



**Litchfield**  
BY • THE • SEA  
Community Association, Inc.

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October 29, 2024

Dear Owner,

As we navigate through the final quarter of the 2024 Fiscal Year, we can't help but marvel at the milestones we've achieved together. The journey towards our bright future has been marked by many community meetings, a public vote, and the acquisition of 49 Wall Street with an adjacent lot. This purchase sets the stage for our new Association headquarters, the nerve center of our operations. Our path also led us to the appointment of our first Chief Operating Officer, Bernie Guthrie, with more talented individuals set to join our team very soon. It's been a truly exhilarating 2024, and you're all part of this success! Thank you!

The transition to self-management completes on January 31, 2025, with the termination of the agreement with Waccamaw Management. As we work to set up our new accounting system, **no coupons are enclosed with this notice**. The budget and assessments are being programmed into our new software system, and **coupons will be generated for mailing around the middle of December. The first payment with your new coupon and to our new lockbox will be the January 2025 assessments.**

In the coming days, you will receive communication about registering your account, options for paying your assessments, and so much more. We look forward to bringing a higher level of customer service to our community and residents and overall, more efficient operations. Next year will bring more thrilling adventures!

But before we begin 2025, we need a financial framework. Over the last few months, we have diligently worked to create a budget for the next fiscal year that considers all the changes over the past year and planning for long-term goals.

LBTS maintains a robust and responsible financial position through its budget, investments, reserve fund management, and adherence to industry best practices for homeowner associations. The financial health of the Association is verified by an annual independent audit of the books and records, which can be accessed on our website [www.litchfieldbythesea.com](http://www.litchfieldbythesea.com). This commitment to financial transparency and responsibility is a testament to our dedication to serving the community.

The final budget was approved at the October 17th meeting of the Board of Directors, and we are excited to say that the balanced budget will guide the financial operations as we transition to self-management. **The Annual Assessment has not been increased, and no Special Assessment has been planned.**

The budget differs from prior years by creating more cost centers (Departments) to represent expenses in smaller categories. The transfer of administrative income sources from our prior management firm to our books, along with the exploration of other avenues for revenue, has created new income line items. In short, this budget is quite different from the past and cannot be compared with prior years. A copy of the

system-generated budget will be uploaded to the website once the software programming is complete. This budget and future iterations will be specifically designed to present a clear financial picture tied to the efficiency of operations and economic responsibility.

Soon, you will receive information and directions on accessing our new owner portal (please note that it will not be fully active until January 1, 2025). On or about that date, our new management software will “post assessments due” to accounts, and you can see your amounts due. There may be several parts to your payment obligation, depending on the location of your property and the programs in which you have chosen to take part. Let’s review!

**FY25 Assessments**

| Property Type                    | Ocean Side/River Club |            | Willbrook Blvd (West Side) |          |
|----------------------------------|-----------------------|------------|----------------------------|----------|
|                                  | Monthly               | Annually   | Monthly                    | Annually |
| Improved (Constructed)           | \$136.00              | \$1,632.00 | \$46.00                    | \$552.00 |
| Unimproved (Not Yet Constructed) | \$99.00               | \$1,188.00 | \$35.00                    | \$420.00 |

| Resident Programs                                   | Monthly | Annually |
|---|---------|----------|
| Cable TV/Internet (River Club Single Family Only)   | \$56.00 | \$672.00 |
| Trash (1x per week) *will be billed monthly in 2025 | \$12.11 | \$145.32 |
| Recycling (Every Other Week) *now billed monthly    | \$10.22 | \$122.64 |

| Commercial Properties  | Monthly  | Annually   |
|------------------------|----------|------------|
| River Club Golf Course | \$615.00 | \$7,380.00 |
| 68 Wall Street         |          | \$2,139.00 |
| 28 Wall Street         |          | \$2,356.00 |
| 14240 Ocean Hwy        |          | \$5,840.00 |
| 106 Wall Street        |          | \$732.00   |
| 90 Wall Street         |          | \$1,928.00 |
| 150 Wall Street        |          | \$1,759.00 |
| 130 Wall Street        |          | \$126.00   |
| 149 Wall Street        |          | \$204.00   |
| 99 Wall Street         |          | \$180.00   |
| 129 Wall Street        |          | \$163.00   |
| 93 Wall Street         |          | \$204.00   |
| 69 Wall Street         |          | \$227.00   |
| 49 Wall Street         |          | \$732.00   |
| 29 Wall Street         |          | \$289.00   |
| 14290 Ocean Hwy        |          | \$352.00   |
| 14290 Ocean Hwy        |          | \$1,673.00 |



### **Budget Notes on Income**

Department 40: The Annual Assessment income line items stay the same.

