

LELY COMMUNITY DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

LELY COMMUNITY DEVELOPMENT DISTRICT

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INDEPENDENT AUDITOR'S REPORT

March 20, 2025

To the Board of Supervisors
LELY COMMUNITY DEVELOPMENT DISTRICT
Naples, Florida

Nathan A. Phillips, CPA
Stephanie J. Feldman, CPA
David N. Phillips, CPA, MBA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
Keith S. Boyle, CPA
Bethany Bohall, CPA

Opinions

We have audited the accompanying financial statements of the governmental activities and its general fund of LELY COMMUNITY DEVELOPMENT DISTRICT (the "District") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and its general fund of LELY COMMUNITY DEVELOPMENT DISTRICT as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LELY COMMUNITY DEVELOPMENT DISTRICT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LELY COMMUNITY DEVELOPMENT DISTRICT's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Board of Supervisors
LELY COMMUNITY DEVELOPMENT DISTRICT
March 20, 2025

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025, on our consideration of LELY COMMUNITY DEVELOPMENT DISTRICT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LELY COMMUNITY DEVELOPMENT DISTRICT's 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 LELY COMMUNITY DEVELOPMENT DISTRICT's internal control over financial reporting and compliance.


PHILLIPS FELDMAN GROUP, P.A.
Certified Public Accountants
Naples, Florida

LELY COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview and History

The LELY COMMUNITY DEVELOPMENT DISTRICT (the "District") has prepared the following Management Discussion and Analysis (the "MD&A"), which presents an overview of the District's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the letter of transmittal in the introductory section, and the District's audited financial statements following the MD&A.

The LELY COMMUNITY DEVELOPMENT DISTRICT is a special purpose unit of government created in 1991 under Florida Statute Chapter 190. The purpose of Community Development Districts throughout Florida is to provide a uniform method for financing and maintaining public services and capital assets. Special Districts frequently substitute or "stand-in" for general-purpose governments when their priorities would not otherwise provide for these public facilities in Master Planned Communities.

Financial Highlights

- Net position at September 30, 2024 was \$14,937,452.
- Fund balance on hand at September 30, 2024 totaled \$5,182,535 in the General Fund.
- There were no instances of non-compliance or material weaknesses noted within the compliance report requiring a response.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components:

- 1) government-wide financial statements
- 2) fund financial statements
- 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during fiscal year 2024. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected but earned, and unused vacation leave).

Both of these financial statements distinguish functions of the District that are principally supported by non-ad valorem assessments, intergovernmental and miscellaneous revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Examples of these would include community service fees. The governmental activities of the District include general government, and community services. The government-wide financial statements can be found immediately following the MD&A.

LELY COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Statements (Continued)

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

Fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance for the District's General Fund. A statement of revenues, expenditures, and changes in fund balance - budget and actual, is provided for the District's General Fund. Fund financial statements provide more detailed information about the District's activities. Individual funds as applicable 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. 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, and traffic signals are reported in the statement of net position. All liabilities, including principal outstanding on bonds if any, 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, which is the General Fund as of September 30, 2024. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds if any, and compensated absences 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 the 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, capital assets, and long-term debt as applicable are some of the items included in the notes to the financial statements.

Analysis of Fund Balances FY 2023-2024

The general fund balance of the District at the end of 2023 was \$4,917,380. The general fund balance as of September 30, 2024 was \$5,182,535 or an increase of \$265,155.

FY 2024 Final Budget

The following budgeted revenues and expenditures have been prepared from audited statements. The District did not pass any budget resolutions during 2024.

LELY COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FY 2024 Final Budget (Continued)

<u>GENERAL FUND</u>	<u>Original Budget</u>	<u>Final Budget</u>
<u>Revenue</u>		
Non Ad-Valorem Assessments	\$ 2,650,345	\$ 2,650,345
Comprehensive Service Agreement Fees	1,142,921	1,492,921
Reserve transfer	570,000	570,000
Interest Income	160,000	160,000
Miscellaneous Revenues	<u>37,400</u>	<u>37,400</u>
Total Revenues	<u>4,560,666</u>	<u>4,560,666</u>
<u>Expenditures</u>		
General Government	456,200	456,200
Community Services	<u>3,544,466</u>	<u>3,544,466</u>
Total Expenditures	<u>4,000,666</u>	<u>4,000,666</u>
<u>Capital Outlay</u>	<u>570,000</u>	<u>570,000</u>
Total Expenditures	<u>4,570,666</u>	<u>4,570,666</u>
(Deficiency) of Revenues over Expenditures	(10,000)	(10,000)
<u>Other</u>		
Sale of Capital Assets	<u>10,000</u>	<u>10,000</u>
Net change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>

Capital Asset Balances

The following schedule provides a summary of the District's capital asset balances at September 30, 2023 and 2024.

