

**THE OLD COLONY
BEACH CLUB ASSOCIATION**

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2023**

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



**THE OLD COLONY BEACH CLUB ASSOCIATION
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JUNE 30, 2023**

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ACCOUNTANTS' COMPILATION REPORT

Board of Governors
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, 2023 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 26, 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
December 26, 2023

**THE OLD COLONY BEACH CLUB ASSOCIATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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, 2023; 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, 2023**

CONDENSED GOVERNMENT-WIDE STATEMENTS

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

Statement of Net Position

	Governmental			Business-Type		
	Activities		Increase	Activities		Increase
	2023	2022	(Decrease)	2023	2022	(Decrease)
Current and other assets	\$ 1,071,138	\$ 1,050,158	\$ 20,980	\$ 15,231	\$ 25,470	\$ (10,239)
Capital assets, net	266,627	273,636	(7,009)	813,877	759,377	54,500
Total assets	<u>\$ 1,337,765</u>	<u>\$ 1,323,794</u>	<u>\$ 13,971</u>	<u>\$ 829,108</u>	<u>\$ 784,847</u>	<u>\$ 44,261</u>
Current liabilities	\$ 3,800	\$ 3,800	\$ -	\$ 41,749	\$ 24,408	\$ 17,341
Non-current liabilities	712,792	756,311	(43,519)	612,949	575,449	37,500
Total liabilities	<u>716,592</u>	<u>760,111</u>	<u>(43,519)</u>	<u>654,698</u>	<u>599,857</u>	<u>54,841</u>
Net position						
Invested in capital assets, net of related debt	-	-	-	200,928	183,928	17,000
Unrestricted	621,173	563,683	57,490	(26,518)	1,062	(27,580)
Total net position	<u>621,173</u>	<u>563,683</u>	<u>57,490</u>	<u>174,410</u>	<u>184,990</u>	<u>(10,580)</u>
Total liabilities and net position	<u>\$ 1,337,765</u>	<u>\$ 1,323,794</u>	<u>\$ 13,971</u>	<u>\$ 829,108</u>	<u>\$ 784,847</u>	<u>\$ 44,261</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.

Current and other assets in the governmental activities *increased* during the fiscal year ended June 30, 2023 due to an *increase* in cash. Governmental activities' capital assets *decreased* as a result of depreciation. Non-current liabilities also *decreased* in the 2022-2023 fiscal year from the repayment of long term debt.

Current and other assets in the business-type activities *decreased* during the fiscal year ended June 30, 2023 due to an *decrease* in cash at year end. Capital assets of business-type activities *increased* due to continued construction in progress on the sewer project. Total liabilities *increased* as of June 30, 2023 primarily due to an *increase* in long term debt related to the sewer project and associated accrued interest.

**THE OLD COLONY BEACH CLUB ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CONDENSED GOVERNMENT-WIDE STATEMENTS (Continued)

Statement of Activities

	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2023	2022		2023	2022	
Revenues						
Program revenues						
Charges for services	\$ 9,320	\$ 6,125	\$ 3,195	\$ -	\$ -	\$ -
Operating grants and contributions	9,014	8,677	337	-	-	-
Capital grants and contributions	-	-	-	12,500	9,169	3,331
General revenues						
Property taxes, interest and liens	190,227	189,084	1,143	-	-	-
Interest income	14,753	418	14,335	-	-	-
Total revenues	<u>223,314</u>	<u>204,304</u>	<u>19,010</u>	<u>12,500</u>	<u>9,169</u>	<u>3,331</u>
Program expenses						
Administration	35,062	32,412	2,650	-	-	-
Public safety	56,682	47,198	9,484	-	-	-
Public works	43,357	36,098	7,259	-	-	-
Recreation	6,850	3,602	3,248	-	-	-
Interest on long-term debt	23,873	25,290	(1,417)	17,341	9,544	7,797
WPCA	-	-	-	5,739	10,226	(4,487)
Total expenses	<u>165,824</u>	<u>144,600</u>	<u>21,224</u>	<u>23,080</u>	<u>19,770</u>	<u>3,310</u>
Change in net position	57,490	59,704	(2,214)	(10,580)	(10,601)	21
Net position						
Beginning of year	563,683	503,979	59,704	184,990	195,591	(10,601)
End of year	<u>\$ 621,173</u>	<u>\$ 563,683</u>	<u>\$ 57,490</u>	<u>\$ 174,410</u>	<u>\$ 184,990</u>	<u>\$ (10,580)</u>

