

**THE OLD COLONY
BEACH CLUB ASSOCIATION**

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2021**

**TOGETHER WITH
ACCOUNTANTS' COMPILATION REPORT,
AND
REQUIRED SUPPLEMENTARY INFORMATION**



**THE OLD COLONY BEACH CLUB ASSOCIATION
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JUNE 30, 2021**

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
The Old Colony Beach Club Association
Old Lyme, Connecticut

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities and each major fund of The Old Colony Beach Club Association (The "Association") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 – 6 and 27, respectively, be presented to supplement the basic financial statements. Such information is presented for the purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
February 28, 2022

**THE OLD COLONY BEACH CLUB ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

BASIC FINANCIAL STATEMENTS

Our discussion and analysis of The Old Colony Beach Club Association (the Association)'s financial performance provides an overview of the Association's financial activities for the fiscal year ended June 30, 2021; as such, it should be read in conjunction with the Association's compiled financial statements. The Association's financials consist of two series of financial statements: Government-Wide and Fund Financial Statements.

- 1) Government-Wide Financial Statements: These statements, which include the Statement of Net Position and the Statement of Activities, provide information about the activity of the Association as a whole. These statements also present a longer-term view of the Association's finances by presenting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses on the *accrual basis of accounting*, which is similar to the accounting methods used by many private-sector companies.

For purposes of the Government-Wide Financial Statements, The Old Colony Beach Club Association has the following activities:

- a) Governmental Activities – The Association's primary operating activities are reported here. These activities are financed primarily through an annual levy of property taxes.
 - b) Business-Type Activities – This consists of a proprietary fund. This is the Association's WPCA Fund for which the accounting for sewer related expenditures are reported.
- 2) Fund Financial Statements: For governmental activities, these statements present how the services provided by the Association were financed in the short term as well as what remains for future spending. Additionally, these statements report the Association's activities in greater detail by highlighting the Association's most significant funds. The Association's funds are separated into two types:
 - a) Governmental Funds – Most of the Association's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the *modified accrual basis of accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Association's general government operations; these statements help you to determine whether there are more or fewer financial resources that can be spent in the near future to finance Association operations. We describe the relationship (or differences) between governmental *activities* (reported in the government-wide financial statements) and government *funds* in reconciliation at the bottom of the fund financial statements.
 - b) Proprietary Funds – Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements.

**THE OLD COLONY BEACH CLUB ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CONDENSED GOVERNMENT-WIDE STATEMENTS

Presented below is a condensed version of the government-wide financial statements.

Statement of Net Position

	Governmental Activities	Business-Type Activities
Current and other assets	\$ 1,027,134	\$ 34,528
Capital assets, net	280,645	727,731
Total assets	<u>\$ 1,307,779</u>	<u>\$ 762,259</u>
Current liabilities	\$ 3,800	\$ 14,864
Non-current liabilities	800,000	551,804
Total liabilities	803,800	566,668
Net position		
Invested in capital assets, net of related debt	-	175,927
Unrestricted	503,979	19,664
Total net position	<u>503,979</u>	<u>195,591</u>
Total liabilities and net position	<u>\$ 1,307,779</u>	<u>\$ 762,259</u>

Significant capital outlays (>\$1,500) are being recorded as Association capital assets and are being depreciated over their estimated useful lives. Capital assets presented here are shown net of their accumulated depreciation. Net position has been separated into two categories on the Association's financial statements: 1) Invested in capital assets, net of related debt and 2) Unrestricted net position. Because capital assets are not very liquid (i.e. easily converted to cash), the Association's equity in these assets has been separated and labeled as such. Unrestricted net position, however, represents the liquid portion of the Association's net position that can be used to finance daily operations without constraints.

**THE OLD COLONY BEACH CLUB ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CONDENSED GOVERNMENT-WIDE STATEMENTS (Continued)

Statement of Activities

	Governmental Activities	Business-Type Activities
Revenues		
Program revenues		
Charges for services	\$ 7,418	\$ -
Operating grants and contributions	8,550	-
Capital grants and contributions	-	40,675
General revenues		
Property taxes, interest and liens	163,539	-
Interest income	539	-
Total revenues	180,046	40,675
Program expenses		
Administration	19,664	-
Public safety	54,079	-
Public works	41,696	-
Recreation	1,167	-
Interest on long-term debt	11,411	14,864
WPCA	-	22,481
Total expenses	128,017	37,345
Change in net position	52,029	3,330
Net position		
Beginning of year	451,950	192,261
End of year	\$ 503,979	\$ 195,591

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUNDS

As noted earlier, the Old Colony Beach Club Association uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Association's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Association's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The Association currently maintains two (2) governmental funds, the general fund and the capital reserve fund.

