

**Gateway Services Community
Development District**

ANNUAL FINANCIAL REPORT

September 30, 2020

Gateway Services Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2020

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REPORT OF INDEPENDENT AUDITORS

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 (the "District") as of and for the year ended September 30, 2020, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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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Board of Supervisors
Gateway Services Community Development District

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate fund information of Gateway Services Community Development District as of September 30, 2020, and the respective changes in financial position and the budgetary comparison for the General, Pelican Preserve, Stoneybrook, Towne Lakes and Lake Bank Restoration 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's 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 Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements of Gateway Services Community Development District. The Schedule of Expenditures of State Projects, as required by the Florida Department of Financial Services Projects Compliance Supplement and Chapter 10.650, Rules of the Auditor General is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of State Projects, as required by the Florida Department of Financial Services Projects Compliance Supplement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Projects, as required by the Florida Department of Financial Services Projects Compliance Supplement is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Supervisors
Gateway Services Community Development District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 26, 2021 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 District's control over financial reporting and compliance.



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

April 26, 2021

**Gateway Services Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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, 2020**

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, 2020.

- ◆ The District's total assets and deferred outflows of resources exceeded total liabilities by \$52,692,374 (net position). Unrestricted net position for Governmental Activities was \$6,148,309 and Business-type Activities was \$7,716,279. Restricted net position for Governmental Activities was \$999,604 and Business-type Activities was \$26,368. Net investment in capital assets for Governmental Activities was \$18,663,180 and Business-type Activities was \$19,138,634.

**Gateway Services Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Highlights (Continued)

- ◆ Governmental Activities revenues totaled \$7,415,105 while Governmental Activities expenses totaled \$9,963,226. Business-type Activities revenues totaled \$5,876,257 while Business-type Activities expenses totaled \$5,282,196.

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.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 7,108,956	\$ 8,141,524	\$ 8,131,655	\$ 7,207,133	\$ 15,240,611	\$ 15,348,657
Restricted assets	520,465	597,757	990,450	1,330,218	1,510,915	1,927,975
Capital assets, net	28,053,474	29,177,088	19,754,435	20,219,768	47,807,909	49,396,856
Total Assets	35,682,895	37,916,369	28,876,540	28,757,119	64,559,435	66,673,488
Deferred outflows of resources	40,569	43,793	-	-	40,569	43,793
Current liabilities	927,174	848,762	1,349,394	1,694,446	2,276,568	2,543,208
Non-current liabilities	8,985,197	8,752,186	645,865	775,453	9,631,062	9,527,639
Total Liabilities	9,912,371	9,600,948	1,995,259	2,469,899	11,907,630	12,070,847
Net Position						
Net investment in capital assets	18,663,180	20,114,373	19,138,634	19,321,777	37,801,814	39,436,150
Restricted	999,604	1,068,564	26,368	1,051,648	1,025,972	2,120,212
Unrestricted	6,148,309	7,176,277	7,716,279	5,913,795	13,864,588	13,090,072
Total Net Position	\$ 25,811,093	\$ 28,359,214	\$ 26,881,281	\$ 26,287,220	\$ 52,692,374	\$ 54,646,434

**Gateway Services Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The decrease in current assets for governmental activities is related to expenditures exceeding revenues in the current year at the fund level.

The increase in current assets for business-type activities is related to revenues exceeding expenses in the current year.

The decrease in capital assets, net for governmental activities and business-type activities is primarily due to depreciation exceeding capital additions in the current year.

The decrease in non-current liabilities for business-type activities is the result of principal payments on long-term debt in the current year.

The increase in total liabilities for governmental activities is the result of a new note payable in the current year.

**Gateway Services Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

	<u>Financial Activity</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Program Revenues						
Charges for services	\$ 7,159,579	\$ 6,839,979	\$ 5,820,250	\$ 5,408,461	\$ 12,979,829	\$ 12,248,440
Capital contributions	-	251,034	-	-	-	251,034
General Revenues						
Intergovernmental revenues	9,059	256,177	-	-	9,059	256,177
Investment earnings	119,990	162,358	55,158	112,753	175,148	275,111
Miscellaneous	126,477	106,383	849	31,747	127,326	138,130
Total Revenue	<u>7,415,105</u>	<u>7,615,931</u>	<u>5,876,257</u>	<u>5,552,961</u>	<u>13,291,362</u>	<u>13,168,892</u>
Expenses						
General government	528,049	339,515	-	-	528,049	339,515
Physical environment	8,405,952	9,013,611	-	-	8,405,952	9,013,611
Culture and recreation	744,306	495,812	-	-	744,306	495,812
Interest and other charges	284,919	183,346	-	-	284,919	183,346
Water and sewer	-	-	5,282,196	5,062,043	5,282,196	5,062,043
Total Expenses	<u>9,963,226</u>	<u>10,032,284</u>	<u>5,282,196</u>	<u>5,062,043</u>	<u>15,245,422</u>	<u>15,094,327</u>
Change in Net Position	(2,548,121)	(2,416,353)	594,061	490,918	(1,954,060)	(1,925,435)
Net Position - beginning of year	28,359,214	30,775,567	26,287,220	25,796,302	54,646,434	56,571,869
Net Position - end of year	<u>\$ 25,811,093</u>	<u>\$ 28,359,214</u>	<u>\$ 26,881,281</u>	<u>\$ 26,287,220</u>	<u>\$ 52,692,374</u>	<u>\$ 54,646,434</u>

The increase in charges for services for governmental activities is the result of a budgeted increase in special assessments in the current year.

