LELY COMMUNITY DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

LELY COMMUNITY DEVELOPMENT DISTRICT

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Phillips Feldman GROUP

Nathan A. Phillips, CPA
Stephanie J. Feldman, CPA

David N. Phillips, CPA, MBA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
Courtney L. Cound, CPA
Keith S. Boyle, CPA

INDEPENDENT AUDITOR'S REPORT

January 19, 2024

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

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, 2023, 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, 2023, 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.

Certified Public Accountants
801 Laurel Oak Drive, Suite 303, Naples, FL 34108
P 239 566 1600 | F 239 566 1901 | pfgcpa.com

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
January 19, 2024

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, 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.
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, 2023. 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, 2023 was $14,740,538.
- Fund balance on hand at September 30, 2023 totaled $4,917,380 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 2022. 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.

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, 2023. 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 2022-2023

The general fund balance of the District at the end of 2022 was $4,323,084. The general fund balance as of September 30, 2023 was $4,917,380 or an increase of $594,296.

FY 2023 Final Budget

The following budgeted revenues and expenditures have been prepared from audited statements. The District had a resolution to increase the budget for the CSA revenue from $1,142,921 to $1,300,268, offset by a corresponding increase to contingency reserve.

FY 2023 Final Budget (Continued)

GENERAL FUND	Original Budget	Final Budget
Revenue		
Non Ad-Valorem Assessments	$ 2,650,345	$ 2,650,345
Comprehensive Service Agreement Fees	1,142,921	1,300,268
Reserve transfer	351,506	351,506
Interest Income	14,800	14,800
Miscellaneous Revenues	37,400	37,400
Total Revenues	4,196,972	4,354,319
Expenditures		
General Government	479,575	479,575
Community Services	3,157,397	3,314,744
Total Expenditures	3,636,972	3,794,319
Capital Outlay	570,000	570,000
Total Expenditures	4,206,972	4,364,319
(Deficiency) of Revenues over Expenditures	(10,000)	(10,000)
Other		
Sale of Capital Assets	10,000	10,000
Net change in Fund Balance	$ -	$ -

Capital Asset Balances

The following schedule provides a summary of the District's capital asset balances at September 30, 2022 and 2023.

	Governmental Activities		Percent
	2022	2023	Change
Description			
Land and Lake Improvements	$ 1,168,954	$ 1,555,927	25%
Automobiles and Equipment	1,736,640	1,899,097	9%
Pumps and Motors	485,397	515,877	6%
Artwork	1,512,486	1,512,486	0%
Building	689,024	689,024	0%
Infrastructure	19,927,244	19,955,236	<1%
	25,519,745	26,127,647	2%
Less: Accumulated Depreciation	(15,651,628)	(16,267,240)	4%
Construction in Progress	186,467	-	100%
Total Capital Assets, Net	$ 10,054,584	$ 9,860,407	-2%

LELY COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Management
There was no debt as of September 30, 2023 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 2024.

Change in General Fund Balance

	2022	2023	Percent Change
Program Revenues			
Non Ad-Valorem Assessments and Fees	$ 2,466,814	$ 2,657,979	8%
Comprehensive Service Agreement Fees	1,197,790	1,295,924	8%
Miscellaneous Revenue	88,722	115,379	30% (A)
General Revenue			
Interest Income	41,626	235,565	466% (B)
	3,794,952	4,304,847	13%
Expenses			
General Government	471,966	457,742	-3%
Community Services	2,499,675	2,831,374	13% (C)
Capital Outlay	692,159	421,435	-39% (D)
Total Expenditures	3,663,800	3,710,551	1%
Other Financing Sources:			
Sale of Assets	24,232	-	-100% (E)
Net Change in Fund Balance	155,384	594,296	282%
Fund Balance – Beginning of Year	4,167,700	4,323,084	4%
Fund Balance – Ending of Year	$ 4,323,084	$ 4,917,380	14%

