

**Gateway Services Community  
Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2015**

**Gateway Services Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2015**

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## REPORT OF INDEPENDENT AUDITORS

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Gateway Services Community Development District as of and for the year ended September 30, 2015, and the related notes to 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting 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 opinion.

Fort Pierce / Stuart

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To the Board of Supervisors  
Gateway Services Community Development District

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Enterprise Fund of Gateway Services Community Development District, as of September 30, 2015, and the respective changes in financial position and the budgetary comparison for the General Fund and Special Revenue Funds 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 Discussion and Analysis 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 a report dated April 11, 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 and contracts. 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 Gateway Services Community Development District's internal control over financial reporting and compliance.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 11, 2016

**Gateway Services Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

Management's 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.

**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 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 financial statements* provide additional information concerning the District's finances.

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 special assessments. Business-type activities are supported by charges to the users of those activities, such as water and sewer service charges.

The **statement of net position** presents information on all assets and liabilities 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 general government, physical environment, and interest on long term debt. Business-type activities financed by user charges include water and sewer services.

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

**Gateway Services Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual**, is provided for the District's General and Special Revenue Funds. For the enterprise funds, a **statement of net position**, a **statement of revenues, expenses, and changes in fund 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 or 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 buildings, land, roads, bridges, traffic signals and equipment are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds, capital leases payable and future employee benefits obligated but not paid by the District, are included. The **statement of activities** includes depreciation on 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 special assessment bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

*Notes to financial statements* 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, long term debt, and pension plans are some of the items included in the *notes to financial statements*.

**Financial Highlights:**

The following are the highlights of financial activity for the year ended September 30, 2015.

- ◆ The District's total assets exceeded total liabilities by \$46,705,215 (net position). Unrestricted net position for Governmental Activities was \$5,696,643 and Business-type Activities was \$1,058,239. Restricted net position for Governmental Activities was \$1,331,777 and Business-type Activities was \$988,060. Net investment in capital assets for Governmental Activities was \$27,152,636 and Business-type Activities was \$10,477,860.

**Gateway Services Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Highlights (Continued)**

- ◆ Governmental Activities revenues totaled \$4,684,074 while Governmental Activities expenses totaled \$4,892,818. Business-type Activities revenues totaled \$4,463,919 while Business-type Activities expenses totaled \$3,590,735.

**Financial Analysis of the District**

The following schedule provides a summary of the assets, liabilities and net position of the District. It is not intended to be a complete presentation of government-wide financial activity.

	<b>Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Current assets	\$ 6,024,186	\$ 7,053,837	\$ 4,068,758	\$ 3,838,071	\$ 10,092,944	\$ 10,891,908
Restricted assets	1,445,750	-	1,148,090	1,207,679	2,593,840	1,207,679
Capital assets, net	29,510,947	30,152,376	11,668,721	10,160,165	41,179,668	40,312,541
<b>Total Assets</b>	<b>36,980,883</b>	<b>37,206,213</b>	<b>16,885,569</b>	<b>15,205,915</b>	<b>53,866,452</b>	<b>52,412,128</b>
Deferred outflows of resources	56,689	59,913	68,377	72,266	125,066	132,179
Current liabilities	477,492	406,180	2,360,476	2,201,767	2,837,968	2,607,947
Non-current liabilities	2,379,024	2,470,146	2,069,311	1,425,439	4,448,335	3,895,585
<b>Total Liabilities</b>	<b>2,856,516</b>	<b>2,876,326</b>	<b>4,429,787</b>	<b>3,627,206</b>	<b>7,286,303</b>	<b>6,503,532</b>
<b>Net Position</b>						
Net investment in capital assets	27,152,636	28,941,999	10,477,860	8,710,938	37,630,496	37,652,937
Restricted	1,331,777	40,196	988,060	1,056,906	2,319,837	1,097,102
Unrestricted	5,696,643	5,407,605	1,058,239	1,883,131	6,754,882	7,290,736
<b>Total Net Position</b>	<b>\$ 34,181,056</b>	<b>\$ 34,389,800</b>	<b>\$ 12,524,159</b>	<b>\$ 11,650,975</b>	<b>\$ 46,705,215</b>	<b>\$ 46,040,775</b>

The decrease in current assets and increase in restricted assets for governmental activities is primarily due to the reclassification of certain investments to restricted and revenues in excess of expenditures in the governmental funds.

The increase in current assets for business-type activities is primarily due to revenues in excess of expenses in the current year.

**Gateway Services Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The decrease in capital assets, net for governmental activities is primarily due to depreciation in excess of capital additions in the current year.

The increase in capital assets, net for business-type activities is primarily due to capital additions in excess of depreciation in the current year.

The increase in non-current liabilities for business-type activities is the result of a new loan in the current year.

The decrease in net position – net investment in capital assets for governmental activities is primarily due to depreciation in excess of principal payment on debt and capital additions in the current year.

The increase in net position – net investment in capital assets and decrease in net position – unrestricted for business-type activities is the result of principal payments and capital additions in excess of depreciation in the current year.

The increase in net position – restricted and decrease in unrestricted for governmental activities is primarily due to the reclassification for debt service.

