

**MINUTES OF MEETING
VILLAGE COMMUNITY
DEVELOPMENT DISTRICT NO. 3**

A Budget Workshop of the Board of Supervisors of Village Community Development District No. 3 was held on Tuesday, May 25, 2021 at 11:00 a.m. in the Ashley Wilkes Room at the Savannah Recreation Center, 1545 Buena Vista Blvd., The Villages Florida, 32162.

Board members present and constituting a quorum:

Bill Ray	Chairman
Gail Lazenby	Vice Chairman
Steffan Franklin	Supervisor
Terry Biddle	Supervisor
Tilman Dean	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 Ray called the meeting to order at 11:16 a.m. and stated for the record that all Supervisors were present representing a quorum.

B. Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

C. Observation of Moment of Silence

Chairman Ray led the Board and audience members in attendance in a moment of silence to observe those who have served our Country and community.

D. Welcome Meeting Attendees

The Board welcomed all those in attendance.

E. Audience Comments

There were no audience comments.

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

Richard Baier, District Manager, stated that in April the Board received a copy of the District's Balanced Scorecard, which contained information about how the District is achieving savings such as instituting the lease program for District vehicles and the purchase of the fuel station for those vehicles.

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 the minimum wage increase may have 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.
- Under the Interest/Miscellaneous revenue an increase of \$33,966 has been budgeted for unrealized gains, which is a change to the budgeting process.
- Total Operating revenue shows an increase of 2.5%, which is a result of the interest income.
- Usage of Working Capital was decreased by \$2,722.
- Usage of General R & R funds was decreased by \$300,000.
- Utilization of Roads R & R funds was increased by \$192,272.
- Utilization of Path R & R funds was increased by \$18,792.
- Usage of Restricted Phase II funds was decreased by \$126,684.
- The District's total Fiscal Year 2021/2022 budgeted revenues are \$1,373,253.

Fiscal Year 2021/2022 Expenditure Comparison

- The Repair and Maintenance expenditures account for \$797,674 or 51% of the total budget.
- Capital Projects account for \$192,271 or 12% of the total budget.
- Transfers from Reserve Funds account for \$150,000 or 10% of the total budget.
- Professional Services account for \$324,216 or 21% of the total budget.
- Utility Services account for \$52,565 or 3% of the total budget.
- Personnel & Operating expenditures account for \$40,613 or 3% of the total budget.
- The Fiscal Year 2021/2022 recommended budget for appropriations is a \$185,569 or 10.6% decrease.

Fiscal Year 2021/2022 Expenditure Variances

- A 5% or \$10,002 placeholder has been budgeted for Management Fees and Tech Services.
- There is an increase of \$1,555 to the District's allocation for Deed Compliance Services, which is the result of a slight increase in the number of Deed Compliance Complaints and Architectural Review Committee (ARC) applications received.
- Other Professional Services has a budgeted increase of \$13,027, which is due to an increase in Environmental Services and Maxicom fees.
- A decrease of \$16,777 has been budgeted for Building/Structure Maintenance Services due to the completion of fence painting in the current fiscal year.
- An increase of \$89,214 has been budgeted for the Landscape Maintenance-Recurring line item, due to the expiration of District contract for landscape maintenance and pine straw application.
- A decrease of \$12,000 has been budgeted to the Landscape Maintenance-Non-Recurring line item due to a decrease in the number of plant replacements scheduled.
- A decrease in the amount of \$31,676 has been budgeted to the Other Maintenance line item due to the transfer of costs relating to tree maintenance to the Landscape Maintenance Non-Recurring line item, and other costs that have been adjusted based on historical spending.
- A decrease to the Infrastructure line item in the amount of \$235,784 was budgeted due to the completion of the Buena Vista Boulevard Pump Station Replacement.

Fiscal Year 2021/2022 Capital Projects

There are two (2) mill and overlay projects that will be funded through the Roads R & R.

- Villa Alexandria in the amount of \$75,185
- Villa Valdosta in the amount of \$117,086

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 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. The Fiscal Year 2021/2022 Budget includes a General R&R transfer of \$45,000, a Roads R&R transfer of \$100,000 and a Cart Path R&R transfer of \$5,000. 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 \$1,353,219 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 \$271,000 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 R & R estimated ending balances as of September 30, 2022 is \$223,000. The Road R & R Reserves are utilized for mill and overlay of villa road capital projects. The Cart Path R & R Reserve estimated balance as of September 30, 2022 is \$7,500. Cart Path R & R Reserves are utilized for rejuvenator and mill and overlay of multi-modal path 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 \$6 million; 10% of Net Asset Value is \$600,000, 15% of Net Asset Value is \$900,000 and 20% of Net Asset Value is \$1.2 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: \$671,000; an annual transfer of 50% would be \$336,000, an annual transfer of 75% would be \$504,000 and an annual transfer of 100% would be \$671,000.

Ms. Kays reviewed the Working Capital & Reserve Assumptions which is based on keeping the maintenance assessments at the same rate. At the end of 5 years there would be an ending balance of \$1.5 million in the Working Capital, an ending balance of \$506,298 in General R & R, an ending balance of \$453,592 in Road R & R, an ending balance of \$32,421 in Cart Path Reserve and an ending balance of \$78,796 in Restricted Phase II.

Maintenance Assessments

Ms. Kays provided a historical overview of the District's maintenance assessment levels and advised that at this time Staff is not recommending an adjustment to the maintenance assessment levels for Fiscal Year 2021/2022. Following discussion, the Board concurred with Staff's recommendation.

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

Mr. Baier provided a reminder to the Board that a Ground Breaking would be held for the First Responders Recreation Center on May 26, 2021 at 9:30 a.m.

Mr. Baier advised that the Sumter County Board of County Commissioners (SCBOCC) will hold a meeting on May 25, 2021 at 7:00 pm at the Everglades Recreation Complex to address Fire and Emergency Management Service (EMS) in Sumter County.

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 meeting was adjourned at 11:54 a.m.

On MOTION by Gail Lazenby, seconded by Tilman Dean, the Board adjourned the meeting.

Richard J. Baier
Secretary

Bill Ray
Chairman