The decrease in capital contributions for governmental activities is related to the contribution of capital assets in the prior year.

The decrease in physical environment for governmental activities is primarily the result of less expenditures in the current year for the lake bank restoration projects that started in a prior year.

The increase in culture and recreation is related to various maintenance projects in the current year.

The increase in interest and other charges is related to the issuance costs for new debt in the current year.

**Gateway Services Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The increase in water and sewer expenses for business-type activities is the result of an increase in payroll related expenses and the reconciliation of charges with another government in the current year.

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2020 and 2019.

Description	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 5,900,668	\$ 5,900,668	\$ -	\$ -	\$ 5,900,668	\$ 5,900,668
Construction in progress	102,471	-	-	-	102,471	-
Building and improvements	2,654,746	2,590,085	3,175,509	2,991,732	5,830,255	5,581,817
Infrastructure	43,938,719	43,989,794	29,140,980	29,140,980	73,079,699	73,130,774
Equipment	816,293	718,244	1,794,840	1,443,515	2,611,133	2,161,759
Accumulated depreciation	<u>(25,359,423)</u>	<u>(24,021,703)</u>	<u>(14,356,894)</u>	<u>(13,356,459)</u>	<u>(39,716,317)</u>	<u>(37,378,162)</u>
Total Capital Assets (Net)	<u>\$ 28,053,474</u>	<u>\$ 29,177,088</u>	<u>\$ 19,754,435</u>	<u>\$ 20,219,768</u>	<u>\$ 47,807,909</u>	<u>\$ 49,396,856</u>

Governmental activities had current year additions of \$483,930, disposals of \$163,810, net and depreciation of \$1,443,734.

Business-type activities had current year additions of \$715,901, depreciation of \$1,067,422 and deletions with a net value of \$113,812.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures primarily because of lower repairs and maintenance expenditures than were anticipated.

The September 30, 2020 budget was not amended.

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, 2020 was \$1,985,000.

**Gateway Services Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

- ◆ In November 2017, the District obtained a \$100,974 loan from the State of Florida, through the Clean Water Revolving Loan Fund to fund certain costs of their lake bank restoration program. The balance outstanding at September 30, 2020 was \$42,196.
- ◆ In April 2018, the District obtained a \$3,861,687 loan from the State of Florida, through the Clean Water Revolving Loan Fund to fund certain costs of their lake bank restoration program. The balance outstanding at September 30, 2020 was \$3,582,649.
- ◆ In March 2018, the District obtained a \$3,896,698 loan from the State of Florida, through the Clean Water Revolving Loan Fund to fund certain costs of their lake bank restoration program. The balance outstanding at September 30, 2020 was \$3,602,889.
- ◆ In January 2019, the District obtained a \$119,989 loan from the State of Florida, through the Clean Water Revolving Loan Fund to fund certain costs of their lake bank restoration program. The balance outstanding at September 30, 2020 was \$119,989.
- ◆ In December 2019, the District obtained a \$148,140 loan from the State of Florida, through the Clean Water Revolving Loan Fund to fund certain costs of their lake bank restoration program. The balance outstanding at September 30, 2020 was \$148,140.

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 bonds were paid off in the current year.
- ◆ In October 2014, the District issued \$1,350,000 Series 2014-2 Water and Sewer Revenue Draw Down Bonds. These bonds were issued to fund certain construction projects within the District. The outstanding balance at September 30, 2020 was \$732,047.

Economic Factors and Next Year's Budget

The Lake Bank Restoration Project will continue in fiscal year 2021 resulting in additional loans from the State Clean Water Revolving Loan Fund.

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, Inframark Infrastructure Management Services, 210 N. University Drive, Suite 702, Coral Springs, Florida 33071.

Gateway Services Community Development District
STATEMENT OF NET POSITION
September 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and investments	\$ 6,321,107	\$ 7,199,860	\$ 13,520,967
Investments	681,613	-	681,613
Restricted Assets			
Cash and investments - customer deposits	-	840,552	840,552
Accounts receivable and accrued revenues	4,714	939,160	943,874
Accrued interest receivable	-	-	-
Deposits	90,375	-	90,375
Due from other governments	3,782	-	3,782
Internal balances	7,365	(7,365)	-
Total Current Assets	7,108,956	8,972,207	16,081,163
Non-current Assets			
Restricted Assets			
Cash and investments	520,465	149,898	670,363
Capital assets			
Land and improvements	5,900,668	-	5,900,668
Construction in progress	102,471	-	102,471
Buildings and improvements	2,654,746	3,175,509	5,830,255
Infrastructure	43,938,719	29,140,980	73,079,699
Equipment	816,293	1,794,840	2,611,133
Less: accumulated depreciation	(25,359,423)	(14,356,894)	(39,716,317)
Total Non-current Assets	28,573,939	19,904,333	48,478,272
Total Assets	35,682,895	28,876,540	64,559,435
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	40,569	-	40,569
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	361,963	296,631	658,594
Due to other governments	-	64,260	64,260
Customer deposits, payable from restricted assets	-	840,522	840,522
Accrued interest payable	65,521	7,284	72,805
Bonds and notes payable	499,690	140,697	640,387
Total Current Liabilities	927,174	1,349,394	2,276,568
Non-current Liabilities			
Bonds and notes payable, net	8,981,173	591,350	9,572,523
Compensated absences	4,024	54,515	58,539
Total Non-current Liabilities	8,985,197	645,865	9,631,062
Total Liabilities	9,912,371	1,995,259	11,907,630
NET POSITION			
Net investment in capital assets	18,663,180	19,138,634	37,801,814
Restricted			
Debt service	703,915	26,368	730,283
Capital projects	295,689	-	295,689
Unrestricted	6,148,309	7,716,279	13,864,588
Total Net Position	\$ 25,811,093	\$ 26,881,281	\$ 52,692,374