**Gateway Services Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

	<b>Financial Activity</b>					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues						
Charges for services	\$ 4,557,690	\$ 4,291,025	\$ 4,387,401	\$ 3,916,307	\$ 8,945,091	\$ 8,207,332
General Revenues						
Investment earnings	5,906	1,909	2,014	272	7,920	2,181
Miscellaneous	120,478	92,470	74,504	2,011,053	194,982	2,103,523
<b>Total Revenue</b>	<b>4,684,074</b>	<b>4,385,404</b>	<b>4,463,919</b>	<b>5,927,632</b>	<b>9,147,993</b>	<b>10,313,036</b>
Expenses						
General government	324,940	366,095	-	-	324,940	366,095
Physical environment	3,959,658	4,735,164	-	-	3,959,658	4,735,164
Culture and recreation	464,830	-	-	-	464,830	-
Interest on long-term debt	143,390	277,582	-	-	143,390	277,582
Water and sewer	-	-	3,590,735	4,044,116	3,590,735	4,044,116
<b>Total Expenses</b>	<b>4,892,818</b>	<b>5,378,841</b>	<b>3,590,735</b>	<b>4,044,116</b>	<b>8,483,553</b>	<b>9,422,957</b>
Change in Net Position	(208,744)	(993,437)	873,184	1,883,516	664,440	890,079
Net Position - beginning of year	34,389,800	35,383,237	11,650,975	9,767,459	46,040,775	45,150,696
Net Position - end of year	<u>\$ 34,181,056</u>	<u>\$ 34,389,800</u>	<u>\$ 12,524,159</u>	<u>\$ 11,650,975</u>	<u>\$ 46,705,215</u>	<u>\$ 46,040,775</u>

The increase in charges for services for governmental activities is the result of an increase in special assessments.

The increase in charges for services for business-type activities is the result of an increase in water and sewer connections in the current year.

The decrease in miscellaneous revenues for business-type activities is due to the reimbursement for overcharges in utility services in the prior year.

The decrease in physical environment expenses and increase in culture and recreation for governmental activities is the result of a change in classification of expenses.

The decrease in interest on long-term debt for governmental activities is primarily due to the refunding of bonds in the prior year.

**Gateway Services Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The decrease in water and sewer expenses for business-type activities is the result of a decrease in wastewater costs in the current year.

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2015.

Description	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and improvements	\$ 5,900,668	\$ 5,900,668	\$ -	\$ -	\$ 5,900,668	\$ 5,900,668
Construction in progress	517,820	-	1,953,795	-	2,471,615	-
Building and improvements	2,275,910	2,264,016	1,695,440	1,670,908	3,971,350	3,934,924
Infrastructure	39,306,348	38,950,445	17,498,476	17,457,227	56,804,824	56,407,672
Equipment	584,951	582,753	694,453	665,329	1,279,404	1,248,082
Accumulated depreciation	(19,074,750)	(17,545,506)	(10,173,443)	(9,633,299)	(29,248,193)	(27,178,805)
Total Capital Assets (Net)	<u>\$29,510,947</u>	<u>\$30,152,376</u>	<u>\$11,668,721</u>	<u>\$10,160,165</u>	<u>\$41,179,668</u>	<u>\$40,312,541</u>

Governmental activities had current year additions of \$890,006, depreciation of \$1,531,276 and deletions of \$2,251 in equipment and \$2,032 in accumulated depreciation.

Business-Type activities had current year additions of \$2,094,963, depreciation of \$558,214 and a deletion of \$46,263 of infrastructure and equipment and \$18,070 in accumulated depreciation.

**General Fund Budgetary Highlights**

Budgeted expenditures exceeded actual expenditures primarily because of lower capital outlay expenditures than were anticipated.

There were no amendments to the September 30, 2015 budget.

**Gateway Services Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In November 2013, the District issued \$2,630,000 Series 2013 Special Assessment Refunding Bonds. These bonds were issued to pay and redeem the outstanding Series 2003 bonds. The outstanding balance at September 30, 2015 was \$2,465,000.

Business-Type Activities debt includes the following:

- ◆ In January 2014, the District issued \$1,600,000 Series 2014 Water and Sewer Refunding Bonds. These bonds were issued to pay and redeem the outstanding Series 2003 bonds. The outstanding balance at September 30, 2015 was \$1,410,000.
- ◆ In October 2014, the District instituted a loan for \$1,350,000. The loan was issued to fund certain construction projects within the District. As of September 30, 2015, the District has received advances on the loan totaling \$917,240.

**Economic Factors and Next Year's Budget**

Gateway Services Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2016.

**Request for Information**

The 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, Severn Trent Management Services, 210 N. University Drive, Suite 702, Coral Springs, FL 33071.

**Gateway Services Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 5,699,816	\$ 3,620,667	\$ 9,320,483
Accounts receivable and accrued revenues	41,615	712,208	753,823
Accrued interest receivable	1,278	-	1,278
Prepaid items	6,790	7,357	14,147
Due from other governments	3,213	-	3,213
Internal balances	271,474	(271,474)	-
Total Current Assets	6,024,186	4,068,758	10,092,944
<b>Non-current Assets</b>			
<b>Restricted Assets</b>			
Cash and investments	1,445,750	1,148,090	2,593,840
Land and improvements	5,900,668	-	5,900,668
Construction in progress	517,820	1,953,795	2,471,615
Buildings and improvements	2,275,910	1,695,440	3,971,350
Infrastructure	39,306,348	17,498,476	56,804,824
Equipment	584,951	694,453	1,279,404
Less: accumulated depreciation	(19,074,750)	(10,173,443)	(29,248,193)
Total Non-current Assets	30,956,697	12,816,811	43,773,508
Total Assets	36,980,883	16,885,569	53,866,452
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred amount on refunding	56,689	68,377	125,066
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	330,174	577,349	907,523
Due to other governments	-	81,600	81,600
Customer prepayments	-	1,412,685	1,412,685
Accrued interest payable	57,318	18,842	76,160
Bonds and notes payable	90,000	270,000	360,000
Total Current Liabilities	477,492	2,360,476	2,837,968
<b>Non-current Liabilities</b>			
Bonds and notes payable	2,375,000	2,057,240	4,432,240
Compensated absences	4,024	12,071	16,095
Total Non-current Liabilities	2,379,024	2,069,311	4,448,335
Total Liabilities	2,856,516	4,429,787	7,286,303
<b>NET POSITION</b>			
Net investment in capital assets	27,152,636	10,477,860	37,630,496
<b>Restricted</b>			
Debt service	48,394	448,847	497,241
Capital projects	1,283,383	-	1,283,383
Rate stabilization	-	539,213	539,213
Unrestricted	5,696,643	1,058,239	6,754,882
Total Net Position	\$ 34,181,056	\$ 12,524,159	\$ 46,705,215

