

**Quonochontaug
Central Beach Fire District
Finance and Budget Committee Report
Annual Meeting – September 17th, 2022**

As always, I must begin by thanking all our committee members for their 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 Carollynne Weidler who served as our Treasurer for this past year and for all the extraordinary effort she has put into her role. Jim Blair who has been a valued voice and long serving member of the Finance and Budget Committee ("FBC") is also stepping down after this year and we would like to thank him for his service and many contributions. Finally, we would also like to thank all the Committees and Managers for being so careful and diligent in their budgeting and spending which should enable the District to carryforward an operating budget surplus into 2023.

Reserve Allocations and Spending

There has been some discussion regarding the authorization and use of reserve funds so we thought it would be helpful to provide some explanation. Each year, the FBC gathers input then makes estimates as to what longer range and multiyear projects may occur and adds to reserve funding authorizations to anticipate these costs. These reserve authorizations are included in the budget approved each year and tax revenue is collected against these authorizations. The FBC cannot predict how and when reserve allocations are spent as needs arise, but the authorization provides the flexibility for Committees and Managers to act. Reserve authorizations can be used by a Committee or Manager (up to the amount approved). In addition, the Board of Governors may vote to approve to move funding amongst reserve categories (as has been done with the water system). In no event can the amount of cash spent from reserves exceed the cumulative total amount approved by voters at the Annual Meeting.

The cash funding of these reserves comes from annual taxation (12 months in arrears) and borrowings approved by the Board of Governors under the authority granted to them by District voters. When spending from reserves exceeds funding from reserves, then cash balances are depleted and when funding exceeds spending, the opposite is true. Due to the significant self-funded spending for the water system to date (both reserve and capital spending), cash has been depleted and the District had to borrow from its Line of Credit during 2022 to fund activities until 2022 taxation cash collections became available in August and September and borrowings were repaid.

We want to be clear that the amounts appearing in the reserve authorization accounts are not 100% backed by cash on hand at all times, but that the District has the ability to fund approved amounts of spending through its Line of Credit borrowings which are then collected from taxpayers in the subsequent year. To make this concept clearer, the FBC has renamed the schedule to "Approved Allocations for QCBFD Use and Associated Spending"

2021 Results

Revenues from 2021 were on budget and again 100% of all taxes billed were collected.

Final operating expenses (excluding payment of principal on the outstanding water system loan) were approximately \$44,000 below budget. This stemmed from lower than budgeted spending on loan interest (the anticipated loan for the water project was not initiated), police/security, fire protection and bookkeeping services. This surplus was closed into general reserves for potential future use by the

District. The final cash balance for the 2021 fiscal year was approximately \$42,000 lower than budget due to net increased spending from reserves and initial capitalization of the water system project. Available cash on hand (net of construction escrow) at 12/31/21 was \$252,890.

We would once again like to thank the Merchandise Sales and Special Events committee for their ongoing contributions to District projects.

2022 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 has been necessary to date in 2022.

We project (based on actual results through July 31st) that revenues will be at budget, and expenses will be about \$48,000 below budget. Any budget surplus may be closed into the District's general reserve account. Cash on hand at 12/31/22 is estimated to be \$51,000 below budget (\$206,000 exclusive of construction escrows) due to ongoing self funding of 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 Board of Finance members.

2023 Budget

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

The 2023 budget calls for a 36.7% increase in tax revenue to \$563,266. This is to fund approximately \$400,000 of operating expenses (including interest expense on the new water system loan and an anticipated increase in fire protection from Dunn's Corners Fire Department), additional reserve allocations (net of spending) of \$18,000, timing replenishment of short term borrowings of \$70,000 and principal payments on existing and anticipated water system loans of \$67,000. The timing and amount of the water system borrowing and repayment remains uncertain, but the FBC thought it prudent to budget for a full year of loan repayment. The District has favorable indications of borrowing both from the Rhode Island Infrastructure Bank as well as Washington Trust Bank. As of this writing, the maximum cost of the total project which is reflected in the 2023 budget is \$1.6 million all of which would be borrowed.

