

**Quonochontaug
Central Beach Fire District
Finance and Budget Committee Report
Annual Meeting – September 18th, 2021**

As always, I must begin by thanking all our committee members for their extraordinary efforts. Through both the Zoom and live meetings, everyone's dedication and commitment were evident as we collectively tried to do our part to keep Quonnie the special place we all treasure. We want to especially thank Roberta Peet for her dedicated service to the community as Treasurer and her willingness to serve an additional year beyond her original commitment. We would also like to thank all the Boards and Managers for being so careful and diligent in their budgeting and spending which should enable the District to carryforward a surplus into its 2021 reserves.

During the 2022 budget process, we continued our initiative to build reserves into the budget for known long range and multiyear projects. We added \$25,000 to the water reserves as well and building reserves for known cyclical work on the roads and at the tennis courts, beach and marina.

2020 Results

Revenues from 2020 were on budget and again 100% of all taxes billed were collected.

Final expenses (excluding payment of principal on the outstanding water system loan) were approximately \$34,000 below budget. This surplus was closed into general reserves for potential future use by the District. Final cash balance for the 2020 fiscal year was \$63,105 lower than budget due to net increased spending from reserves, primarily for increased spending for RIDOH compliance. Available cash on hand at 12/31/20 was \$305,452.

Due to reporting requirements for the State of Rhode Island, the District reports results of all its operations including Merchandise Sales and Special Events which are shown separately. These are not budgeted items, but the actual results of Merchandise Sales and Special Events are shown as a separate column on the revenue and expense statement, in the balance sheets and on the total reserves of the District. We thank the Merchandise Sales and Special Events committee for their ongoing contributions for non-budgeted District projects

2021 Estimated Results

Our original budget called for a net operating surplus of \$56,485 with \$30,600 of surplus funding our ongoing reserve accounts and the balance being used to pay down the principal of our outstanding loan for our water system and anticipated payments for new borrowings related to the new water project.

As Public Works reported, the scoping and installation of the new water system proceeded at a more measured pace and no new financing is anticipated to be necessary in 2021.

We believe (based on actual results through July 31st) that revenues will be at budget, and expenses will be about \$15,650 below budget. Any surplus will be closed into the District's general reserve account. Cash on hand at 12/31/21 is estimated to be below budget (\$265,000 in total) due to ongoing spending from reserves for the water project.

The District's transition to a professional bookkeeping service has been very smooth and the financial reporting generated has been helpful to the Finance and Budget committee.

2022 Budget

As the water system project unfolds, finance continues to closely monitor the fiscal impact of the project and is also committed to building appropriate reserves to cover known long range and multi year maintenance projects.

The 2022 budget calls for a 9.8% increase in tax revenue to fund \$345,000 in budgeted expenses and an additional \$40,750 for continued reserve funding and \$37,000 in debt service which would include new loans for the water project. The Board of Finance continues to evaluate financing options for the water project, and has started the District's preliminary application to the Rhode Island Infrastructure Bank for a portion of the project on very favorable terms as well as continuing to discuss funding options with Washington Trust Bank. As of this writing, the maximum cost of the total project which is reflected in the 2022 budget is approximately \$1.6 million almost all of which would be borrowed.

The 2022 budget calls for cash on hand to be \$265,000 at 12/31/22.

It should be noted that the District currently reports to the State of Rhode Island as a Tier III Fire District (the lowest designation). There is a possibility that the District will attain Tier II status as either a result of the debt incurred for the water project or the increase in spending on debt service or other items. While we do not anticipate this being the case in 2022, it is possible for 2023 and beyond. This will cause the District to have to engage an independent Public Accounting firm to perform agreed upon procedures for State reporting purposes. This will be an extra financial cost to the District and reflected in future budgets.

Conclusion

The Board of Finance is confident that the District has access to sufficient financial resources from multiple sources to complete the water project as well as fund the other "normal" budget items. The repayment of the proposed water system loan will have a significant impact on tax assessments in 2023 and beyond.

I must close by thanking all committee members for their willingness actively serve on the board and thank the community for entrusting the stewardship of its financial assets and operations to us. If you have questions, or just wish to chat, please don't hesitate to contact us.