See accompanying notes to financial statements

**Gateway Services Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2015**

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Governmental Activities	Business-type Activities	
Governmental Activities					
General government	\$ (324,940)	293,277	\$ (31,663)	\$ -	\$ (31,663)
Physical environment	(3,959,658)	3,573,812	(385,846)	-	(385,846)
Culture and recreation	(464,830)	457,249	(7,581)	-	(7,581)
Interest on long-term debt	(143,390)	233,352	89,962	-	89,962
Total Governmental Activities	<u>(4,892,818)</u>	<u>4,557,690</u>	<u>(335,128)</u>	<u>-</u>	<u>(335,128)</u>
Business-type Activities					
Water and sewer utilities	<u>(3,590,735)</u>	<u>4,387,401</u>	<u>-</u>	<u>796,666</u>	<u>796,666</u>
Total Primary Government	<u>\$ (8,483,553)</u>	<u>\$ 8,945,091</u>	<u>(335,128)</u>	<u>796,666</u>	<u>461,538</u>
General Revenues					
Investment earnings			5,906	2,014	7,920
Miscellaneous revenues			120,478	74,504	194,982
Total General Revenues			<u>126,384</u>	<u>76,518</u>	<u>202,902</u>
Change in Net Position			(208,744)	873,184	664,440
Net Position - October 1, 2014			<u>34,389,800</u>	<u>11,650,975</u>	<u>46,040,775</u>
Net Position - September 30, 2015			<u>\$ 34,181,056</u>	<u>\$ 12,524,159</u>	<u>\$ 46,705,215</u>

See accompanying notes to financial statements.

**Gateway Services Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2015**

	Special Revenue				Debt Service	Capital Projects	Governmental Funds
	General	Pelican Preserve	Stoneybrook	Towne Lakes			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,076,105	\$ 2,383,587	\$ 208,813	\$ 31,311	\$ -	\$ -	\$ 5,699,816
Accounts receivable	16,545	25,058	12	-	-	-	41,615
Accrued interest receivable	1,278	-	-	-	-	-	1,278
Due from other funds	292,981	40,367	-	37	1,215	1,552	336,152
Due from other governments	3,213	-	-	-	-	-	3,213
Prepaid expenses	5,994	515	281	-	-	-	6,790
Restricted assets							
Investments, at fair value	-	-	-	-	156,049	1,289,701	1,445,750
Total Assets	<u>\$ 3,396,116</u>	<u>\$ 2,449,527</u>	<u>\$ 209,106</u>	<u>\$ 31,348</u>	<u>\$ 157,264</u>	<u>\$ 1,291,253</u>	<u>\$ 7,534,614</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	\$ 267,023	\$ 43,872	\$ 19,279	\$ -	\$ -	\$ -	\$ 330,174
Due to other funds	33,749	5,363	16,144	-	1,552	7,870	64,678
Total Liabilities	<u>300,772</u>	<u>49,235</u>	<u>35,423</u>	<u>-</u>	<u>1,552</u>	<u>7,870</u>	<u>394,852</u>
Fund Balances:							
Nonspendable							
Prepaid expenses	5,994	515	281	-	-	-	6,790
Restricted							
Special revenue	-	1,802,654	103,808	31,348	-	-	1,937,810
Debt service	-	-	-	-	155,712	-	155,712
Capital projects	-	-	-	-	-	1,283,383	1,283,383
Assigned							
Emergency reserve	700,000	-	-	-	-	-	700,000
Capital projects	2,230,441	597,123	69,594	-	-	-	2,897,158
Unassigned	158,909	-	-	-	-	-	158,909
Total Fund Balances	<u>3,095,344</u>	<u>2,400,292</u>	<u>173,683</u>	<u>31,348</u>	<u>155,712</u>	<u>1,283,383</u>	<u>7,139,762</u>
Total Liabilities and Fund Balances	<u>\$ 3,396,116</u>	<u>\$ 2,449,527</u>	<u>\$ 209,106</u>	<u>\$ 31,348</u>	<u>\$ 157,264</u>	<u>\$ 1,291,253</u>	<u>\$ 7,534,614</u>

See accompanying notes to financial statements.

**Gateway Services Community Development District  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2015**

Total Governmental Fund Balances	\$ 7,139,762
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets (land (\$5,900,668), Construction in progress (\$517,820) buildings and improvements (\$2,275,910), infrastructure (\$39,306,348), and equipment (\$584,951), net of accumulated depreciation (\$19,074,750)) used in governmental activities are not financial resources and; therefore, are not reported at the fund statement level.	29,510,947
Deferred outflows of resources, deferred amount on refunding, net, are not financial resources , and therefore, are not reported at the fund level.	56,689
Long-term liabilities, including bonds payable (\$2,465,000), and accrued compensated absences, (\$4,024) are not due and payable in the current period and; therefore, are not reported at the fund statement level.	(2,469,024)
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.	<u>(57,318)</u>
Net Position of Governmental Activities	<u><u>\$ 34,181,056</u></u>

