

Date: February 18, 2025
 To: Lely Civic Association Members and Board of Directors
 From: John Clifford, Treasurer
 Re: January 2025 and FY 2024 Treasurer's Report

This is the year-end Treasurer's report encapsulating the 2024 fiscal year spanning from March 1, 2024, until February 18, 2025.

Year-end Summary

We are currently in a time of fiscal uncertainty. Inflation continues to be of concern, and operating costs have increased significantly since the pandemic. The HOA faced a concerning situation this year because of extensive damage done to the storm pump infrastructure during the Hibiscus Golf Course remodel resulting repairs costing more than \$15,000 which had to be expended to get the pump up and running before hurricane season. Yet, because of skillful and effective actions taken by your Board officers we have finished the year under budget, with our funds being slightly higher than at the beginning of the year.

My goal as Treasurer, a goal shared by the other Board officers comprising the Board's Executive Committee, is to continue to improve the HOA's responsiveness and service to the members while staying within our budget. Recent changes to how we manage our funds, how we carefully steward the HOA's resources, and how we plan and prepare for our annual meetings have reduced costs significantly from last year and have set the stage to ensure our HOA... your HOA... is financially strong and prepared for the future without any need to increase HOA dues.

Current Balances and Monthly Changes

Month	Checking	Savings	CDs	Total	\$ Change	% Change	\$ Cumulative Change	% Cumulative Change
Feb-24	\$ 64,703.22	\$ 10,695.66		\$ 75,398.88	--	--	--	--
Mar-24	\$ 69,151.01	\$ 10,700.19		\$ 79,851.20	\$ 4,452.32	5.6%	\$ 4,452.32	5.9%
Apr-24	\$ 68,571.82	\$ 10,704.57		\$ 79,276.39	\$ (574.81)	-0.7%	\$ 3,877.51	5.1%
May-24	\$ 69,834.58	\$ 10,709.10		\$ 80,543.68	\$ 1,267.29	1.6%	\$ 5,144.80	6.8%
Jun-24	\$ 68,505.37	\$ 10,713.48		\$ 79,218.85	\$ (1,324.83)	-1.7%	\$ 3,819.97	5.1%
Jul-24	\$ 67,599.08	\$ 10,718.01		\$ 78,317.09	\$ (901.76)	-1.2%	\$ 2,918.21	3.9%
Aug-24	\$ 50,054.75	\$ 10,722.54		\$ 60,777.29	\$ (17,539.80)	-28.9%	\$ (14,621.59)	-19.4%
Sep-24	\$ 48,137.67	\$ 10,726.61		\$ 58,864.28	\$ (1,913.01)	-3.2%	\$ (16,534.60)	-21.9%
Oct-24	\$ 53,393.89	\$ 10,741.27		\$ 64,135.16	\$ 5,270.88	8.2%	\$ (11,263.72)	-14.9%
Nov-24	\$ 31,393.32	\$ 10,765.50	\$ 20,000.00	\$ 62,158.82	\$ (1,976.34)	-3.2%	\$ (13,240.06)	-17.6%
Dec-24	\$ 29,303.41	\$ 10,786.03	\$ 20,000.00	\$ 60,089.44	\$ (2,069.38)	-3.4%	\$ (15,309.44)	-20.3%
Jan-25	\$ 27,018.47	\$ 10,804.36	\$ 20,000.00	\$ 57,822.83	\$ (2,266.61)	-3.9%	\$ (17,576.05)	-23.3%
Feb-25	\$ 32,525.69	\$ 10,804.36	\$ 20,000.00	\$ 63,330.05	\$ 5,507.22	8.7%	\$ (12,068.83)	-16.0%

As you can see, the HOA has generally stayed within budget for monthly spending. The exception was in August, where we were faced with a \$15,230 bill for storm pump infrastructure repairs for damages done during the Hibiscus Golf Course remodel in mid to late 2023. The storm pump is essential to prevent flooding of houses during heavy rains, and it had to be restored to service before hurricane season. Laura and I worked with the Lely Country Club POA's Board to make them aware of their obligations under the 2004 shared responsibility agreement both HOAs are party to, and we obtained 50% of the repair costs as reimbursement from them in October. The

Board then worked to recover the full costs of repairs from Hibiscus and successfully did so earlier this month. We reimbursed LCC for their half of the recovered expenses earlier this week.

Changes to reduce costs and increase income without increasing dues

As Treasurer, I have worked with the Board to increase our income and reduce our costs going forward. In October I converted our contingency account to a higher interest-bearing account increasing interest on our \$10,800 balance from 0.4% (roughly \$50 per year) to 2.7% (roughly \$300 per year). With Board approval I also moved not-yet-needed operating funds to short term CDs that generated 4% interest. Even though this was done midway through the year it added another \$690 to our income. Going forward I believe this strategy will continually add another \$1,000 per year to our income... 2.5% of our budget... at no cost to members.

The Board also approved my motion to add an additional \$50 fee to sales and lease approval fees, to be paid by new owners and tenants. We average around 25 sales and 15 rentals a year, so this fee will bring in another \$2,000 per year to the HOA at no cost to members.

I have also contacted Lely Country Club POA's former treasurer (now president) and have established a policy by which we will seek reimbursement for all storm pump-related expenses on a quarterly basis. We currently spend around \$2,000 on utility and maintenance per year, and this will cut that expense in half saving the HOA around \$1,000 a year.

I also want to applaud the work of the Board in ensuring we achieved a quorum for this Annual Meeting, and particularly to our Secretary, Ellen Clifford, for her work in planning and executing on the project to achieve a quorum. Over the last couple of years, the HOA has had to spend more than \$6,000 on rescheduled annual meetings. A big thanks to her and the other Board members and HOA members who helped so we could successfully do this in one try.

Issues of concern

While LCA remains financially sound, we have a continuing problem with around 25% of members being delinquent on their dues until well past the June 1 due date, and around 8% not paying their dues. This can impact our budget and create an uncertainty of between \$4,000 to \$10,000 or more each year. We have been spending well over \$1,000 each year trying to collect delinquent dues, but this has stopped... we simply can't afford to keep sending out bills to delinquent members. We are working with Anchor to pass the costs of collecting delinquent dues to delinquent members instead of having the HOA absorb these costs. We need income from dues to be able to function in the face of rising costs due to inflation, and \$100 is by far the lowest fee that any HOA charges in this area.


Please, if you aren't sure if you paid your dues this year, check with me to make sure you aren't delinquent!

Potential Areas for Concern

As I have stated, we are in good financial condition and can withstand a couple of major unexpected expenses equivalent to the recent pump issues. The long-term economic trends indicate that in the next several years we will start to see expenses begin to exceed our income from dues. The Board must be vigilant and keep an eye on unnecessary costs. We have also learned of the huge financial responsibility of the storm pump; why the 2004 Board decided to accept the financial burden of shared responsibility when this was solely the responsibility of Lely Country Club POA (LCC) to where it's included in their bylaws is beyond me... what a mistake! We've spent around \$2,000 a year, on average, on pump maintenance and operation (\$40,000) and haven't been billing LCC until recently. It's gotta go.

I am reaching out to our County Commissioner Rick LoCastro to see about how we can get the County to include replacing the pump with a weir or other flood control structure and take over responsibility as part of the Rattlesnake-Hammock stormwater/sewer program, to get it off our plate. I want to use this information to work with the Board and develop a plan to do so this Spring.

Respectfully submitted,



John Clifford
LCA HOA Treasurer