Description	<u>Governmental Activities</u>		<u>Percent Change</u>
	<u>2023</u>	<u>2024</u>	
Land and Lake Improvements	\$ 1,555,927	\$ 1,911,960	23%
Automobiles and Equipment	1,899,097	1,868,723	-2%
Pumps and Motors	515,877	546,989	6%
Artwork	1,512,486	1,512,486	0%
Building	689,024	689,024	0%
Infrastructure	<u>19,955,236</u>	<u>19,983,818</u>	<1%
	26,127,647	26,513,000	2%
Less: Accumulated Depreciation	(16,267,240)	(16,712,049)	3%
Construction in Progress	<u>-</u>	<u>-</u>	0%
Total Capital Assets, Net	<u>\$ 9,860,407</u>	<u>\$ 9,800,951</u>	<-1%

LELY COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Management

There was no debt as of September 30, 2024 since bonds have been paid in full in prior years.

Economic Factors and Next Year's Budget

Lely Community Development District does not expect any economic factors to have a significant effect on the financial position or operations of the District in fiscal year 2025.

Change in General Fund Balance

	<u>2023</u>	<u>2024</u>	<u>Percent Change</u>
<u>Program Revenues</u>			
Non Ad-Valorem Assessments and Fees	\$ 2,657,979	\$ 2,657,980	<1%
Comprehensive Service Agreement Fees	1,295,924	1,306,588	<1%
Miscellaneous Revenue	115,379	129,044	12% (A)
<u>General Revenue</u>			
Interest Income	<u>235,565</u>	<u>298,334</u>	27% (B)
	4,304,847	4,391,946	3%
<u>Expenses</u>			
General Government	457,742	511,534	12% (C)
Community Services	2,831,374	3,019,223	7%
Capital Outlay	<u>421,435</u>	<u>645,745</u>	53% (D)
Total Expenditures	3,710,551	4,176,502	13%
Other Financing Sources:			
Sale of Assets	<u>-</u>	<u>49,711</u>	100% (E)
Net Change in Fund Balance	594,296	265,155	-55%
Fund Balance - Beginning of Year	<u>4,323,084</u>	<u>4,917,380</u>	14%
Fund Balance - Ending of Year	<u>\$ 4,917,380</u>	<u>\$ 5,182,535</u>	5%

- (A) The increase was primarily due to an increase in unused fees for FY'24 received from Colier County compared to the amount of unused fees for FY'23 received from the county.
- (B) The interest rates were significantly more favorable during FY'24 compared to the prior year as a result of the increased interest rates at financial institutions given economic market conditions during fiscal 2024.
- (C) The increase is primarily attributable to the following factors: 1) increased legal costs for District-related matters and 2) an increase in insurance due to higher insurance rates.
- (D) The District capital outlay increase is primarily driven by the spending in FY'24 of approximately \$326,000 for needed lake restoration projects (compared to only approximately \$200,000 spent for lake restoration projects in the FY'23). Also, in FY'24, the District spent approximately \$170,000 for various equipment (primarily for new landscape maintenance equipment) compared to spending of only approximately \$54,000 for equipment purchases in FY'23. Capital outlay purchases will vary each year based on the District's approved budget, driven by the District's needs.
- (E) The increase is driven by the fact that the District sold certain capital assets no longer used in operations in FY'24 but did not have any similar sales of capital assets in FY'23. Sales of capital assets will vary from year to year based on the activities of the District, as approved in the District's budget.

LELY COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

Net Position

	Governmental Funds		Percent Change
	<u>2023</u>	<u>2024</u>	
<u>Assets</u>			
Current Assets	\$ 5,043,939	\$ 5,453,058	8%
Capital Assets	<u>9,860,407</u>	<u>9,800,951</u>	<-1%
Total Assets	<u>14,904,346</u>	<u>15,254,009</u>	2%
<u>Liabilities</u>			
Current Liabilities	126,559	270,523	114% (A)
Non-Current Liabilities	<u>37,249</u>	<u>46,034</u>	24% (B)
Total Liabilities	<u>163,808</u>	<u>316,557</u>	93%
<u>Net Position</u>			
Invested in Capital Assets	9,860,407	9,800,951	<-1%
Unrestricted	<u>4,880,131</u>	<u>5,136,501</u>	5%
Total Net Position	<u>\$ 14,740,538</u>	<u>\$ 14,937,452</u>	1%

- (A) The increase is primarily driven by the timing of outstanding invoices owed as of the end of FY'24 totaling approximately \$129,0000 related to lake bank restoration project work not paid until after year-end. In FY'23, the District paid for all work related to its lake bank restoration projects before year-end and thus, there were no invoices, of significance, accrued as of the end of FY'23.
- (B) This increase is attributable to an increase in the accrual for compensated absences from FY'23 to FY'24. The balance will fluctuate based on the timing of when employees need to use their earned time off for sick leave.