Governmental Activities

The general government's financial position for the year ended June 30, 2023 *increased* by \$57,490.

Property tax revenue *increased* by \$1,143 for the fiscal year ended June 30, 2023 due to a *increase* in the tax levy. Interest income *increased* by \$14,335 due to Association moving funds to municipal bank accounts with higher interest rates. Administration expenses *increased* by \$2,650 primarily due to an *increase* in professional fees compared to the prior year.

Business-Type Activities

Virtually all the revenues derived from business-type activities come from grant income related to the capital sewer project. Expenses *increased* during the fiscal year due to an *increase* in interest on long-term debt expense.

**THE OLD COLONY BEACH CLUB ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 improvement fund.

At the end of the current fiscal year, the Association's total governmental funds reported an ending combined fund balance of \$1,067,338, which is an *increase* of \$20,980 from the prior year. Approximately 21% or \$224,585 of the total fund balance is unassigned fund balance, which is available for spending at the government's discretion. The remaining amount, \$842,753 is committed for capital replacement.

General Fund Budgetary Highlights

Total revenues were *ahead* of budget by \$26,414, mainly in part due to the Association receiving more in interest income than budgeted due to switching to bank accounts with higher interest rates. Overall, actual expenditures were *over* budget by \$2,660 mainly due to additional expenditures related to public works.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the Association had \$1,888,741 invested in various capital assets as listed below:

	Governmental Activities	Business-Type Activities	Total
Land	\$ 141,047	\$ -	\$ 141,047
Construction in process	-	813,877	813,877
Buildings, improvements and infrastructure	890,020	-	890,020
Equipment and vehicles	43,797	-	43,797
Total	\$ 1,074,864	\$ 813,877	\$ 1,888,741

During the fiscal year ended June 30, 2023, the Association added \$54,500 of capitalized engineering fees to its construction in process in the business-type activities.

Debt Administration

The Association's governmental activities had one note outstanding of \$712,792 at June 30, 2023.

The Association's business-type activities had two notes outstanding with the Connecticut Department of Environmental and Energy Protection totaling \$612,949 at June 30, 2023.

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, 2023**

NEXT YEAR'S BUDGET AND RATES

At its annual budget meeting, the Old Colony Beach Club Association adopted a \$230,470 budget for 2023-2024 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, 2023

	ASSETS		
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash	\$ 1,070,690	\$ 15,231	\$ 1,085,921
Accounts receivable	448	-	448
Capital assets, non-depreciable	141,047	813,877	954,924
Capital assets, net of accumulated depreciation	125,580	-	125,580
Total assets	<u>\$ 1,337,765</u>	<u>\$ 829,108</u>	<u>\$ 2,166,873</u>
 LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable	\$ 3,800	\$ -	\$ 3,800
Accrued expenses	-	41,749	41,749
NON-CURRENT LIABILITIES			
Due within one year	44,956	-	44,956
Due in more than one year	667,836	612,949	1,280,785
Total liabilities	<u>716,592</u>	<u>654,698</u>	<u>1,371,290</u>
NET POSITION			
Invested in capital assets, net of related debt	-	200,928	200,928
Unrestricted	621,173	(26,518)	594,655
Total net position	<u>621,173</u>	<u>174,410</u>	<u>795,583</u>
Total liabilities and net position	<u>\$ 1,337,765</u>	<u>\$ 829,108</u>	<u>\$ 2,166,873</u>

