

## **MIFD Treasurer’s Report for Fiscal Year 2025-2026 and Proposed Budget for Fiscal Year 2026-2027**

The attached spreadsheets provide a summary of the financial activity of Masons Island Fire District (MIFD) for fiscal year 2025-2026. The spreadsheets also include the budget for fiscal year 2026-2027 with projections for its reserve funds. There are two spreadsheets:

- **Covered Facilities: Budgets & Actuals**
- **Financial Summary: Budgets & Actuals**

The first spreadsheet summarizes the activity associated with the maintenance of roads and recreational facilities within the fire district. The second spreadsheet summarizes all activity for the fire district. (The totals for the maintenance of roads and recreational facilities are carried over from the first spreadsheet to the second and appear as individual line items within the “Expense Categories”.)

Each spreadsheet contains five columns of numeric data showing the financial activity for the different accounting periods as well as their associated budgets. The five columns are:

- **Actual 2024-2025.** This column shows the results for fiscal year 2024-2025. Because MIFD’s fiscal year ends on June 30, only an estimate of the results is provided at the time of the annual meeting in May. Thus, to keep the taxpayers fully informed, the final results are included with this report. These results have been reviewed by Mystic Accounting Group, LLP.
- **Projected Actual 2025-2026.** This column shows our best estimate of the results for fiscal year 2025-2026. Since MIFD’s fiscal year ends on June 30, only an estimate can be provided at this time.
- **Budget 2025-2026.** This column shows the budget for fiscal year 2025-2026. This budget was approved at last year’s annual meeting.
- **Budget 2026-2027.** This column shows the proposed budget for fiscal year 2026-2027. The MIFD Board recommends that the voters approve this budget.
- **Budget Increase.** This column shows the net change in the budgets between fiscal year 2025-2026 and fiscal year 2026-2027.

### **Comments on Projected Actual versus Budget for Fiscal Year 2025-2026**

In general, revenues and expenditures for fiscal year 2025-2026 are expected to come in as planned. There should only be one significant variance. That variance is in Improvement Projects. It is discussed below under Reserve Fund for Roads.

- **Tax Revenue.** Revenue from taxes is slightly ahead of budget. This is typical. There are usually additions to our tax base in January which result in a modest amount of unplanned revenues each year. MIFD has also received contributions from the Masons

Homestead Homeowners Association toward Tick Control and Traffic Control. That contribution is shown as “Miscellaneous Income”.

- **Interest & Dividends.** Continued high interest rates this year should result in interest and dividend income of almost \$22,000, well ahead of the budget of \$15,000.
- **Roads and Facilities Maintenance.** In total, maintenance expenses associated with the roads and recreational facilities should be very close to budget.
- **Tick Control – Residential.** Participation in the tick prevention program remained fairly constant in 2025-2026 (about 80%). However, because one treatment was moved to the fall, i.e. next fiscal year, the associated expenses for this fiscal year have gone down. They should return to past levels next fiscal year.
- **Tick Control – Four Posters.** Expenditures on the 4-poster system, which is used to treat deer for ticks, came in slightly below budget. Our annual budget includes funds for replacing one of the 4-poster systems. This year, none needed to be replaced.
- **Traffic Control and Safety.** Expenditures on Traffic Control and Safety should come in slightly below budget. We are scheduled to have 7-day coverage at the guardhouse from mid-May through mid-September with weekend-only coverage for the first two weekends in May, the last two weekends in September, and the first two weekends in October.
- **Surplus.** The surplus of revenues over expenses for the year should be about \$25,000 ahead of budget due to higher than expected revenues and minor savings throughout the budget (\$138,785 estimated surplus versus \$112,207 budgeted surplus).
- **Reserve Fund for Catastrophe.** This fund is available to cover costs associated with unexpected catastrophes. The MIFD board has been trying to increase the fund to \$100,000 at a rate of \$10,000 per year. This year, the MIFD board is proposing to use \$12,819 from the expected Surplus to increase the fund to \$100,000, the board’s goal.
- **Reserve Fund for Roads.** This reserve fund is expected to increase from \$122,798 to approximately \$245,437. This is much higher than expected. Of the \$120,000 allocated for “Shoreline Protection”, only \$327 was spent. The community was unable to secure permission from the neighboring landowner to complete the project. To keep the Reserve Fund for Roads at a healthy level, the MIFD board is proposing to transfer the remaining surplus for 2024-2025 (\$125,966) to the Reserve Fund for Roads.
- **Working Capital.** Our net working capital should remain constant at \$90,376. Excluding payments to Mystic Fire District for emergency services, this balance is consistent with guidelines that suggest that fire districts keep an operating reserve sufficient to cover 6-months of expenses.

### **Comments on Budget for Fiscal Year 2026-2027**

In general, most budgeted expenditures for fiscal year 2026-2027 are expected to be little changed from fiscal year 2025-2026. The big exception is the budget for Fire Protection, which is being increased due to a 9% increase from Mystic Fire District (\$32,835). Even with that increase, the MIFD board is proposing to hold the Mil Rate constant at 3.40.

- **Tax Revenue.** Revenue from taxes is expected to remain about the same at \$710,265.
- **Covered Facilities Maintenance.** Total expenditures associated with the maintenance of the roads and recreational facilities are expected to increase to \$129,000. This increase

is due to expected increases in the cost of snowplowing (\$12,025), an increase in expenditures on drainage (\$5,000), and the hiring of a facilities management company (\$24,000).

- **Fire Protection.** As mentioned above, the total expenditures for fire protection and emergency services are expected to rise by \$32,835 to \$417,835.
- **Traffic Control and Safety.** Total expenditures associated with traffic control and safety are expected to decrease modestly (\$3,000) to \$41,000 due to the decrease in coverage in the spring and fall.
- **Surplus.** The surplus of revenues over expenses for fiscal year 2026-2027 should be approximately \$51,882. It is expected that this surplus will be applied to the Reserve Fund for Roads.
- **Improvement Projects.** A series of expenditures from the Reserve Fund for Roads are planned for fiscal year 2026-2027. The funds (\$74,200) are planned to be used to resurface Hickory Ledge, the west side of Osprey, and Mallard.
- **Reserve Fund for Roads.** After deducting the costs of the improvement projects and adding the projected Surplus, the Reserve Funds for Roads is expected to decrease to \$223,119. This balance, along with future Surpluses of the same magnitude, should be sufficient to support improvement projects planned for the following three fiscal years. These projects include resurfacing of Old South, Allyn's Alley, Catbriar, the east side of Black Duck, Cove Hill, and the section of Nauyaug Point near the pond.
- **Working Capital.** Our net operating funds are expected to remain constant at \$90,376.

Respectfully submitted,

Ethan Tower, Treasurer