*See accompanying notes to financial statements.*

**Gateway Services Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2015**

	Special Revenue					Capital Projects	Totals Governmental Funds
	General	Pelican Preserve	Stoneybrook	Towne Lakes	Debt Service		
Revenues							
Special assessments	\$ 1,973,288	\$ 1,817,978	\$ 399,729	\$ 6,904	\$ 233,352	\$ -	\$ 4,431,251
Charges for services	37,714	-	-	-	-	-	37,714
Investment earnings	3,833	1,894	79	10	12	78	5,906
Miscellaneous revenues	5,478	115,000	-	-	-	-	120,478
Impact fees	-	88,725	-	-	-	-	88,725
Total Revenues	<u>2,020,313</u>	<u>2,023,597</u>	<u>399,808</u>	<u>6,914</u>	<u>233,364</u>	<u>78</u>	<u>4,684,074</u>
Expenditures							
Current							
General government	166,145	152,246	7,671	-	-	-	326,062
Physical environment	1,159,510	961,838	344,369	683	-	-	2,466,400
Culture and recreation	426,593	-	-	-	-	-	426,593
Capital outlay	890,066	-	-	-	-	-	890,066
Debt service							
Principal	-	-	-	-	85,000	-	85,000
Interest	-	-	-	-	142,025	-	142,025
Total Expenditures	<u>2,642,314</u>	<u>1,114,084</u>	<u>352,040</u>	<u>683</u>	<u>227,025</u>	<u>-</u>	<u>4,336,146</u>
Net change in fund balances	<u>(622,001)</u>	<u>909,513</u>	<u>47,768</u>	<u>6,231</u>	<u>6,339</u>	<u>78</u>	<u>347,928</u>
Fund Balances - October 1, 2014	<u>3,717,345</u>	<u>1,490,779</u>	<u>125,915</u>	<u>25,117</u>	<u>149,373</u>	<u>1,283,305</u>	<u>6,791,834</u>
Fund Balances - September 30, 2015	<u>\$ 3,095,344</u>	<u>\$ 2,400,292</u>	<u>\$ 173,683</u>	<u>\$ 31,348</u>	<u>\$ 155,712</u>	<u>\$ 1,283,383</u>	<u>\$ 7,139,762</u>

See accompanying notes to financial 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, 2015**

Net Change in Fund Balances -Total Governmental Funds \$ 347,928

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation. This is the amount that depreciation (\$1,531,276) exceeded capital additions (\$890,066). (641,210)

Governmental funds report the proceeds from the sale of capital assets as revenues. However, in the statement of activities, the gain or loss is reported. This is the amount of the loss on the disposal of capital assets. (219)

Repayments of bond principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 85,000

The deferred outflow of resources for refunding debt is recognized as a component of interest expense in the Statement of Activities, but not in the governmental funds. This is the amount of current year interest. (3,224)

Certain expenses reported in the Statement of Activities do not require use of current financial resources and are not reported as expenditures in governmental funds. This is the net change in accrued compensated absences. 1,122

In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest is reported when due. This is the change in accrued interest in the current period. 1,859

Change in Net Position of Governmental Activities \$ (208,744)

*See accompanying notes to financial statements.*

**Gateway Services Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 1,999,089	\$ 1,999,089	\$ 1,973,288	\$ (25,801)
Charges for services	48,500	48,500	37,714	(10,786)
Investment earnings	1,500	1,500	3,833	2,333
Miscellaneous revenues	10,000	10,000	5,478	(4,522)
Total Revenues	<u>2,059,089</u>	<u>2,059,089</u>	<u>2,020,313</u>	<u>(38,776)</u>
Expenditures				
Current				
General government	176,913	176,913	166,145	10,768
Physical environment	1,282,359	1,282,359	1,159,510	122,849
Culture and recreation	449,817	449,817	426,593	23,224
Capital outlay	2,672,800	2,672,800	890,066	1,782,734
Total Expenditures	<u>4,581,889</u>	<u>4,581,889</u>	<u>2,642,314</u>	<u>1,939,575</u>
Net change in fund balances	(2,522,800)	(2,522,800)	(622,001)	1,900,799
Fund Balances - October 1, 2014	<u>2,522,800</u>	<u>2,522,800</u>	<u>3,717,345</u>	<u>1,194,545</u>
Fund Balances - September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,095,344</u>	<u>\$ 3,095,344</u>

See accompanying notes to financial statements.

**Gateway Services Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - PELICAN PRESERVE FUND**  
**For the Year Ended September 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 1,817,036	\$ 1,817,036	\$ 1,817,978	\$ 942
Investment earnings	900	900	1,894	994
Miscellaneous revenues	5,000	5,000	115,000	110,000
Impact fees	-	-	88,725	88,725
Total Revenues	<u>1,822,936</u>	<u>1,822,936</u>	<u>2,023,597</u>	<u>200,661</u>
Expenditures				
Current				
General government	122,624	122,624	152,246	(29,622)
Physical environment	1,451,533	1,451,533	961,838	489,695
Capital outlay	248,779	248,779	-	248,779
Total Expenditures	<u>1,822,936</u>	<u>1,822,936</u>	<u>1,114,084</u>	<u>708,852</u>
Net change in fund balances	-	-	909,513	909,513
Fund Balances - October 1, 2014	<u>-</u>	<u>-</u>	<u>1,490,779</u>	<u>1,490,779</u>
Fund Balances - September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,400,292</u>	<u>\$ 2,400,292</u>

See accompanying notes to financial statements.