See accompanying notes to financial statements

Gateway Services Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Governmental Activities	Business-type Activities	
Governmental Activities					
General government	\$ (528,049)	\$ 417,046	\$ (111,003)	\$ -	\$ (111,003)
Physical environment	(8,405,952)	5,385,903	(3,020,049)	-	(3,020,049)
Culture and recreation	(744,306)	646,715	(97,591)	-	(97,591)
Interest and other charges	(284,919)	709,915	424,996	-	424,996
Total Governmental Activities	<u>(9,963,226)</u>	<u>7,159,579</u>	<u>(2,803,647)</u>	<u>-</u>	<u>(2,803,647)</u>
Business-type Activities					
Water and sewer utilities	<u>(5,282,196)</u>	<u>5,820,250</u>	<u>-</u>	<u>538,054</u>	<u>538,054</u>
Total Primary Government	<u>\$ (15,245,422)</u>	<u>\$ 12,979,829</u>	<u>(2,803,647)</u>	<u>538,054</u>	<u>(2,265,593)</u>
General Revenues					
Investment earnings			119,990	55,158	175,148
Intergovernmental revenues			9,059	-	9,059
Impact fees			81,680	-	81,680
Miscellaneous revenues			44,797	849	45,646
Total General Revenues			<u>255,526</u>	<u>56,007</u>	<u>311,533</u>
Change in Net Position			(2,548,121)	594,061	(1,954,060)
Net Position - October 1, 2019			<u>28,359,214</u>	<u>26,287,220</u>	<u>54,646,434</u>
Net Position - September 30, 2020			<u>\$ 25,811,093</u>	<u>\$ 26,881,281</u>	<u>\$ 52,692,374</u>

See accompanying notes to financial statements.

Gateway Services Community Development District
BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2020

	Special Revenue						Capital Projects	Governmental Funds
	General	Pelican Preserve	Stoneybrook	Towne Lakes	Lake Bank Restoration	Debt Service		
ASSETS								
Cash and cash equivalents	\$ 1,892,159	\$ 3,528,623	\$ 227,728	\$ 59,544	\$ -	\$ 613,053	\$ -	\$ 6,321,107
Investments, at fair value	-	681,613	-	-	-	-	-	681,613
Accrued interest receivable	4,714	-	-	-	-	-	-	4,714
Due from other funds	1,687,692	20,717	-	-	-	-	1,552	1,709,961
Due from other governments	1,794	1,390	217	4	-	377	-	3,782
Deposits	375	90,000	-	-	-	-	-	90,375
Restricted assets								
Investments, at fair value	-	-	-	-	-	207,558	312,907	520,465
Total Assets	\$ 3,586,734	\$ 4,322,343	\$ 227,945	\$ 59,548	\$ -	\$ 820,988	\$ 314,459	\$ 9,332,017
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$ 142,422	\$ 150,142	\$ 29,860	\$ -	\$ 39,539	\$ -	\$ -	\$ 361,963
Due to other funds	1,947	6,098	4,001	-	1,670,228	1,552	18,770	1,702,596
Total Liabilities	144,369	156,240	33,861	-	1,709,767	1,552	18,770	2,064,559
Fund Balances:								
Nonspendable								
Deposits	375	90,000	-	-	-	-	-	90,375
Restricted								
Debt service	-	-	-	-	-	819,436	-	819,436
Capital projects	-	-	-	-	-	-	295,689	295,689
Assigned								
Emergency reserve	700,000	-	-	-	-	-	-	700,000
Capital projects	2,230,441	-	-	-	-	-	-	2,230,441
Special revenue	-	4,076,103	194,084	59,548	-	-	-	4,329,735
Unassigned	511,549	-	-	-	(1,709,767)	-	-	(1,198,218)
Total Fund Balances	3,442,365	4,166,103	194,084	59,548	(1,709,767)	819,436	295,689	7,267,458
Total Liabilities and Fund Balances	\$ 3,586,734	\$ 4,322,343	\$ 227,945	\$ 59,548	\$ -	\$ 820,988	\$ 314,459	\$ 9,332,017

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, 2020**

Total Governmental Fund Balances	\$ 7,267,458
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets (land (\$5,900,668), construction in progress (\$102,471), buildings and improvements (\$2,654,746), infrastructure (\$43,938,719), and equipment (\$816,293), net of accumulated depreciation (\$25,359,423)) used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	28,053,474
Deferred outflows of resources, deferred amount on refunding, net, are not current financial resources and therefore, are not reported at the governmental fund level.	40,569
Long-term liabilities, including bonds payable (\$1,985,000), notes payable (\$7,495,863) and accrued compensated absences, (\$4,024), are not due and payable in the current period and therefore, are not reported at the governmental fund level.	(9,484,887)
Accrued interest expense for long-term debt is not a current financial use and therefore, is not reported at the governmental fund level.	<u>(65,521)</u>
Net Position of Governmental Activities	<u><u>\$ 25,811,093</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, 2020