LELY COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the District (Continued)

	<u>Governmental Activities</u>		<u>Percent Change</u>
	<u>2023</u>	<u>2024</u>	
Program Revenues			
Charges for services	\$ 3,953,903	\$ 3,964,568	<1%
General Revenues			
Interest Income	235,565	298,334	27% (A)
Gain on sale of capital assets	-	5,564	100% (B)
Miscellaneous	115,379	129,605	12% (C)
Total Revenues	<u>4,304,847</u>	<u>4,398,071</u>	2%
Expenses			
General government	457,742	511,534	12% (D)
Community services	3,451,288	3,689,623	7%
Total Expenses	<u>3,909,030</u>	<u>4,201,157</u>	8%
Change in Net Position	395,817	196,914	-50%
Net Position - Beginning of Year	<u>14,344,721</u>	<u>14,740,538</u>	3%
Net Position - End of Year	<u>\$ 14,740,538</u>	<u>\$ 14,937,452</u>	1%

- (A) The interest rates were more favorable during FY'24 compared to the prior year as a result of the increased interest rates at financial institutions given economic market conditions during fiscal 2023.
- (B) The increase is driven by the fact that the District did not sell any capital assets in the prior year, FY'23, as it did in FY'24. Sales of capital assets will vary from year to year based on the activities of the District, as approved in the District's budget.
- (C) The increase was primarily due to an increase in unused fees for FY'24 received from Colier County compared to the amount of unused fees for FY'23 received from the county.
- (D) The increase is primarily attributable to the following factors: 1) increased legal costs for District-related matters and 2) an increase in insurance due to higher insurance rates.

Conclusion

If you upon review of the above have any questions or concerns, please do not hesitate to contact me at (239) 592-9115.

Sincerely,

W. Neil Dorrill

W. Neil Dorrill, District Manager
Lely Community Development District
cc: Supervisors

BASIC FINANCIAL STATEMENTS

LELY COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

ASSETS

Cash	\$ 5,404,437
Investments	116
Receivables	44,505
Prepaid insurance and deposit	4,000
Capital assets:	
Nondepreciable assets:	
Artwork - horses (Note 4)	1,400,000
Depreciable assets, net of accumulated depreciation:	
Infrastructure assets	5,954,412
Building	294,287
Automobiles and equipment	414,706
Artwork	27,382
Pumps and motors	428,890
Land and lake improvements	<u>1,281,274</u>
Total capital assets, net (Note 4)	<u>9,800,951</u>
 Total assets	 <u>15,254,009</u>

LIABILITIES

Accounts payable	238,981
Accrued liabilities (Note 5)	30,902
Due to pension fund	640
Compensated absences (Note 6):	
Expected to be paid after one year	<u>46,034</u>
 Total liabilities	 <u>316,557</u>

NET POSITION

Investment in capital assets	9,800,951
Unrestricted	<u>5,136,501</u>
 Total net position	 <u>\$ 14,937,452</u>

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

LELY COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Revenue (Expenses) and Changes in Net Position Governmental Activities</u>
Primary Government:				
Governmental activities:				
General government	\$ 511,534	\$ 439,282	\$ -	\$ (72,252)
Community services	<u>3,689,623</u>	<u>3,525,286</u>	<u>-</u>	<u>(164,337)</u>
Total governmental activities	<u>\$ 4,201,157</u>	<u>\$ 3,964,568</u>	<u>\$ -</u>	<u>(236,589)</u>
General revenues:				
Interest income				298,334
Gain on sale of equipment				5,564
Miscellaneous				<u>129,605</u>
Net general revenues				<u>433,503</u>
Change in net position				196,914
Net position, September 30, 2023				<u>14,740,538</u>
Net position, September 30, 2024				<u>\$ 14,937,452</u>

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

LELY COMMUNITY DEVELOPMENT DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND (GENERAL FUND)

SEPTEMBER 30, 2024

ASSETS

Cash (Note 3)	\$ 5,404,437
Investments (Note 3)	116
Receivables	44,505
Prepaid insurance and deposits	<u>4,000</u>
Total Assets	<u>\$ 5,453,058</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 238,981
Accrued liabilities (Note 5)	30,902
Due to pension fund	<u>640</u>
Total Liabilities	<u>270,523</u>

Fund Balance (Note 8):

Non-spendable	4,000
Restricted	-
Assigned	650,000
Unassigned	<u>4,528,535</u>
Total Fund Balance	<u>5,182,535</u>

Total Liabilities and Fund Balance	<u>\$ 5,453,058</u>
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Fund balance amounts reported for governmental activities in the statement of net position are different because (Note 2):

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the general fund.	9,800,951
Compensated absences that are not due and payable in the current period and therefore are not reported in the general fund.	<u>(46,034)</u>
Net position of governmental activities	<u>\$ 14,937,452</u>

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

LELY COMMUNITY DEVELOPMENT DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND (GENERAL FUND)**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Revenues:

Non ad-valorem assessments and fees	\$ 2,657,980
Comprehensive service agreement fees (Note 9)	1,306,588
Interest income	298,334
Miscellaneous revenues	<u>129,044</u>

Total Revenues	<u>4,391,946</u>
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Expenditures:

Current:

General government	511,534
Community services	3,019,223

Capital outlay	<u>645,745</u>
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Total Expenditures	<u>4,176,502</u>
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Excess of revenues over expenditures	215,444
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Other financing sources (uses):

Sale of capital assets	<u>49,711</u>
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Net change in fund balance	265,155
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Fund Balance, September 30, 2023	<u>4,917,380</u>
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Fund Balance, September 30, 2024	<u><u>\$ 5,182,535</u></u>
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The accompanying notes are an integral part of these financial statements.

