

# The Villages®

## Community Development Districts

### District 2

#### **Financial Statement Summary** **As of March 31, 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 \$1,302,010 were down 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 track to meet or exceed its Revenue Budget for FY 2025-26.

- The District has collected 95.4% of the budgeted maintenance assessments to date, compared with 96.8% at the same point last year. This reflects a modest decline in collection performance. Payments were due March 31st.
- Investment earnings of \$44,883 through March 31, 2026 were down 2.4% from the \$45,982 earned through March 31, 2025. They were down substantially from the \$75,396 earned through February 28, 2026. Geopolitical Event negatively impacted the financial markets in March, particularly the long-term portion of the investment portfolio. However, as of March 31, 2026, the realized LTP gains grew by \$6,708 to \$19,179.
- 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. Short-term Investments 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 at an annualized rate of 13.31%. Fiscal Year 2025-26 budgeted Investment earnings are \$28,000. We believe the disruption is transitory and the District is on track to greatly exceed their budgeted investment earnings in FY 2025-26.

#### **Expenses and Other Changes**

Year-to-Date Operating Expenses of \$423,481 were substantially less than the prior year-to-date expenses of \$598,793. 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 29.3% compared to last year. Management fees decreased 42% from the prior year and are a result of budget methodology moving to a percentage of operating expenses. The management fees are now charged at 8% of the budgeted operating expenses. In addition, the District's Legal Services expenses are down by 77% when compared to the first six 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 and are 28.8% 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 at 49% of budget halfway through the fiscal year. This expense category is currently projected to be approximately 98 – 100% of budget at fiscal year-end.
- Building, Landscape and Other Maintenance Expenses of \$273,855 are below the prior year-to-date expenses of \$415,348, a 34.1% 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. Approximately \$8,262 has been invoiced and paid for repairs at Basin 2-5 and Lago Paquito this fiscal year. 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 \$858,521, representing a \$153,991 improvement over the \$704,530 increase for the same period ending March 31, 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 between \$160,000 and \$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:

March 2026	CFB	FLCLASS	FL PALM	FL-FIT	FLTRUST	LTIP**
Current Month Annualized Return*	3.13%	3.72%	3.73%	4.29%	3.82%	13.31%
One Month Rate of Return	0.26%	0.31%	0.31%	0.36%	0.32%	-4.60%
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 (\$2,073.52) in the Community Standards Fund.

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**Statement of Activity**  
For the Six Months Ending March 31, 2026 (50% of the budget year)

Original Budget	Amended Budget	Budget % used		YTD Actual	PYTD Actual	Variance
<b>REVENUES:</b>						
\$ 1,318,185	\$ 1,318,185	95%	Maintenance and Other Special Assessments	\$ 1,256,896	\$ 1,276,386	\$ (19,490)
-	-	0%	Other Income	231	963	(732)
<u>28,000</u>	<u>28,000</u>	<u>160%</u>	Investment Income	<u>44,883</u>	<u>45,982</u>	<u>(1,100)</u>
1,346,185	1,346,185	96%	<b>Total Revenues:</b>	1,302,010	1,323,331	(21,322)
<b>EXPENSES:</b>						
15,096	15,096	39%	Personnel Services	5,838	7,553	(1,716)
206,980	221,840	44%	Management and Other Professional Services	98,066	138,781	(40,714)
77,509	77,509	51%	Utility Services	39,378	30,565	8,814
905,819	890,959	31%	Building, Landscape and Other Maintenance	273,855	415,348	(141,492)
<u>10,975</u>	<u>10,975</u>	<u>58%</u>	Other Expenses	<u>6,343</u>	<u>6,546</u>	<u>(203)</u>
1,216,379	1,216,379	35%	<b>Total Operating Expenses</b>	423,481	598,793	(175,312)
<u>40,000</u>	<u>40,000</u>	<u>50%</u>	Transfers out of Unrestricted Fund	<u>20,008</u>	<u>20,008</u>	<u>-</u>
40,000	40,000	50%	<b>Total Other Changes</b>	20,008	20,008	-
<u>1,256,379</u>	<u>1,256,379</u>	<u>35%</u>	<b>Total Expenses and Other Changes:</b>	<u>443,489</u>	<u>618,801</u>	<u>(175,312)</u>
<u>\$ 89,806</u>	<u>\$ 89,806</u>		<b>Change in Unreserved Net Position</b>	<u>\$ 858,521</u>	<u>\$ 704,530</u>	<u>\$ 153,991</u>
<b>Total Cash, Net of Bond Funds</b>				<u>\$ 3,346,078</u>	<u>\$ 3,191,203</u>	<u>\$ 154,875</u>
<b>Fund Balance</b>						
				2,274,150	2,169,499	
Unassigned						
Restricted - Capital Project, Phase I				-	-	
Restricted - Capital Project, Phase II				2,552	2,552	
Committed R and R General				676,459	656,459	
Committed R and R Villa Roads				<u>333,532</u>	<u>313,532</u>	
<b>Total Fund Balance</b>				<u>\$ 3,286,692</u>	<u>\$ 3,142,041</u>	<u>\$ 144,651</u>