

**MINUTES OF MEETING
VILLAGE COMMUNITY
DEVELOPMENT DISTRICT NO. 1**

A Workshop of the Board of Supervisors of Village Community Development District No. 1 was held on Tuesday, May 25, 2021 at 8:00 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:

Kathy Porter	Chairman
Ellen Cora	Supervisor
Judy Biebesheimer	Supervisor

Staff Present:

Richard Baier	District Manager
Kenny Blocker	Deputy District Manager
Bruce Brown	District Property Management Director
Barbara Kays	Budget Director
Anne Hochsprung	Finance Director
Jennifer Farlow	District Clerk

FIRST ORDER OF BUSINESS: Call to Order

A. Roll Call

Chairman Porter called the Workshop to order at 8:02 a.m. and stated for the record that three (3) Board Supervisors were present representing a quorum. Bill Jenness was absent.

B. Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

C. Observation of Moment of Silence

The Board observed a moment of silence for those who served their Country and community.

D. Welcome Meeting Attendees

The Board welcomed all those in attendance at the Village Community Development District (VCDD) No. 1 Budget Workshop.

E. Audience Comments

There were no Audience Comments.

**SECOND ORDER OF BUSINESS: Budget Review: Fiscal Year 2021/2022
Recommended Budget**

Barbara Kays, Budget Director, presented a PowerPoint presentation overview of the Proposed Budget for Fiscal Year 2021/2022 and highlighted the following:

Economic Forecast

Ms. Kays advised that the Consumer Price Index (CPI) in March 2021 was 2.62% and in April it was 4.16%, which could impact the cost of some items. Additional considerations of the economy include interest rate fluctuations, COVID-19 related impacts, the potential impact of the minimum wage increase on the contractors and vendors, supply chain disruptions, price increases for raw materials and the shortage of supplies, as well as the continued growth of The Villages.

Fiscal Year 2021/2022 Revenues

- Maintenance Assessments levels have been kept at the same rate as the current fiscal year.
- The Interest/Miscellaneous revenue line item identifies an increase of \$32,336, which is a result of including unrealized gains, which is a change to the budgetary process.
- The total Operating Revenue shows an increase of 2.9%, due to the interest income.
- Usage of Working Capital shows an increase of \$20,606, which is tied to the transfer of surplus Working Capital into the Reserves Funds.
- Usage of Roads R &R shows an increase in the amount of \$82,248.
- The District's total budgeted revenues are \$1,124,481.

Fiscal Year 2021/2022 Expenditure Comparison

- Repair and Maintenance accounts for \$573,351 or 36% of the total budget.
- Capital accounts for \$392,732 or 25% of the total budget.
- Transfers account for \$225,000 or 14% of the total budget.
- Professional Services account for \$281,783 or 18% of the total budget.

- Utility Services account for \$82,125 or 5% of the total budget.
- Personnel & Operating accounts for \$38,637 or 2% of the total budget.
- FY 2021/2022 recommended budget for appropriations is approximately a \$135,190 or a 9.3% increase which addresses the mill and overlay projects included in the Capital Improvement Plan (CIP).

Fiscal Year 2021/2022 Expenditure Variances

- Management Fees and Tech Services has an increase of \$8,630, a 5% placeholder.
- There is a decrease of \$4,030 in the allocation for Deed Compliance Services, due to a decrease of Deed Restrictions and Architectural Review Committee (ARC) cases.
- Other Professional Services has an increase of \$8,047, due to an increase in Environmental Services and Maxicom fees.
- Electricity has an increase of \$15,421, based on historical activity, to cover villa lighting, pumps, irrigation controllers and entry signs.
- There is an increase of \$54,703 in the Building/Structure Maintenance Services, which addresses the rejuvenator and fence painting projects per the CIP.
- There is a decrease in the Landscape Maintenance- Non-Recurring in the amount of \$7,500 due to a decrease in plant replacements budgeted.
- There is an increase in the Irrigation Repair in the amount of \$11,654, which is based on prior activity.
- There is a decrease in Other Maintenance of \$34,232 as a result of moving the funds related to tree maintenance to Landscape Maintenance Non-Recurring and other costs were adjusted based on historical spending.
- There is an increase to the Infrastructure line item in the amount of \$82,248 per the CIP.

Working Capital and 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.

Ms. Kays advised that 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 two (2) 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.

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. The Fiscal Year 2021-2022 Budget includes a transfer of \$225,000 to the Villa Roads R & R. 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 \$1,068,805 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 \$695,000, and are utilized to fund 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 Renewal and Replacement (R & R) Reserve balances are reviewed during the annual budget process. The Road R & R Reserve includes a transfer of \$225,000 in FY 21/22 and the estimated ending balances as of September 30, 2022 is \$167,000. 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:

- Minimum reserves equal to a percentage of Net Asset Value on prior year audit: Fiscal Year 2019/2020 Net Asset Value \$9.6 million; 10% of Net Asset Value is \$960,000, 15% of Net Asset Value is \$1.4 million and 20% of Net Asset Value is \$1.9 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: \$693,000; an annual transfer of 50% would be \$347,000, an annual transfer of 75% would be \$520,000 and an annual transfer of 100% would be \$693,000.

Ms. Kays reviewed the Working Capital & Reserve assumptions which are based at maintaining the existing maintenance assessments level, and stated at the end of five (5) years there would be an ending balance of \$917,057 in the Working Capital, an ending balance of \$734,363 in General R & R and an ending balance of \$814,535 in Villa Road R & R.

Maintenance Assessments

Following several years of fluctuating maintenance assessment levels from Fiscal Year 2002-2013, this Board approved a 10% increase in Fiscal Year 17/18, to build necessary reserves. Ms. Kays advised that Staff is not recommending any adjustment to the Fiscal Year 2021/2022 maintenance assessments level from the current fiscal year. Following discussion, the Board directed Staff to proceed with the current 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 11, 2021. A Public Hearing will then be held on September 10, 2021 at which time the Board will formally adopt the final budget and final maintenance assessment rate.

THIRD ORDER OF BUSINESS: District Manager Reports

Richard Baier, District Manager, reminded the Board that the First Responders Ground Breaking would be taking place at 9:30 a.m. on May 26, 2021.

Mr. Baier advised the board that the Sumter County Board of County Commissioners is holding a meeting on May 25, 2021 at 7:00 pm at the Everglades Recreation Complex in regards to Fire and EMS Service in Sumter County.

FOURTH ORDER OF BUSINESS: District Counsel Reports

There were no District Counsel Reports.

FIFTH ORDER OF BUSINESS: Supervisor Comments

Supervisor Biebesheimer inquired if the recreation centers would continue to be fumigated on a regular basis. Mr. Baier advised that the airborne aerosol spray lasts up to a year, and the normal cleaning and sanitization of the recreation centers will continue.

Supervisor Biebesheimer inquired if there will be any expense to a numbered District when there is a water main break. Mr. Baier advised cost for the repair is the responsibility of the utility.

Supervisor Biebesheimer stated that there are many crepe myrtles that appear to be dying from parasites and inquired who residents should contact. Mr. Baier advised that residents can contact District Property Management (DPM) with the specific locations so that a review can be completed.

Supervisors Biebesheimer inquired if any applications had been submitted for the District 1 vacancy. Jennifer Farlow, District Clerk, advised that no applications have been received to date.

SIXTH ORDER OF BUSINESS: Adjourn

The meeting was adjourned at 8:43 a.m.

On MOTION by Judy Biebesheimer, seconded by Ellen Cora, with all in favor, the Meeting was adjourned.

Richard J. Baier
Secretary

Kathy Porter
Chairman