

The Villages®

Community Development Districts

District 2

Financial Statement Summary

As of August 31, 2026

Summary

As of August 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. As of August 31st, 92% of the fiscal year has elapsed.

Revenues

Year-to-Date Revenues of \$1,456,958 were down 0.8%, 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 changes in Investment Income. Revenues reflect 108% of the Budget as of August 31, 2026.

- The District has collected 100.4% of the budgeted maintenance assessments to date.
- Investment earnings totaled \$132,094 through August 31, 2026, a decrease of \$13,682 or 9.4% compared to the \$145,776 reported through August 31, 2025. There was \$59,478 in unrealized gains as of August 31, 2025, and \$44,914 on August 31, 2026. However, LTP realized gains of \$26,555 were up \$8,584 or 47.8% from the prior year.
- 80.7% of the portfolio is Short-term Fixed income securities where rates have stabilized over the past few months and are expected to remain stable for the near future. Short-term Investments are currently earning an estimated annual rate of return of 3.18% to 4.36%. The 19.3% of the portfolio, which is Long-term, is performing at an annualized rate of 13.19%. Fiscal Year 2025-26 budgeted Investment earnings are \$28,000. As of August 31, 2026, Investment Earnings are at 472% of budget.

Expenses and Other Changes

Year-to-Date Operating Expenses of \$891,596 were 27.3% lower than the prior year-to-date expenses of \$1,226,563. There has been no significant expense that would alter the District's ability to operate within the approved FY 2025-26 budget. While 92% through the fiscal year, Operating Expenses were 73% of budget and are projected to be 80-90% of the amended budget at fiscal year-end. 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 30.9% 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 as a charge for Deed Compliance Services will be necessary due to the negative balance shown on the bottom of page 2.
- Engineering Services budget was amended from \$12,808 to \$33,958 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.

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- Utility Services, which include Electricity and Irrigation Water, are 2.22% 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 budget. Following the budget transfer for Irrigation-Water, 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 \$636,770 through August, a decrease of \$260,974 (29.1%) from the \$897,744 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 \$13,280 has been expended for Carrera Drive outfall repairs. 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 \$528,694, representing a \$322,897 improvement over the \$205,797 increase for the same period ending August 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 \$190,000 and \$290,000 to Working Capital at fiscal year-end. This represents an improvement of \$100k to \$200k above 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:

August 2026	Seacoast	FLCLASS	FL PALM	FL-FIT	FLTRUST	LTIP**
Current Month Annualized Return*	3.18%	3.78%	3.76%	4.25%	4.36%	13.19%
One Month Rate of Return	0.27%	0.31%	0.31%	0.35%	0.36%	1.74%
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 (\$4,707.27) in the Community Standards Fund.

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Statement of Activity
For the Eleven Months Ending August 31, 2026 (92% 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	1,559	981	578
28,000	28,000	472%	Investment Income	132,094	145,776	(13,682)
1,346,185	1,346,185	108%	Total Revenues:	1,456,958	1,469,028	(12,069)
EXPENSES:						
15,096	15,096	73%	Personnel Services	11,005	11,429	(424)
206,980	225,090	75%	Management and Other Professional Services	167,996	243,012	(75,016)
77,509	77,509	89%	Utility Services	68,663	67,174	1,489
905,819	887,709	72%	Building, Landscape and Other Maintenance	636,770	897,744	(260,974)
10,975	10,975	65%	Other Expenses	7,163	7,204	(41)
1,216,379	1,216,379	73%	Total Operating Expenses	891,596	1,226,563	(334,967)
40,000	40,000	92%	Transfers out of Unrestricted Fund	36,668	36,668	-
40,000	40,000	92%	Total Other Changes	36,668	36,668	-
1,256,379	1,256,379	74%	Total Expenses and Other Changes:	928,264	1,263,231	(334,967)
\$ 89,806	\$ 89,806		Change in Unreserved Net Position	\$ 528,694	\$ 205,797	\$ 322,897
Total Cash, Net of Bond Funds						
				\$ 3,004,045	\$ 2,718,817	\$ 285,229
Fund Balance						
			Unassigned	1,944,323	1,670,766	
			Restricted - Capital Project, Phase I	-	-	
			Restricted - Capital Project, Phase II	2,552	2,552	
			Committed R and R General	684,789	664,789	
			Committed R and R Villa Roads	341,862	321,862	
			Total Fund Balance	\$ 2,973,526	\$ 2,659,968	\$ 313,557