The Villages®
Community Development Districts
District 2

Financial Statement Summary
As of June 30, 2026

Summary

As of June 30, 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 $1,439,235 were up 0.1%, 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 106% of the Budget as of June 30, 2026.

- The District has collected 100% of the budgeted maintenance assessments to date.

- Investment earnings totaled $115,694 through June 30, 2026, an increase of $1,761 or 1.5% compared to the $113,932 reported through June 30, 2025. The increase was driven primarily by stronger LTP performance, including realized gains of $24,820, up $7,943 or 47.1% from the prior year, as well as net unrealized gains of approximately $16,876.

- 80.7% of the portfolio is Short-term Fixed income securities. The rate of return has been decreasing, compared to prior year, due to the Federal Fund rate cuts. Rates, however, are expected to have a more stable outlook resulting in higher returns than originally expected. Short-term Investments are currently earning an estimated annual rate of return of 3.13% to 4.25%. The 19.3% of the portfolio, which is Long-term, is performing at an annualized rate of 15.17%. Fiscal Year 2025-26 budgeted Investment earnings are $28,000. As of June 30, 2026, Investment Earnings are at 413% of budget.

Expenses and Other Changes

Year-to-Date Operating Expenses of $707,872 were 26.2% lower than the prior year-to-date expenses of $958,995. 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 was down 31.5% 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, are 11.6% higher than the same period in 2025. While Irrigation Water expenditures are projected to exceed the current budget by approximately $2,100 and will require a budget transfer, Electricity expenditures are tracking in line with the fiscal year, with 75% of the budget utilized through 75% of the year. Following the budget transfer, the Utility Services category is projected to end the fiscal year at approximately 98–100% of the amended budget.

- Building, Landscape, and Other Maintenance expenses totaled $486,278 through June, a decrease of $189,607 (28.1%) from the $675,884 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 $701,359, representing a $253,181 improvement over the $448,178 increase for the same period ending June 30, 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:

June 2026	CFB	FLCLASS	FL PALM	FL-FIT	FLTRUST	LTIP**
Current Month Annualized Return*	3.13%	3.71%	3.72%	4.25%	4.13%	15.17%
One Month Rate of Return	0.26%	0.31%	0.31%	0.35%	0.34%	0.03%
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 ($1,685.52) in the Community Standards Fund.

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Statement of Activity
For the Nine Months Ending June 30, 2026 (75% of the budget year)

Original Budget	Amended Budget	Budget % used		YTD Actual	PYTD Actual	Variance
			REVENUES:			
$ 1,318,185	$ 1,318,185	100%	Maintenance and Other Special Assessments	$ 1,323,306	$ 1,322,271	$ 1,034
-	-	0%	Other Income	235	973	(738)
28,000	28,000	413%	Investment Income	115,694	113,932	1,761
1,346,185	1,346,185	106%	**Total Revenues:**	1,439,235	1,437,177	2,058
			EXPENSES:			
15,096	15,096	60%	Personnel Services	9,067	9,922	(854)
206,980	221,840	65%	Management and Other Professional Services	145,275	212,204	(66,929)
77,509	77,509	78%	Utility Services	60,281	54,009	6,272
905,819	890,959	55%	Building, Landscape and Other Maintenance	486,278	675,884	(189,607)
10,975	10,975	64%	Other Expenses	6,972	6,977	(5)
1,216,379	1,216,379	58%	**Total Operating Expenses**	707,872	958,995	(251,123)
40,000	40,000	75%	Transfers out of Unrestricted Fund	30,004	30,004	-
40,000	40,000	75%	**Total Other Changes**	30,004	30,004	-
1,256,379	1,256,379	59%	**Total Expenses and Other Changes:**	737,876	988,999	(251,123)
$ 89,806	$ 89,806		**Change in Unreserved Net Position**	$ 701,359	$ 448,178	$ 253,181
			Total Cash, Net of Bond Funds	$ 3,152,179	$ 2,951,223	$ 200,956
			Fund Balance			
			Unassigned	2,116,988	1,913,147	
			Restricted - Capital Project, Phase I	-	-	
			Restricted - Capital Project, Phase II	2,552	2,552	
			Committed R and R General	681,457	661,457	
			Committed R and R Villa Roads	338,530	318,530	
			Total Fund Balance	$ 3,139,526	$ 2,895,685	$ 243,841