Department 41: We begin to formally set funds aside to protect the future of our beach with a \$900 Beach Nourishment Assessment payable upon property transfer.

Department 43: As we move to a professional homeowners association financial advisor, we predict an increase in our interest income.

Department 44: Resident programs continue to be important to our owners, and we support cable, trash, and recycling services as a pass-through expense.

Department 45: Several administrative fees were previously collected under the management company. We bring those fees over as income to the Association in this budget. Additionally, we will continue the Resort Fee program and start a Vendor Pass program (early 2025) to which commercial entities may purchase.

Department 46: These fees are transferred from the management company's income to ours.

Department 47: The Board of Directors actively seeks to collect all delinquent amounts due. Sometimes, this income carries over from year to year and is shown as income when the bad debt is collected.

Department 48: We have a few income lines related to community rentals.

Department 49: We expect to offer our residents frequent opportunities for social engagement. We may need to charge a small fee for some of these events, and this section will capture that income.

Total income: \$4,851,679.

### **Budget Notes on Expenses**

Department 50: The Association's management moves all employee-related expenses in-house rather than paying fees to the management company for the assigned site staff. By cultivating our team, we can provide a more dedicated and professional staff to aid our owners and support the property.

Department 52: As with any business, there are many general expenses involved in operations. Over the next year, we hope to move towards full electronic billing for owners who do not wish to receive mailed items. That movement reduces printing, coupons, and postage expenses.

Department 55: This section provides an allowance to write off debt that is considered uncollectable (e.g., bankruptcies) and the depreciation of certain items calculated during our annual independent audit.

Department 57: These expenses are related to hosting our membership meeting and related election process each year, as well as Board of Directors training.

Department 59—We hire outside professionals to help us conduct our business, and these lines cover the costs of those related expenses.

Department 60: Earlier this year, the Association bought our new site-building at 49 Wall Street and the adjacent lot, which expands our property at the main gate. The expenses related to purchased properties are grouped together to ensure that we have funds other than Annual Assessments at a level needed to cover the costs.

Department 65: These lines are the expense side of the pass-through fees (Department 44) for resident programs.

Department 67: The Board recognizes our responsibility to the community and sets aside funds for programs, partnerships, and memberships that further engagement.

Department 69: Our largest expenditure is related to controlled access to the community. The site team plans to perform a thorough review of all security areas to find opportunities for change or improvement.

Department 70: The pool, found in the River Club section of the community, is one of the Association's shared amenities.

Department 72: Other amenities are the Beach Club and surrounding deck/facilities.

Department 74: The Association has more acres to maintain than most residents realize, and the costs to keep the landscape and grounds at a level that meets resident expectations are an investment in enhanced property values.

Department 76: The public areas are kept at a level befitting our status as a premier community, along with the landscaping.

Department 82: From time to time, residents request enhancements to the community, and these lines offer funding to support those considerations.

Department 90: Saving for the future is important for our financial stability. The budget earmarks funds for Reserves to build on past contributions and ensure sufficient funds are on-hand when needed. Each year, we analyze the balances, contributions made, and expenditures to determine amounts needed to still be on track and fully funded. The Reserve Study can be found on the website [www.litchfieldbythesea.com](http://www.litchfieldbythesea.com).

Total Expenses: \$4,851,679

Difference Between Income and Expenses: \$0.00

Thank you for taking the time to review the information and budget included in this correspondence. We are optimistic about the upcoming transition to self-management and are committed to enhancing the services we provide to our residents. Your support in this endeavor is greatly appreciated!

Best Regards,

The Board of Directors



Litchfield-By-The-Sea Community Association, Inc.  
Approved Budget 01/01/2025-12/31/2025