	Special Revenue						Capital Projects	Total Governmental Funds
	General	Pelican Preserve	Stoneybrook	Towne Lakes	Lake Bank Restoration	Debt Service		
Revenues								
Special assessments	\$ 3,339,010	\$ 2,618,823	\$ 409,326	\$ 7,026	\$ -	\$ 709,915	\$ -	\$ 7,084,100
Charges for services	75,479	-	-	-	-	-	-	75,479
Intergovernmental revenues	9,059	-	-	-	-	-	-	9,059
Investment earnings	34,981	72,264	971	182	-	8,681	2,911	119,990
Miscellaneous revenues	44,797	-	-	-	-	-	-	44,797
Impact fees	25,420	56,260	-	-	-	-	-	81,680
Total Revenues	<u>3,528,746</u>	<u>2,747,347</u>	<u>410,297</u>	<u>7,208</u>	<u>-</u>	<u>718,596</u>	<u>2,911</u>	<u>7,415,105</u>
Expenditures								
Current								
General government	292,551	223,332	11,449	15	-	702	-	528,049
Physical environment	2,133,276	2,442,547	392,762	4,438	1,846,412	-	-	6,819,435
Culture and recreation	723,279	-	-	-	-	-	-	723,279
Capital outlay	167,159	214,300	-	-	-	-	102,471	483,930
Debt service								
Principal	-	-	-	-	-	408,346	-	408,346
Interest	-	-	-	-	-	204,293	-	204,293
Other debt service	-	-	-	-	-	77,934	-	77,934
Total Expenditures	<u>3,316,265</u>	<u>2,880,179</u>	<u>404,211</u>	<u>4,453</u>	<u>1,846,412</u>	<u>691,275</u>	<u>102,471</u>	<u>9,245,266</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>212,481</u>	<u>(132,832)</u>	<u>6,086</u>	<u>2,755</u>	<u>(1,846,412)</u>	<u>27,321</u>	<u>(99,560)</u>	<u>(1,830,161)</u>
Other financing sources/(uses)								
Issuance of long-term debt	-	-	-	-	729,954	2,747	-	732,701
Net change in fund balances	<u>212,481</u>	<u>(132,832)</u>	<u>6,086</u>	<u>2,755</u>	<u>(1,116,458)</u>	<u>30,068</u>	<u>(99,560)</u>	<u>(1,097,460)</u>
Fund Balances - October 1, 2019	<u>3,229,884</u>	<u>4,298,935</u>	<u>187,998</u>	<u>56,793</u>	<u>(593,309)</u>	<u>789,368</u>	<u>395,249</u>	<u>8,364,918</u>
Fund Balances - September 30, 2020	<u>\$ 3,442,365</u>	<u>\$ 4,166,103</u>	<u>\$ 194,084</u>	<u>\$ 59,548</u>	<u>\$ (1,709,767)</u>	<u>\$ 819,436</u>	<u>\$ 295,689</u>	<u>\$ 7,267,458</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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (1,097,460)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation. This is the amount that depreciation (\$(1,443,734)) and loss on disposals (\$(163,810)) exceeded capital outlay (\$483,930). (1,123,614)

Proceeds from the issuance of long-term debt are recognized as an other financing source at the fund level, but increase liabilities at the government-wide level. (732,701)

Repayments of bond principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 408,346

The deferred outflows 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 interest in the current period. (3,224)

In the Statement of Activities, interest is accrued on outstanding bonds; whereas in the governmental funds, interest is reported when due. This is the change in accrued interest in the current period. 532

Change in Net Position of Governmental Activities \$ (2,548,121)