**THE OLD COLONY BEACH CLUB ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUNDS (CONTINUED)

Governmental Funds (Continued)

At the end of the current fiscal year, the Association's total governmental funds reported an ending combined fund balance of \$1,023,334, which is an *increase* of \$768,531 from the prior year. Approximately 20% or \$206,534 of the total fund balance is unassigned fund balance, which is available for spending at the government's discretion. The remaining amount, \$816,800 is committed for capital replacement.

General Fund Budgetary Highlights

Total revenues were *ahead* of budget by \$6,520, due primarily to the Association receiving more in revenues related to the beach than budgeted. Overall, actual expenditures were *under* budget by \$12,578, mainly due to fewer professional fee costs being incurred than expected.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the Association had \$1,802,595 invested in various capital assets as listed below:

	Governmental Activities	Business-Type Activities	Total
Land	\$ 141,047	\$ -	\$ 141,047
Construction in process	-	727,731	727,731
Buildings, improvements and infrastructure	890,020	-	890,020
Equipment and vehicles	43,797	-	43,797
Total	<u>\$ 1,074,864</u>	<u>\$ 727,731</u>	<u>\$ 1,802,595</u>

During the fiscal year ended June 30, 2021, the Association added \$84,082 of improvements (stormwater project) to its governmental activities capital assets and \$148,975 of capitalized engineering fees to its construction in process on the business-type activities.

Debt Administration

During the year ended June 30, 2021, the Association issued notes for its governmental activities totaling \$800,000. As of June 30, 2021, the total \$800,000 was outstanding.

The Association's business-type activities had two notes outstanding with the Connecticut Department of Environmental and Energy Protection totaling \$551,804 at June 30, 2021.

More detailed information on the Association's capital assets and debt administration is presented in the notes to the financial statements.

**THE OLD COLONY BEACH CLUB ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

NEXT YEAR'S BUDGET AND RATES

At its annual budget meeting, the Old Colony Beach Club Association adopted a \$196,500 budget for 2021-2022 using a mill rate of 4.00.

CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Association's finances for all those with an interest in the Association's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Board of Governors, P.O. Box 10, Old Lyme, CT 06371.

THE OLD COLONY BEACH CLUB ASSOCIATION
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 1,026,649	\$ 34,528	\$ 1,061,177
Accounts receivable	485	-	485
Capital assets, non-depreciable	141,047	727,731	868,778
Capital assets, net of accumulated depreciation	139,598	-	139,598
Total assets	\$ 1,307,779	\$ 762,259	\$ 2,070,038

LIABILITIES AND NET POSITION

LIABILITIES			
Accounts payable	\$ 3,800	\$ -	\$ 3,800
Accrued expenses	-	14,864	14,864
NON-CURRENT LIABILITIES			
Due within one year	43,689	-	43,689
Due in more than one year	756,311	551,804	1,308,115
Total liabilities	803,800	566,668	1,370,468
NET POSITION			
Invested in capital assets, net of related debt	-	175,927	175,927
Unrestricted	503,979	19,664	523,643
Total net position	503,979	195,591	699,570
Total liabilities and net position	\$ 1,307,779	\$ 762,259	\$ 2,070,038