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, 2023

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	\$ 35,062	\$ 1,838	\$ 9,014	\$ -	\$ (24,210)	\$ -	\$ (24,210)
Public safety	56,682	-	-	-	(56,682)	-	(56,682)
Public works	43,357	-	-	-	(43,357)	-	(43,357)
Recreation	6,850	7,482	-	-	632	-	632
Interest on long term debt	23,873	-	-	-	(23,873)	-	(23,873)
Total governmental activities	<u>165,824</u>	<u>9,320</u>	<u>9,014</u>	<u>-</u>	<u>(147,490)</u>	<u>-</u>	<u>(147,490)</u>
BUSINESS-TYPE ACTIVITIES							
WPCA	5,739	-	-	12,500	-	6,761	6,761
Interest on long term debt	17,341	-	-	-	-	(17,341)	(17,341)
Total business-type activities	<u>23,080</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>(10,580)</u>	<u>(10,580)</u>
Total primary government	<u>\$ 188,904</u>	<u>\$ 9,320</u>	<u>\$ 9,014</u>	<u>\$ 12,500</u>	<u>(147,490)</u>	<u>(10,580)</u>	<u>(158,070)</u>
GENERAL REVENUES							
Property taxes, interest and liens					190,227	-	190,227
Interest income					<u>14,753</u>	<u>-</u>	<u>14,753</u>
Total general revenues					<u>204,980</u>	<u>-</u>	<u>204,980</u>
Change in net position					57,490	(10,580)	46,910
NET POSITION, beginning of year					<u>563,683</u>	<u>184,990</u>	<u>748,673</u>
NET POSITION, end of year					<u>\$ 621,173</u>	<u>\$ 174,410</u>	<u>\$ 795,583</u>

The accompanying notes are an integral part of these financial statements

THE OLD COLONY BEACH CLUB ASSOCIATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	ASSETS		
	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL
CURRENT ASSETS			
Cash	\$ 227,937	\$ 842,753	\$ 1,070,690
Receivables	448	-	448
Total current assets	\$ 228,385	\$ 842,753	\$ 1,071,138
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable	\$ 3,800	\$ -	\$ 3,800
Total current liabilities	3,800	-	3,800
FUND BALANCES			
Committed	-	842,753	842,753
Unassigned	224,585	-	224,585
Total fund balances	224,585	842,753	1,067,338
Total liabilities and fund balances	\$ 228,385	\$ 842,753	\$ 1,071,138

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

Total fund balances		\$	1,067,338
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			266,627
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.			(712,792)
Net position of governmental activities		\$	621,173

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, 2023**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL
REVENUES			
Administration:			
Taxes, interest and liens	\$ 190,227	\$ -	\$ 190,227
Interest	2,696	12,057	14,753
Town of Old Lyme	9,014	-	9,014
Miscellaneous	3,464	-	3,464
Recreation	5,856	-	5,856
Total revenues	<u>211,257</u>	<u>12,057</u>	<u>223,314</u>
EXPENDITURES			
Current			
Administration	25,271	-	25,271
Public Safety	56,682	-	56,682
Public Works	43,357	-	43,357
Recreation	6,850	-	6,850
Debt service interest	-	23,873	23,873
Debt service principal	-	43,519	43,519
Capital outlay	-	2,782	2,782
Total expenditures	<u>132,160</u>	<u>70,174</u>	<u>202,334</u>
Excess (deficiency) of revenues over expenditures	<u>79,097</u>	<u>(58,117)</u>	<u>20,980</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(67,400)</u>	<u>67,400</u>	<u>-</u>
Total other financing sources (uses)	<u>(67,400)</u>	<u>67,400</u>	<u>-</u>
Net changes in fund balances	<u>11,697</u>	<u>9,283</u>	<u>20,980</u>
FUND BALANCES, beginning of year	<u>212,888</u>	<u>833,470</u>	<u>1,046,358</u>
FUND BALANCES, end of year	<u>\$ 224,585</u>	<u>\$ 842,753</u>	<u>\$ 1,067,338</u>