The 2023 budget calls for cash on hand to be \$224,000 at 12/31/23 (not including construction escrow).

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 probability 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. 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 is reflected as an additional expense in the 2023 operating budget.

Conclusion

The FBC 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 and reserve authorized items. The anticipated borrowing and commencement of repayment of the proposed water system loan had a significant impact on tax assessments in 2023. Once the water system financing has been secured, the FBC can fine tune future tax assessments, but the 20 year repayment of a \$1.6 million loan will have lasting impact.

I must close by thanking all committee members for their willingness to actively serve on the FBC 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

Brooke Cote

Jim Furnivall

Tom McConnell

Jeff Matthews

Barry Okun

Carollynne Weidler – Treasurer, Ex Officio

QCBCFD
 Summary Budget History
 2023 Budget As Approved by Board of Governors 8/27/22

Unaudited

	Y-o-Y 4.2%	Y-o-Y 20.1%	Y-o-Y 2.1%	Y-o-Y 9.7%			Y-o-Y 36.7%
	Final Actual Fiscal 2019	Final Actual Fiscal 2020	Final Actual Fiscal 2021	Approved Budget Fiscal 2022	Estimated Results Fiscal 2022	Estimated Variance 2022	BoG Approved Budget Fiscal 2023
Sources of funds - Operating							
Tax revenue	306,326	367,902	375,542	412,000	412,000	-	563,266
Other Revenue	11,627	8,650	13,053	6,900	9,260	2,360	10,800
Interest income	3,655	1,580	576	1,500	254	(1,246)	300
Total Operating Sources	321,608	378,131	389,171	420,400	421,514	1,114	574,366
Uses of funds - Operating							
Fire Protection	116,186	118,855	123,270	130,000	126,500	(3,500)	150,000
Community Property	77,281	81,645	80,007	80,000	78,607	(1,393)	81,250
Public Works	36,083	39,969	35,648	50,000	33,947	(16,053)	34,850
Police/Security	12,999	14,638	10,443	17,650	8,000	(9,650)	18,000
Interest Expense	4,613	4,091	3,517	15,422	3,282	(12,140)	52,998
Other Expenses	33,003	28,332	35,051	49,100	42,975	(6,125)	61,850
Total Operating Uses	280,165	287,530	287,935	342,172	293,311	(48,861)	398,948
Operating Surplus (Deficit)	41,443	90,601	101,236	78,228	128,203	49,975	175,418
Reserve Funding							
Reserve Funding	33,500	46,200	30,600	41,750	41,750	-	38,000
Net Free Surplus from Operations	7,943	44,401	70,636	36,478	86,453	49,975	137,418
Items to Adjust to Cash							
Other Adjustments, Net	(71,514)	(26,037)	89,481		(72,893)	(72,893)	(52,000)
Borrowing to Fund Water System				1,600,000	-	(1,600,000)	1,600,000
Water System Asset			(206,794)	(1,600,000)	(53,000)	1,547,000	(1,600,000)
Principal Payment on Water System Loan	(9,787)	(10,309)	(10,885)	(36,478)	(11,478)	25,000	(67,418)
Net Increase/(Decrease) in Cash	(73,358)	8,055	(57,562)	0	(50,918)	(50,918)	18,000
Opening Cash (All accounts xcept Merch)	395,755	322,397	330,452	272,890	272,890	0	221,972
Ending Cash (All accounts xcept Merch)	322,397	330,452	272,890	\$ 272,890	\$ 221,972	\$ (50,918)	\$ 239,972