| General Ledger Account | Description                                  | Annual Amount |
|------------------------|--|---------------|
| 40                     | <b>INCOME</b>                                |               |
| 4000                   | Annual Assessments - General                 | \$3,162,672   |
| 4010                   | Annual Assessments - Public/Commercial Units | \$18,615      |
| 4020                   | Annual Assessments - Golf Course             | \$7,380       |
|                        |  |               |
| 41                     | <b>Other Income</b>                          |               |
| 4100                   | Beach Nourishment Assessment at Transfer     | \$180,000     |
| 4110                   | Special Assessments                          | \$0           |
|                        |  |               |
| 43                     | <b>Interest Income</b>                       |               |
| 4300                   | Operating Interest Income                    | \$20,000      |
| 4310                   | Reserve Interest Income                      | \$80,000      |
|                        |  |               |
| 44                     | <b>Resident Programs</b>                     |               |
| 4400                   | Cable Program                                | \$165,984     |
| 4420                   | Household Refuse Program                     | \$97,000      |
| 4410                   | Household Recycling Program                  | \$27,500      |
|                        |  |               |
| 45                     | <b>Administrative Fees</b>                   |               |
| 4500                   | ARB Impact Fees                              | \$4,000       |
| 4510                   | Covenant Violations                          | \$9,000       |
| 4520                   | Late Fees/Notices                            | \$36,000      |
| 4530                   | Returned Check Fees                          | \$3,000       |
| 4540                   | Tenant Registration Fees                     | \$3,000       |
| 4550                   | Decal/Barcode Fees                           | \$35,000      |
| 4560                   | Resort Fee                                   | \$600,000     |
| 4570                   | Vendor Passes                                | \$300,000     |
|                        |  |               |
| 46                     | <b>Property Transfer Fees</b>                |               |
| 4600                   | Disclosure Packets                           | \$35,000      |
| 4610                   | Record Update                                | \$15,000      |
|                        |  |               |
| 47                     | <b>Recovered Funds</b>                       |               |
| 4710                   | Legal Fee Recovery                           | \$10,004      |
| 4720                   | Bad Debt Recovery                            | \$10,004      |
|                        |  |               |
|                        | <b>Rentals</b>                               |               |
| 4800                   | Beach House Event                            | \$28,400      |
| 4810                   | Beach Services                               | \$3,000       |
| 4820                   | Site Office Conf Rental/Beach Club Rental    | \$1,000       |
|                        |  |               |
| 49                     | <b>Activities</b>                            |               |

Litchfield-By-The-Sea Community Association, Inc.

Approved Budget 01/01/2025-12/31/2025

| <b>General Ledger Account</b> | <b>Description</b>                        | <b>Annual Amount</b> |
|-------------------------------|---|----------------------|
| 4900                          | Misc. Activity Income                     | \$120                |
|                               |   |                      |
|                               | <b>TOTAL INCOME</b>                       | <b>\$4,851,679</b>   |
| <b>EXPENSES</b>               |   |                      |
| 50                            | <b>Employee Salary and Benefits</b>       |                      |
| 5010                          | Salaries                                  | \$510,000            |
| 5110                          | FICA/FUTA/SUTA                            | \$42,960             |
| 5120                          | Payroll Processing Services               | \$2,400              |
| 5000                          | 401K Program                              | \$30,000             |
| 5080                          | Employee Insurance Benefits               | \$64,800             |
| 5050                          | Employee Contributions to Insurance Costs | -\$15,000            |
| 5060                          | Employee Education and Training           | \$9,600              |
| 5090                          | Employee Reimbursements                   | \$4,800              |
| 5040                          | Employee Activities                       | \$2,400              |
| 5070                          | Employee Hiring                           | \$2,400              |
|                               |   |                      |
| 52                            | <b>General Administrative Expenses</b>    |                      |
| 5260                          | General Printing and Copying              | \$19,800             |
| 5240                          | Coupons                                   | \$14,915             |
| 5320                          | Postage                                   | \$15,000             |
| 5300                          | Management Software                       | \$22,080             |
| 5310                          | Office Supplies                           | \$12,000             |
| 5270                          | IT and Software                           | \$12,000             |
| 5330                          | Website and Domain Hosting                | \$6,000              |
| 5250                          | General Liability Insurance               | \$166,140            |
| 5290                          | Licenses, Taxes, Fees                     | \$10,000             |
| 5220                          | Cell Phones, IT Equipment                 | \$18,000             |
| 5210                          | Bank Charges and Processing Fees          | \$24,000             |
|                               |   |                      |
| 55                            | <b>Other Liabilities</b>                  |                      |
| 5500                          | Bad Debt                                  | \$10,000             |
| 5510                          | Depreciation                              | \$18,000             |
|                               |   |                      |
| 57                            | <b>Meeting Expenses</b>                   |                      |
| 5700                          | Membership Meeting Expenses               | \$5,000              |
| 5710                          | Board Training and Meeting Expenses       | \$4,800              |
|                               |   |                      |
| 59                            | <b>Professional Services</b>              |                      |
| 5900                          | Management Fee                            | \$23,208             |
| 5910                          | Accounting Services                       | \$54,000             |
| 5920                          | Audit and Tax Preparation                 | \$8,000              |
| 5930                          | Consulting Services                       | \$48,000             |
| 5940                          | General Legal Services                    | \$45,000             |