LELY COMMUNITY DEVELOPMENT DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND (GENERAL FUND) TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Amounts reported for governmental activities in the statement of activities (page 11)
are different because:

Net change in fund balance - total governmental fund (page 13)	\$ 265,155
Governmental fund report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(15,870)
Some expenses reported in the statement of activities including any loss on the disposal of capital assets and sick leave expense do not require the use of current financial resource and therefore, are not reported as expenditures in the governmental fund.	<u>(52,371)</u>
Change in net position of governmental activities (page 11)	<u>\$ 196,914</u>

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

LELY COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF FIDUCIARY NET POSITION (FIDUCIARY FUND)

SEPTEMBER 30, 2024

ASSETS	
Investments	\$ 3,383
Due from general fund	<u>640</u>
Total assets	<u>4,023</u>
LIABILITIES	
Funds held in trust for beneficiaries	<u>4,023</u>
Total liabilities	<u>4,023</u>
NET POSITION	<u><u>\$ -</u></u>

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

LELY COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (FIDUCIARY FUND)

FOR THE YEAR ENDED SEPTEMBER 30, 2024

ADDITIONS	
Contributions:	
Employer	\$ -
Employee	-
Total Contributions	-
Investment earnings:	
Interest and dividends	-
Total Additions	-
DEDUCTIONS:	
Benefit paid	-
Total Deductions	-
Change in fiduciary net position	-
Net position, September 30, 2023	-
Net position, September 30, 2024	\$ -

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

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Lely Community Development District ("the District") was created on January 10, 1991 pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), as a Community Development District and operates within the criteria established. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, water supply, sewer and waste water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Lely Community Development District. The District is governed by a five-member Board of Supervisors, who serve four year staggered terms.

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

The District's financial statements include both government wide and fund financial statements:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes are reported separately from *business-type activities* of which the District had no such activities during the year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the District's governmental fund and its fiduciary fund, even though the latter is excluded from the government-wide financial statements. The District's general fund is classified as a governmental fund and is reported as a major individual fund.

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items, if any, are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, if any, are recorded only when payment is due. The primary revenue sources that are susceptible to accrual are non-ad valorem taxes, comprehensive service agreements fees, and interest. Other receipts and fees become measurable and available when cash is received by the District and are recognized as revenue at that time.

The District has one major governmental fund:

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

Additionally, the government reports the following agency fund type:

Fiduciary Fund - The Fiduciary Fund accounts for assets held in a trustee capacity and accumulates resources for pension benefit payments to qualified employees.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assessments

Non-ad valorem assessments are assessments on all property benefited within the District. Such assessments are levied each November 1. The fiscal year for which the non-ad valorem assessments are levied begins on October 1 with a maximum discount available for payments through November 30 and becomes delinquent on April 1. The Collier County, Florida Tax Collector's Office bills and collects these assessments, as part of the property's annual tax levy, on behalf of the District.

No allowance for losses has been recorded since the District considers all amounts to be fully collectible.

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

The General Fund budget and amendments, if any, are approved by the Board of Supervisors. The General Fund budget is prepared on the cash basis, which is considered not to be materially different from the modified accrual basis in accordance with U.S. generally accepted accounting principles. The General Fund budget amounts presented in the accompanying basic financial statements are as originally adopted, unless subsequently amended, by the District's Board of Supervisors. Budgetary control is established by the District through the appropriated budget for the General Fund.

The annual budget serves as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted. All budget amendments, which change the legally adopted total appropriation, are approved by the Board of Supervisors. Appropriations lapse at the year-end.

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

- a) Each year the District Manager submits to the District Board a proposed operating General Fund budget for the fiscal year commencing the following October 1.
- b) A public hearing is conducted to obtain taxpayer comments.
- c) Prior to September 1, the General Fund budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District's Board.
- e) The General Fund budget is adopted on a basis consistent with U.S. generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the fiscal year.

Due To and From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by funds affected in the period in which transactions are executed. There were minor outstanding amounts due to and from other funds at September 30, 2024 in the accompanying fund statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Fund Type

The original budget column of this statement is prepared from the District's adopted annual budget, and the final budget column of this statement is presented from the District's adopted annual budget adjusted for any budget amendments as approved, if any, during the year, which reflects budgeted revenues and expenditures in total for its governmental fund type on a cash basis which is comparable to the modified accrual basis of accounting for the year ended September 30, 2024. Appropriations lapse at year-end. The District did not pass any resolutions during the year ended September 30, 2024 to amend the original budget.