The accompanying notes are an integral part of these financial statements

THE OLD COLONY BEACH CLUB ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions / Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
Administration	\$ 19,664	\$ 649	\$ 8,550	\$ -	\$ (10,465)	\$ -	\$ (10,465)
Public safety	54,079	-	-	-	(54,079)	-	(54,079)
Public Works	41,696	-	-	-	(41,696)	-	(41,696)
Recreation	1,167	6,769	-	-	5,602	-	5,602
Interest on long term debt	11,411	-	-	-	(11,411)	-	(11,411)
Total governmental activities	<u>128,017</u>	<u>7,418</u>	<u>8,550</u>	<u>-</u>	<u>(112,049)</u>	<u>-</u>	<u>(112,049)</u>
BUSINESS-TYPE ACTIVITIES							
WPCA	22,481	-	-	40,675	-	18,194	18,194
Interest on long term debt	14,864	-	-	-	-	(14,864)	(14,864)
Total business-type activities	<u>37,345</u>	<u>-</u>	<u>-</u>	<u>40,675</u>	<u>-</u>	<u>3,330</u>	<u>3,330</u>
Total primary government	<u>\$ 165,362</u>	<u>\$ 7,418</u>	<u>\$ 8,550</u>	<u>\$ 40,675</u>	<u>(112,049)</u>	<u>3,330</u>	<u>(108,719)</u>
GENERAL REVENUES							
					163,539	-	163,539
					539	-	539
					<u>164,078</u>	<u>-</u>	<u>164,078</u>
					52,029	3,330	55,359
					451,950	192,261	644,211
					<u>\$ 503,979</u>	<u>\$ 195,591</u>	<u>\$ 699,570</u>

The accompanying notes are an integral part of these financial statements

THE OLD COLONY BEACH CLUB ASSOCIATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	ASSETS		
	GENERAL FUND	CAPITAL RESERVE FUND	TOTAL
CURRENT ASSETS			
Cash	\$ 209,849	\$ 816,800	\$ 1,026,649
Receivables	485	-	485
Total current assets	\$ 210,334	\$ 816,800	\$ 1,027,134

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES			
Accounts payable	\$ 3,800	\$ -	\$ 3,800
Total current liabilities	3,800	-	3,800
FUND BALANCES			
Committed	-	816,800	816,800
Unassigned	206,534	-	206,534
Total fund balances	206,534	816,800	1,023,334
Total liabilities, deferred inflows of resources and fund balances	\$ 210,334	\$ 816,800	\$ 1,027,134

Amounts reported for *governmental activities* in the statement of net position are different because:

Total fund balances	\$ 1,023,334
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	280,645
Some liabilities, such as notes and bonds payable and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(800,000)
Net position of governmental activities	\$ 503,979

The accompanying notes are an integral part of these financial statements

THE OLD COLONY BEACH CLUB ASSOCIATION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND	CAPITAL RESERVE FUND	TOTAL
REVENUES			
Administration:			
Taxes, interest and liens	\$ 163,539	\$ -	\$ 163,539
Interest	63	476	539
Town of Old Lyme	8,550	-	8,550
Miscellaneous	715	-	715
Recreation	6,703	-	6,703
Total revenues	179,570	476	180,046
EXPENDITURES			
Current			
Administration	15,330	-	15,330
Public Safety	54,079	-	54,079
Public Works	41,696	-	41,696
Recreation	1,167	-	1,167
Debt service interest	-	11,411	11,411
Bond issuance costs	-	3,750	3,750
Capital outlay	-	84,082	84,082
Total expenditures	112,272	99,243	211,515
Excess (deficiency) of revenues over expenditures	67,298	(98,767)	(31,469)
OTHER FINANCING SOURCES (USES)			
Proceeds from long term debt	-	800,000	800,000
Transfers in (out)	(47,000)	47,000	-
Total other financing sources (uses)	(47,000)	847,000	800,000
Net changes in fund balances	20,298	748,233	768,531
FUND BALANCES, beginning of year	186,236	68,567	254,803
FUND BALANCES, end of year	\$ 206,534	\$ 816,800	\$ 1,023,334

The accompanying notes are an integral part of these financial statements

**THE OLD COLONY BEACH CLUB ASSOCIATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net changes in fund balances - total governmental funds \$ 768,531

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital additions (\$84,082) exceeded net depreciation (\$584) in the current period. 83,498

The issuance of long term debt provides current financial resources to governmental funds while on the government-wide financials it is treated as an increase in noncurrent liabilities. (800,000)

Changes in net position of governmental activities \$ 52,029

The accompanying notes are an integral part of these financial statements

THE OLD COLONY BEACH CLUB ASSOCIATION
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