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, 2023**

Net changes in fund balances - total governmental funds \$ 20,980

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 depreciation (\$7,009) exceeded capital additions (\$0) in the current period. (7,009)

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt obligations is as follows: 43,519

Changes in net position of governmental activities \$ 57,490

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, 2023

ASSETS

	WPCA
CURRENT ASSETS	
Cash	\$ 15,231
Total current assets	15,231
NONCURRENT ASSETS	
Capital assets, non-depreciable	813,877
Total noncurrent assets	813,877
Total assets	\$ 829,108

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accrued expenses	\$ 41,749
Total current liabilities	41,749
NONCURRENT LIABILITIES	
Due in more than one year	612,949
Total noncurrent liabilities	612,949
Total liabilities	654,698
NET POSITION	
Invested in capital assets, net of related debt	200,928
Unrestricted	(26,518)
Total net position	174,410
Total liabilities and net position	\$ 829,108

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, 2023

	WPCA
OPERATING EXPENSES	
Administration	\$ 5,739
Total operating expenses	5,739
Operating loss	(5,739)
NON-OPERATING REVENUE (EXPENSES)	
Capital grants	\$ 12,500
Interest expense	(17,341)
Total non-operating revenue (expenses)	(4,841)
Change in net position	(10,580)
NET POSITION, beginning of year	184,990
NET POSITION, end of year	\$ 174,410

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, 2023

	WPCA
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	\$ (5,739)
Net cash used in operating activities	(5,739)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants	12,500
Purchases of capital assets	(54,500)
Proceeds from long term debt	37,500
Net cash provided by capital and related financing activities	(4,500)
Net decrease in cash	(10,239)
CASH, beginning of year	25,470
CASH, end of year	\$ 15,231
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (5,739)
Net cash used in operating activities	\$ (5,739)

The accompanying notes are an integral part of these financial statements

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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, the WPCA; this fund is used to finance and account for sewer infrastructure expenditures.

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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 December 26, 2023, 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, 2023

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, 2023.

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, 2023, the following accounting pronouncements became effective and the Association implemented such pronouncements, where applicable:

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

APPLICATION OF ACCOUNTING STANDARDS *(Continued)*

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).

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.

GASB Statement 99, Omnibus 2022. This statement address both select practice issues that have been identified during implementation and accounting and financial reporting for financial guarantees.

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, 2023, the carrying amount of the Association’s deposits with financial institutions, was \$1,085,921 and the bank balance was \$1,094,942, of which \$250,000 was covered by federal depository insurance, \$109,494 was collateralized by debt securities held by financial institutions, and \$735,448 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.

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023.

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, 2023.

	Transfer In	Transfer Out
General fund	\$ -	\$ 67,400
Capital improvement fund	67,400	-
	\$ 67,400	\$ 67,400

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
Total nondepreciable assets	141,047	-	-	141,047
Depreciable assets				
Buildings, improvements and infrastructure	890,020	-	-	890,020
Equipment and vehicles	43,797	-	-	43,797
Total depreciable assets	933,817	-	-	933,817
Totals at historical cost	1,074,864	-	-	1,074,864
Less accumulated depreciation				
Buildings, improvements and infrastructure	757,431	7,009	-	764,440
Equipment and vehicles	43,797	-	-	43,797
Total accumulated depreciation	801,228	7,009	-	808,237
Governmental activities capital assets, net	\$ 273,636	\$ (7,009)	\$ -	\$ 266,627

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - CAPITAL ASSETS (Continued)

Depreciation by function for governmental activities is as follows:

Administration	\$	7,009
	\$	<u>7,009</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets				
Construction in process	\$ 759,377	\$ 54,500	\$ -	\$ 813,877
Total nondepreciable assets	<u>759,377</u>	<u>54,500</u>	<u>-</u>	<u>813,877</u>
Totals at historical cost	<u>759,377</u>	<u>54,500</u>	<u>-</u>	<u>813,877</u>
Business-type activities capital assets, net	<u>\$ 759,377</u>	<u>\$ 54,500</u>	<u>\$ -</u>	<u>\$ 813,877</u>