QCBCFD
 2023 Budget
 Approved by Board of Governors 8_27_22

Unaudited	Y-o-Y 4.2%	Y-o-Y 20.1%	Y-o-Y 2.1%	Y-o-Y 9.7%		Y-o-Y 36.7%
	Final Actual Fiscal 2019	Final Actual Fiscal 2020	Final Actual Fiscal 2021	BoG Approved Budget Fiscal 2022	PROJECTED FISCAL 2022	BoG Approved Budget Fiscal 2023
Sources of funds - Operating						
Tax revenue	306,326	367,902	375,542	412,000	412,000	563,266
Lease to tennis club	1,200	1,200	1,620	1,400	1,400	1,600
Road impact fees	6,000	5,000	3,000	1,000	1,000	3,000
Boat Sticker Fees			6,126	4,500	4,860	6,200
Lost beach pass fees/Misc.	4,427	2,450	2,307		2,000	
Interest income	3,655	1,580	576	1,500	254	300
Total Operating Sources	321,608	378,131	389,171	420,400	421,514	574,366
Uses of funds - Operating						
Charter, legal, negotiation fees	2,604	1,386	952	2,600	2,100	1,925
Communications	1,704	725	1,246	1,200	1,200	3,850
Administration	3,807	2,639	3,772	5,800	5,200	6,300
Bookkeeping Services/Audit			4,200	12,000	8,150	15,000
Memberships (Salt Ponds/RISC/Hist Soc)	400	500	500	500	-	500
Ball field/playground	219	-	-	500	-	500
Beaches/dunes	3,876	4,151	4,725	2,500	5,553	5,500
Boating/docking	2,201	1,200	1,200	1,000	1,209	2,000
CP - Other	9,759	13,639	12,007	12,000	9,750	13,250
CP - Garbage	67,522	68,006	68,000	68,000	68,857	68,000
Fire Protection (Dunn's Corners)	116,186	118,855	123,270	130,000	126,500	150,000
Police/security	12,999	14,638	10,443	17,650	8,000	18,000
PW - Water operator (NWSI)	8,647	8,855	8,855	18,000	31,652	12,350
PW - Water system	25,573	27,881	24,742	30,000		20,000
PW - Roads	1,863	3,233	2,050	2,000	2,295	2,500
Long Range Planning						2,000
Tennis	340	575	401	1,000	430	1,000
Interest Expense:						
Water project loan	4,613	4,091	3,517	2,922	3,082	2,295
Line of Credit interest			-	5,000	200	1,000
Other Interest expense	-	-	-	7,500	-	49,703
Taxes (Charlestown)	4,904	4,460	4,198	6,000	6,061	6,000
Insurance	12,605	12,545	13,699	15,000	12,000	16,275
Miscellaneous expense	344	150	158	1,000	1,072	1,000
Total Operating Uses	280,165	287,530	287,935	342,172	293,311	398,948
Operating Surplus (Deficit)	41,443	90,601	101,236	78,228	128,203	175,418
Multi Year Authorizations						
Contingency	5,000	10,000	6,422	-		5,000
Water System	26,500	35,000	5,000	25,000	25,000	5,000
Road Fund		1,200	9,600	9,500	9,500	9,500
Ballfield & Playground			2,700	1,000	1,000	1,000
Long Range Planning			1,000	1,000	1,000	1,000
Tennis Courts	2,000		1,450	750	750	1,000
Boat Launch			1,000	1,000	1,000	1,000
Beach & Dunes			1,428	1,500	1,500	12,500
Community Property			1,000	1,000	1,000	1,000
Police Liaison/Security			1,000	1,000	1,000	1,000
Reserve Funding	33,500	46,200	30,600	41,750	41,750	38,000
Net Free Surplus from Operations	7,943	44,401	70,636	36,478	86,453	137,418
Items to Adjust to Cash						
Construction Escrow Received/(Paid)		(10,000)	(5,000)		(5,000)	
Asset Additions (New Water System)			(206,794)		(53,000)	
Other Net Changes in Cash (A/P, Accrued Exp etc)	2,000	27,950	138,875		(93,643)	
Borrowing to Fund Water System				1,600,000		1,600,000
Water System Asset				(1,600,000)		(1,600,000)
Principal Payment on Water System Loan	(9,787)	(10,309)	(10,885)	(11,478)	(11,478)	(12,105)
Principal Payment on New Water System Loan				(25,000)	-	(55,313)
LOC Borrowings					60,000	
Repayment of Principal on LOC borrowings					(60,000)	(70,000)
Net Increase/(Decrease) in Reserve Funding	(73,514)	(43,987)	(44,394)		25,750	18,000
Net Increase/(Decrease) in Cash	(73,358)	8,055	(57,562)	0	(50,918)	18,000
Opening Cash (All accounts xcept Merch)	395,755	322,397	330,452	272,890	272,890	221,972
Ending Cash (All accounts xcept Merch)	322,397	330,452	\$ 272,890	\$ 272,890	\$ 221,972	\$ 239,972

