

The Villages®

Community Development Districts

District 1

Financial Statement Summary

As of February 28, 2026

Summary

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

Revenues

Year-to-Date (YTD) Revenues of \$1,360,407 are up slightly, 1.6%, when compared to the same period of 2025. 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 pace to meet or exceed its Revenue Budget for FY 2025-26.

- The District has collected 93.4% of the budgeted maintenance assessments to date, compared with 94.5% at the same point last year. This reflects a modest decline in year-over-year collection performance. Payments are due in full by March 31, 2026.
- Investment earnings of \$80,428 through February 28, 2026 were substantially higher than the \$44,857 earned through February 28, 2025. 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 February 28, 2026, the realized LTP gains grew by \$6,120 to \$18,877 or 48%.
- 84% of the portfolio is Short-term Fixed income securities where the rate of return has been decreasing due to the Federal Fund rate cuts. However, they are currently earning an estimated annual rate of return of 3.13% to 4.29%. The 16% of the portfolio, which is Long-term, is performing well at an annual rate of 15.71%. Fiscal Year 2025-26 budgeted Investment earnings are \$102,000. The District is on pace to exceed those investment earnings in FY 2025-26.

Expenses and Other Changes

Year-to-Date Operating Expenses of \$377,900 are 13.5% less than the prior year-to-date expenses of \$436,992. There has been no significant expense that would alter the District's ability to operate within the approved FY 2025-26 budget. Operating Expenses are projected to be 93 - 97% of the amended budget & Capital Projects are projected to be 98 - 100% of budget.

- Management and Other Professional services include Management fees, Deed Compliance, Tax Collection, Technology Service and Tax Collection fees. This category was down by 20.9% when compared to the same period ending February 28, 2025. Management fees decreased 25% from the prior year and were a result of budget methodology moving to a percentage of operating expenses. Moreover, the Auditing Services expense was not posted in February 2026, while it was posted in February 2025 financial statements. In addition, the District's Other Professional Services expenses decreased as a \$2,500 charge for Road Inspections last year that have not recurred this fiscal year. Overall, this category is currently projected to be approximately 93 - 96% of budget at fiscal year-end.
- Utility Services include Electricity and Irrigation Water expenses were 4.8% lower than the same period of 2025. This was attributed to lower water usage due to imposed water restrictions. This category is currently projected to be approximately 93% and 98% of budget at fiscal year-end.

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- Building, Landscape and Other Maintenance Expenses of \$245,045 were below the prior year-to-date expenses of \$280,740, a 12.7% decline. There was Plant Replacement and Tree Trimming which occurred in the first five months of last fiscal year that will be completed later this fiscal year. Additionally, there was some Hurricane Clean-up and additional pressure washing that took place during the first five months of FY 2024-25. Finally, there were storm water inspections and repairs that took place last fiscal year. This expense category is currently projected to finish the fiscal year at approximately 93% - 96% of budget.
- The remaining project costs of \$189,825 for the San Marino Weir project were carried forward by Resolution 2026-04. This project is now complete and awaiting the final invoice, which will be reflected in future financial statements. The other capital project is a new fence at the Richard L. Murray Wildlife Preserve, budgeted for \$94,877, with a July 2026 completion date. The fence is funded with General R&R. Overall, we are anticipating 98% – 100% of this budget will be utilized this fiscal year.

Change in Unreserved Net Position

Year-to-Date increase in Unreserved Net Position totaled \$957,499, representing a \$77,347 improvement over the \$880,152 increase for the same period ending February 28, 2025. The Amended 2025-26 Budget uses \$284,000 in General R&R in fiscal 2025-26 for capital projects while adding \$142,000 to Working Capital. Based on current projections, the District is expected to add approximately \$180,000 to \$250,000 in Working Capital. This represents an improvement of \$38k to \$108K to Working Capital at end of the fiscal year.

Year-to-Date Earnings by Investment Category:

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

February 2026	CFB	FLCLASS	FL PALM	FL-FIT	FLTRUST	LTIP**
Current Month Annualized Return*	3.13%	3.75%	3.77%	4.29%	3.88%	15.71%
One Month Rate of Return	0.26%	0.31%	0.31%	0.36%	0.32%	1.35%
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 \$10,687.94 in the Community Standards Fund.

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Statement of Activity						
For the Five Months Ending February 28, 2026 (42% of the budget year)						
Original Budget	Amended Budget	Budget % used		YTD Actual	PYTD Actual	Variance
			REVENUES:			
\$ 1,369,664	\$ 1,369,664	93.4%	Maintenance and Other Special Assessments	\$ 1,279,761	\$ 1,293,769	\$ (14,008)
-	-	0%	Other Income	218	930	(712)
<u>102,000</u>	<u>102,000</u>	79%	Investment Income	<u>80,428</u>	<u>44,857</u>	<u>35,571</u>
<u>1,471,664</u>	<u>1,471,664</u>	92%	Total Revenues	<u>1,360,407</u>	<u>1,339,556</u>	<u>20,851</u>
			EXPENSES:			
15,096	15,096	36%	Personnel Services	5,404	4,970	434
197,835	193,690	40%	Management and Other Professional Services	78,137	98,841	(20,705)
123,685	123,685	35%	Utility Services	43,026	45,183	(2,156)
931,524	935,669	26%	Building, Landscape and Other Maintenance	245,045	280,740	(35,694)
<u>11,175</u>	<u>11,175</u>	56%	Other Expenses	<u>6,288</u>	<u>7,259</u>	<u>(971)</u>
<u>1,279,315</u>	<u>1,279,315</u>	30%	Total Operating Expenses	<u>377,900</u>	<u>436,992</u>	<u>(59,092)</u>
94,456	284,281	1%	Capital Outlay - Infrastructure and FFE	4,170	1,574	2,596
<u>50,000</u>	<u>50,000</u>	42%	Transfers out of Unrestricted Fund	<u>20,838</u>	<u>20,838</u>	<u>-</u>
<u>144,456</u>	<u>334,281</u>	7%	Total Other Changes	<u>25,008</u>	<u>22,412</u>	<u>2,596</u>
<u>1,423,771</u>	<u>1,613,596</u>	25%	Total Expenses and Other Changes	<u>402,908</u>	<u>459,404</u>	<u>(56,496)</u>
<u>\$ 47,893</u>	<u>\$ (141,932)</u>		Change in Unreserved Net Position	<u>\$ 957,499</u>	<u>\$ 880,152</u>	<u>\$ 77,347</u>
			Total Cash, Net of Bond Funds	<u>\$ 3,633,048</u>	<u>\$ 3,193,688</u>	<u>\$ 439,360</u>
			Fund Balance			
			Unassigned	2,465,617	2,075,712	
			Committed R and R General	564,014	520,408	
			Committed R and R Villa Roads	<u>561,534</u>	<u>561,534</u>	
			Total Fund Balance	<u>\$ 3,591,165</u>	<u>\$ 3,157,654</u>	<u>\$ 433,511</u>