**Gateway Services Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - STONEYBROOK FUND**  
**For the Year Ended September 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Special assessments	\$ 399,521	\$ 399,521	\$ 399,729	\$ 208
Investment earnings	-	-	79	79
Total Revenues	<u>399,521</u>	<u>399,521</u>	<u>399,808</u>	<u>287</u>
Expenditures				
Current				
General government	12,100	12,100	7,671	4,429
Physical environment	<u>387,421</u>	<u>387,421</u>	<u>344,369</u>	<u>43,052</u>
Total Expenditures	<u>399,521</u>	<u>399,521</u>	<u>352,040</u>	<u>47,481</u>
Net change in fund balances	-	-	47,768	47,768
Fund Balances - October 1, 2014	<u>-</u>	<u>-</u>	<u>125,915</u>	<u>125,915</u>
Fund Balances - September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,683</u>	<u>\$ 173,683</u>

*See accompanying notes to financial statements.*

**Gateway Services Community Development District  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - TOWNE LAKES FUND  
For the Year Ended September 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Special assessments	\$ 6,900	\$ 6,900	\$ 6,904	\$ 4
Investment earnings	-	-	10	10
Total Revenues	<u>6,900</u>	<u>6,900</u>	<u>6,914</u>	<u>14</u>
Expenditures				
Current				
General government	150	150	-	150
Physical environment	<u>6,750</u>	<u>6,750</u>	<u>683</u>	<u>6,067</u>
Total Expenditures	<u>6,900</u>	<u>6,900</u>	<u>683</u>	<u>6,217</u>
Net change in fund balances	-	-	6,231	6,231
Fund Balances - October 1, 2014	<u>-</u>	<u>-</u>	<u>25,117</u>	<u>25,117</u>
Fund Balances - September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,348</u>	<u>\$ 31,348</u>

*See accompanying notes to financial statements.*

**Gateway Services Community Development District**  
**STATEMENT OF NET POSITION –**  
**WATER & SEWER FUND**  
**September 30, 2015**

**ASSETS**

**Current Assets**

Cash and investments	\$ 3,620,667
Accounts receivable and accrued revenues	712,208
Due from other funds	9,319
Prepaid items	7,357
Total Current Assets	4,349,551

**Non-current Assets**

**Restricted Assets**

Cash and investments	1,148,090
Construction in progress	1,953,795
Buildings and improvements	1,695,440
Infrastructure	17,498,476
Equipment	694,453
Accumulated depreciation	(10,173,443)
Total Non-current Assets	12,816,811
Total Assets	17,166,362

**DEFERRED OUTFLOW OF RESOURCES**

Deferred amount on refunding	68,377
	68,377

**LIABILITIES**

**Current Liabilities**

Accounts payable and accrued expenses	577,349
Due to other funds	280,793
Due to other governments	81,600
Customer prepayments	1,412,685
Accrued interest payable	18,842
Bonds and notes payable	270,000
Total Current Liabilities	2,641,269

**Non-current Liabilities**

Bonds and notes payable	2,057,240
Compensated absences	12,071
Total Non-current Liabilities	2,069,311
Total Liabilities	4,710,580

**NET POSITION**

Net investment in capital assets	10,477,860
<b>Restricted</b>	
Debt service	448,847
Rate stabilization	539,213
<b>Unrestricted</b>	1,058,239
Total Net Position	\$ 12,524,159

*See accompanying notes to financial statements.*

**Gateway Services Community Development District  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION - WATER & SEWER FUND  
For The Year Ended September 30, 2015**

Operating revenues:	
Water and sewer charges	\$ 4,387,401
Other miscellaneous revenues	74,504
Total Operating Revenues	4,461,905
Operating Expenses:	
Water purchases	1,414,424
Administrative and other	573,127
Depreciation	558,213
Personnel services	431,977
Repairs and maintenance	309,712
Utilities	164,010
Insurance	26,730
Total Operating Expenses	3,478,193
Operating Income (Loss)	983,712
Non-operating Revenues (Expenses):	
Interest earnings	2,014
Loss on disposal of capital assets	(28,193)
Interest expense and other debt service costs	(84,349)
Total Non-operating Revenues (Expenses)	(110,528)
Change in Net Position	873,184
Net Position - October 1, 2014	11,650,975
Net Position - September 30, 2015	\$ 12,524,159

*See accompanying notes to financial statements.*

**Gateway Services Community Development District**  
**STATEMENT OF CASH FLOWS –**  
**WATER & SEWER FUND**  
**For The Year Ended September 30, 2015**

	Water & Sewer Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 5,057,887
Cash paid to suppliers	(1,629,181)
Cash paid for employee services	(435,345)
Net Cash Provided By Operating Activities	2,993,361
Cash Flows From Capital Activities and Related Financing Activities	
Investment in capital assets	(2,076,893)
Interest paid on capital debt	(77,378)
Proceeds from long-term debt	917,240
Principal payments on long-term debt	(190,000)
Net Cash Used By Capital Activities and Related Financing Activities	(1,427,031)
Cash Flows From Investing Activities	
Interest income	2,014
Net increase in cash and investments	1,568,344
Cash and investments, October 1, 2014	3,200,413
Cash and equivalents, September 30, 2015	\$ 4,768,757
Reconciliation of Net Operating Income to Net Cash Provided By Operating Activities	
Cash Flows From Operating Activities:	
Operating income	\$ 983,712
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	540,144
Changes in assets and liabilities:	
Increase in accounts receivable	(80,926)
Decrease in prepaid expenses	2,748
Decrease in due from other funds	4,784
Decrease in due from other governments	1,198,991
Increase in accounts payable	482,090
Increase in due to other funds	271,649
Increase in due to other governments	45,900
Decrease in customer deposits	(452,363)
Decrease in accrued compensation	(3,368)
Total Adjustments	2,009,649
Net Cash Provided By Operating Activities	\$ 2,993,361

See accompanying notes to financial statements.

