

The Villages®

Community Development Districts

District 2

Financial Statement Summary **As of February 28, 2026**

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 (YTD) Revenues of \$1,310,668 are up slightly 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 track to meet or exceed its Revenue Budget for FY 2025-26.

- The District has collected 93.7% of the budgeted maintenance assessments to date, compared with 95.6% at the same point last year. This reflects a modest decline in collection performance. Payments are due March 31st.
- Investment earnings of \$75,396 through February 28, 2026 were substantially higher than the \$47,745 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 \$6,424 to \$18,295.
- 84% 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 3.13% 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 \$28,000. The District is on track to more than triple those investment earnings in FY 2025-26.

Expenses and Other Changes

Year-to-Date Operating Expenses of \$295,201 were substantially less than the prior year-to-date expenses of \$495,357. 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 90-96% of the amended budget. Additionally, 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. This expense category is down 38.6% compared to last year. 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. In addition, the District's Legal Services expenses were down by 88% when compared to the first five months of FY 2024-25. Overall, this category is projected to be approximately 90 - 95% of budget at fiscal year-end.
- Engineering Services budget was amended from \$12,808 to \$30,708 due to engineering expenses associated with repairs at Basin 2-5 as well as Basin Lago Paquito. Overall, this category is currently projected to utilize approximately 90-100% of budget.

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- Utility Services include Electricity and Irrigation Water expenses are 0.8% higher than the same period of 2025. 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 running below budget. This expense category is currently projected to be approximately 98 – 100% of budget at fiscal year-end.
- Building, Landscape and Other Maintenance Expenses of \$180,092 are below the prior year-to-date expenses of \$331,250, a 45.6% decline. The variance is primarily due to the \$142k expense incurred last fiscal year for the repair of Basin 2-3 and related geological anomalies. No similar maintenance activity has occurred during the current fiscal year to date. However, approximately \$12,000 is currently encumbered for repairs at Basin 2-5 and Lago Paquito. Currently we are projecting that approximately 90%–95% of the budget will be utilized by fiscal year-end.

Change in Unreserved Net Position

Year-to-date increase in Unreserved Net Position totals \$998,791, representing a \$202,060 improvement over the \$796,731 increase for the same period ending February 28, 2025. The Amended 2025-26 Budget (after transferring \$20K to General R&R and \$20k to Roads) adds \$90,000 to Working Capital. Based on the current projections, the District is expected to add approximately \$200,000 to Working Capital at fiscal year-end.

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 (\$1,531.87) 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: | | | | | | |
| \$ 1,318,185 | \$ 1,318,185 | 94% | Maintenance and Other Special Assessments | \$ 1,235,045 | \$ 1,260,062 | \$ (25,017) |
| - | - | 0% | Other Income | 227 | 957 | (730) |
| <u>28,000</u> | <u>28,000</u> | <u>269%</u> | Investment Income | <u>75,396</u> | <u>47,745</u> | <u>27,651</u> |
| 1,346,185 | 1,346,185 | 97% | Total Revenues: | 1,310,668 | 1,308,764 | 1,904 |
| EXPENSES: | | | | | | |
| 15,096 | 15,096 | 33% | Personnel Services | 4,973 | 6,907 | (1,934) |
| 206,980 | 221,590 | 34% | Management and Other Professional Services | 74,975 | 122,118 | (47,143) |
| 77,509 | 77,509 | 37% | Utility Services | 28,917 | 28,675 | 242 |
| 905,819 | 891,209 | 20% | Building, Landscape and Other Maintenance | 180,092 | 331,250 | (151,158) |
| <u>10,975</u> | <u>10,975</u> | <u>57%</u> | Other Expenses | <u>6,244</u> | <u>6,408</u> | <u>(164)</u> |
| 1,216,379 | 1,216,379 | 24% | Total Operating Expenses | 295,201 | 495,357 | (200,156) |
| <u>40,000</u> | <u>40,000</u> | <u>42%</u> | Transfers out of Unrestricted Fund | <u>16,676</u> | <u>16,676</u> | <u>-</u> |
| 40,000 | 40,000 | 42% | Total Other Changes | 16,676 | 16,676 | - |
| <u>1,256,379</u> | <u>1,256,379</u> | <u>25%</u> | Total Expenses and Other Changes: | <u>311,877</u> | <u>512,033</u> | <u>(200,156)</u> |
| <u>\$ 89,806</u> | <u>\$ 89,806</u> | | Change in Unreserved Net Position | <u>\$ 998,791</u> | <u>\$ 796,731</u> | <u>\$ 202,060</u> |
| Total Cash, Net of Bond Funds | | | | <u>\$ 3,427,101</u> | <u>\$ 3,244,404</u> | <u>\$ 182,697</u> |
| Fund Balance | | | | | | |
| | | | | 2,414,420 | 2,261,700 | |
| Unassigned | | | | | | |
| Restricted - Capital Project, Phase I | | | | - | - | |
| Restricted - Capital Project, Phase II | | | | 2,552 | 2,552 | |
| Committed R and R General | | | | 674,793 | 654,793 | |
| Committed R and R Villa Roads | | | | <u>331,866</u> | <u>311,866</u> | |
| Total Fund Balance | | | | <u>\$ 3,423,630</u> | <u>\$ 3,230,910</u> | <u>\$ 192,720</u> |