ASSETS

	WPCA
CURRENT ASSETS	
Cash	\$ 34,528
Total current assets	34,528
 NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation	727,731
Total noncurrent assets	727,731
Total assets	\$ 762,259

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accrued expenses	\$ 14,864
Total current liabilities	14,864
 NONCURRENT LIABILITIES	
Due within one year	-
Due in more than one year	551,804
Total noncurrent liabilities	551,804
Total liabilities	566,668
 NET POSITION	
Invested in capital assets, net of related debt	175,927
Unrestricted	19,664
Total net position	195,591
Total liabilities and net position	\$ 762,259

The accompanying notes are an integral part of these financial statements

THE OLD COLONY BEACH CLUB ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	WPCA
OPERATING EXPENSES	
Administration	\$ 22,481
Total operating expenses	22,481
Operating loss	(22,481)
NON-OPERATING REVENUE (EXPENSES)	
Capital grants	\$ 40,675
Interest expense	(14,864)
Total non-operating revenue (expenses)	25,811
Change in net position	3,330
NET POSITION, beginning of year	192,261
NET POSITION, end of year	\$ 195,591

The accompanying notes are an integral part of these financial statements

THE OLD COLONY BEACH CLUB ASSOCIATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	WPCA
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	\$ (22,481)
Net cash used in operating activities	(22,481)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants	40,675
Purchases of capital assets	(148,976)
Proceeds from long term debt	135,416
Net cash provided by capital and related financing activities	27,115
Net increase in cash	4,634
CASH, beginning of year	29,894
CASH, end of year	\$ 34,528
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (22,481)
Net cash used in operating activities	\$ (22,481)

The accompanying notes are an integral part of these financial statements

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Old Colony Beach Club Association (the Association) is a political subdivision created in 1935 by Charter from the State of Connecticut, and a division of the Town of Old Lyme. The Association operates under the direction of a Board of Governors.

The Association's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Association are discussed below.

REPORTING ENTITY

The reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature of significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete or misleading as set forth by GASB. In evaluating how to define the reporting entity for financial statement reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The Association's basic financial statements include both government-wide (reporting the Association as a whole) and fund financial statements (reporting the Association's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental.

In the government-wide statement of net position, the governmental activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Association's net position is reported in two parts – invested in capital assets, net of related debt and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of each of the Association's functions. These functions are also supported by general government revenues (property taxes, interest, and misc. income). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the functions. The net costs of each function are normally covered by general revenue (property taxes, interest, and miscellaneous income), as well as by any charges for services or operating or capital grants applicable to each function. The Association does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Association as an entity and the change in the Association's net position resulting from the current year's activities.

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Association are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Association:

1) Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Association:

- a) General Fund. This fund is the general operating fund of the Association. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund.
- b) Capital Improvement Fund. This fund is used to account for the acquisition or construction of capital assets. The Association's Capital Improvement Fund is considered a capital project fund and is a major fund.

2) Proprietary Funds:

The focus of proprietary fund measurement is on the determination of operating income, changes in financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Association:

- a) Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs. The Association currently maintains only one enterprise fund; this fund is used to finance and account for sewer infrastructure expenditures.

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS *(Continued)*

2) Proprietary Funds *(Continued)*:

- a) Enterprise Funds *(Continued)* - Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are the charges to customers for services. Operating expenses for the funds include the cost of operations and maintenance, provision of doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When restricted, committed, assigned and unassigned resources are available for use, it is the Association's policy to use restricted resources first, then committed, assigned and unassigned as they are needed.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1) Accrual:

Both governmental and business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2) Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within sixty (60) days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over estimated useful lives:

Assets	Years	Capitalization Threshold
Land	N/A	\$ -
Buildings, improvements and infrastructure	10-50 years	1,500
Equipment and vehicles	5-10 years	1,500

GASB Statement No. 34 requires the Association to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Based upon prior experience, management has not established an allowance for doubtful accounts for its delinquent property taxes in its General Fund. No allowance has been established for its WPCA enterprise fund receivables because these are secured by liens that will impose payment upon sale of the residence or a transfer to the new resident.

BUDGETS

The Association is required by state law to adopt an annual budget. The budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. The budget includes the expenditures of the General Fund. Unexpended appropriations lapse at the end of the fiscal year.

