The Villages®
Community Development Districts
District 2

Financial Statement Summary
As of May 31, 2026

Summary

As of May 31, 2026, The District has achieved 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 $1,420,276 were up 1.8%, 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. Revenues reflect 105% of the Budget as of May 31, 2026.

- The District has collected 99.4% of the budgeted maintenance assessments to date, compared with 99.6% at the same point last year.

- Investment earnings totaled $110,102 through May 31, 2026, an increase of $27,844 (33.9%) compared to the $82,258 reported through May 31, 2025. The increase was driven primarily by stronger LTP performance, including realized gains of $23,888, up $7,737 (47.9%) from the prior year, as well as net unrealized gains of approximately $14,047.

- 82.1% of the portfolio is Short-term Fixed income securities. The rate of return has been decreasing due to the Federal Fund rate cut, however fewer rate cuts are expected and a stable outlook is more likely. Short-term Investments are currently earning an estimated annual rate of return of 3.13% to 4.24%. The 17.9% of the portfolio, which is Long-term, is performing at an annualized rate of 19.06%. Fiscal Year 2025-26 budgeted Investment earnings are $28,000. As of May 31, 2026, Investment Earnings are at 393% of budget.

Expenses and Other Changes

Year-to-Date Operating Expenses of $623,593 were substantially less (24%) than the prior year-to-date expenses of $820,214. 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, Technology Service and Tax Collection fees. This expense category is down 27.3% compared to last year. Management fees decreased 42.8% from the prior year and are a result of budget methodology moving to a percentage of operating expenses. This was partially offset by Tunnel Inspections for B5 and B6 which took place in April at a cost of $5,033 and draws for Environmental Support Services. Overall, this category is projected to be approximately 85 - 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. Invoices for services are just beginning to be processed. Overall, this category is currently projected to utilize approximately 90-100% of budget.

- Utility Services, which include Electricity and Irrigation Water expenses, are currently 13.6% higher than the same period in 2025. Irrigation Water costs are currently projected to total approximately $12,700 by fiscal year-end, resulting in an estimated $2,100 budget shortfall that will require a funds transfer. Electricity expenses are tracking in line with the fiscal year at 67% of budget utilized through 67% of the year, and the overall Utility Services category is projected to finish the fiscal year at approximately 98–100% of budget after the budget transfer to increase the Irrigation Water budget.

- Building, Landscape, and Other Maintenance expenses totaled $428,841 through May, a decrease of $154,403 (26.5%) from the $583,244 reported during the same period last fiscal year. The variance is primarily attributable to Hurricane Milton cleanup costs and the $142,000 incurred last year for Basin 2-3 repairs and related geological anomalies. During the current fiscal year, approximately $8,263 has been expended for improvements at Basin 2-5 and Lago Paquito. As these projects continue, additional costs will be reflected in future financial statements. This budget category is currently projected to finish the fiscal year at approximately 90% to 95% of budget.

Change in Unreserved Net Position

Year-to-date increase in Unreserved Net Position totals $770,011, representing a $221,359 improvement over the $548,652 increase for the same period ending May 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 $150,000 and $190,000 to Working Capital at fiscal year-end. This represents an improvement of $60k to $100k over what was budgeted.

Year-to-Date Earnings by Investment Category:

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

May 2026	CFB	FLCLASS	FL PALM	FL-FIT	FLTRUST	LTIP**
Current Month Annualized Return*	3.13%	3.70%	3.71%	4.24%	3.96%	19.06%
One Month Rate of Return	0.26%	0.31%	0.31%	0.35%	0.33%	2.91%
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 was ($707.52) in the Community Standards Fund.

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Statement of Activity
For the Eight Months Ending May 31, 2026 (67% of the budget year)

Original Budget	Amended Budget	Budget % used		YTD Actual	PYTD Actual	Variance
			REVENUES:			
$ 1,318,185	$ 1,318,185	99%	Maintenance and Other Special Assessments	$ 1,309,939	$ 1,312,317	$ (2,378)
-	-	0%	Other Income	235	963	(728)
28,000	28,000	393%	Investment Income	110,102	82,258	27,844
1,346,185	1,346,185	105%	**Total Revenues:**	1,420,276	1,395,537	24,738
			EXPENSES:			
15,096	15,096	53%	Personnel Services	7,991	9,060	(1,070)
206,980	221,840	57%	Management and Other Professional Services	126,536	174,015	(47,479)
77,509	77,509	69%	Utility Services	53,486	47,066	6,420
905,819	890,959	48%	Building, Landscape and Other Maintenance	428,841	583,244	(154,403)
10,975	10,975	61%	Other Expenses	6,739	6,829	(90)
1,216,379	1,216,379	51%	**Total Operating Expenses**	623,593	820,214	(196,621)
40,000	40,000	67%	Transfers out of Unrestricted Fund	26,672	26,672	-
40,000	40,000	67%	**Total Other Changes**	26,672	26,672	-
1,256,379	1,256,379	52%	**Total Expenses and Other Changes:**	650,265	846,886	(196,621)
$ 89,806	$ 89,806		**Change in Unreserved Net Position**	$ 770,011	$ 548,652	$ 221,359
			Total Cash, Net of Bond Funds	$ 3,261,825	$ 2,998,657	$ 263,168
			Fund Balance			
			Unassigned	2,185,640	2,013,621	
			Restricted - Capital Project, Phase I	-	-	
			Restricted - Capital Project, Phase II	2,552	2,552	
			Committed R and R General	679,791	659,791	
			Committed R and R Villa Roads	336,864	316,864	
			Total Fund Balance	$ 3,204,847	$ 2,992,827	$ 212,020