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 3,326,322	\$ 3,326,322	\$ 3,339,010	\$ 12,688
Charges for services	35,500	35,500	75,479	39,979
Intergovernmental revenues	-	-	9,059	9,059
Investment earnings	50,000	50,000	34,981	(15,019)
Miscellaneous revenues	10,000	10,000	44,797	34,797
Impact fees	-	-	25,420	25,420
Total Revenues	<u>3,421,822</u>	<u>3,421,822</u>	<u>3,528,746</u>	<u>106,924</u>
Expenditures				
Current				
General government	292,511	292,511	292,551	(40)
Physical environment	2,199,328	2,199,328	2,133,276	66,052
Culture and recreation	759,521	759,521	723,279	36,242
Capital outlay	<u>580,262</u>	<u>580,262</u>	<u>167,159</u>	<u>413,103</u>
Total Expenditures	<u>3,831,622</u>	<u>3,831,622</u>	<u>3,316,265</u>	<u>515,357</u>
Net change in fund balances	(409,800)	(409,800)	212,481	622,281
Fund Balances - October 1, 2019	<u>409,800</u>	<u>409,800</u>	<u>3,229,884</u>	<u>2,820,084</u>
Fund Balances - September 30, 2020	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,442,365</u></u>	<u><u>\$ 3,442,365</u></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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 2,608,872	\$ 2,617,872	\$ 2,618,823	\$ 951
Investment earnings	45,455	64,455	72,264	7,809
Impact fees	25,000	56,000	56,260	260
Total Revenues	<u>2,679,327</u>	<u>2,738,327</u>	<u>2,747,347</u>	<u>9,020</u>
Expenditures				
Current				
General government	204,817	243,317	223,332	19,985
Physical environment	2,044,510	2,406,930	2,442,547	(35,617)
Capital outlay	430,000	652,600	214,300	438,300
Total Expenditures	<u>2,679,327</u>	<u>3,302,847</u>	<u>2,880,179</u>	<u>422,668</u>
Net change in fund balances	-	(564,520)	(132,832)	431,688
Fund Balances - October 1, 2019	<u>-</u>	<u>564,520</u>	<u>4,298,935</u>	<u>3,734,415</u>
Fund Balances - September 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,166,103</u>	<u>\$ 4,166,103</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 407,771	\$ 407,771	\$ 409,326	\$ 1,555
Investment earnings	-	-	971	971
Total Revenues	<u>407,771</u>	<u>407,771</u>	<u>410,297</u>	<u>2,526</u>
Expenditures				
Current				
General government	13,609	15,109	11,449	3,660
Physical environment	379,162	393,842	392,762	1,080
Capital outlay	15,000	15,000	-	15,000
Total Expenditures	<u>407,771</u>	<u>423,951</u>	<u>404,211</u>	<u>19,740</u>
Net change in fund balances	-	(16,180)	6,086	22,266
Fund Balances - October 1, 2019	<u>-</u>	<u>16,180</u>	<u>187,998</u>	<u>171,818</u>
Fund Balances - September 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,084</u>	<u>\$ 194,084</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 6,900	\$ 6,900	\$ 7,026	\$ 126
Investment earnings	-	-	182	182
Total Revenues	<u>6,900</u>	<u>6,900</u>	<u>7,208</u>	<u>308</u>
Expenditures				
Current				
General government	150	150	15	135
Physical environment	6,750	6,750	4,438	2,312
Total Expenditures	<u>6,900</u>	<u>6,900</u>	<u>4,453</u>	<u>2,447</u>
Net change in fund balances	-	-	2,755	2,755
Fund Balances - October 1, 2019	<u>-</u>	<u>-</u>	<u>56,793</u>	<u>56,793</u>
Fund Balances - September 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,548</u>	<u>\$ 59,548</u>

See accompanying notes to financial statements.

Gateway Services Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - LAKE BANK RESTORATION FUND
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Expenditures				
Current				
Physical environment	\$ 3,600,000	\$ 3,600,000	\$ 1,846,412	\$ 1,753,588
Other Financing Sources/(Uses)				
Issuance of long-term debt	3,600,000	3,600,000	729,954	(2,870,046)
Net change in fund balances	-	-	(1,116,458)	(1,116,458)
Fund Balances - October 1, 2019	-	-	(593,309)	(593,309)
Fund Balances - September 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,709,767)</u>	<u>\$ (1,709,767)</u>

See accompanying notes to financial statements.

Gateway Services Community Development District
STATEMENT OF NET POSITION –
WATER & SEWER FUND
September 30, 2020

ASSETS	
Current Assets	
Cash and investments	\$ 7,199,860
Restricted Assets	
Cash and investments - customer deposits	840,552
Accounts receivable and accrued revenues	939,160
Due from other funds	10,068
Total Current Assets	<u>8,989,640</u>
Non-current Assets	
Restricted Assets	
Cash and investments	149,898
Capital Assets	
Buildings and improvements	3,175,509
Infrastructure	29,140,980
Equipment	1,794,840
Accumulated depreciation	<u>(14,356,894)</u>
Total Non-current Assets	<u>19,904,333</u>
Total Assets	<u>28,893,973</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	296,631
Due to other funds	17,433
Due to other governments	64,260
Customer deposits, payable from restricted assets	840,522
Accrued interest payable	7,284
Bonds payable	140,697
Total Current Liabilities	<u>1,366,827</u>
Non-current Liabilities	
Bonds payable, net	591,350
Compensated absences	54,515
Total Non-current Liabilities	<u>645,865</u>
Total Liabilities	<u>2,012,692</u>
NET POSITION	
Net investment in capital assets	19,138,634
Restricted	
Debt service	26,368
Unrestricted	<u>7,716,279</u>
Total Net Position	<u>\$ 26,881,281</u>

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, 2020

Operating revenues:	
Water and sewer charges	\$ 5,820,250
Miscellaneous revenues	849
Total Operating Revenues	5,821,099
Operating Expenses:	
Water purchases	1,707,449
Administrative and other	713,588
Depreciation	1,067,422
Personnel services	833,616
Repairs and maintenance	642,354
Utilities	158,297
Insurance	31,090
Total Operating Expenses	5,153,816
Operating Income (Loss)	667,283
Non-operating Revenues/(Expenses):	
Interest earnings	55,158
Loss on disposal of capital assets	(113,812)
Interest expense and other debt service costs	(14,568)
Total Non-operating Revenues/(Expenses)	(73,222)
Change in Net Position	594,061
Net Position - October 1, 2019	26,287,220
Net Position - September 30, 2020	\$ 26,881,281

See accompanying notes to financial statements.