**Gateway Services Community Development District**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**September 30, 2015**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and investments	<u>\$ 250,854</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued expenses	4,337
Agency funds on hand	246,517
Total Liabilities	<u>\$ 250,854</u>

*See accompanying notes to financial statements.*

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

The financial statements of Gateway Services Community Development District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**1. Reporting Entity**

The District was established on May 22, 1986 by the Florida Land and Water Adjudicatory Commission Chapter 42F-1, pursuant to the provisions of Chapter 190, Florida Statutes, for the purpose of planning, financing, constructing, operating, and maintaining certain community-wide infrastructure. The District consists of approximately 4,488 acres located in Lee County, Florida, and is governed by a five member Board of Supervisors, who are elected to a term of four years, by qualified electors.

As required by GAAP, these financial statements present the Gateway Services Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards, the District has identified no component units.

**2. Measurement Focus and Basis of Accounting**

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

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

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements (Continued)**

Governmental activities which normally are supported by special assessments, rents and interest, are reported separately from business-type activities. Program revenues include charges for services, special assessments and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financial source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Governmental Funds**

When both restricted and unrestricted resources are combined in a fund, qualified expenses are considered to be paid first from restricted resources, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Restricted Fund Balance** – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**Unassigned Fund Balance** – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Fund Balance Spending Hierarchy** - For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

**Enterprise Funds**

In the fund financial statements, the enterprise fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, enterprise funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The District applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with, or contradict, GASB pronouncements.

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Enterprise Funds (Continued)**

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources.

Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

**3. Basis of Presentation**

**a. Governmental Funds**

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund – Pelican Preserve

This special revenue fund is used to account for the activity of Pelican Preserve, which is located within the boundaries of the District.

Special Revenue Fund – Stoneybrook

This special revenue fund is used to account for the activity of Stoneybrook, which is located within the boundaries of the District.

Special Revenue Fund – Towne Lakes

This special revenue fund is used to account for the activity of Towne Lakes, which is located within the boundaries of the District.

Debt Service Fund – Series 2013

The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term general obligation debt on the Series 2013 Bonds.

Capital Projects Fund – Series 2013

The Capital Project Fund accounts for construction of infrastructure improvements located within the boundaries of the district.

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation (Continued)**

**b. Enterprise Funds**

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

**c. Fiduciary Funds**

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

**d. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds, due to developer and accrued compensated absences be reported in the governmental activities column in the government-wide statement of net position.

**4. Assets, Liabilities, and Net Position or Equity**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

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

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity (Continued)**

**a. Cash and Investments (Continued)**

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

**b. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances”.

**c. Inventories**

Inventories are valued at cost in the enterprise fund.

**d. Restricted Net Position**

Certain net position of the District are classified as restricted on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

**e. Capital Assets**

Capital assets, which include land, building and improvements, infrastructure and equipment, are reported in the applicable governmental or business-type activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity (Continued)**

**e. Capital Assets (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

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

**f. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported on the Statement of Net Position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**g. Accrued Compensated Absences**

The District accrues unused portions of vacation pay in the period the fund liability is incurred. As permitted by Governmental Accounting Standards Board Statement No. 16, the vesting method is used to accrue sick leave liability. The liability is based on the sick leave accumulated at year-end by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments.

Even though the District has accumulated and earmarked expendable available fund resources for these amounts, the portion not normally expected to be liquidated with expendable available financial resources is not reported as a fund liability in the governmental fund financial statements.

**Gateway Services Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity (Continued)**

**h. Budget**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Section 200.065 of the Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

“Total fund balances” of the District’s governmental funds (\$7,139,762) differs from “net position” of governmental activities (\$34,181,056) reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below:

**Capital related items**

When capital assets (property, plant and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the District as a whole.

Land	\$ 5,900,668
Construction in progress	517,820
Buildings and improvements	2,275,910
Infrastructure	39,306,348
Equipment	584,951
Accumulated depreciation	<u>(19,074,750)</u>
Total	<u>\$ 29,510,947</u>

**Deferred amount on refunding**

Deferred outflows of resources are not financial resources, and therefore, are not recognized at the fund level.

Deferred amount on refunding, net	<u>\$ 56,689</u>
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**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)**

**Long-term debt transactions**

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position.

Bonds payable	\$ (2,465,000)
Accrued compensated absences	<u>(4,024)</u>
Total	<u>\$ (2,469,024)</u>

**Accrued interest**

Accrued liabilities in the statement of net position differ from the amount reported in governmental funds due to accrued interest on bonds.

Accrued interest	<u>\$ (57,318)</u>
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**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The "net change in fund balances" for government funds (\$347,928) differs from the "change in net position" for governmental activities (\$(208,744)) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)**

**Capital related items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charged for the year. The following is the amount of depreciation, capital asset additions, proceeds and loss from the sale of capital assets.

Capital outlay	\$	890,066
Loss on disposal of capital asset		(219)
Depreciation		<u>(1,531,276)</u>
Total		<u><u>\$ (641,429)</u></u>

**Long-term debt transactions**

Repayments of bond principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Bonds principal payments	\$	85,000
Deferred amount on refunding		<u>(3,224)</u>
Total		<u><u>\$ (81,776)</u></u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Change in accrued compensated absence	\$	1,122
Change in accrued interest payable		<u>1,859</u>
		<u><u>\$ 2,981</u></u>

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE C - CASH AND INVESTMENTS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2015, the District's balance was \$9,326,501 and the carrying value was \$9,320,483. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2015, the District had the following investments and maturities:

Investment	Maturities	Fair Value
First American Government Obligation	N/A	\$ 2,593,840

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

Interest Rate Risk

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

Credit Risk

The District's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices.

**Gateway Services Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one investment. The investments in First American Government Obligation Fund are 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2015 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary. As of September 30, 2015, the District's investment in the First American Government Obligation Fund was rated AAAM by Standard & Poor's.