Respectfully,

Al Bartosic – Chair (quonniefinance@gmail.com)

Jim Blair

Jim Furnivall

Tom McConnell

Jeff Matthews

Barry Okun

Roberta Peet – Treasurer, Ex Officio

QCBFD
Summary Budget History
2022 Budget As Approved by Board of Governors 8/14/21

Unaudited

Unaudited		Y-o-Y 4.2%		Y-o-Y 20.1%		Y-o-Y 2.0%			Y-o-Y 9.8%
		Final Actual Fiscal 2019	Approved Budget Fiscal 2020	Final Actual Fiscal 2020	Actual Variance 2020	Approved Budget Fiscal 2021	Estimated Results Fiscal 2021	Estimated Variance 2021	BoG Approved Budget Fiscal 2022
Sources of funds - Operating									
	Tax revenue	306,326	367,900	367,902	2	375,300	375,300	-	412,000
	Other Revenue	11,627	6,400	8,650	2,250	7,400	7,400	-	5,900
	Interest income	3,655	1,000	1,580	580	2,000	2,000	-	1,500
Total Operating Sources		321,608	375,300	378,131	2,831	384,700	384,700	-	419,400
Uses of funds - Operating									
	Fire Protection	116,186	123,000	118,855	(4,145)	128,000	125,000	(3,000)	130,000
	Community Property	77,281	105,000	81,645	(23,355)	80,000	80,000	-	80,000
	Public Works	36,083	35,900	39,969	4,069	41,000	45,500	4,500	50,000
	Police/Security	12,999	17,000	14,638	(2,362)	17,000	15,000	(2,000)	17,650
	Interest Expense	4,613	4,090	4,091	1	3,515	3,515	-	15,422
	Other Expenses	33,003	33,800	28,332	(5,468)	58,700	43,550	(15,150)	49,100
Total Operating Uses		280,165	318,790	287,530	(31,260)	328,215	312,565	(15,650)	342,172
Operating Surplus (Deficit)		41,443	56,510	90,601	34,091	56,485	72,135	15,650	77,228
Reserve Funding									
	Reserve Funding	33,500	46,200	46,200	-	30,600	30,600	-	40,750
Net Free Surplus from Operations		7,943	10,310	44,401	34,091	25,885	41,535	15,650	36,478
Items to Adjust to Cash									
	Other Adjustments, Net	(71,514)	46,200	(51,037)	(97,237)	4,627	(38,744)	(43,371)	
	Borrowing to Fund Water System					900,000		(900,000)	1,600,000
	Water System Asset					(900,000)	(32,737)	867,263	(1,600,000)
	Principal Payment on Water System Loan	(9,787)	(10,310)	(10,309)	1	(10,885)	(10,885)	-	(36,478)
	Net Increase/(Decrease) in Cash	(73,358)	46,200	(16,945)	(63,145)	19,627	(40,831)	(60,458)	(0)
Opening Cash (All accounts xcept Merch)		395,755	322,397	322,397	-	289,470	305,452	-	264,621
Ending Cash (All accounts xcept Merch)		322,397	368,597	305,452	(63,145)	\$ 309,097	\$ 264,621	\$ (44,476)	\$ 264,621

Quonochontaug Central Beach Fire District
2022 Budget
As Approved by Board of Governors 8/14/21