Merchandise Sales/Special Events			
YoY Increase %	38%	20%	25%
Merchandise Sales Revenue	\$ 106,186	\$ 127,420	\$ 159,589
Special Events Revenue			
Interest Income		\$ 44	\$ 189
Total Revenue	\$ 106,186	\$ 127,464	\$ 159,778
Merchandise Sales- Cost of Sales	\$ 61,338	\$ 74,989	\$ 86,511
Gross Margin %	42%	41%	46%
Other Special Events Costs	\$ 3,511	\$ 3,112	\$ 3,469
90th Anniversary Dance Accrual	\$ 15,000		
Total Costs	\$ 79,849	\$ 78,102	\$ 89,980
Merchandise Sales/Special Events Gross Surplus	\$ 26,337	\$ 49,362	\$ 69,797
Less: Approved Contributions to District projects	\$ (8,500)	\$ (10,495)	\$ (45,000)
Net Special Events/Merchandise Sales Surplus	\$ 17,837	\$ 38,867	\$ 24,797

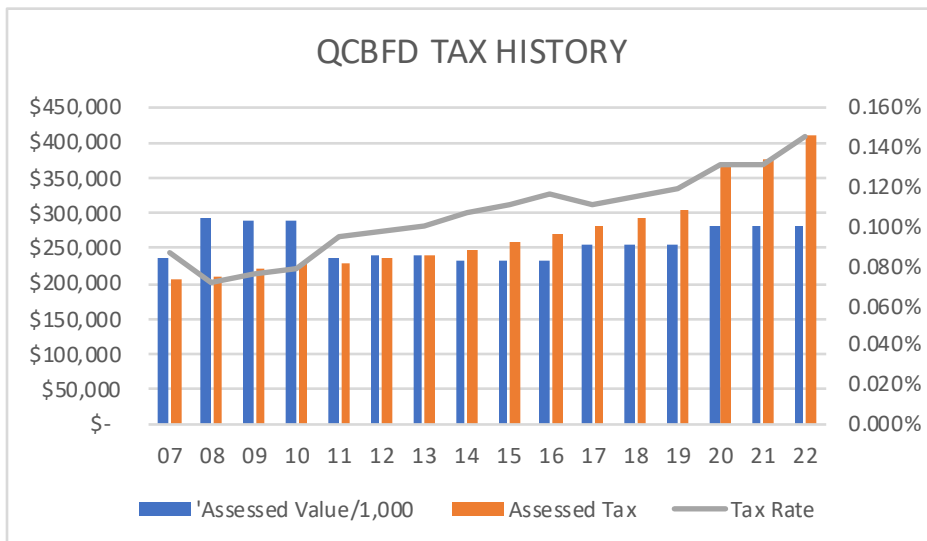
Approved by Board of Governors 8_27_22

Quonochontaug Central Beach Fire District
 Approved Allocations for QCBFD Use and Associated Spending
 Projected