(A) The increase was primarily due to an increase in unused fees for FY'23 received from Colier County compared to the amount of unused fees for FY'22 received from the county.
(B) The interest rates were significantly more favorable during FY'23 compared to the prior year as a result of the increased interest rates at financial institutions given economic market conditions during fiscal 2023.
(C) The increase is primarily attributable to the following factors: 1) increased wages for employees at the District based on cost of living adjustments and competitive market conditions for labor, 2) general increases in prices for supplies due to growing inflation, especially for electricity, and 3) additional need for chemicals and effluent water due to the drought-like conditions experienced in Southwest Florida in FY'23.
(D) The District capital outlay decrease is primarily driven by the completion of the major pump station control project in FY'22 of approximately $387,000. The District did not have a similar pump station project in FY'23. However, the District did spend approximately $108,000 for two heavy duty trucks in FY'23 compared to spending for vehicles in FY'22 of only approximately $28,000. Capital outlay purchases will vary each year based on the District's approved budget.
(E) The decrease is driven by the fact that the District did not sell any capital assets in FY'23 as it did in FY'22. 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
	2022	2023	Change
Assets			
Current Assets	$ 4,604,535	$ 5,043,939	10% (A)
Capital Assets	10,054,584	9,860,407	-2%
Total Assets	14,659,119	14,904,346	2%
Liabilities			
Current Liabilities	281,451	126,559	-56% (B)
Non-Current Liabilities	32,947	37,249	13% (C)
Total Liabilities	314,398	163,808	-48%
Net Position			
Invested in Capital Assets	10,054,584	9,860,407	-2%
Unrestricted	4,290,137	4,880,131	14%
Total Net Position	$ 14,344,721	$ 14,740,538	3%

(A) The increase is primarily driven by the positive net change in fund balance which increased overall cash year over year. Also, prepaid insurance was up approximately $88,000 in FY'23 compared to FY'22, due to the timing of payments for the District's insurance.

(B) The decrease is primarily driven by outstanding invoices owed in the prior year (FY'22) of approximately $187,0000 related to ongoing lake bank restoration projects as of the end of FY'22 which were not completed until FY'23. In FY'23, the District completed 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.

(C) The increase is attributable to adjusting the accrual for compensated absences, based on the actual amount owed to employees as of the end of FY'23 for unused sick leave.

LELY COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the District (Continued)

	Governmental Activities		Percent
	2022	2023	Change
Program Revenues			
Charges for services	$ 3,664,604	$ 3,953,903	8%
General Revenues			
Interest Income	41,626	235,565	254% (A)
Gain on sale of capital assets	23,422	-	466% (B)
Miscellaneous	88,722	115,379	30% (C)
Total Revenues	3,818,374	4,304,847	13%
Expenses			
General government	471,966	457,742	-3%
Community services	3,120,847	3,451,288	11% (D)
Total Expenses	3,592,813	3,909,030	9%
Change in Net Position	225,561	395,817	75%
Net Position - Beginning of Year	14,119,160	14,344,721	2%
Net Position - End of Year	$ 14,344,721	$ 14,740,538	3%

(A) The interest rates were more favorable during FY'23 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 decrease is driven by the fact that the District did not sell any capital assets in FY'23 as it did in FY'22. 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'23 received from Colier County compared to the amount of unused fees for FY'22 received from the county.
(D) The increase is primarily attributable to the following factors: 1) increased wages for employees at the District based on cost of living adjustments and competitive market conditions for labor, 2) general increases in prices for supplies due to growing inflation, especially for electricity, and 3) additional need for chemicals and effluent water due to the drought-like conditions experienced in Southwest Florida in FY'23.

