The Villages®
Community Development Districts
District 2

Preliminary Financial Statement Summary
As of September 30, 2025

Note: Routine analysis of year-end accruals is still in process and will be finalized with the audit report.

<u>Revenues</u>

Year-to-Date Revenues (YTD) of $1,490,000 are less than Prior Year-to-Date (PYTD) revenues of $1,555,000 and at 108% of the annual amended budgeted revenue of $1,376,000.

- The District has collected 100% of the budgeted maintenance assessments of $1,318,000. Sumter County collects the annual tax bill's maintenance assessments and remits them to the District, net of a 2% collection fee. The majority of assessments are collected from November through March. There was no increase in maintenance assessments levied for FY 2025.
- Investment earnings of $167,000 ($91,000 realized gains and $75,000 unrealized gains) are less than Prior Year-to-Date earnings of $228,000, exceeding budget expectation at 526% of budget. 85% of the portfolio is Short-term Fixed income securities which are earning approximately 1% less than this time last year. Fixed Income securities interest earnings are expected to continue to decline based on additional rate cuts expected by the Federal Reserve. The Long term (15%) portion of the portfolio has regained most of the early losses and is performing well at an annual rate of 11.5%. Fiscal year 2025-26 budgeted investment earnings is $28,000.
- Other income includes a budget resolution approved in March to increase the budget for anticipated FEMA reimbursement related to hurricane clean up. No FEMA reimbursements have been received to date.

The District has received 100% of the anticipated revenues through the county tax collections while the expenses are incurred ratably over the 12 months. *As of September 30, 2025, 100% of the year has elapsed.*

<u>Expenses and Other Changes</u>

Year-to-Date Operating Expenses of $1,482,000 are more than Prior Year-to-Date expenses of $961,000. Total Year-to-Date spending is 89% of the amended budget expenses of $1,660,000.

- Personnel Services are at 81% of the budget. An additional Town Hall meeting was held in October, increasing cost but was offset by lower quorum attendance allowing expenses to stay within budget.
- Management and Other Professional Services include Management Fees, Deed Compliance Services, and Tax Collector Fees. There was a 3% decrease in Management Fees in FY 24-25 due to the change in the budget methodology moving to a percentage of operating expenses. Legal services expenses are at 78% of the amended budget and Year-to-Date spending includes SECO light pole review and deed compliance legal cases. Deed compliance services are $36,000 less than prior year due to the change to a different allocation methodology for FY24-25.
- Utility Services include Electricity and Irrigation Water expenses. Year-to-Date spending is 97% of the amended budgeted expense of $76,000, a 73% increase in utility expenses from prior year. The increase is primarily due to the SECO pole rental rate increases. A change of $9,000

was processed in July and a change of $4,000 was processed in September to increase the electricity expense budget.

- Building, Landscape, and Other Maintenance Expenses totaling $1,119,000 are more than the Prior Year-to-Date of $612,000. The budget for Recurring Landscape Maintenance makes up 37% of this line item and 98% of the Recurring Landscape Maintenance has been expended for the year. The increase from last year is partly due to contract increases. Other Maintenance expenses are at 88% of the amended budget due to Basin Depression Repair, approximately $150,000. A budget resolution was completed in March to account for debris hauling and monitoring related to Hurricane Milton. Additional Other Maintenance includes entry wall and tunnel maintenance. As the fiscal year-end progresses, additional invoices are expected to be received to be more in line with budget.
- Other Expenses include Casualty & Liability Insurance expenses. The line-item is running at 72% of budget. Items are such as Operating Supplies are on an "as-need" basis and have little spending resulting in the line running under budget.
- Funding reserves have been budgeted for General R&R and Road R&R in the amount of $40,000, and transfers of 100% or $40,000 have occurred YTD.

Change in Unreserved Net Position

Year-to-Date change in Unreserved Net Position of ($32,000) is less than the Prior Year-to-Date of $554,000. The Change in Unreserved Net Position is expected to end higher for the year than amended budget ($325,000) primarily due to investment earnings exceeding budget and Building, Landscape and Maintenance expense below budget.

Investment Earnings:

The following table outlines the Current Month Annualized Return and One Month Rate of Return earnings by investment category:

September 2025	CFB	FLCLASS	FL PALM	FL-FIT	FLTRUST	LTIP
Current Month Annualized Return*	3.77%	4.30%	4.34%	4.55%	3.98%	11.53%
One Month Rate of Return	0.31%	0.36%	0.36%	0.38%	0.33%	2.57%
Prior FY 2024	4.86%	5.41%	5.44%	5.02%	4.58%	13.01%

*Current Month Annualized Return is an annualized return based on the past 30 day performance
All investment earnings are now recognized within the current month.

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Statement of Activity
For the Twelve Months Ending September 30, 2025 (100% of the budget year)
Preliminary

Original Budget	Amended Budget	Budget % used		YTD Actual	PYTD Actual	Variance
			REVENUES:			
$ 1,318,185	$ 1,318,185	100%	Maintenance and Other Special Assessments	$ 1,322,271	$ 1,326,556	$ (4,284)
-	25,657	4%	Other Income	981	497	484
31,700	31,700	526%	Investment Income	166,733	227,910	(61,177)
1,349,885	1,375,542	108%	**Total Revenues:**	1,489,985	1,554,963	(64,978)
			EXPENSES:			
15,096	15,096	81%	Personnel Services	12,291	11,420	872
287,243	297,295	90%	Management and Other Professional Services	268,506	285,984	(17,477)
61,420	76,420	97%	Utility Services	74,322	42,983	31,339
1,105,362	1,260,967	89%	Building, Landscape and Other Maintenance	1,118,774	612,263	506,511
10,652	10,652	72%	Other Expenses	7,646	8,080	(434)
1,479,773	1,660,430	89%	**Total Operating Expenses**	1,481,539	960,729	520,810
40,000	40,000	100%	Transfers out of Unrestricted Fund	40,000	40,000	-
40,000	40,000	100%	**Total Other Changes**	40,000	40,000	-
1,519,773	1,700,430	89%	**Total Expenses and Other Changes:**	1,521,539	1,000,729	520,810
$ (169,888)	$ (324,888)		**Change in Unreserved Net Position**	$ (31,554)	$ 554,234	$ (585,788)
			Total Cash, Net of Bond Funds	$ 2,498,949	$ 2,476,423	$ 22,526
			Fund Balance			
			Unassigned	1,433,415	1,464,969	
			Restricted - Capital Project, Phase I	-	-	
			Restricted - Capital Project, Phase II	2,552	2,552	
			Committed R and R General	666,455	646,455	
			Committed R and R Villa Roads	323,528	303,528	
			Total Fund Balance	$ 2,425,949	$ 2,417,503	$ 8,446