The budget is developed by the Association's Board of Governors and then presented to eligible voters for approval at the Annual Meeting. The Association's tax rate is also approved by the eligible voters at the Annual Meeting.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SUBSEQUENT EVENTS EVALUATION BY MANAGEMENT

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through February 28, 2022, the date that the financial statements were available to be issued. There were no subsequent events identified that require disclosure.

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

CASH EQUIVALENTS

The Association defines cash equivalents as liquid investments with an original maturity of three months or less. The Association had no cash equivalents at June 30, 2021.

FUND EQUITY AND NET POSITION

In the government-wide financial statements, net position is classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Position – This category represents constraints placed on net position use which are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Association, which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in five separate categories as follows:

Nonspendable Fund Balance – Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts restricted by enabling legislation. Also reported if (a) externally imposed by creditors, grantors, contributors, or laws regulated by other governments, or (b) imposed by law through constitutional provisions.

Committed Fund Balance – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Governors. A vote by the Board of Governors is required to establish and modify or rescind a fund balance commitment.

Assigned Fund Balance – Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

APPLICATION OF ACCOUNTING STANDARDS

For the year ended June 30, 2021, the following accounting pronouncements became effective and the Association implemented such pronouncements, where applicable:

GASB Statement 84, Fiduciary Activities. The purpose of the statement is to improve guidance regarding identification of fiduciary activities for account and financial reporting purposes.

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - CASH, CERTIFICATES OF DEPOSIT, CASH EQUIVALENTS AND INVESTMENTS

Deposits – The Association does not have a formal policy for deposits. However, as a practice, the Association follows Connecticut State Statutes. The State of Connecticut requires that each depositor maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk based capital ratio.

Cash Equivalents / Investments - The Association does not have a custodial credit risk policy with regard to cash equivalents, investments, or related credit risk for debt securities; however, it is the Association’s practice to follow Connecticut State Statutes (CGS). CGS Section 7-400 permits municipalities and local governments to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. CGS Sections 3-27a to 3-27f permit the investment in the shares of Connecticut’s Short Term Investment Fund (STIF).

Interest Rate Risk - The Association does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate increases.

Concentration of Credit Risk – At June 30, 2021, the carrying amount of the Association’s deposits with financial institutions, was \$1,061,177 and the bank balance was \$1,066,378, of which \$250,000 was covered by federal depository insurance, \$106,638 was collateralized by debt securities held by financial institutions, and \$709,740 was uninsured and uncollateralized.

NOTE 3 - PROPERTY TAXES

The Association’s property tax is levied each July 1st and due on August 1st on the assessed value listed as of the prior October 1. Property taxes that have been levied and are due on or before year end are recognized as revenue on the fund financial statements if they are collected within sixty days after year end. Property taxes receivable not collected within sixty days after year end are reflected as deferred inflows of resources.

NOTE 4 - RISK MANAGEMENT AND LITIGATION

The Association is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. There have been no significant reductions in insurance coverage and settlements have not exceeded insurance coverage for each of the past three fiscal years. All risk management activities are accounted for in the general fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There were no claims outstanding at June 30, 2021.

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers are nonreciprocal transactions between funds. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

The Association made the following transfers during the year ended June 30, 2021.

	Transfer In	Transfer Out
General fund	\$ -	\$ 47,000
Capital reserve fund	47,000	-
	\$ 47,000	\$ 47,000

Transfers from the general fund to the capital reserve fund were for the continued accumulation of savings for future nonrecurring expenditures.

NOTE 6 - CAPITAL ASSETS

Changes in capital assets of governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets				
Land	\$ 141,047	\$ -	\$ -	\$ 141,047
Construction in process	56,100	84,082	-	140,182
Total nondepreciable assets	197,147	84,082	-	281,229
Depreciable assets				
Buildings, improvements and infrastructure	749,838	-	-	749,838
Equipment and vehicles	43,797	-	-	43,797
Total depreciable assets	793,635	-	-	793,635
Totals at historical cost	990,782	84,082	-	1,074,864
Less accumulated depreciation				
Buildings, improvements and infrastructure	749,838	584	-	750,422
Equipment and vehicles	43,797	-	-	43,797
Total accumulated depreciation	793,635	584	-	794,219
Governmental activities capital assets, net	\$ 197,147	\$ 83,498	\$ -	\$ 280,645
	Administration	\$ 584		
		\$ 584		

