

**MINUTES OF MEETING  
VILLAGE COMMUNITY  
DEVELOPMENT DISTRICT NO. 7**

A Budget Workshop of the Board of Supervisors of Village Community Development District No. 7 was held on Tuesday, May 18, 2021 at 11:00 a.m. in the Ashley Wilkes Room at the Savannah Center, 1545 N. Buena Vista Blvd., The Villages, Florida 32162.

Board members present and constituting a quorum:

Jerry Vicenti	Chairman
Steve Lapp	Vice Chairman
Bill VonDohlen	Supervisor
Edward Coleman	Supervisor

Staff Present:

Richard Baier	District Manager
Kenny Blocker	Assistant District Manager
Bruce Brown	District Property Management Director
Barbara Kays	Budget Director
Anne Hochsprung	Finance Director
Candice Harris	Deputy District Clerk

**FIRST ORDER OF BUSINESS:                      Call to Order**

A.      Roll Call

Chairman Vicenti called the workshop to order at 11:18 a.m. and stated for the record that four (4) Board Supervisors were present representing a quorum.

Chairman Vicenti inquired if the notice pertaining to the Board Supervisor vacancy had been advertised. Richard Baier, District Manager, advised that notice of the vacancy has been posted on the [www.districtgov.org](http://www.districtgov.org) website, at the postal facilities and in the Weekly Bulletin and at the postal stations.

B.      Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

C. Observation of a Moment of Silence

The Board and residents observed a moment of silence for those who have served our Country and community.

D. Welcome Meeting Attendees.

The Chairman welcomed the meeting attendees.

E. Audience Comments

No audience comments were received.

**SECOND ORDER OF BUSINESS: Budget Review: FY 21-22 Recommended Budget**

Barbara Kays, Budget Director, advised that a budget packet was provided to the Board. Ms. Kays presented a PowerPoint presentation overview of the Proposed Budget for Fiscal Year 2021/2022 and highlighted the following:

**Economic Forecast**

Ms. Kays advised that some considerations were taken when preparing the budgets. The Consumer Price Index (CPI) in March 2021 was 2.62% and in April it was 4.16%. The CPI can impact the cost of items. Considerations of the economy include interest rate fluctuations, COVID-19 impacts, supply chain disruptions, price increases for raw materials and the shortage of supplies, as well as the continued growth of The Villages. She advised another consideration is the minimum wage increase and how it affects the contractors and vendors.

**Fiscal Year 2021-2022 Revenues:**

- Maintenance Assessment levels have been kept at the same rate as the current fiscal year.
- An increase of \$59,136 was budgeted to identify unrealized gains in the Interest/Miscellaneous revenue, which is a change to the budget process.
- Total Operating Revenue has an increase of 3%, due to the unrealized gains in the interest income line item.
- Usage of Working Capital has an increase of \$29,851, which is a result of surplus Working Capital funds being transferred into the Reserve Funds.
- Usage of Restricted Capital Project Phase I funds in the amount \$210,423.
- The District's total budgeted revenues are \$2,001,991.

### **Fiscal Year 2021/2022 Expenditure Comparison**

Ms. Kays advised that the total expenditures decreased by 15.2%, which is a result of capital projects being completed during the current fiscal year, and none are scheduled for Fiscal Year 2021/2022.

Chairman Vicenti inquired if any villa roads are scheduled to be paved in Fiscal Year 2021/2022. Ms. Kays advised that based on the five (5) Year Capital Improvement Plan (CIP), villa roadwork is not scheduled to occur until Fiscal Year 2022/2023. Richard Baier, District Manager, advised that the District's infrastructure is reviewed by District Property Management (DPM), and based on that review, the CIP has been developed to ensure ongoing maintenance of the District's infrastructure. Typically, 20 years is the standard timeframe for the mill and overlay of villa roads.

- Project Wide Fund cost allocation is \$1,285,309 or 58.5% of the total budget.
- Transfers to the Reserve Funds account for \$140,000 or 6.5% of the total budget.
- Personnel & Operating Services account for \$38,291 or 2% of the total budget
- Professional Services account for \$332,526 or 15% of the total budget.
- Utility Services account for \$157,583 or 7% of the total budget.
- Repair and Maintenance accounts for \$246,720 or 11% of the total budget.