Unaudited

		Y-o-Y 4.2%	Y-o-Y 20.1%	Y-o-Y 2.0%		Y-o-Y 9.8%
		Final Actual Fiscal 2019	Final Actual Fiscal 2020	Approved Budget Fiscal 2021	Estimated Results Fiscal 2021	BoG Approved Budget Fiscal 2022
Sources of funds - Operating						
	Tax revenue	306,326	367,902	375,300	375,300	412,000
	Lease to tennis club	1,200	1,200	1,400	1,400	1,400
	Road impact fees	6,000	5,000	2,000	1,000	1,000
	Boat Sticker Fees			4,000	4,500	4,500
	Lost beach pass fees/Misc.	4,427	2,450	-	500	
	Interest income	3,655	1,580	2,000	2,000	1,500
	Total Operating Sources	321,608	378,131	384,700	384,700	420,400
Uses of funds - Operating						
	Charter, legal, negotiation fees	2,604	1,386	2,600	2,000	2,600
	Communications	1,704	725	1,200	1,500	1,200
	Administration	3,807	2,639	3,800	3,000	5,800
	Bookkeeping Services			12,400	12,000	12,000
	Memberships (Salt Ponds/RISC/Hist Soc)	400	500	500	500	500
	Ball field/playground	219		500		500
	Beaches/dunes	3,876	4,151	4,500	4,500	2,500
	Boating/docking	2,201	1,200	1,200	800	1,000
	CP - Other	9,759	13,639	12,000	12,000	12,000
	CP - Garbage	67,522	68,006	68,000	68,000	68,000
	Fire Protection (Dunn's Corners)	116,186	118,855	128,000	125,000	130,000
	Police/security	12,999	14,638	17,000	15,000	17,650
	PW - Water operator (NWSI)	8,647	8,855	15,000	15,000	18,000
	PW - Water system	25,573	27,881	25,000	28,000	30,000
	PW - Roads	1,863	3,233	1,000	2,500	2,000
	Real estate/property					
	Tennis	340	575	1,000	500	1,000
	Interest Expense:					
	Water project loan	4,613	4,091	3,515	3,515	2,922
	Line of Credit interest			5,000	500	5,000
	Other Interest expense	-		5,000		7,500
	Taxes (Charlestown)	4,904	4,460	5,500	5,000	6,000
	Insurance	12,605	12,545	14,500	13,000	15,000
	Miscellaneous expense	344	150	1,000	250	1,000
	Total Operating Uses	280,165	287,530	328,215	312,565	342,172
	Operating Surplus (Deficit)	41,443	90,601	56,485	72,135	78,228
Reserve Funding						
	Contingency	5,000	10,000	6,422	6,422	-
	Water System	26,500	35,000	5,000	5,000	25,000
	Road Fund		1,200	9,600	9,600	9,500
	Ballfield & Playground			2,700	2,700	1,000
	Long Range Planning			1,000	1,000	1,000
	Tennis Courts	2,000		1,450	1,450	750
	Boat Launch			1,000	1,000	1,000
	Beach & Dunes			1,428	1,428	1,500
	Community Property			1,000	1,000	1,000
	Police Liasion/Security			1,000	1,000	1,000
	Reserve Funding	33,500	46,200	30,600	30,600	41,750
	Net Free Surplus from Operations	7,943	44,401	25,885	41,535	36,478
Items to Adjust to Cash						
	Construction Escrow Received/(Paid)		(10,000)		(10,000)	
	Asset Additions (New Water System)					
	Other Net Changes in Cash	2,000	2,950	4,627		
	Borrowing to Fund Water System			900,000		1,600,000
	Water System Asset			(900,000)	(32,737)	(1,600,000)
	Principal Payment on Water System Loan	(9,787)	(10,309)	(10,885)	(10,885)	(11,478)
	Principal Payment on New Water System Loan			(15,000)		(25,000)
	Net Increase/(Decrease) in Reserve Funding	(73,514)	(43,987)		(28,744)	
	Net Increase/(Decrease) in Cash	(73,358)	(16,945)	4,627	(40,831)	-
	Opening Cash (All accounts xcept Merch)	395,755	322,397	289,470	305,452	264,621
	Ending Cash (All accounts xcept Merch)	322,397	305,452	\$ 294,097	\$ 264,621	\$ 264,621

Reserve Funding														
	Contingency Fund	Water Fund	Road Fund	Boat Fund	Ballfid/Plygd Fund	LRP Fund	Compliance Fund	Tennis Fund	Beach&Dunes Fund	CP Fund	Security Fund	District Reserves	Community Sales Fund	Total Allocated Reserves
Bal 12/31/20	\$ 45,121	\$ 11,998	\$ 12,583				\$ 5,000	\$ 2,800				\$ 77,501	\$ 12,584	\$ 90,085
Funding 2021														
BoG Approved Reallocations	\$ 6,422	\$ 5,000	\$ 9,600	\$ 1,000	\$ 2,700	\$ 1,000		\$ 1,450	\$ 1,428	\$ 1,000	\$ 1,000	\$ 30,600	\$ 59,150	\$ 89,750
YTD Expenses through 6/30	\$ (38,968)	\$ 31,468	\$ 6,000				\$ (5,000)	\$ 6,500				\$ -		\$ -
Estimated Additional Reserve Spending	\$ (420)	\$ (29,906)	\$ (19,417)					\$ (4,800)				\$ (54,544)		\$ (54,544)
Balance 12/31/21	\$ 12,155	\$ 18,559	\$ 8,765	\$ 1,000	\$ 2,700	\$ 1,000	\$ -	\$ 1,150	\$ 1,428	\$ 1,000	\$ 1,000	\$ 48,758	\$ 71,734	\$ 120,492
Funding 2022														
BoG Approved Reallocations	\$ -	\$ 25,000	\$ 9,500	\$ 1,000	\$ 1,000	\$ 1,000		\$ 750	\$ 1,500	\$ 1,000	\$ 1,000	\$ 41,750		\$ 41,750
Est Exp 2022														
Balance 12/31/22	\$ 12,155	\$ 43,559	\$ 18,265	\$ 2,000	\$ 3,700	\$ 2,000	\$ -	\$ 1,900	\$ 2,928	\$ 2,000	\$ 2,000	\$ 90,508	\$ 71,734	\$ 162,242

