. Summary of Significant Debt Terms of Governmental Activities:

\$ 3,200,000 Special Assessment Revenue Bonds, Series 2003A - The District previously issued \$ 3,200,000 of Series 2003A Special Assessment Revenue Bonds. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. The bonds bear interest at 6.50% and mature in May 2033. Interest is payable semiannually on each May 1 and November 1. Principal on the Bonds is paid serially commencing on May 1, 2004 through May 1, 2033.

The Bond Indenture has certain restrictions and requirements relating principally to the use of the proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirement. The District is in compliance with the requirements of the Bond Indenture.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

NOTE 6 – DEBT (continued)

The annual debt service requirements to maturity for the outstanding bonds of governmental activities are as follows:

Year Ending September 30,	Principal	Interest	Total
2014	\$ 65,000	\$ 171,925	\$ 236,925
2015	70,000	167,700	237,700
2016	75,000	163,150	238,150
2017	80,000	158,275	238,275
2018	85,000	153,075	238,075
2019-2023	530,000	672,750	1,202,750
2024-2028	730,000	476,450	1,206,450
2029-2033	1,000,000	205,725	1,205,725
	<u>\$ 2,635,000</u>	<u>\$ 2,169,050</u>	<u>\$ 4,804,050</u>

c. Summary of Long-Term Debt of Business-Type Activities:

Debt of business-type activities at September 30, 2013 included the following:

\$ 3,815,000 Water and Sewer Refunding Revenues Bonds, Series 2003; due in semi-annual installments through October 2019; interest payable semi-annually at 6.00% (net of unamortized bond discount of \$ 18,458).	<u>\$ 2,016,542</u>
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The following is a summary of the changes in governmental activities long-term debt during the year ended September 30, 2013:

	Balance, October 1, 2012	Additions	Deletions	Balance, September 30, 2013	Due Within One Year
Water and Sewer Refunding Revenue Bonds, Series 2003	\$ 2,265,000	\$ -	\$ 230,000	\$ 2,035,000	\$ 245,000
Original issue discount	(21,535)	-	(3,077)	(18,458)	-
Compensated absences	8,029	7,489	-	15,518	-
	<u>\$ 2,251,494</u>	<u>\$ 7,489</u>	<u>\$ 226,923</u>	<u>\$ 2,032,060</u>	<u>\$ 245,000</u>

d. Summary of Significant Debt Terms of Business-Type Activities:

\$ 3,815,000 Water and Sewer Refunding Revenue Bonds, Series 2003 - The District previously issued \$ 3,815,000 of Series 2003 Water and Sewer Refunding Revenue Bonds. The Bonds were issued to refinance the Water and Sewer Revenue Bonds, Series 1989. The bonds bear interest at 6.00% and mature in October 2019. Interest is payable semiannually on each April 1 and October 1. Principal on the Bonds is paid serially commencing on October 1, 2003 through October 1, 2019.

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

NOTE 6 – DEBT (continued)

The Bond Indenture has certain restrictions and requirements relating principally to the use of the proceeds to refund and defease the Water and Sewer Revenue Bonds, Series 1989. The District pledged as security for payment of the principal and interest on the Bonds the net revenues (gross revenues less cost of operations and maintenance) derived from the operation of the District's water and sewer system. At September 30, 2013, the District is in compliance with the requirements of the Bond Indenture.

The annual debt service requirements to maturity for the outstanding bonds of business-type activities are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 245,000	\$ 114,750	\$ 359,750
2015	255,000	99,750	354,750
2016	270,000	84,000	354,000
2017	290,000	67,200	357,200
2018	305,000	49,350	354,350
2019-2020	670,000	40,800	710,800
	<u>\$ 2,035,000</u>	<u>\$ 455,850</u>	<u>\$ 2,490,850</u>

NOTE 7 – LONG TERM DEBT SPECIAL ASSESSMENT BONDS

Special assessment debt has been issued to finance certain improvement projects. The District collects assessments from the property owners and remits them to the trustee for bond payments, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this activity is reported in an agency fund, and the debt is not included in the financial statements of the District.

On August 20, 2007, the District issued \$2,450,000 of Water Management Benefit Tax Refunding Bonds, Series 2007 with a fixed interest rate of 5.25%. The Bonds were issued to refund and defease the Second Assessment Area - Phase One Water Management Benefit Tax Bonds, Series 1995. Interest is paid semiannually on each May 1 and November 1.

Principal on the Series 2007 Bonds is paid serially commencing on May 1, 2008 through May 1, 2020.

The following is a summary of the changes in long-term debt for which there is no governmental commitment during the year ended September 30, 2013:

	<u>Balance, October 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, September 30, 2013</u>	<u>Due Within One Year</u>
Water Management Benefit Tax Refunding Bonds, Series 2007	\$ <u>1,700,000</u>	\$ <u>-</u>	\$ <u>175,000</u>	\$ <u>1,525,000</u>	\$ <u>185,000</u>

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

NOTE 8 - RETIREMENT PLAN

Under the provisions of IRS Code Section 457 and GASB Statement No. 32 *Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans* all assets and income of the Plan are held in trust for the benefits of participants. Accordingly, the assets of the Plan are not included in the District's financial statements. The Plan is administered by ICMA Retirement Corporation.

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District carries commercial insurance to handle these various risks of losses. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage during the last three years.