	Contingency Fund	Water Fund	Road Fund	Boat Fund	Ballfld/Plygnd Fund	LRP Fund	BeachDunes Fund	Comm Prop Fund	Police/Sec Fund	Compliance Fund	Tennis Fund	Total	Merchandise Sales
Balance 12/31/21	\$ 77,792	\$ 4,221	\$ 14,683	\$ 829	\$ 2,700	\$ 708	\$ 578	\$ 1,000	\$ 1,000	\$ 5,000	\$ 1,150	\$ 109,661	\$ 34,784
Funding 2022	-	25,000	9,500	1,000	1,000	1,000	1,500	1,000	1,000		750	41,750	
MS Grants 2022													4,800
Reallocations (Estimated)	(5,000)						5,000					-	
MS Grants closed to SE equity												(6,635)	(4,098)
Actual spending 1/1 - 7/31		(6,565)				(70)						(6,635)	(24,859)
Estimated spending - 8/1 -12/31		(3,865)				(500)	(5,000)					(9,365)	
2021 accrual closed to fund balance	(25,886)											(25,886)	
Estimated Balance 12/31/22	\$ 46,906	\$ 18,791	\$ 24,183	\$ 1,829	\$ 3,700	\$ 1,138	\$ 2,078	\$ 2,000	\$ 2,000	\$ 5,000	\$ 1,900	\$ 109,525	\$ 10,627
Funding 2023	5,000	5,000	9,500	1,000	1,000	1,000	12,500	1,000	1,000	-	1,000	38,000	
Reallocations	(3,000)	(5,000)					(12,000)					(20,000)	
Spending													
Estimated Balance 12/31/23	\$ 48,906	\$ 18,791	\$ 33,683	\$ 2,829	\$ 4,700	\$ 2,138	\$ 2,578	\$ 3,000	\$ 3,000	\$ 5,000	\$ 2,900	\$ 127,525	\$ 10,627

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

Fiscal Year (2007-2022)	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	0.13130%	1.3130
22	\$ 283,392	\$ 412,052	0.14538%	1.4538



**Quonochontaug Central Beach Fire District
Financial Statements
For the Year Ended December 31, 2021
(Unaudited)**

Quonochontaug Central Beach Fire District
Operating Budget vs. Actual
For the Year Ended December 31, 2021

	Actual	Budget	Over (Under) Budget	% of Budget
Sources of funds - Operating:				
Taxes	\$ 375,542.39	\$ 375,300.00	\$ 242.39	100.1%
Tennis lease	1,620.00	1,400.00	220.00	115.7%
Boat revenue	6,126.00	4,000.00	2,126.00	153.2%
Lost beach passes	75.00	-	75.00	#DIV/0!
Road impact fees	3,000.00	2,000.00	1,000.00	150.0%
Miscellaneous fees	2,232.15	-	2,232.15	#DIV/0!
Interest income	575.92	2,000.00	(1,424.08)	28.8%
Total Operating Sources	389,171.46	384,700.00	4,471.46	101.2%
Uses of funds - Operating:				
Charter, legal, negotiation fees	952.00	2,600.00	(1,648.00)	36.6%
Communications	1,246.01	1,200.00	46.01	103.8%
Administration	3,771.71	3,800.00	(28.29)	99.3%
Bookkeeping services	4,200.00	12,400.00	(8,200.00)	33.9%
Donations/Memberships	500.00	500.00	-	100.0%
Ballfield/Playground	-	500.00	(500.00)	0.0%
Beach/Dunes	4,724.97	4,500.00	224.97	105.0%
Boating	1,200.00	1,200.00	-	100.0%
Community property	12,006.96	12,000.00	6.96	100.1%
Community property - Garbage	68,000.08	68,000.00	0.08	100.0%
Community property - Fire	123,269.86	128,000.00	(4,730.14)	96.3%
Police/security	10,443.15	17,000.00	(6,556.85)	61.4%
Public works - water system	33,597.21	40,000.00	(6,402.79)	84.0%
Public works - roads/parking lots	2,050.31	1,000.00	1,050.31	205.0%
Tennis	401.00	1,000.00	(599.00)	40.1%
Loan interest	3,516.90	13,515.00	(9,998.10)	26.0%
Real estate taxes	4,198.30	5,500.00	(1,301.70)	76.3%
Insurance	13,698.73	14,500.00	(801.27)	94.5%
Miscellaneous	157.97	1,000.00	(842.03)	15.8%
Total Operating Uses	287,935.16	328,215.00	(40,279.84)	87.7%
Operating Surplus (Deficit)	101,236.30	56,485.00	44,751.30	179.2%
Reserve Funding	30,600.00	30,600.00	-	100.0%
Net Free Surplus from Operations	\$ 70,636.30	\$ 25,885.00	\$ 44,751.30	272.9%