| General Ledger Account | Description                      | Annual Amount |
|------------------------|----------------------------------|---------------|
| 5950                   | Collection Legal Services        | \$23,500      |
|                        |                                  |               |
| 60                     | <b>Purchased Property</b>        |               |
| 6010                   | Loan Servicing                   | \$46,076      |
| 6000                   | Interest on Loan                 | \$68,180      |
| 6020                   | Utilities                        | \$12,000      |
| 6030                   | Telephone/Cable/Internet         | \$3,000       |
| 6040                   | Repairs and Maintenance          | \$19,800      |
| 6050                   | Trash Removal Site Office        | \$720         |
| 6060                   | Pest Control Site Office         | \$900         |
| 6070                   | Copier Lease                     | \$4,320       |
| 6080                   | Site Office Security             | \$1,800       |
| 6090                   | Landscape Services               | \$2,800       |
| 6100                   | Site Office Renovations          | \$50,000      |
| 6110                   | Cleaning Services                | \$4,810       |
|                        |                                  |               |
| 65                     | <b>Resident Programs</b>         |               |
| 6500                   | Bulk Cable Services              | \$165,984     |
| 6510                   | Household Refuse Program         | \$97,000      |
| 6520                   | Household Recycling Program      | \$27,500      |
|                        |                                  |               |
| 67                     | <b>Community Outreach</b>        |               |
| 6700                   | Community Outreach               | \$50,400      |
| 6710                   | Resident Social Events           | \$12,000      |
| 6720                   | Association Memberships          | \$3,600       |
|                        |                                  |               |
| 69                     | <b>Community Security</b>        |               |
| 6900                   | Security Contract                | \$808,800     |
| 6910                   | Security Telephone/Internet      | \$24,000      |
| 6930                   | Security Gate Repair/Maintenance | \$60,000      |
| 6920                   | Fuel                             | \$20,000      |
| 6940                   | Security Service Contract        | \$4,800       |
| 6950                   | Bar Code Administration          | \$6,000       |
|                        |                                  |               |
| 70                     | <b>Pool</b>                      |               |
| 7000                   | Pool Maintenance                 | \$48,000      |
| 7010                   | Pool Chemicals and Supplies      | \$15,504      |
| 7030                   | Pool Internet and Telephone      | \$2,580       |
| 7040                   | Pool Utilities                   |               |
|                        |                                  |               |
| 72                     | <b>Beach Club</b>                |               |
| 7200                   | Beach Club Cleaning              | \$15,000      |
| 7220                   | Beach Club Pest Control          | \$1,200       |

Litchfield-By-The-Sea Community Association, Inc.

Approved Budget 01/01/2025-12/31/2025

| <b>General Ledger Account</b> | <b>Description</b>                          | <b>Annual Amount</b> |
|-------------------------------|---|----------------------|
| 7230                          | Beach Club Security Cameras                 | \$3,900              |
| 7210                          | Beach Club Internet and Telephone           | \$4,560              |
|                               |   |                      |
| 74                            | <b>Landscape and Grounds</b>                |                      |
| 7400                          | General Landscape Maintenance Contract      | \$300,000            |
| 7410                          | Landscape Repairs and Supplies              | \$49,200             |
| 7480                          | Seasonal Flower Rotation/Mulch/Pine Needles | \$138,950            |
| 7510                          | Turf Maintenance/Chemical Application       | \$54,000             |
| 7460                          | Palm Tree Grooming                          | \$31,500             |
| 7440                          | General Tree Work                           | \$24,000             |
| 7470                          | Pond/Lake Maintenance                       | \$16,200             |
| 7430                          | Fountain Maintenance                        | \$18,996             |
| 7450                          | Irrigation Maintenance                      | \$36,000             |
| 7520                          | Wildlife Management                         | \$12,000             |
|                               |   |                      |
| 76                            | <b>Common Area Property Maintenance</b>     |                      |
| 7600                          | Common Area Repairs                         | \$150,000            |
| 7610                          | General Common Area Maintenance Services    | \$120,000            |
| 7620                          | Common Area Supplies                        | \$9,408              |
| 7630                          | Common Area Pest Control                    | \$6,000              |
| 7640                          | Common Area Electric                        | \$100,800            |
| 7650                          | Common Area Water and Sewer                 | \$25,800             |
|                               |   |                      |
| 82                            | <b>Projects</b>                             |                      |
| 8220                          | Common Area Enhancements                    | \$75,000             |
| 8210                          | Landscape Enhancements                      | \$75,000             |
|                               |   |                      |
| 90                            | <b>Reserves</b>                             |                      |
| 9000                          | Repair and Replacement Reserve              | \$486,300            |
| 9010                          | Beach Nourishment Assessments to Reserves   | \$180,000            |
| 9020                          | Capital Improvement Reserves                | \$75,000             |
| 9030                          | Operating Reserves                          | \$68,488             |
|                               |   |                      |
|                               | <b>TOTAL EXPENSE</b>                        | <b>\$4,851,679</b>   |
|                               |   |                      |
|                               | <b>TOTAL INCOME</b>                         | <b>\$4,851,679</b>   |
|                               |   |                      |
|                               | <b>Over/Under</b>                           | <b>(\$0)</b>         |