### **Fiscal Year 2021/2022 Expenditure Variances**

- A 5% or \$8,395 placeholder has been budgeted for Management Fees and Tech Services.
- Legal Services has an increase of \$56,000 or 560% as a result of the Board's change in legal services.
- A decrease of \$1,090 or 2.7% has been budgeted for the District's cost allocation for Deed Compliance Services due to a decrease in the number of Deed Compliance complaints and Architectural Review Committee (ARC) applications received.
- An increase of \$15,636 or 49.9% has been budgeted for Building/Structure Maintenance Services to address wall and entry painting and rejuvenator projects as per the CIP.
- A decrease of \$16,550 or 35% has been budgeted in the Landscape Maintenance- Non-Recurring line item due to the completion of plant replacements projects in the current year.
- A decrease of \$5,763 or 47.9% has been budgeted in the Irrigation Repair line item based on a review of the average of the past three (3) years actual costs.

- A decrease of \$455,277 or 100% has been budgeted in the Infrastructure in line item the amount of \$455,277 or 100% due the completion of mill and overlay projects scheduled in the current Fiscal Year.
- Project Wide Fund (PWF) cost allocation is \$1,285,309, which is a decrease of .1% or \$1,220. The District 7 assessable acreage is 917.72 acres or 8.84% of the total assessable acreage within the PWF. The PWF spreads the cost and risk of the common infrastructure and facilities that benefit all residents in the community.

### **Restricted Capital Funds**

Ms. Kays advised that Restricted Funds must be spent on capital projects within the specific phase, and can be utilized for capital projects within the PWF. The District's PWF cost allocation amount will remain at the same level of \$1,285,309, but will be reduced through utilization of \$56,331 of the Restrict Funds to address the fencing replacement project.

### **Five Year Capital Improvement Plan**

- Fiscal Year 2021/2022 - \$25,108: \$3,109 for villa wall & entry painting and \$22,089 for road rejuvenator.
- Fiscal Year 2022/2023 - \$344,420: \$14,398 for villa wall & entry painting, \$30,855 for road rejuvenator and \$299,168 for mill and overlay.
- Fiscal Year 2023/2024 - \$17,388: \$12,416 for villa wall & entry painting and \$4,972 for road rejuvenator.
- Fiscal Year 2024/2025 - \$366,127: \$652 for villa wall & entry painting, \$15,983 for road rejuvenator and \$349,492 for mill and overlay.
- Fiscal Year 2025/2026 - \$12,766 for villa wall & entry painting.

Vice Chairman Lapp inquired why the costs associated with the villa road mill and overlay were not spread out over more years. Ms. Kays advised the costs correspond with the District's Pavement Management Plan which is every twenty (20) years for the mill and overlay of the villa roads. Rejuvenator will be applied two (2) years after the mill and overlay and then every five (5) years after that.

### **Working Capital/Reserve Balances**

Ms. Kays advised that as part of the Fiscal Year 2021/2022 budget process, Staff is reviewing the District's Working Capital and Reserve Balances in preparation of the Board discussing the potential development of a formal policy or guidelines to establish appropriate minimum levels of Working Capital and Reserve Fund Balances. The direction provided by the District 7 Board is to maintain approximately \$2.5 million balance in Working Capital. Surplus funds up to \$350,000 would then be transferred to the General R & R Fund, and any remaining surplus funds into the Road Reserve. Ms. Kays advised that per review of the Governmental Accounting Standards Board (GASB) Statement 34 and 54 established and further defined fund balance categories to provide users with a better understanding of the purposes for the particular funds. Currently there are three (3) categories that are utilized:

- Unassigned: Relates to the Working Capital balance. These are funds that have not been assigned to other funds, and are not restricted, committed or assigned to a specific purpose within the General Fund, which are considered to be unrestricted funds.
- Committed: The General R & R Reserve Fund balance and Road R & R Reserve balances are considered committed, as they are to be used for specific purposes as identified by the Board, which are considered to be restricted funds.
- Restricted: The funds are restricted for capital improvements only within the specific phase (Bond Refunding).