Quonochontaug Central Beach Fire District

Balance Sheet

As of December 31, 2021

	<u>Operating</u>	<u>Special Events</u>	<u>Total</u>
Cash			
Checking	\$ 4,128.19		\$ 4,128.19
Special events checking		\$ 3,453.25	3,453.25
Municipal money market	27,853.97		27,853.97
Insured cash sweep	220,906.76		220,906.76
Special events money market		157,332.29	157,332.29
Escrow	20,001.00		20,001.00
	<u>272,889.92</u>	<u>160,785.54</u>	<u>433,675.46</u>
Special events inventory		12,006.43	12,006.43
Fixed assets	<u>1,234,762.41</u>	<u>5,702.48</u>	<u>1,240,464.89</u>
Total assets	<u>\$ 1,507,652.33</u>	<u>\$ 178,494.45</u>	<u>\$ 1,686,146.78</u>
Escrow payable	\$ 20,000.00		\$ 20,000.00
Accounts payable	71,871.49		71,871.49
Accrued expenses	46,771.00		46,771.00
Water system loan	60,114.14		60,114.14
Net assets			
Contingency fund	77,791.39		77,791.39
Water conservation fund	4,221.55		4,221.55
Road fund	14,682.66		14,682.66
Boat fund	828.71		828.71
Ballfield/playground reserve fund	2,700.00		2,700.00
Long range planning reserve	708.45		708.45
Beach & dunes reserve fund	578.00		578.00
Community property reserve	1,000.00		1,000.00
Police/security reserve	1,000.00		1,000.00
Compliance fund	5,000.00		5,000.00
Tennis	1,150.00		1,150.00
Community sales/special events reserve		\$ 34,783.92	34,783.92
Fund balance	1,199,234.94	143,710.53	1,342,945.47
	<u>1,308,895.70</u>	<u>178,494.45</u>	<u>1,487,390.15</u>
Total liabilities and net assets	<u>\$ 1,507,652.33</u>	<u>\$ 178,494.45</u>	<u>\$ 1,686,146.78</u>

Quonochontaug Central Beach Fire District
Balance Sheet
As of December 31, 2021 and 2020

	2021	2020
Cash		
Checking	\$ 4,128.19	\$ 20,355.51
Special events checking	3,453.25	17,783.83
Municipal money market	27,853.97	19,665.89
Insured cash sweep	220,906.76	265,430.73
Special events money market	157,332.29	100,143.67
Escrow	20,001.00	25,000.00
	433,675.46	448,379.63
Special events inventory	12,006.43	7,866.95
Fixed assets	1,240,464.89	1,033,670.74
Total assets	\$ 1,686,146.78	\$ 1,489,917.32
Escrow payable	\$ 20,000.00	\$ 25,000.00
Accounts payable	71,871.49	-
Accrued expenses	46,771.00	6,192.48
Water system loan	60,114.14	70,997.24
Net assets		
Contingency fund	77,791.39	45,120.87
Water conservation fund	4,221.55	11,997.78
Road fund	14,682.66	18,500.00
Boat fund	828.71	-
Ballfield/playground reserve fund	2,700.00	-
Long range planning reserve	708.45	-
Beach & dunes reserve fund	578.00	-
Community property reserve	1,000.00	-
Police/security reserve	1,000.00	-
Compliance fund	5,000.00	5,000.00
Tennis	1,150.00	2,800.00
Community sales/special events reserve	34,783.92	51,560.73
Fund balance - special events	143,710.53	118,913.01
Fund balance	1,199,234.94	1,133,835.21
	1,487,390.15	1,387,727.60
Total liabilities and net assets	\$ 1,686,146.78	\$ 1,489,917.32