Gateway Services Community Development District
STATEMENT OF CASH FLOWS –
WATER & SEWER FUND
For The Year Ended September 30, 2020

	<u>Water & Sewer Fund</u>
Cash Flows From Operating Activities	
Cash received from customers	\$ 5,804,036
Cash paid to suppliers	(3,533,813)
Cash paid for employee services	(822,507)
Net Cash Provided By Operating Activities	<u>1,447,716</u>
Cash Flows From Capital Activities and Related Financing Activities	
Investment in capital assets	(715,901)
Interest paid on capital debt	(18,846)
Principal payments on long-term debt	(432,952)
Net Cash Used By Capital Activities and Related Financing Activities	<u>(1,167,699)</u>
Cash Flows From Investing Activities	
Interest income	<u>55,158</u>
Net increase in cash and investments	335,175
Cash and investments, October 1, 2019	<u>7,855,135</u>
Cash and investments, September 30, 2020	<u>\$ 8,190,310</u>
Reconciliation of Net Operating Income to Net Cash Provided By Operating Activities	
Cash Flows From Operating Activities:	
Operating income	<u>\$ 667,283</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,067,422
Changes in assets and liabilities:	
Increase in accounts receivable	(38,922)
Decrease in prepaid expenses	1
Increase in accounts payable	10,203
Decrease in due to other funds	(210,658)
Decrease in due to other governments	(80,580)
Increase in customer deposits	21,858
Increase in accrued compensation	11,109
Total Adjustments	<u>780,433</u>
Net Cash Provided By Operating Activities	<u>\$ 1,447,716</u>

See accompanying notes to financial statements.

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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, 2020

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, 2020

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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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.

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.

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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.

Special Revenue Fund – Lake Bank Restoration – This special revenue fund is used to account for the activity of the lake bank restoration project.

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

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Funds (Continued)

Capital Projects Fund – The Capital Project Fund accounts for construction of infrastructure improvements located within the boundaries of the District.

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 for the Series 2007 Bonds, in which the District has no debt obligation. The bonds were paid off during the current year and the fund was discontinued.

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, 2020

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 and investments include time deposits, certificates of deposit, money market funds, 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, construction in progress, 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.

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

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

e. Capital Assets (Continued)

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	10-40 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.

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District only has one item that qualifies for reporting in this category. Deferred revenues are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

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, 2020**

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 Chapter 190, 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 (\$7,267,458) differs from “net position” of governmental activities (\$25,811,093) 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	102,471
Buildings and improvements	2,654,746
Infrastructure	43,938,719
Equipment	816,293
Accumulated depreciation	<u>(25,359,423)</u>
Total	<u>\$ 28,053,474</u>

Deferred amount on refunding

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

Deferred amount on refunding, net	<u>\$ 40,569</u>
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Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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 and notes payable	\$ (9,480,863)
Accrued compensated absences	(4,024)
Total	<u>\$ (9,484,887)</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>(65,521)</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 (\$(1,097,460)) differs from the “change in net position” for governmental activities (\$(2,548,121)) 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 on the following page.

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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 are 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 charged for the year. The following is the amount of depreciation and capital asset additions:

Capital outlay	\$	483,930
Loss on disposal of capital assets		(163,810)
Depreciation		<u>(1,443,734)</u>
Total	\$	<u><u>(1,123,614)</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	\$	408,346
Issuance of long-term debt		<u>(732,701)</u>
Total	\$	<u><u>(324,355)</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 interest payable	\$	532
Deferred amount on refunding		<u>(3,224)</u>
Total	\$	<u><u>(2,692)</u></u>

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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, 2020, the District's bank balance was \$14,421,650 and the carrying value was \$14,361,519. 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, 2020, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
First American Government Obligation	44 days*	\$ 670,236
Goldman Sachs Treasury Obligation	47 days*	127
Certificates of Deposit	1/2021-2/2021	681,613
Total		<u>\$ 1,351,976</u>

* Maturity is a weighted average maturity.

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, investments in First American Government Obligation and Goldman Sachs Treasury Obligation are Level 1 assets.

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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.

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 50% and Goldman Sachs Treasury Obligation are less than 1% of the District's total investments. The investments in Certificates of Deposit are 49% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2020 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, 2020, 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 2019-2020 fiscal year were levied in October 2019. 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.

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE E – INTERFUND BALANCES

Interfund balances at September 30, 2020, consisted of the following:

Receivable Fund	Payable Fund							Total
	General Fund	Special Revenue Funds			Debt Service	Capital Projects	Enterprise Fund	
	General Fund	Pelican Preserve	Stoneybrook	Lake Bank Restoration	Debt Service	Capital Projects	Enterprise Fund	
General Fund	\$ -	\$ -	\$ 31	\$ 1,670,228	\$ -	\$ -	\$ 17,433	\$ 1,687,692
Pelican Preserve	1,947	-	-	-	-	18,770	-	20,717
Capital Projects	-	-	-	-	1,552	-	-	1,552
Enterprise Fund	-	6,098	3,970	-	-	-	-	10,068
Total	<u>\$ 1,947</u>	<u>\$ 6,098</u>	<u>\$ 4,001</u>	<u>\$ 1,670,228</u>	<u>\$ 1,552</u>	<u>\$ 18,770</u>	<u>\$ 17,433</u>	<u>\$ 1,720,029</u>

Interfund activity between governmental funds is eliminated at the government-wide level.

Interfund balances are primarily due to the General Fund paying for expenditures on behalf of Special Revenue Funds and the Enterprise Fund that have not been repaid as of year-end.