Depreciation by function for governmental activities is as follows:

Administration	\$ 584
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THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - CAPITAL ASSETS (Continued)

Changes in capital assets of business-type activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets				
Construction in process	\$ 578,756	\$ 148,975	\$ -	\$ 727,731
Total nondepreciable assets	<u>578,756</u>	<u>148,975</u>	<u>-</u>	<u>727,731</u>
Totals at historical cost	<u>578,756</u>	<u>148,975</u>	<u>-</u>	<u>727,731</u>
Business-type activities capital assets, net	<u>\$ 578,756</u>	<u>\$ 148,975</u>	<u>\$ -</u>	<u>\$ 727,731</u>

NOTE 7 - NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES

Noncurrent liabilities of the government-type activities for the year ended June 30, 2021 consist of the following direct borrowings/direct placement obligations:

Purpose of Obligation	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
General Obligation Note dated 9/23/20 - 9/1/35. Interest rate of 3.25%. Original balance of \$800,000	\$ -	\$ 800,000	\$ -	\$ 800,000
	<u>\$ -</u>	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ 800,000</u>
		Due within one year		\$ 43,689
		Due in more than one year		<u>756,311</u>
				<u>\$ 800,000</u>

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7- NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES (Continued)

Payments to maturity on outstanding debt are as follows:

Name	General Obligation Note
Issue Date	9/23/2020
Original Balance	<u>\$ 800,000</u>
Principal Maturities	
<u>June 30,</u>	
2022	\$ 43,689
2023	43,519
2024	44,934
2025	46,394
2026	47,902
2027 and thereafter	<u>573,562</u>
Total	<u>\$ 800,000</u>
Due within one year	\$ 43,689
Due in more than one year	<u>756,311</u>
	<u>\$ 800,000</u>
Interest Maturities	
<u>June 30,</u>	
2022	\$ 25,290
2023	24,143
2024	22,436
2025	20,952
2026	19,419
2027 and thereafter	<u>109,254</u>
Total	<u>\$ 221,494</u>
Due within one year	\$ 25,290
Due in more than one year	<u>196,204</u>
	<u>\$ 221,494</u>

All debt is included as a general obligation of the Capital Reserve Fund of the Association.

Interest on the above debt incurred by the Association for the year ended June 30, 2021 was \$11,411.

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - NONCURRENT LIABILITIES – BUSINESS-TYPE ACTIVITIES

Noncurrent liabilities of the business-type activities for the year ended June 30, 2021 consist of the following direct borrowings/direct placement obligations:

<u>Purpose of Obligation</u>	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
General Obligation Note dated 2/26/19 - 1/31/23.				
Interest rate of 2%.				
Original balance of \$161,383	\$ 138,962	\$ 21,350	\$ -	\$ 160,312
General Obligation Note dated 7/18/19 - 1/31/23.				
Interest rate of 2%.				
Original balance of \$540,815	277,426	114,066	-	391,492
	<u>\$ 416,388</u>	<u>\$ 135,416</u>	<u>\$ -</u>	<u>\$ 551,804</u>
		Due within one year		\$ -
		Due in more than one year		551,804
				<u>\$ 551,804</u>

Payments to maturity on outstanding debt are as follows:

Name	General Obligation Note	General Obligation Note	
Issue Date	2/26/2019	7/18/2019	Total
Original Balance	<u>\$ 160,312</u>	<u>\$ 391,492</u>	
Principal Maturities			
June 30,			
2022	\$ -	\$ -	\$ -
2023	160,312	391,492	551,804
Total	<u>\$ 160,312</u>	<u>\$ 391,492</u>	<u>\$ 551,804</u>
Due within one year	\$ -	\$ -	\$ -
Due in more than one year	160,312	391,492	551,804
	<u>\$ 160,312</u>	<u>\$ 391,492</u>	<u>\$ 551,804</u>
Interest Maturities			
June 30,			
2022	\$ -	\$ -	\$ -
2023	3,206	7,830	11,036
Total	<u>\$ 3,206</u>	<u>\$ 7,830</u>	<u>\$ 11,036</u>
Due within one year	\$ -	\$ -	\$ -
Due in more than one year	3,206	7,830	11,036
	<u>\$ 3,206</u>	<u>\$ 7,830</u>	<u>\$ 11,036</u>

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - NONCURRENT LIABILITIES – BUSINESS-TYPE ACTIVITIES (Continued)

All debt is included as a general obligation of the WPCA Fund of the Association.