**NOTE D – SPECIAL ASSESSMENT REVENUES**

Special assessment revenues recognized for the 2014-2015 fiscal year were levied in October 2014. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Florida Statute 197.162, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to, June 1; therefore, there were no material taxes receivable at fiscal year end.

**NOTE E – INTERFUND BALANCES**

Interfund balances at September 30, 2015, consisted of the following:

	<u>Payable Fund</u>						Total
	<u>Special Revenue Funds</u>			Debt Service Fund	Capital Projects Fund	Enterprise Fund	
<u>Receivable Fund</u>	General Fund	Pelican Preserve	Stoneybrook				
General Fund	\$ -	\$ -	\$ 12,188	\$ -	\$ -	\$ 280,793	\$ 292,981
Pelican Preserve	32,497	-	-	-	7,870	-	40,367
Towne Lakes	37	-	-	-	-	-	37
Debt Service Fund	1,215	-	-	-	-	-	1,215
Capital Projects Fund	-	-	-	1,552	-	-	1,552
Water and Sewer Fund	-	5,363	3,956	-	-	-	9,319
Total	<u>\$ 33,749</u>	<u>\$ 5,363</u>	<u>\$ 16,144</u>	<u>\$ 1,552</u>	<u>\$ 7,870</u>	<u>\$ 280,793</u>	<u>\$ 345,471</u>

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE F - CHANGES IN CAPITAL ASSETS**

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

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
<u>Governmental Activities:</u>				
Capital assets, not depreciated:				
Land and improvements	\$ 5,900,668	\$ -	\$ -	\$ 5,900,668
Construction in progress	-	517,820	-	517,820
Total Capital Assets, Not Depreciated	<u>5,900,668</u>	<u>517,820</u>	<u>-</u>	<u>6,418,488</u>
Capital assets, being depreciated:				
Building and improvements	2,264,016	11,894	-	2,275,910
Infrastructure	38,950,445	355,903	-	39,306,348
Equipment	582,753	4,449	(2,251)	584,951
Total Capital Assets, Being Depreciated	<u>41,797,214</u>	<u>372,246</u>	<u>(2,251)</u>	<u>42,167,209</u>
Less accumulated depreciation for:				
Building and improvements	(2,018,095)	(46,399)	-	(2,064,494)
Infrastructure	(15,113,834)	(1,458,474)	-	(16,572,308)
Equipment	(413,577)	(26,403)	2,032	(437,948)
Total Accumulated Depreciation	<u>(17,545,506)</u>	<u>(1,531,276)</u>	<u>2,032</u>	<u>(19,074,750)</u>
Total Capital Assets Depreciated, Net	<u>24,251,708</u>	<u>(1,159,030)</u>	<u>(219)</u>	<u>23,092,459</u>
Governmental Activities Capital Assets	<u>\$ 30,152,376</u>	<u>\$ (641,210)</u>	<u>\$ (219)</u>	<u>\$ 29,510,947</u>

Depreciation in the amount of \$1,493,039 was charged to the physical environment and \$38,237 was charged to culture and recreation.

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE F - CHANGES IN CAPITAL ASSETS (CONTINUED)**

The following is a summary of changes in the Water & Sewer Fund capital assets for the year ended September 30, 2015.

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
<u>Business-type Activities:</u>				
Capital assets, not depreciated:				
Construction in progress	\$ -	\$ 1,953,795	\$ -	\$ 1,953,795
Capital assets, being depreciated:				
Building and improvements	1,670,908	24,532	-	1,695,440
Infrastructure	17,457,227	82,261	(41,012)	17,498,476
Equipment	665,329	34,375	(5,251)	694,453
Total Capital Assets, Being Depreciated	<u>19,793,464</u>	<u>141,168</u>	<u>(46,263)</u>	<u>19,888,369</u>
Less accumulated depreciation for:				
Building and improvements	(326,856)	(68,141)	-	(394,997)
Infrastructure	(8,871,216)	(454,161)	13,329	(9,312,048)
Equipment	(435,227)	(35,912)	4,741	(466,398)
Total Accumulated Depreciation	<u>(9,633,299)</u>	<u>(558,214)</u>	<u>18,070</u>	<u>(10,173,443)</u>
Total Capital Assets Depreciated, Net	<u>10,160,165</u>	<u>(417,046)</u>	<u>(28,193)</u>	<u>9,714,926</u>
Business-type Activities Capital Assets	<u>\$ 10,160,165</u>	<u>\$ 1,536,749</u>	<u>\$ (28,193)</u>	<u>\$ 11,668,721</u>

Depreciation of \$558,214 was charged to Water and Sewer.

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE G - LONG-TERM DEBT**

The following is a summary of activity in long-term debt of the District for the year ended September 30, 2015:

Governmental Activities

Long-term debt at October 1, 2014	\$ 2,550,000
Bond principal payments	(85,000)
Long-term debt at September 30, 2015	<u>\$ 2,465,000</u>

Business-type Activities

Long-term debt at October 1, 2014	\$ 1,600,000
New note payable	917,240
Bond principal payments	(190,000)
Long-term debt at September 30, 2015	<u>\$ 2,327,240</u>

Long-term debt is comprised of the following:

**Governmental Activities**

\$2,630,000 Series 2013 Special Assessment Refunding Bond, due in annual principal installments beginning May 2014 and maturing May 1, 2033. Interest payable in May and November from 5.25% to 5.75% beginning in May 2014.	\$ 2,465,000
Less: deferred amount on refunding, net	(56,689)
Bonds payable, net	<u>\$ 2,408,311</u>