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported and are equal or equivalent to fair market value. Florida Statutes allows the District to invest surplus funds in:

- a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s.163.01.
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s.280.02.
- d) Direct obligations of the U.S. Treasury.
- e) Other various investments as described in the Florida Statutes at 218.45.

Certain funds are invested with the State Board of Administration of Florida in the Local Government Surplus Funds Trust Fund Investment Pool (2a-7 Pool). These funds (2a-7 Pool) are reported at its fair value of its position in the pool which is the same as its value of pool shares.

Prepaid Items

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

Payables and Accruals

Such payable and accrual amounts are recorded as expenses and liabilities when incurred in the government-wide financial statements and as expenditures and liabilities in the fund financial statements when expected to be liquidated with available expendable financial resources.

Capital Assets

Capital assets, which include infrastructure assets, building, automobiles and equipment, artwork, and land and lake improvements, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year.

In the case of initial capitalization of non-infrastructure District capital assets, the District was able to use historical cost and original purchase date for all such assets. As the District constructs or acquires additional capital assets each period, such assets are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life. In the case of donations, the District values these capital assets at the estimated fair value of the item at the date of donation. There were no donated assets received during the year, see Note 4.

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

In the case of the initial capitalization of general infrastructure assets, (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount, with the exception of certain infrastructure conveyed to Collier County for future maintenance purposes. The District was able to quantify the initial GASB 34 reporting of such infrastructure assets through original engineering reports utilized when constructing the infrastructure of the District. As the District constructs or acquires additional infrastructure assets, such assets are capitalized and reported at historical cost.

Infrastructure assets, building, automobiles and equipment, certain artwork, and land and lake improvements of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>YEARS</u>
Infrastructure assets	10 - 50
Building	20 - 39
Automobiles and equipment	3 - 15
Artwork	7
Pumps and motors	3 - 10
Land and lake improvements	20 - 30

Long-Term Obligations

In the government-wide financial statements, long-term debt, if any, and other long-term obligations are reported as liabilities in the Statement of Net Position. Related interest is expensed in the accompanying Statement of Activities. In the fund financial statements, the face amount of debt issued if any, is reported as other financing sources in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund. There was no debt nor was there any new debt issued during the year. Also, in the fund financial statements, when applicable, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. Issuance costs are reported as debt service expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Related principal and interest payments are reported as expenditures in such Statement.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflow of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category for the year ended September 30, 2024. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting in this category for the year ended September 30, 2024.

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The District's employees earn vacation which must be taken by the end of each fiscal year with the exception of employees with five years of service. Such employees can carry over a maximum of 40 hours of unused vacation time to the following fiscal year. Unused vacation time is not paid upon termination or retirement. Unused sick leave accumulates and is paid to employees with ten years of continuous service upon termination or retirement at 50% of amount accumulated up to 1,400 hours.

Fund Equity

The District's fund balance classifications comprise a hierarchy based primarily on the extent to which is bound to observe constraints imposed upon the use of resources reported in governmental funds. The District's fund balance classifications are: Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restrictions placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of various fund balance classifications refer to Note 8. Net Position in the government-wide statements are categorized as investment in capital assets, restricted or unrestricted. Investment in capital assets represents net position related to capital assets and any related debt, deferred inflows or outflows. Restricted net position, if any, represents the assets restricted by the District's bond covenants net accrued interest payable.

Risk Management

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance coverage for such losses is purchased from third-party carriers. The financial impact of the District's risk management activities are reported in the general fund. For the fiscal year ended September 30, 2024 the District paid \$90,214 to third-party carriers to insure for these purposes. There has been no reduction in coverage from the prior year. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There was no such type of occurrence during the year. No accrual has been provided for claims and incidents not reported to the insurer. Claims made have not exceeded the insurance coverage for the current year.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the government-wide statement of net position and the governmental fund balance sheet:

Capital Assets, Net:

The government fund balance sheet includes a reconciliation between *fund balance - total governmental fund* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the General Fund.” The details of this \$9,800,951 difference are as follows:

Total historical cost of capital assets at September 30, 2024 (see Note 4)	\$ 26,513,000
Accumulated depreciation at September 30, 2024 (see Note 4)	<u>(16,712,049)</u>
Net adjustment to increase <i>fund balance - total governmental fund</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 9,800,951</u>

Compensated absences:

Another element of that reconciliation explains that “long term liabilities are not due and payable in the current period and therefore are not reported in the general fund.” The details of this (\$46,034) difference are as follows:

Compensated absences	\$ <u>(46,034)</u>
Net adjustment to decrease <i>fund balance - total governmental fund</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (46,034)</u>

Explanation of certain differences between the government-wide statement of activities and the governmental fund statement of revenues, expenditures and changes in fund balance:

Depreciation and Capital Outlay:

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net changes in fund balance - total governmental fund* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, the “Governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this (\$15,870) difference are as follows:

Capital outlay (see Note 4)	\$ 645,745
Depreciation expense (see Note 4)	<u>(661,615)</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental fund</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (15,870)</u>

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

Accrued Related Items:

Another element of that reconciliation states that, “some expenses and other items reported in the statement of activities including the loss on disposal of capital assets, and sick leave expense do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.” The details of this (\$52,371) difference are as follows:

Disposal of capital assets	(43,586)
Net increase in accrued sick leave	<u>\$ (8,785)</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental fund</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (52,371)</u>

NOTE 3 - CASH AND INVESTMENTS

Cash

Cash held in the general fund at September 30, 2024 consisted of the following:

Demand Deposits	<u>\$ 5,404,437</u>
Total	<u>\$ 5,404,437</u>

All deposits with banks are entirely insured by Federal Depository Insurance. All District depositories are banks designated by the Florida State Treasurer as qualified public depositories. Chapter 280 of the Florida Statutes “Florida Security for Public Deposits Act” provides procedures for public depositories to ensure public monies in banks and savings and loans are collateralized with the Treasurer as agent for the public entities.

The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and certificates of deposit. At September 30, 2024, the District’s bank balance and carrying amounts were \$5,499,947 , and \$5,404,437, respectively. The District does not have a formal deposit policy that dictates deposits as a means of managing its exposure to losses and follows the guidance stipulated by Chapter 280 of Florida Statutes.

Investments

The District’s investments at September 30, 2024 is in the Local Government Surplus Funds Trust Fund (labeled the Fund A Surplus Trust Fund (“Fund A”)).

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments (Continued)

The Local Government Surplus Funds Trust Fund is governed by Ch. 19-7.001 through 19-7.017 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. As of September 30, 2024, the District's investment in the SBA totaled \$104. Information about this fund is available on the Florida State Board of Administration's website at www.sbafla.com. The District has no written and/or adopted formal investment policy and consequently adheres to the Investment Guidelines as set forth in Section 218.415 (16) of the Florida Statutes.

NOTE 4 - CAPITAL ASSETS, NET

Capital asset activity for the year ended September 30, 2024 was as follows:

	<u>BALANCE SEPT. 30, 2023</u>	<u>ADDITIONS</u>	<u>DISPOSALS/ RECLASSES</u>	<u>BALANCE SEPT. 30, 2024</u>
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Artwork - horses	\$ 1,400,000	\$ -	\$ -	\$ 1,400,000
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>1,400,000</u>	<u>-</u>	<u>-</u>	<u>1,400,000</u>
Capital assets, being depreciated:				
Infrastructure assets	19,955,236	28,582	-	19,983,818
Building	689,024	-	-	689,024
Automobiles and equipment	1,899,097	230,018	(260,392)	1,868,723
Artwork - horses	112,486	-	-	112,486
Pumps and motors	515,877	31,112	-	546,989
Land and lake improvements	<u>1,555,927</u>	<u>356,033</u>	<u>-</u>	<u>1,911,960</u>
Total capital assets, being depreciated	<u>24,727,647</u>	<u>645,745</u>	<u>(260,392)</u>	<u>25,113,000</u>
Less accumulated depreciation for:				
Infrastructure assets	(13,656,038)	(373,368)	-	(14,029,406)
Building	(378,162)	(16,575)	-	(394,737)
Automobiles and equipment	(1,503,308)	(166,954)	216,245	(1,454,017)
Artwork	(82,373)	(2,731)	-	(85,104)
Pumps and motors	(85,555)	(32,544)	-	(118,099)
Land and lake improvements	<u>(561,804)</u>	<u>(69,443)</u>	<u>561</u>	<u>(630,686)</u>
Total accumulated depreciation	<u>(16,267,240)</u>	<u>(661,615)</u>	<u>216,806</u>	<u>(16,712,049)</u>
Total capital assets, being depreciated, net	<u>8,460,407</u>	<u>(15,870)</u>	<u>(43,586)</u>	<u>8,400,951</u>
Governmental activities capital assets, net	<u>\$ 9,860,407</u>	<u>\$ (15,870)</u>	<u>\$ (43,586)</u>	<u>\$ 9,800,951</u>

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS, NET (Continued)

Depreciation expense of \$661,615 was charged to Community Services program during the year in the accompanying Statement of Activities on page 11.

During 2010, sculpted bronze horses (“Artwork - horses”) totaling \$1,400,000 were donated to the District by an artist. The Artwork - horses meet the criteria for classification as inexhaustible assets and are thus, not depreciated. An inexhaustible asset is a capital asset whose economic benefit or service potential is used up so slowly that its estimated useful life is extraordinarily long.

NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities at September 30, 2024, were comprised of the following:

Accrued wages and payroll taxes payable \$ 30,902

NOTE 6 - COMPENSATED ABSENCES

Compensated absences activity for the year ended September 30, 2024 was as follows:

	BALANCE SEPTEMBER 30, 2023	ADDITIONS	ROUNDING	BALANCE SEPTEMBER 30, 2024	DUE WITHIN ONE YEAR
Accrued long-term sick leave	\$ 37,249	\$ 8,785	\$ -	\$ 46,034	\$ -
Total	\$ 37,249	\$ 8,785	\$ -	\$ 46,034	\$ -

NOTE 7 - EMPLOYEE BENEFIT PLAN

The District established a single employer defined contribution pension plan (the "Plan") under the authority of the Florida Statute 190-011(3). In fiscal 2004, the District froze the 401K Plan and elected not to fund future contributions to the Plan. Plan assets at September 30, 2024 totaled \$3,383 and were held in a money market fund with a financial institution. As of September 30, 2024, \$640 was due from the General Fund relating to 2003 and 2004 matching contributions. The District intends to fully liquidate all funds in the Plan during the next year.

NOTE 8 - FUND BALANCE DISCLOSURE

In accordance with GASB No. 54, the District classifies governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - FUND BALANCE DISCLOSURE (Continued)

- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through a formal action of the highest level of decision making authority.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned through the following:
 - (1) The District’s Property Manager is authorized by the Supervisors to assign amounts for specific purpose.
 - (2) The Supervisors have authorized the District’s Property Manager to recapture excess fund balance that isn’t restricted or committed and transfer the excess to the General Fund, as applicable.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned classifications. Unassigned fund balance in the General Fund may report negative balances in other governmental funds, if any.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents and/or contracts that prohibit doing this, such as grant agreements requiring certain dollars spent. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made, with the exception of the emergency reserve established by the Supervisors.

Under normal circumstances, the District would first elect to utilize the Operating Reserve (Unassigned fund balance in the General Fund) before considering use of its Contingency Reserve. The District does not have a formal minimum fund balance policy. However, the District addresses various targeted reserve positions via the annual budget process and calculates targets and actuals to report the results to the Supervisor annually.

A schedule of the District’s general fund balance at September 30, 2024 is as follows:

Non-spendable	\$ 4,000
Restricted	-
Assigned:	
Contingency reserve	150,000
Capital reserve	<u>500,000</u>
	650,000
Unassigned	<u>4,528,535</u>
Total	<u>\$ 5,182,535</u>

LELY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - COMPREHENSIVE SERVICE AGREEMENT (CSA)

In 2005, the District entered into a comprehensive service agreement ("CSA") with Lely Resort Master Property Owners Association, Inc. ("Master Association") to provide an array of public services to Classics East and West residents and property owners ("Classics") located outside the current boundaries of the District. The District agreed to provide or make available the same public services to the Classics through the Master Association on the same terms and conditions that are provided to existing owners within the District. The term of this agreement is for thirty years from the date of the agreement with an option to renew for additional twenty years at the end of the original term. Pursuant to the present Agreement, the Master Association agreed to pay the District a per unit annual operation and maintenance fee based on a defined formula. The per unit fee for District members and annual operations and maintenance fee for Classics and CSA units will be the same, except for the per unit fee defined in the Arlington and Aster properties separate agreements. Total CSA fees received under this arrangement were \$1,306,588 during the year ended September 30, 2024.

NOTE 10 - MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs. Total fees paid to the management company in 2024 was approximately \$423,000.

NOTE 11 - LINE OF CREDIT

The District had a line of credit with a financial institution with maximum draws of up to \$750,000 which matured on October 10, 2023 and has not been renewed as of the date of these financial statements. There were no amounts outstanding under any line of credit agreement as of September 30, 2024.

NOTE 12 - SUBSEQUENT EVENTS

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through March 20, 2025, the date that the financial statements were available to be issued. The following subsequent was identified requiring disclosure:

On December 23, 2024, a third-party complaint was filed against the District by the Lely Resort Master Property Owner's Association, Inc., alleging unresolved defects in certain matters pertaining to drainage and lake banks in the community. Lely Resort Master Property Owner's Association, Inc. had previously filed a complaint regarding this matter against the community developer, Stock Development, LLC. The District intends to vigorously defend itself in this matter and in March 2024, filed a cross-claim against Lely Resort Master Property Owner's Association, Inc. and a counterclaim against Stock Development, LLC. Any outcome related to this litigation is uncertain as of the date of these financial statements.

