

The Villages®

Community Development Districts

District 2

Financial Statement Summary **As of December 31, 2025**

Summary

The District is projected to achieve its budgeted revenues for FY 2025-26, while expenses are trending below budget. This performance positions the District for a stronger year-end working capital outcome.

Revenues

Year-to-date revenues of \$1,184,155 are up slightly when compared to the same period of 2024. The District did not increase its Maintenance Assessment for FY 2025-26, so Revenue changes are based on collections and changes in Investment Income. The District is on track to meet or surpass its FY 2025-26 revenue budget.

- The District has collected 87.3% of the budgeted maintenance assessments to date, compared with 88.7% at the same point last year. This reflects a modest decline in collection performance. Payments are due March 31st.
- Investment earnings of \$33,575 through December 31, 2025 were substantially higher than the \$5,604 earned through December 31, 2024. In late 2024 and into early 2025, market volatility negatively impacted the District's investments in the form of unrealized losses, particularly the long-term portion of the investment portfolio. However, as of December 31, 2025, realized LTP gains grew by \$2,883 to \$13,382.
- 84.1% of the portfolio is Short-term Fixed income securities where the rate of return has been decreasing due to the Federal Fund rate cut. However, they are currently earning an estimated annual rate of return of 3.21% to 4.38%. The 15.9% of the portfolio, which is Long-term, is performing well at an annual rate of 15.17%. Fiscal Year 2025-26 budgeted Investment earnings are \$28,000. The District is on track to double those investment earnings in FY 2025-26.

Expenses and Other Changes

Year-to-Date Operating Expenses of \$178,632 are less than the prior year-to-date expenses of \$242,992. There has been no significant expense that would alter the District's ability to operate within the approved FY 2025-26 budget. Expenses are projected to be approximately 92-96% of budget at year-end. There are no Capital Projects scheduled for FY 2025-26.

- Management and Other Professional services include Management fees, Deed Compliance, Tax Collection, Technology Service and Tax Collection fees. Management fees decreased 25% from the prior year and are a result of budget methodology moving to a percentage of operating expenses. The management fees are charged at 8% of the budgeted operating expenses for fiscal year 2025-26, which is lower than the 10% figure used for the prior fiscal year. Management Fees are exactly on budget for FY 2025-26. In addition, the District's deed compliance allocation decreased 78% compared to last year. A true up of actual deed compliance expenses will be completed quarterly throughout the fiscal year. Overall, this category is projected to be approximately 90 - 95% of budget at fiscal year-end.

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- Engineering Services budget was amended from \$12,808 to \$30,708 due to work at Basin 2-5 as well as Basin Lago Paquito. Overall this category is currently projected to be approximately 90-100% of budget.
- Utility Services include Electricity and Irrigation Water expenses are 15.8% higher than the same period of 2024. This is attributed to water bills consistently running higher than last year due to lack of rain. The projected Irrigation Water Cost is \$13,500 for the fiscal year and will require a funds transfer to cover the \$2,900 shortfall. Electricity costs are currently on budget and are projected to be approximately 98 – 100% of budget.
- Building, Landscape and Other Maintenance Expenses of \$89,411 are below the prior year-to-date expenses of \$120,608, an 25.9% decline. Last fiscal year included a pine straw remediation budget carryforward and expense. Currently we are projecting that approximately 90% - 95% of this budget will be used this fiscal year.

Change in Unreserved Net Position

Year-to-date increase in Unreserved Net Position totals \$1,005,523, representing a \$72,379 improvement over the \$933,144 increase for the same period ending December 31, 2024. The Amended 2025-26 Budget adds \$89,806 to Working Capital after transferring \$20K to General R&R and \$20k to Roads. Based on the current projections, the District is expected to add approximately \$100,000 and \$220,000 to Working Capital while still transferring \$20k to General R&R and \$20K to Roads at year-end.