Quonochontaug Central Beach Fire District
Cash Flow
For the Year Ended December 31, 2021

	Operating	Special Events	Total
Cash flows from operating activities			
Operating surplus	\$ 70,636.30	\$ 24,797.51	\$ 95,433.81
Adjustments to reconcile operating surplus to net cash provided by operating activities			
Changes in operating assets and liabilities			
Special events inventory		(4,139.48)	(4,139.48)
Escrow payable	(5,000.00)		(5,000.00)
Accounts payable	71,871.49		71,871.49
Accrued expenses	40,578.52		40,578.52
Net cash provided by operating activities	<u>178,086.31</u>	<u>20,658.03</u>	<u>198,744.34</u>
Cash used in investing activities			
Fixed asset additions	<u>(180,371.23)</u>	-	<u>(180,371.23)</u>
Cash flows from financing activities			
Current year reserve funding	30,600.00	45,000.00	75,600.00
Expenses paid from reserves	(74,994.19)	(22,800.00)	(97,794.19)
Payments on water system loan	(10,883.10)		(10,883.10)
Net cash (used in) provided by financing activities	<u>(55,277.29)</u>	<u>22,200.00</u>	<u>(33,077.29)</u>
Net (decrease) increase in cash	(57,562.21)	42,858.03	(14,704.18)
Cash, beginning of the period	<u>330,452.13</u>	<u>117,927.50</u>	<u>448,379.63</u>
Cash, end of the period	<u>\$ 272,889.92</u>	<u>\$ 160,785.53</u>	<u>\$ 433,675.45</u>

Quonochontaug Central Beach Fire District
Reserves Rollforward
January - December 2021

	Contingency Fund	Water Fund	Road Fund	Boat Fund	Ballfld/Plygnd Fund	LRP Fund	Beach/Dunes Fund	Comm Prop Fund	Police/Sec Fund	Compliance Fund	Tennis Fund	Merchandise Sales	Total
Balance 12/31/20	\$ 45,120.87	\$ 11,997.78	\$ 18,500.00							\$ 5,000.00	\$ 2,800.00	\$ 12,583.92	\$ 96,002.57
Funding 2021	6,422.00	5,000.00	9,600.00	\$ 1,000.00	\$ 2,700.00	\$ 1,000.00	\$ 1,428.00	\$ 1,000.00	\$ 1,000.00	-	1,450.00	45,000.00	75,600.00
Reallocations	(43,967.78)	31,467.78	6,000.00	-	-	-	-	-	-	-	6,500.00	-	-
Expenses paid	(420.00)	(44,244.01)	(19,417.34)	(171.29)	-	(291.55)	(850.00)	-	-	-	(9,600.00)	(22,800.00)	(97,794.19)
2021 surplus	70,636.63	-	-	-	-	-	-	-	-	-	-	-	70,636.63
Balance 12/31/21	\$ 77,791.72	\$ 4,221.55	\$ 14,682.66	\$ 828.71	\$ 2,700.00	\$ 708.45	\$ 578.00	\$ 1,000.00	\$ 1,000.00	\$ 5,000.00	\$ 1,150.00	\$ 34,783.92	\$ 144,445.01

Quonochontaug Central Beach Fire District
Notes to Financial Statements
As of December 31, 2021

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	\$70,997	---	\$10,883	\$60,114	\$11,478

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 , 2021
July 6, 2010	July 6, 2030	5.25	\$175,000	\$60,114

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 \$3,517.

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, 2023. 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, 2021, there were no outstanding borrowings under this Agreement.