Interest on the above debt incurred by the Association for the year ended June 30, 2021 was \$14,864.

NOTE 9 - FUND BALANCE

At June 30, 2021, fund balances reported on the fund financial statements consisted of the following:

	Committed	Unassigned
General Fund:		
Unassigned	-	206,534
Capital Reserve Fund:		
For capital replacement	816,800	-
Total fund balance	\$ 816,800	\$ 206,534

NOTE 10 - EXPENDITURE IN EXCESS OF APPROPRIATION

For the year ended June 30, 2021, the following budget items were expended in excess of their appropriations by the indicated amounts:

Budget Line	Amount
Expenditure:	
Public safety	\$ 2,514
Public works	5,696
Merchandise	360

NOTE 11 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2021 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement 87, Leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of this statement are effective for reporting periods beginning after June 15, 2021 (the Association’s year ending June 30, 2022).

GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period. The requirements of this statement are effective for periods beginning after December 15, 2020 (the Association’s year ending June 30, 2022).

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE (*Continued*)

GASB Statement 91, Conduit Debt Obligations. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021 (the Association's year ending June 30, 2023).

GASB Statement 92, Omnibus. This statement enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing various practice issues identified in the implementation of certain pronouncements. Certain requirements of this statement are effective upon issuance while other requirements are effective for reporting periods beginning after June 15, 2021 (the Association's year ending June 30, 2022).

GASB Statement 93, Replacement of Interbank Offered Rates. This statement addresses accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate), the most prevalent being the LIBOR (London Interbank Offered Rate). Provisions of the statement are effective for reporting periods beginning after June 15, 2021 and reporting periods ending after December 31, 2021 (the Association's years ending June 30, 2022 and 2023).

GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for fiscal years beginning after June 15, 2022 (the Association's year ending June 30, 2023).

GASB Statement 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022 (the Association's year ending June 30, 2023).

GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14 and 84, and a supersession of GASB Statement 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements for certain paragraphs of this statement are effective immediately, while the remainder of the pronouncement is effective for years beginning after June 15, 2021 (the Association's year ending June 30, 2022).

SUPPLEMENTARY INFORMATION

THE OLD COLONY BEACH CLUB ASSOCIATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES					
Administration:					
Taxes, interest and liens	\$ 163,000	\$ -	\$ 163,000	\$ 163,615	\$ 615
Interest	250	-	250	63	(187)
Merchandise	200	-	200	573	373
Beach	-	-	-	5,232	5,232
Security:					
Town of Old Lyme	8,900	-	8,900	8,550	(350)
Fines and fees	500	-	500	642	142
Parking and golf cart registrations	200	-	200	895	695
Total revenues	<u>173,050</u>	<u>-</u>	<u>173,050</u>	<u>179,570</u>	<u>6,520</u>
EXPENDITURES					
Public safety	36,000	-	36,000	38,514	(2,514)
Public works	36,000	-	36,000	41,696	(5,696)
Insurance	7,000	-	7,000	5,287	1,713
General administration	7,000	-	7,000	6,689	311
Electricity	6,400	-	6,400	4,582	1,818
Fire Protection	12,000	-	12,000	10,983	1,017
Recreation	3,550	-	3,550	306	3,244
Merchandise	500	-	500	860	(360)
Professional fees	16,200	-	16,200	2,150	14,050
Donations	200	-	200	100	100
Property taxes	1,200	-	1,200	1,105	95
Capital improvement fund transfer	47,000	-	47,000	47,000	-
Total expenditures	<u>173,050</u>	<u>-</u>	<u>173,050</u>	<u>159,272</u>	<u>13,778</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	20,298	<u>\$ 20,298</u>
FUND BALANCE, beginning of year				186,236	
FUND BALANCE, end of year				<u>\$ 206,534</u>	

See independent auditors' report