PART II. REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

LELY COMMUNITY DEVELOPMENT DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUND (GENERAL FUND)**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	GENERAL FUND			
	BUDGETED AMOUNTS		ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
Revenues:				
Non ad-valorem assessments	\$ 2,650,345	\$ 2,650,345	\$ 2,657,980	\$ 7,635
Comprehensive service agreement	1,142,921	1,142,921	1,306,588	163,667
Reserve transfer	570,000	570,000	-	(570,000)
Interest income	160,000	160,000	298,334	138,334
Miscellaneous revenues/other	37,400	37,400	129,044	91,644
Total revenues	4,560,666	4,560,666	4,391,946	(168,720)
Expenditures				
Current:				
General government	456,200	456,200	511,534	(55,334)
Community services	3,544,466	3,544,466	3,019,223	525,243
Capital outlay	570,000	570,000	645,745	(75,745)
Total expenditures	4,570,666	4,570,666	4,176,502	394,164
(Deficiency) excess of revenues over expenditures	(10,000)	(10,000)	215,444	225,444
Other financing sources (uses):				
Sale of capital assets	10,000	10,000	49,711	39,711
Total other financing sources	10,000	10,000	49,711	39,711
Net change in fund balance	\$ -	\$ -	265,155	\$ 265,155
Fund Balance, September 30, 2023			4,917,380	
Fund Balance, September 30, 2024			\$ 5,182,535	

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

PART III. OTHER REPORTS



**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**

Nathan A. Phillips, CPA
Stephanie J. Feldman, CPA
David N. Phillips, CPA, MBA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
Keith S. Boyle, CPA
Bethany Bohall, CPA

March 20, 2025

To the Board of Supervisors
LELY COMMUNITY DEVELOPMENT DISTRICT
Naples, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and its major fund of LELY COMMUNITY DEVELOPMENT DISTRICT, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the LELY COMMUNITY DEVELOPMENT DISTRICT'S basic financial statements, and have issued our report thereon dated March 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LELY 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 LELY COMMUNITY DEVELOPMENT DISTRICT'S internal control. Accordingly, we do not express an opinion on the effectiveness of LELY 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 or significant deficiencies may exist that were not identified.

To the Board of Supervisors
LELY COMMUNITY DEVELOPMENT DISTRICT
March 20, 2025

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LELY 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 financial statements. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


PHILLIPS FELDMAN GROUP, P.A.
Certified Public Accountants
Naples, Florida



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

Nathan A. Phillips, CPA
Stephanie J. Feldman, CPA
David N. Phillips, CPA, MBA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
Keith S. Boyle, CPA
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March 20, 2025

To the Board of Supervisors
LELY COMMUNITY DEVELOPMENT DISTRICT
Naples, Florida

We have examined LELY COMMUNITY DEVELOPMENT DISTRICT's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. LELY COMMUNITY DEVELOPMENT DISTRICT's management is responsible for compliance with those requirements. Our responsibility is to express an opinion on LELY 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether LELY COMMUNITY DEVELOPMENT DISTRICT complied, in all material respects, with those requirements. An examination involves performing procedures to obtain evidence about whether LELY COMMUNITY DEVELOPMENT DISTRICT complied with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on LELY COMMUNITY DEVELOPMENT DISTRICT's compliance with specified requirements.

In our opinion, LELY COMMUNITY DEVELOPMENT DISTRICT complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

This report is intended solely for the information and use of the LELY COMMUNITY DEVELOPMENT DISTRICT and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.


PHILLIPS FELDMAN GROUP, P.A.
Certified Public Accountants
Naples, Florida



MANAGEMENT LETTER - LOCAL GOVERNMENT ENTITIES

Nathan A. Phillips, CPA
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March 20, 2025

To the Board of Supervisors
LELY COMMUNITY DEVELOPMENT DISTRICT
Naples, Florida

Board of Supervisors:

Report on the Financial Statements

We have audited the financial statements of LELY COMMUNITY DEVELOPMENT DISTRICT, Florida, as of and for the fiscal year ended September 30, 2024 and have issued our report thereon dated March 20, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 20, 2025, 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 taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rule of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements. The District does not have any component units as of September 30, 2024.

Financial Condition and Management

Sections 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 LELY COMMUNITY DEVELOPMENT DISTRICT met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that LELY COMMUNITY DEVELOPMENT DISTRICT did not meet any of the conditions described in the Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for LELY COMMUNITY DEVELOPMENT DISTRICT. It is management's responsibility to monitor LELY COMMUNITY DEVELOPMENT DISTRICT's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, LELY COMMUNITY DEVELOPMENT DISTRICT reported:

- a. The total number of District employees compensated in the last pay period of the district's fiscal year as 22.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 10.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$1,060,146.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$43,660.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as the Lake Bank Restoration Project. The total contract value of the Lake Bank Restoration project (**for Lakes 34A1, 34A2 and 35A**), started and completed in fiscal year 2024, was \$325,619 and the District incurred costs in fiscal year 2024 related to this project totaling \$325,619.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, as included below: the 2024 budget for the District's General Fund was not amended, see page 29.

To the Board of Supervisors
LELY COMMUNITY DEVELOPMENT DISTRICT
March 20, 2025

Specific Information (Continued)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, the (name of district) reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the District as \$879.17 per unit.
- b. The total amount of special assessments collected by or on behalf of the District as \$2,657,980.
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as \$0.

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 did not note any such findings.

Purpose of this Letter

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


PHILLIPS FELDMAN GROUP, P.A.
Certified Public Accountants
Naples, Florida