

The Villages®

Community Development Districts

District 2

Financial Statement Summary

As of July 31, 2026

Summary

As of July 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 July 31st, 83% of the fiscal year has elapsed.

Revenues

Year-to-Date Revenues of \$1,438,342 were down 0.3%, 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 July 31, 2026.

- The District has collected 100% of the budgeted maintenance assessments to date.
- Investment earnings totaled \$114,456 through July 31, 2026, a decrease of \$5,364 or 4% compared to the \$119,820 reported through July 31, 2025. There was \$39,180 in unrealized gains as of July 31, 2025 and \$33,241 on July 31, 2026. However, LTP realized gains of \$25,726 were up \$8,476 or 49.1% 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 3.15% to 4.27%. The 19.3% of the portfolio, which is Long-term, is performing at an annualized rate of 13.45%. Fiscal Year 2025-26 budgeted Investment earnings are \$28,000. As of July 31, 2026, Investment Earnings are at 409% of budget.

Expenses and Other Changes

Year-to-Date Operating Expenses of \$798,872 were 30.3% lower than the prior year-to-date expenses of \$1,144,191. There has been no significant expense that would alter the District's ability to operate within the approved FY 2025-26 budget. While 83% through the fiscal year, Operating Expenses were 66% 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 31.4% 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.

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- Utility Services, which include Electricity and Irrigation Water, are 19.7% 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 84% of the budget utilized through 83% 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 \$559,074 through July, a decrease of \$285,255 (33.8%) from the \$844,328 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 \$606,962, representing a \$341,425 improvement over the \$265,537 increase for the same period ending July 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:

July 2026	Seacoast	FLCLASS	FL PALM	FL-FIT	FLTRUST	LTIP**
Current Month Annualized Return*	3.15%	3.73%	3.74%	4.25%	4.27%	13.54%
One Month Rate of Return	0.26%	0.31%	0.31%	0.35%	0.36%	-0.96%
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 Ten Months Ending July 31, 2026 (83% 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	581	973	(392)
28,000	28,000	409%	Investment Income	114,456	119,820	(5,364)
1,346,185	1,346,185	106%	Total Revenues:	1,438,342	1,443,064	(4,722)
EXPENSES:						
15,096	15,096	66%	Personnel Services	9,928	10,783	(854)
206,980	225,090	69%	Management and Other Professional Services	155,143	226,177	(71,034)
77,509	77,509	86%	Utility Services	66,832	55,838	10,994
905,819	887,709	63%	Building, Landscape and Other Maintenance	559,074	844,328	(285,255)
10,975	10,975	64%	Other Expenses	7,068	7,065	3
1,216,379	1,216,379	66%	Total Operating Expenses	798,045	1,144,191	(346,147)
40,000	40,000	83%	Transfers out of Unrestricted Fund	33,336	33,336	-
40,000	40,000	83%	Total Other Changes	33,336	33,336	-
1,256,379	1,256,379	66%	Total Expenses and Other Changes:	831,381	1,177,527	(346,147)
\$ 89,806	\$ 89,806		Change in Unreserved Net Position	\$ 606,962	\$ 265,537	\$ 341,425
Total Cash, Net of Bond Funds						
				\$ 3,088,980	\$ 2,771,066	\$ 317,914
Fund Balance						
			Unassigned	2,022,591	1,730,506	
			Restricted - Capital Project, Phase I	-	-	
			Restricted - Capital Project, Phase II	2,552	2,552	
			Committed R and R General	683,123	663,123	
			Committed R and R Villa Roads	340,196	320,196	
			Total Fund Balance	\$ 3,048,461	\$ 2,716,377	\$ 332,085