Ms. Kays stated that each year the Working Capital and Reserve Fund balances are reviewed during the annual budget process, and advised that the initial beginning balance is based on the prior year-end audited financial statements. For Fiscal Year 2021/2022 a transfer of \$70,000 is budgeted to the General R&R and the Road R&R Reserve. Ms. Kays reviewed the definition of Working Capital and its uses and advised that it equals the current assets less the current liabilities, which are unassigned and/or unrestricted. The Working Capital estimated ending balance as of September 30, 2022 is \$1.3 million which exceeds the recommended four (4) months of operating revenues. The General R & R Reserve Fund estimated ending balance as of September 30, 2022 is \$1.3 million. These funds are utilized for emergency/unforeseen expenditures i.e. hurricane/weather damages, depression repairs etc., to fund replacement and new capital projects for sustainability, aesthetics, technology and other criteria as identified by Board of Supervisors and it places the District in better standing with Bond Rating

agencies as they look at reserve levels when rating current and future debt. The Road R & R estimated ending balances as of September 30, 2022 is \$875,000. The Road R & R Reserves are utilized for mill and overlay of villa road capital projects. Staff has reviewed Governmental Finance Officers Association best practices, and various policies for Reserves minimum levels, and provides the following options for the Board's consideration:

Staff has reviewed Governmental Finance Officers Association best practices, and various policies for Reserves minimum levels, and provides the following options for the Board's consideration:

- Minimum reserves equal to a percentage of Net Asset Value on prior year audit: Fiscal Year 2019/2020 Net Asset Value \$4.5 million/District 7 Owned and Project Wide Maintained \$6.2 million; 10% of Net Asset Value is \$450,000/Total Combined \$1.1 million, 15% of Net Asset Value is \$675,000/Total Combined \$1.6 million and 20% of Net Asset Value is \$900,000/\$2.1 million.
- Annually transfer an amount based on a percentage of the prior year's depreciation costs of the District's assets. Fiscal Year 2019/2020 depreciation: \$2.2 million; an annual transfer of 50% would be \$1.1 million, an annual transfer of 75% would be \$1.6 million and an annual transfer of 100% would be \$2.2 million.

Ms. Kays reviewed the assumptions presented, which are based on maintaining the maintenance assessments at the current level. At the end of five (5) years the Working Capital estimated ending balance is \$1.1 million, the General R&R estimated ending balance is \$1.4 million and the Roads R&R estimated ending balance is \$975,000 in Road R & R. The Restricted Capital Project Fund Fiscal Year 2025/2026 estimated ending balance is \$2 million.

Supervisor Coleman inquired how the funding of the Morse Boulevard revetment project will be funded. Ms. Kays advised the funding for this project will be achieved through the PWF General Reserve Fund, and will have no impact on the participating Districts. Ms. Kays advised that the PWAC and individual District Boards have provided direction that reserve funds will not be maintained within the PWF. Should funds be needed for a specific project the PWAC will made a request to each of the Districts for funding.

#### **Maintenance Assessment Rates**

Ms. Kays provided an overview of the District's maintenance assessment history, and following discussion of the Board, direction was provided to Staff to maintain the existing maintenance assessment rate for Fiscal Year 2021/2022.

Ms. Kays stated that if the Board does not have any changes to the proposed Fiscal Year 2021/2022 budget or the proposed maintenance assessment rate as presented today, the Board will be asked to approve the Proposed Budget at the meeting held on June 10, 2021. A Public Hearing will then be held on September 9, 2021 at which time the Board will formally adopt the final budget and final maintenance assessment rate.

**THIRD ORDER OF BUSINESS:                      District Manager Reports**

Mr. Baier advised that the Board will review all applications for the Board vacancy at the July 8, 2021 meeting.

**FOURTH ORDER OF BUSINESS:                      District Counsel Reports**

There were no District Counsel Reports.

**FIFTH ORDER OF BUSINESS:                      Supervisor Comments**

There were no additional Supervisor Comments.

**SIXTH ORDER OF BUSINESS:                      Adjourn**

The workshop was adjourned at 12:32.

<b>On MOTION by Ed Coleman, seconded by Steve Lapp, with all in favor, the Meeting is adjourned.</b>
--

---

Richard J. Baier  
Secretary

---

Jerry Vicenti  
Chairman