**Quonochontaug
Central Beach Fire District
2019 - 2022 Actual, Estimated, Projected Balance Sheets (Including Designated Reserves)**

	12/31/19 Actual	12/31/20 Actual	12/31/21 Estimated	12/31/22 Projected
ASSETS				
Current Assets				
Cash				
Checking	\$ 12,192	\$ 20,355	\$ 5,000	\$ 5,000
Municipal Money Market	26,289	19,965	20,000	20,000
Insured Cash Sweep	263,916	265,431	224,621	234,621
Construction Escrow Deposits	20,000	25,000	15,000	5,000
Total Cash	\$ 322,397	\$ 330,751	\$ 264,621	\$ 264,621
Accounts Receivable - Tax Collections	\$ -	\$ -	\$ -	\$ -
Special Events -- Cash	\$ 87,490	\$ 117,928	\$ 154,111	\$ 103,015
Special Events -- Inventory	\$ 10,591	\$ 7,867	\$ 10,000	\$ 10,000
Total Current Assets	\$ 420,478	\$ 456,546	\$ 428,732	\$ 377,636
Fixed Assets				
Boat Landing	75,881	75,881	75,881	75,881
Beach Lot	6,600	6,600	6,600	6,600
Parking Lot End	2,400	2,400	2,400	2,400
Beach Lots	154,200	154,200	154,200	154,200
Beach Lot Right of Way	69,600	69,600	69,600	69,600
Beach Lot Right of Way	69,600	69,600	69,600	69,600
Beach Lot Bike Racks	29,300	29,300	29,300	29,300
Ball Field	206,100	206,100	206,100	206,100
Playground	3,000	3,000	3,000	3,000
Land Near Wells	26,800	26,800	26,800	26,800
Land Near Wells 2	20,200	20,200	20,200	20,200
Tennis Club Land	8,900	8,900	8,900	8,900
Pump House Land	1,900	1,900	1,900	1,900
Water System	270,819	270,819	270,819	270,819
Water Purification System	36,027	36,027	36,027	36,027
Water System Chlorination Project			35,842	1,635,842
Tennis Courts 1	5,400	5,400	5,400	5,400
Tennis Courts 2	2,200	2,200	2,200	2,200
Mapping	26,371	26,371	26,371	26,371
Defibrillators	2,963	2,963	2,963	2,963
Street Signs	3,790	3,790	3,790	3,790
Merchandise Shed	5,702	5,702	5,702	5,702
	\$ 1,027,753	\$ 1,027,753	\$ 1,063,596	\$ 2,663,596
TOTAL ASSETS	\$ 1,448,231	\$ 1,484,299	\$ 1,492,328	\$ 3,041,232
LIABILITIES, RESERVES, FUND BALANCES				
Current Liabilities				
Accounts Payable	\$ 1,000	\$ 6,491	\$ 5,000	\$ 5,000
Escrow Payable	\$ 20,000	\$ 25,000	\$ 15,000	\$ 5,000
Total Current Liabilities	\$ 21,000	\$ 31,491	\$ 20,000	\$ 10,000
Long Term Liabilities				
Water System Loan	\$ 81,307	\$ 70,997	\$ 60,112	\$ -
Water System Chlorination Loan				\$ 1,600,000
Total Long Term Liabilities	\$ 81,307	\$ 70,997	\$ 60,112	\$ 1,600,000
Total Liabilities	\$ 102,307	\$ 102,488	\$ 80,112	\$ 1,610,000
Reserves and Fund Balances				
Restricted Reserves				
Contingency Fund	14,720	45,121	12,155	12,155
Water Fund	-	11,998	18,559	42,559
Road Fund	17,300	12,583	8,765	18,265
Boat Fund	-		1,000	2,000
Ballfield/Playground Fund			2,700	3,700
Long Range Planning Fund			1,000	2,000
Compliance Fund	5,000	5,000	-	-
Tennis Fund	4,000	2,800	1,150	1,900
Beach and Dunes Fund	18,000	-	1,428	2,928
Community Property Fund			1,000	2,000
Security Fund			1,000	2,000
Special Events Designated Fund	19,157	12,584	71,734	50,000
	78,176	90,086	120,491	139,507
Unrestricted Fund Balance	1,239,269	1,172,812	1,172,812	1,172,812
Special Events Fund Balance	28,480	118,913	118,913	118,913
	1,345,925	1,381,811	1,412,216	1,431,232
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	\$ 1,448,232	\$ 1,484,299	\$ 1,492,328	\$ 3,041,232