NOTE 10 – MANAGEMENT COMPANY

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

NOTE 11 – OPERATING LEASE

The District is obligated to Lee County under a wholesale wastewater treatment and reuse water service agreement. Future minimum required payments are as follows:

Year Ending September 30,		
2014	\$	172,335
2015		172,335
2016		172,335
2017		172,335
2018		172,335
2019-2023		861,675
2024-2028		861,675
2029-2033		861,675
	\$	3,446,700

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 12 – CONTINGENCIES

The District is involved in various litigation, claims and investigations arising in the normal course of business. The outcome of these various items is currently unknown. However, District management believes, after consulting with District counsel, that the potential amount of the District's liability in these matters will not be material to the financial statements.

NOTE 13 – IMPACT FEES

On April 14, 2011, the City of Fort Myers, Florida issued fire impact fee credits to the District totaling \$ 1,510,505. The credits are valid for use in the City of Fort Myers and will expire on March 31, 2025. The credits could be used to offset future impact fee charges or could be sold or transferred to another entity. The ultimate amount received as a result of sale or transfer is subject to negotiation and may be less than the full amount of the credits. Because of the uncertainty regarding the ultimate amount to be realized, if any, from these credits, no amounts are recorded in the accompanying financial statements.

NOTE 14 – RESTATEMENT OF BEGINNING FUND BALANCE AND NET POSITION

For the year ended September 30, 2013 the District implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This resulted in a decrease to the beginning net position on the statement of activities of \$ 70,582 for governmental activities and \$ 162,379 for business activities to remove bond issuance costs in accordance with GASB 65.

Additionally, the District combined the Pelican Preserve special revenue fund and agency fund which increased the beginning fund balance in the Pelican Preserve special revenue fund by \$ 368,985 to incorporate the area of Pelican Preserve that had previously been reported as an agency fund. Beginning net position in the statement of activities for governmental activities was also increased by the same amount.

NOTE 15 – SUBSEQUENT EVENT

Subsequent to year end, the City issued \$ 2,630,000 in Special Assessment Refunding Bonds, Series 2013, for the purposes of refinancing the Special Assessment Bonds, Series 2003A and to finance certain drainage improvements, road work improvements and landscaping in common areas. The bond is separated into two ten year terms, the first from May 2014 through May 2023 and the second from May 2024 through May 2033, bearing interest at 5.25% and 5.75% respectively with annual principal and interest payments due through May 1, 2033.

REQUIRED
SUPPLEMENTARY INFORMATION

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended September 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Assessments	\$ 1,853,156	\$ 1,791,707	\$ (61,449)
Interest and other revenues	<u>61,925</u>	<u>130,707</u>	<u>68,782</u>
Total revenues	<u>1,915,081</u>	<u>1,922,414</u>	<u>7,333</u>
EXPENDITURES:			
Current:			
General government	125,316	211,922	(86,606)
Maintenance and operations	1,603,566	1,705,133	(101,567)
Capital outlay	<u>434,000</u>	<u>214,574</u>	<u>219,426</u>
Total expenditures	<u>2,162,882</u>	<u>2,131,629</u>	<u>31,253</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (247,801)</u>	<u>\$ (209,215)</u>	<u>\$ 38,586</u>

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT
BUDGETARY COMPARISON SCHEDULES - SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2013

	Stoneybrook			Pelican Preserve			Town Lakes		
	Original And Final Budget	Actual	Variance	Original And Final Budget	Actual	Variance	Original And Final Budget	Actual	Variance
REVENUES:									
Assessments	\$ 449,234	\$ 450,782	\$ 1,548	\$ 1,528,772	\$ 1,460,506	\$ (68,266)	\$ 6,900	\$ 6,892	\$ (8)
Interest and other revenues	-	6	6	1,600	19,410	17,810	-	1	1
Total revenues	449,234	450,788	1,554	1,530,372	1,479,916	(50,456)	6,900	6,893	(7)
EXPENDITURES:									
Current:									
General government	19,161	15,226	3,935	47,017	82,156	(35,139)	150	-	150
Maintenance and operations	354,200	354,911	(711)	1,311,992	1,026,382	285,610	6,750	533	6,217
Capital outlay	10,000	-	10,000	5,000	30,076	(25,076)	-	-	-
Total expenditures	383,361	370,137	13,224	1,364,009	1,138,614	225,395	6,900	533	6,367
Excess (deficiency) of revenues over expenditures	\$ 65,873	\$ 80,651	\$ 14,778	\$ 166,363	\$ 341,302	\$ 174,939	\$ -	\$ 6,360	\$ 6,360

OTHER REPORTS OF
INDEPENDENT AUDITORS

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*

The Board of Supervisors
Gateway Services Community Development District
Lee 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, each major fund, and the aggregate remaining fund information of Gateway Services Community Development District (the "District") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 15, 2014.

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 15, 2014

INDEPENDENT AUDITOR'S REPORT TO DISTRICT MANAGEMENT

The Board of Supervisors
Gateway Services Community Development District
Lee County, Florida

We have audited the basic financial statements of Gateway Services Community Development District (the "District"), as of and for the year ended September 30, 2013, and have issued our report thereon dated May 15, 2014.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which are dated May 15, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned reports.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i) 3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Gateway Services Community Development District

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the basic financial statements. Gateway Services Community Development District was established under the laws of the State of Florida in Chapter 70-617, as amended. The District does not have any component units.

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we require that we apply financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 15, 2014