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE F – CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
<u>Governmental Activities:</u>				
Capital assets, not depreciated:				
Land and improvements	\$ 5,900,668	\$ -	\$ -	\$ 5,900,668
Construction in progress	-	102,471	-	102,471
Total Capital Assets, Not Depreciated	<u>5,900,668</u>	<u>102,471</u>	<u>-</u>	<u>6,003,139</u>
Capital assets, being depreciated:				
Building and improvements	2,590,085	64,661	-	2,654,746
Infrastructure	43,989,794	214,300	(265,375)	43,938,719
Equipment	718,244	102,498	(4,449)	816,293
Total Capital Assets, Being Depreciated	<u>47,298,123</u>	<u>381,459</u>	<u>(269,824)</u>	<u>47,409,758</u>
Less accumulated depreciation for:				
Building and improvements	(2,129,929)	(50,933)	-	(2,180,862)
Infrastructure	(21,324,726)	(1,342,928)	102,381	(22,565,273)
Equipment	(567,048)	(49,873)	3,633	(613,288)
Total Accumulated Depreciation	<u>(24,021,703)</u>	<u>(1,443,734)</u>	<u>106,014</u>	<u>(25,359,423)</u>
Total Capital Assets Depreciated, Net	<u>23,276,420</u>	<u>(1,062,275)</u>	<u>(163,810)</u>	<u>22,050,335</u>
Governmental Activities Capital Assets	<u>\$ 29,177,088</u>	<u>\$ (959,804)</u>	<u>\$ (163,810)</u>	<u>\$ 28,053,474</u>

Depreciation of \$1,422,707 was charged to physical environment and \$21,027 was charged to culture and recreation.

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE F – CHANGES IN CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
<u>Business-type Activities:</u>				
Capital assets, being depreciated:				
Building and improvements	\$ 2,991,732	\$ 183,777	\$ -	\$ 3,175,509
Infrastructure	29,140,980	73,956	(73,956)	29,140,980
Equipment	1,443,515	458,168	(106,843)	1,794,840
Total Capital Assets, Being Depreciated	<u>33,576,227</u>	<u>715,901</u>	<u>(180,799)</u>	<u>34,111,329</u>
Less accumulated depreciation for:				
Building and improvements	(746,497)	(118,645)	-	(865,142)
Infrastructure	(11,787,274)	(741,196)	26,656	(12,501,814)
Equipment	(822,688)	(207,581)	40,331	(989,938)
Total Accumulated Depreciation	<u>(13,356,459)</u>	<u>(1,067,422)</u>	<u>66,987</u>	<u>(14,356,894)</u>
Total Capital Assets Depreciated, Net	<u>20,219,768</u>	<u>(351,521)</u>	<u>(113,812)</u>	<u>19,754,435</u>
Business-type Activities Capital Assets	<u>\$ 20,219,768</u>	<u>\$ (351,521)</u>	<u>\$ (113,812)</u>	<u>\$ 19,754,435</u>

Depreciation of \$1,067,422 was charged to Water and Sewer.

NOTE G – LONG-TERM DEBT

The following is a summary of long-term debt activity of the District for the year ended September 30, 2020:

Governmental Activities

Long-term debt at October 1, 2019	\$ 9,156,508
Issuance of long-term debt	732,701
Principal payments	<u>(408,346)</u>
Long-term debt at September 30, 2020	<u>\$ 9,480,863</u>

Business-type Activities

Long-term debt at October 1, 2019	\$ 1,164,999
Principal payments	<u>(432,952)</u>
Long-term debt at September 30, 2020	<u>\$ 732,047</u>

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE G – LONG-TERM DEBT (CONTINUED)

Long-term debt is comprised of the following:

Governmental Activities

Bonds Payable

\$2,630,000 Series 2013 Special Assessment Revenue 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. Current portion is \$115,000. \$ 1,985,000

Notes Payable

\$100,974 State Revolving Loan Fund SW360400, due in semi-annual principal installments beginning December 2017 and maturing June 15, 2022. Interest payable in June and December at an interest rate of 2.18%. Current portion is \$20,869. \$ 42,196

\$3,861,687 State Revolving Loan Fund SW360401, due in semi-annual principal installments beginning December 2018 and maturing June 15, 2038. Interest payable in June and December at an interest rate of 1.1%. Current portion is \$181,023. 3,582,649

\$3,896,698 State Revolving Loan Fund SW360410, due in semi-annual principal installments beginning February 2019 and maturing August 15, 2038. Interest payable in February and August at interest rates between 1.07% and 1.68%. Current portion is \$180,369. 3,602,889

\$119,989 State Revolving Loan Fund SW360440, due in semi-annual principal installments beginning October 2020 and maturing April 15, 2040. Interest payable in April and October at an interest rate of 2.53%. Current portion is \$2,429. 119,989

\$148,140 State Revolving Loan Fund SW360441, due in semi-annual principal installments beginning June 2021. Interest payable in June and December at an interest rate of 1.66%. 148,140

Notes payable \$ 7,495,863

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE G – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of long-term debt outstanding as of September 30, 2020 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 499,690	\$ 198,087	\$ 697,777
2022	511,778	187,329	699,107
2023	494,797	176,334	671,131
2024	509,196	165,635	674,831
2025	528,648	153,708	682,356
2026-2030	2,776,963	570,442	3,347,405
2031-2035	2,671,771	215,459	2,887,230
2036-2040	1,339,880	29,100	1,368,980
Totals	<u>\$ 9,332,723</u>	<u>\$ 1,696,094</u>	<u>\$ 11,028,817</u>

State Revolving Loan Fund SW360441 is not reflected in the amortization schedule above as additional note proceeds will be received.