Quonochontaug Central Beach Fire District
Notes to Financial Statements
As of December 31, 2020

Long-Term Liabilities

A. Changes in Long-Term Liabilities

Changes in the District's long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water System Loan	\$81,307	----	\$10,310	\$70,997	\$10,885

B. Loans Payable

The District has entered into one loan agreement with The Washington Trust Company (the "Lender") as follows:

Loan Date	Date of Maturity	Interest Rate (%)	Amount of Original Loan	Balance Outstanding December 31 st , 2020
July 6, 2010	July 6, 2030	5.25	\$175,000	\$70,997

Payments of principal and interest totaling \$1,200 are due on the 6th of every month with the final payment due on September 6th, 2026. The early maturity of the loan is due to prepayment of principal made in prior years.

The note is designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986. In the event that the designation is not effective or for any reason does not constitute a "qualified tax-exempt obligation", then the District will pay to the Lender as additional interest an amount such that the yield on the note is not diminished by the occurrence of an event of non-deductibility.

Interest paid during the year was \$4,091.

C. Revolving Credit Facility

The District has entered into a Loan Agreement dated December 28th, 2005 as Amended (the "Agreement") with the Lender which provides for revolving credit loans for up to a maximum amount of \$500,000. Unpaid principal amounts will bear interest at a floating rate of 75% of the Prime Rate paid monthly in arrears. The Term of the Agreement is one year, though the note is structured as a demand promissory note. The existing maturity date is September 10, 2022. The Agreement provides that the principal amount of the loan will be paid down to zero for a thirty day period each year and any annual extension thereof.

The note is designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986. In the event that the designation is not effective or for any reason does not constitute a "qualified tax-exempt obligation", then the District will pay to the Lender as additional interest an amount such that the yield on the note is not diminished by the occurrence of an event of non-deductibility.

In order to maintain the existing tax-exempt interest rate on the loan, the District agreed that the proceeds of any draws shall be used solely for the purpose of capital projects in accordance with the requirements of the Internal Revenue Service. In the event that proceeds are used for purposes other than capital projects, the Lender has reserved the right to adjust the rate on the loan to a taxable rate.

As of December 31st, 2020, there were no outstanding borrowings under this Agreement.

Quonochontaug Central Beach Fire District
Assessed Value of Taxable Property and Tax Rates
(unaudited)

Fiscal Year (2007-2020)	Total Taxable Assessed Value (000)	Total Tax Assessed	Total Direct Tax Rate	Tax Rate/ \$1,000
07	\$ 238,015	\$ 205,669	0.08641%	0.8641
08	\$ 292,717	\$ 209,791	0.07167%	0.7167
09	\$ 287,722	\$ 220,280	0.07656%	0.7656
10	\$ 287,709	\$ 227,089	0.07893%	0.7893
11	\$ 238,111	\$ 227,086	0.09537%	0.9537
12	\$ 239,722	\$ 235,168	0.09810%	0.9810
13	\$ 239,722	\$ 241,640	0.10080%	1.0080
14	\$ 232,176	\$ 249,497	0.10746%	1.0746
15	\$ 232,672	\$ 259,430	0.11150%	1.1150
16	\$ 233,563	\$ 271,867	0.11640%	1.1640
17	\$ 253,772	\$ 282,956	0.11150%	1.1150
18	\$ 254,551	\$ 294,160	0.11556%	1.1556
19	\$ 255,698	\$ 306,121	0.11972%	1.1972
20	\$ 279,991	\$ 367,628	0.13130%	1.3130
21	\$ 281,516	\$ 375,542	0.13340%	1.3340