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, 2023

ASSETS	
Cash	$ 4,922,039
Investments	104
Receivables	29,944
Prepaid insurance and deposit	91,852
Capital assets:	
Nondepreciable assets:	
Artwork - horses (Note 4)	1,400,000
Depreciable assets, net of accumulated depreciation:	
Infrastructure assets	6,299,198
Building	310,862
Automobiles and equipment	395,789
Artwork	30,113
Pumps and motors	430,322
Land and lake improvements	994,123
Total capital assets, net (Note 4)	9,860,407
Total assets	14,904,346
LIABILITIES	
Accounts payable	103,054
Accrued liabilities (Note 5)	22,865
Due to pension fund	640
Compensated absences (Note 6):	
Expected to be paid after one year	37,249
Total liabilities	163,808
NET POSITION	
Investment in capital assets	9,860,407
Unrestricted	4,880,131
Total net position	$ 14,740,538

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

LELY COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net Revenue (Expenses) and Changes in Net Position Governmental Activities
Primary Government:				
Governmental activities:				
General government	$ 457,742	$ 461,790	$ -	$ 4,048
Community services	3,451,288	3,492,113	-	40,825
Total governmental activities	$ 3,909,030	$ 3,953,903	$ -	44,873
General revenues:				
Interest income				235,565
Miscellaneous				115,379
Net general revenues				350,944
Change in net position				395,817
Net position, September 30, 2022				14,344,721
Net position, September 30, 2023				$ 14,740,538

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

LELY COMMUNITY DEVELOPMENT DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND (GENERAL FUND)

SEPTEMBER 30, 2023

ASSETS	
Cash (Note 3)	$ 4,922,039
Investments (Note 3)	104
Receivables	29,944
Prepaid insurance and deposits	91,852
Total Assets	$ 5,043,939
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 103,054
Accrued liabilities (Note 5)	22,865
Due to pension fund	640
Total Liabilities	126,559
Fund Balance (Note 8):	
Non-spendable	91,852
Restricted	0
Assigned	643,626
Unassigned	4,181,902
Total Fund Balance	4,917,380
Total Liabilities and Fund Balance	$ 5,043,939
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.	9,860,407
Compensated absences that are not due and payable in the current period and therefore are not reported in the general fund.	(37,249)
Net position of governmental activities	$ 14,740,538

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, 2023

Revenues:	
Non ad-valorem assessments and fees	$ 2,657,979
Comprehensive service agreement fees (Note 9)	1,295,924
Interest income	235,565
Miscellaneous revenues	115,379
Total Revenues	4,304,847
Expenditures:	
Current:	
General government	457,742
Community services	2,831,374
Capital outlay	421,435
Total Expenditures	3,710,551
Excess of revenues over expenditures	594,296
Net change in fund balance	594,296
Fund Balance, September 30, 2022	4,323,084
Fund Balance, September 30, 2023	$ 4,917,380

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, 2023

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)	$	594,296
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.		(194,177)
Some expenses 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 resource and therefore, are not reported as expenditures in the governmental fund.		(4,302)
Change in net position of governmental activities (page 11)	$	395,817

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

LELY COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF FIDUCIARY NET POSITION (FIDUCIARY FUND)

SEPTEMBER 30, 2023

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

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, 2023

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, 2022	-
Net position, September 30, 2023	$ -

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.

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.

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, 2023 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, 2023. Appropriations lapse at year-end.

The District had a resolution to amend the 2022-2023 budget in fiscal 2023 to increase the budget for the CSA revenue to $1,300,268, offset by a corresponding increase to contingency reserve.

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.

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.

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:

	YEARS
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, 2023. 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, 2023.

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, 2023 the District paid $120,885 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.

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 $9,860,407 difference are as follows:

Total historical cost of capital assets at September 30, 2023 (see Note 4)	$ 26,127,647
Accumulated depreciation at September 30, 2023 (see Note 4)	(16,267,240)
Net adjustment to increase *fund balance - total governmental fund* to arrive at *net position - governmental activities*	$ 9,860,407

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 ($37,249) difference are as follows:

Compensated absences	$ (37,249)
Net adjustment to decrease *fund balance - total governmental fund* to arrive at *net position - governmental activities*	$ (37,249)

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 ($194,177) difference are as follows:

Depreciation expense (see Note 4)	$ (615,612)
Capital outlay (see Note 4)	421,435
Net adjustment to decrease *net changes in fund balance - total governmental fund* to arrive at *changes in net position of governmental activities*	$ (194,177)

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, as applicable in the year, 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 ($4,302) difference are as follows:

Net increase in accrued sick leave	$ (4,302)
Net adjustment to decrease *net changes in fund balance - total governmental fund* to arrive at *changes in net position of governmental activities*	$ (4,302)

NOTE 3 - CASH AND INVESTMENTS

Cash

Cash held in the general fund at September 30, 2023 consisted of the following:

Demand Deposits	$ 4,922,039
Total	$ 4,922,039

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, 2023, the District's bank balance and carrying amounts were $5,064,886 , and $4,922,039, 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, 2023 is in the Local Government Surplus Funds Trust Fund (labeled the Fund A Surplus Trust Fund ("Fund A").

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, 2023, 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 (17) of the Florida Statutes.

NOTE 4 - CAPITAL ASSETS, NET

Capital asset activity for the year ended September 30, 2023 was as follows:

	BALANCE SEPT. 30, 2022	ADDITIONS	DISPOSALS/ RECLASSES	BALANCE SEPT. 30, 2023
Governmental activities				
Capital assets, not being depreciated:				
Artwork - horses	$ 1,400,000	$ -	$ -	$ 1,400,000
Construction in progress	186,467	-	(186,467)	-
Total capital assets, not being depreciated	1,586,467	-	(186,467)	1,400,000
Capital assets, being depreciated:				
Infrastructure assets	19,927,244	27,992	-	19,955,236
Building	689,024	-	-	689,024
Automobiles and equipment	1,736,640	162,457	-	1,899,097
Artwork - horses	112,486	-	-	112,486
Pumps and motors	485,397	30,480	-	515,877
Land and lake improvements	1,168,954	200,506	186,467	1,555,927
Total capital assets, being depreciated	24,119,745	421,435	186,467	24,727,647
Less accumulated depreciation for:				
Infrastructure assets	(13,283,805)	(372,233)	-	(13,656,038)
Building	(361,587)	(16,575)	-	(378,162)
Automobiles and equipment	(1,366,969)	(136,339)	-	(1,503,308)
Artwork	(79,642)	(2,731)	-	(82,373)
Pumps and motors	(56,108)	(29,447)	-	(85,555)
Land and lake improvements	(503,517)	(58,287)	-	(561,804)
Total accumulated depreciation	(15,651,628)	(615,612)	-	(16,267,240)
Total capital assets, being depreciated, net	8,468,117	(194,177)	186,467	8,460,407
Governmental activities capital assets, net	$ 10,054,584	$ (194,177)	$ -	$ 9,860,407

NOTE 4 - CAPITAL ASSETS, NET (Continued)

Depreciation expense of $615,612 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, 2023, were comprised of the following:

Accrued wages and payroll taxes payable	$ 22,865

NOTE 6 - COMPENSATED ABSENCES

Compensated absences activity for the year ended September 30, 2023 was as follows:

	BALANCE SEPTEMBER 30, 2022	ADDITIONS	ROUNDING	BALANCE SEPTEMBER 30, 2023	DUE WITHIN ONE YEAR
Accrued long-term sick leave	$ 32,947	$ 4,302	$ -	$ 37,249	$ -
Total	$ 32,947	$ 4,302	$ -	$ 37,249	$ -

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, 2023 totaled $3,383 and were held in a money market fund with a financial institution. As of September 30, 2023, $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.

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, 2023 is as follows:

Non-spendable	$ 91,852
Restricted	-
Assigned:	
Contingency reserve	129,000
Capital reserve	514,626
	643,626
Unassigned	4,181,902
Total	$ 4,917,380

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 $1,295,924 during the year ended September 30, 2023.

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 2023 was approximately $394,000.