Summary of Significant Bond 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, 2020:

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

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE G – LONG-TERM DEBT (CONTINUED)

Business-type Activities

Revenue Bonds

The District issued Series 2014-2 Water and Sewer Draw Down Revenue Bonds 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. Current portion is \$140,697.

\$ 732,047

The annual requirements to amortize the principal and interest of long-term debt outstanding, as of September 30, 2020 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 140,697	\$ 13,168	\$ 153,865
2022	143,497	10,340	153,837
2023	146,353	7,456	153,809
2024	149,265	4,515	153,780
2025	152,235	1,514	153,749
Totals	<u>\$ 732,047</u>	<u>\$ 36,993</u>	<u>\$ 769,040</u>

Summary of Significant Bond 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, 2020, 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, 2020:

<u>Revenue Bonds</u>	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2014-2 Water and Sewer Draw Down Revenue Bonds	<u>\$ 116,978</u>	<u>\$ 116,246</u>

Gateway Services Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE H – 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:

Year Ending September 30,	Payments
2021	\$ 172,335
2022	172,335
2023	172,335
2024	172,335
2025	172,335
2026-2030	861,675
2031-2033	<u>517,005</u>
Total	<u>\$ 2,240,355</u>

NOTE I – 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.

NOTE J – 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 K – 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

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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, 2020, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gateway Services Community Development District's internal control over financial reporting (internal control) as a basis for designing 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.

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 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

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
Certified Public Accountants PL
Fort Pierce, Florida

April 26, 2021



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, 2020, and have issued our report thereon dated April 26, 2021.

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 Reporting Requirements

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, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated April 26, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate 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 to identify the specific conditions met. In connection with our audit, we determined that the Gateway Services Community Development District did not meet one 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.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2020 for the Gateway Services Community Development District. 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.

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 noted no 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 26, 2021



**Berger, Toombs, Elam,
Gaines & Frank**

Certified Public Accountants PL

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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, 2020. 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, 2020.

*Berger Toombs Elam
Gaines & Frank*

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

April 26, 2021

**Gateway Services Community Development District
 SCHEDULE OF EXPENDITURES OF STATE PROJECTS
 For the Year Ended September 30, 2020**

Description	CFDA CSFA No	Contract/ Grant Number	Expenditures
State:			
<u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>			
Wastewater Treatment Facility Construction*	37.077	SW36044	\$ <u>1,640,803</u>

* denotes major project

See accompanying notes to schedule of expenditures of state projects.

Gateway Services Community Development District
NOTES TO SCHEDULE OF EXPENDITURES OF STATE PROJECTS
September 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The information in this Schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes and Chapter 10.550, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of Gateway Community Services District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Gateway Services Community Development District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they become measurable and available as net current assets and expenditures are recognized when the related fund liability is incurred.

Gateway Services Community Development District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – CONTINGENCIES

Amounts received, or receivable, from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the District. In the opinion of Management, any such adjustment would not be significant.

**Gateway Services Community Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
STATE PROJECTS
September 30, 2020**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ Yes	_X_ No
Significant deficiency(ies) identified?	___ Yes	_X_ None reported
Noncompliance material to financial statements noted?	___ Yes	_X_ No

State Projects

Internal Control over major programs:

Material weakness(es) identified?	___ Yes	_X_ No
Significant deficiency(ies) identified?	___ Yes	_X_ None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that were required to be reported in accordance with Chapter 10.500?	___ Yes	_X_ No

Identification of Major Projects:

State Projects

<u>CSFA Number(s)</u>	<u>Name of State Project(s)</u>
37.077	Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between Type A and B State Projects: \$750,000

Auditee qualified as low-risk auditee? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*

SECTION III – MAJOR STATE PROJECTS FINDINGS AND QUESTIONED COST

There were no audit findings related to state projects required to be reported by Chapter 10.550, *Rules of the Auditor General*.

**Gateway Services Community Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
STATE PROJECTS
September 30, 2020**

SECTION IV – SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS

There is no Summary of Prior Audit Findings or Corrective Action Plan required to be reported under Florida Single Audit Act, as there were no prior year findings.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650 RULES OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program

We have audited Gateway Services Community Development District (the "District") compliance with the types of compliance requirements described in the Florida Department of Financial Services Projects Compliance Supplement that could have a direct and material effect on each of the Gateway Services Community Development District's state projects for the year ended September 30, 2020. Gateway Services Community Development District's state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; the Florida Department of Financial Services Projects Compliance Supplement and Chapter 10.650, Rules of the Auditor General. Those standards and the Florida Department of Financial Services Projects Compliance Supplement require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a state project occurred. An audit includes examining, on a test basis, evidence about District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the District's compliance.

The Board of Supervisors
Gateway Services Community Development District

Opinion on Each Major State Project

In our opinion, Gateway Services Community Development District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Gateway Services Community Development District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Gateway Services Community Development District internal control over compliance with the types of requirements that could have a direct and material effect on a major state project as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state project, and to test and report on internal control over compliance in accordance with the Florida Department of Financial Services Projects Compliance Supplement and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gateway Services Community Development District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Board of Supervisors
Gateway Services Community Development District

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Florida Department of Financial Services Projects Compliance Supplement. Accordingly, this report is not suitable for any other purpose.

*Berger Toombs Elam
Gaines & Frank*

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

April 26, 2021