Year-to-Date Earnings by Investment Category:

The following table outlines the current month and year-to-date earnings by investment category:

| December 2025 | CFB | FLCLASS | FL PALM | FL-FIT | FLTRUST | LTIP** |
|---|------------|----------------|----------------|---------------|----------------|---------------|
| Current Month Annualized Return* | 3.21% | 3.89% | 3.92% | 4.38% | 3.89% | 15.17% |
| One Month Rate of Return | 0.27% | 0.32% | 0.33% | 0.37% | 0.32% | 0.33% |
| Prior FY 2024-25 | 3.95% | 4.49% | 4.76% | 4.61% | 4.56% | 11.59% |
| *Current Month Annualized Return is an annualized return based on the past 30-day performance | | | | | | |
| **LTIP Annualized Return represents the actual return achieved over the previous 12 months | | | | | | |

Deed Compliance Reserve Balance

The current deed compliance reserve balance as of this month end is (\$1,104.97) in the Community Standards Fund.

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Statement of Activity
For the Three Months Ending December 31, 2025 (25% of the budget year)

| Original Budget | Amended Budget | Budget % used | | YTD Actual | PYTD Actual | Variance |
|--|------------------|------------------|--|---------------------|---------------------|------------------|
| REVENUES: | | | | | | |
| \$ 1,318,185 | \$ 1,318,185 | 87% | Maintenance and Other Special Assessments | \$ 1,150,354 | \$ 1,169,797 | \$ (19,444) |
| - | - | 0% | Other Income | 227 | 735 | (508) |
| <u>28,000</u> | <u>28,000</u> | <u>120%</u> | Investment Income | <u>33,575</u> | <u>5,604</u> | <u>27,970</u> |
| 1,346,185 | 1,346,185 | 87% | Total Revenues: | 1,184,155 | 1,176,136 | 8,019 |
| EXPENSES: | | | | | | |
| 15,096 | 15,096 | 20% | Personnel Services | 3,035 | 5,185 | (2,150) |
| 206,980 | 219,880 | 23% | Management and Other Professional Services | 50,765 | 84,384 | (33,619) |
| 77,509 | 77,509 | 25% | Utility Services | 19,407 | 16,760 | 2,647 |
| 905,819 | 892,919 | 10% | Building, Landscape and Other Maintenance | 89,411 | 120,608 | (31,197) |
| <u>10,975</u> | <u>10,975</u> | <u>55%</u> | Other Expenses | <u>6,001</u> | <u>6,044</u> | <u>(42)</u> |
| 1,216,379 | 1,216,379 | 14% | Total Operating Expenses | 168,620 | 232,980 | (64,360) |
| <u>40,000</u> | <u>40,000</u> | <u>25%</u> | Transfers out of Unrestricted Fund | <u>10,012</u> | <u>10,012</u> | <u>-</u> |
| 40,000 | 40,000 | 25% | Total Other Changes | 10,012 | 10,012 | - |
| <u>1,256,379</u> | <u>1,256,379</u> | <u>14%</u> | Total Expenses and Other Changes: | <u>178,632</u> | <u>242,992</u> | <u>(64,360)</u> |
| <u>\$ 89,806</u> | <u>\$ 89,806</u> | | Change in Unreserved Net Position | <u>\$ 1,005,523</u> | <u>\$ 933,144</u> | <u>\$ 72,379</u> |
| Total Cash, Net of Bond Funds | | | | <u>\$ 3,430,397</u> | <u>\$ 3,412,683</u> | <u>\$ 17,715</u> |
| *Preliminary Fund Balance - pending year-end close | | | | | | |
| Fund Balance | | | | | | |
| Unassigned | | | | 2,421,152 | 2,398,113 | |
| Restricted - Capital Project, Phase I | | | | - | - | |
| Restricted - Capital Project, Phase II | | | | 2,552 | 2,552 | |
| Committed R and R General | | | | 671,461 | 651,461 | |
| Committed R and R Villa Roads | | | | <u>328,534</u> | <u>308,534</u> | |
| Total Fund Balance | | | | <u>\$ 3,423,699</u> | <u>\$ 3,360,659</u> | <u>\$ 63,040</u> |