NOTE 11 - LINE OF CREDIT

The District entered into a line of credit with a financial institution with maximum draws of up to $750,000 with the interest rate based on the prime rate as published in the Wall Street Journal (8.50% at September 30, 2023). The line of credit is unsecured. There was no outstanding balance on the line of credit as of September 30, 2023. The line of credit matured on October 10, 2023 and has not been renewed as of the date of these financial statements.

NOTE 12 - SUBSEQUENT EVENTS

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 19, 2024, the date that the financial statements were available to be issued. No subsequent events were identified requiring disclosure.

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, 2023

	GENERAL FUND			
	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET
Revenues:				
Non ad-valorem assessments	$ 2,650,345	$ 2,650,345	$ 2,657,979	$ 7,634
Comprehensive service agreement	1,142,921	1,300,268	1,295,924	(4,344)
Reserve transfer	351,506	351,506	-	(351,506)
Interest income	14,800	14,800	235,565	220,765
Miscellaneous revenues/other	37,400	37,400	115,379	77,979
Total revenues	4,196,972	4,354,319	4,304,847	(49,472)
Expenditures				
Current:				
General government	479,575	479,575	457,742	(21,833)
Community services	3,157,397	3,314,744	2,831,374	(483,370)
Capital outlay	570,000	570,000	421,435	(148,565)
Total expenditures	4,206,972	4,364,319	3,710,551	(653,678)
(Deficiency) excess of revenues over expenditures	(10,000)	(10,000)	594,296	604,296
Other financing sources (uses):				
Sale of capital assets	10,000	10,000	-	(10,000)
Total other financing sources	10,000	10,000	-	(10,000)
Net change in fund balance	$ -	$ -	594,296	$ 594,296
Fund Balance, September 30, 2022			4,323,084	
Fund Balance, September 30, 2023			$ 4,917,380	

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

PART III. OTHER REPORTS

Phillips Feldman GROUP

Nathan A. Phillips, CPA
Stephanie J. Feldman, CPA

David N. Phillips, CPA, MBA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
Courtney L. Cound, CPA
Keith S. Boyle, CPA

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*

January 19, 2024

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, 2023, 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 January 19, 2024.

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.

Certified Public Accountants
801 Laurel Oak Drive, Suite 303, Naples, FL 34108
P 239 566 1600 | F 239 566 1901 | pfgcpa.com

To the Board of Supervisors
LELY COMMUNITY DEVELOPMENT DISTRICT
January 19, 2024

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

Phillips Feldman GROUP

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

January 19, 2024

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, 2023. 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, 2023.

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.

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

Certified Public Accountants
801 Laurel Oak Drive, Suite 303, Naples, FL 34108
P 239 566 1600 | F 239 566 1901 | pfgcpa.com

Phillips Feldman GROUP

MANAGEMENT LETTER - LOCAL GOVERNMENT ENTITIES

Nathan A. Phillips, CPA
Stephanie J. Feldman, CPA

David N. Phillips, CPA, MBA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
Courtney L. Cound, CPA
Keith S. Boyle, CPA

January 19, 2024

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, 2023 and have issued our report thereon dated January 19, 2024.

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 January 19, 2024, 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, 2023.

Certified Public Accountants
801 Laurel Oak Drive, Suite 303, Naples, FL 34108
P 239 566 1600 | F 239 566 1901 | pfgcpa.com

To the Board of Supervisors
LELY COMMUNITY DEVELOPMENT DISTRICT
January 19, 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 21.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 9.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $957,691.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $29,865.

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 53 & 38**), started in fiscal 2022, was $207,185 and the District incurred costs related to finishing this project in fiscal 2023 totaling to $39,365 ($186,466 spent for this project in fiscal 2022). The total contract value of the Lake Restoration project (**for Lake 34A2**) was $179,788 and the District incurred costs related to this project completed in fiscal 2023 totaling $179,788.

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 2023 budget for the District's General Fund was amended, see pages 19 and 29.

To the Board of Supervisors
LELY COMMUNITY DEVELOPMENT DISTRICT
January 19, 2024

Specific Information (Continued)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, 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 $2,657,979.

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.

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Naples, Florida