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE G - LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the principal and interest of long-term debt outstanding as of September 30, 2015 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 90,000	\$ 137,563	\$ 227,563
2017	90,000	132,838	222,838
2018	95,000	128,113	223,113
2019	100,000	123,125	223,125
2020	105,000	117,875	222,875
2021-2025	630,000	498,688	1,128,688
2026-2030	790,000	301,875	1,091,875
2031-2033	<u>565,000</u>	<u>66,700</u>	<u>631,700</u>
Totals	<u>\$ 2,465,000</u>	<u>\$ 1,506,777</u>	<u>\$ 3,971,777</u>

Summary of Significant Bonds Resolution Terms and Covenant

The bonds are subject to mandatory redemption at par on a schedule of annual redemptions through May 2033, the maturity date. The District is required to redeem the Bonds at par prior to schedule from the proceeds of any assessments prepaid or if certain events occur as outlined in the Bond Indenture. Only the bonds maturing on or after May 1, 2024 are subject to redemption at the option of the District.

The following is a schedule of the debt service reserve requirement and balance in the reserve account at September 30, 2015:

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2013 Special Assessment Refunding Bond	<u>\$ 50,000</u>	<u>\$ 50,000</u>

**Business-type Activities**

Revenue Bonds

\$1,600,000 Series 2014 Water and Sewer Revenue Refunding Bond, due in annual principal installments beginning October 2014 and maturing October 1, 2019. Interest payable in April and October at a rate of 1.97% beginning in April 2014.	\$ 1,410,000
Less: deferred amount on refunding, net	<u>(68,377)</u>
Bonds payable, net	<u>\$ 1,341,623</u>

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE G - LONG-TERM DEBT (CONTINUED)**

**Business-type Activities (Continued)**

Note Payable

The District issued Series 2014-2 note payable on October 31, 2014, due in annual principal installments beginning October 2017 and maturing October 2024. Interest payable in April and October at a rate of 1.99% beginning April 2015.

\$ 917,240

The District has drawn \$917,240 of the total note payable of \$1,350,000, leaving \$432,760 still available. The payment terms will not be finalized until the amounts available are drawn, and therefore, the amortization is not known.

The annual requirements to amortize the principal and interest of long-term debt outstanding as of September 30, 2015 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 270,000	\$ 25,118	\$ 295,118
2017	275,000	19,749	294,749
2018	280,000	14,283	294,283
2019	290,000	8,668	298,668
2020	<u>295,000</u>	<u>2,906</u>	<u>297,906</u>
Totals	<u>\$ 1,410,000</u>	<u>\$ 70,724</u>	<u>\$ 1,480,724</u>

Summary of Significant Bonds Resolution Terms and Covenant

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. The Bond Indenture contains a rate covenant that requires net revenues to be at least 110% of the debt service requirements for that fiscal year. At September 30, 2015, the District is in compliance with the rate covenant.

The following is a schedule of the debt service reserve requirement and balance in the reserve account at September 30, 2015:

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2014 Revenue Refunding Bond	<u>\$ 150,788</u>	<u>\$ 150,762</u>

**Gateway Services Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**NOTE H – SPECIAL ASSESSMENT DEBT WITHOUT GOVERNMENTAL COMMITMENT**

Special assessment debt has been issued to finance certain improvement projects. The District collects assessments from the property owners and accounts for these funds in an agency fund until remitted to the trustee for bond payments, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in the long-term debt of the District.

The outstanding debt balance of each of these issues as of September 30, 2015 is as follows:

\$2,450,000 Series 2007 Bonds, interest at 5.25% payable on May 1 and November 1; collateralized by the pledged revenues of special assessments levied against the benefited property owners. \$ 1,145,000

**NOTE I – OPERATING LEASE – BUSINESS-TYPE ACTIVITIES**

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

<u>Year Ending September 30,</u>	<u>Payments</u>
2016	\$ 172,335
2017	172,335
2018	172,335
2019	172,335
2020	172,335
2021-2025	861,675
2026-2030	861,675
2031-2033	<u>517,005</u>
Total	<u>\$ 3,102,030</u>

**NOTE J – RETIREMENT PLAN**

Under the provisions of IRS Code Section 457 and GASB Statement No. 32 *Accounting and Financial Reporting for IRS Code Section 547 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.

**Gateway Services Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE K - RISK MANAGEMENT**

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for each of the past three fiscal years.

**NOTE L – CONTINGENCIES**

Various suits and claims arising in the ordinary course of district operations are pending. The District is party to litigation under which it is the opinion of the District's counsel that the potential amount of the District's liability in these matters will not be material to the financial statements. Accordingly, no provision has been made in the financial statements for these contingencies.



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL

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

To the Board of Supervisors  
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 Gateway Services Community Development District, as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated April 11, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Gateway Services Community Development District's internal control over financial reporting 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 Gateway Services Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gateway Services Community Development District's internal control over financial reporting.

*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 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 over financial reporting 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.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Gateway Services Community Development District's financial statements are free of 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.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants  
Fort Pierce, Florida

April 11, 2016



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the Gateway Services Community Development District as of and for the year ended September 30, 2015, and have issued our report thereon dated April 11, 2016.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, Section 601 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated April 11, 2016, should be considered in conjunction with this Management Letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

### Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not Gateway Services Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Gateway Services Community Development District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

To the Board of Supervisors  
Gateway Services Community Development District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures. It is management's responsibility to monitor the Gateway Services Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Gateway Services Community Development District for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

### **Other Matters**

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

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

### **Purpose of this Letter**

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

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 11, 2016



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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

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

We have examined Gateway Services Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2015. Management is responsible for Gateway Services Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Gateway Services Community Development 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 Gateway Services Community Development 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 Gateway Services Community Development District's compliance with the specified requirements.

In our opinion, Gateway Services Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2015.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 11, 2016