NOTE 7 - NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES

Noncurrent liabilities of the government-type activities for the year ended June 30, 2023 consist of the following direct borrowings/direct placement obligations:

Purpose of Obligation	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
General Obligation Note dated 9/23/20 - 9/1/35.				
Interest rate of 3.25%.				
Original balance of \$800,000	\$ 756,311	\$ -	\$ 43,519	\$ 712,792
	<u>\$ 756,311</u>	<u>\$ -</u>	<u>\$ 43,519</u>	<u>\$ 712,792</u>
			Due within one year	\$ 44,956
			Due in more than one year	<u>667,836</u>
				<u>\$ 712,792</u>

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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>	
2024	\$ 44,956
2025	46,439
2026	47,902
2027	49,554
2028	51,188
2029 and thereafter	472,753
Total	<u>\$ 712,792</u>
Due within one year	\$ 44,956
Due in more than one year	667,836
	<u>\$ 712,792</u>
Interest Maturities	
<u>June 30,</u>	
2024	\$ 22,500
2025	21,017
2026	19,419
2027	17,902
2028	16,268
2029 and thereafter	124,388
Total	<u>\$ 221,494</u>
Due within one year	\$ 22,500
Due in more than one year	198,994
	<u>\$ 221,494</u>

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

Interest on the above debt incurred by the Association for the year ended June 30, 2023 was \$23,873.

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - NONCURRENT LIABILITIES – BUSINESS-TYPE ACTIVITIES

Noncurrent liabilities of the business-type activities for the year ended June 30, 2023 consist of the following direct borrowings/direct placement obligations:

Purpose of Obligation	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
General Obligation Note dated 2/26/19 - 1/31/23. Interest rate of 2%. Original balance of \$161,383	\$ 160,999	\$ -	\$ -	\$ 160,999
General Obligation Note dated 7/18/19 - 1/31/23. Interest rate of 2%. Original balance of \$540,815	414,450	37,500	-	451,950
	<u>\$ 575,449</u>	<u>\$ 37,500</u>	<u>\$ -</u>	<u>\$ 612,949</u>
			Due within one year	\$ -
			Due in more than one year	612,949
				<u>\$ 612,949</u>

Payments to maturity on outstanding debt are as follows:

Name Issue Date	General Obligation Note 2/26/2019	General Obligation Note 7/18/2019	Total
Original Balance	<u>\$ 160,999</u>	<u>\$ 451,950</u>	
Principal Maturities			
June 30,			
2024	\$ -	\$ -	\$ -
2025	160,999	451,950	612,949
Total	<u>\$ 160,999</u>	<u>\$ 451,950</u>	<u>\$ 612,949</u>
Due within one year	\$ -	\$ -	\$ -
Due in more than one year	160,999	451,950	612,949
	<u>\$ 160,999</u>	<u>\$ 451,950</u>	<u>\$ 612,949</u>
Interest Maturities			
June 30,			
2024	\$ -	\$ -	\$ -
2025	3,220	9,039	12,259
Total	<u>\$ 3,220</u>	<u>\$ 9,039</u>	<u>\$ 12,259</u>
Due within one year	\$ -	\$ -	\$ -
Due in more than one year	3,220	9,039	12,259
	<u>\$ 3,220</u>	<u>\$ 9,039</u>	<u>\$ 12,259</u>

THE OLD COLONY BEACH CLUB ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

NOTE 9 - FUND BALANCE

At June 30, 2023, fund balances reported on the fund financial statements consisted of the following:

	Committed	Unassigned
General Fund:		
Unassigned	-	224,585
Capital Improvement Fund:		
For capital replacement	842,753	-
Total fund balance	\$ 842,753	\$ 224,585

NOTE 10 - EXPENDITURE IN EXCESS OF APPROPRIATION

For the year ended June 30, 2023, the following budget items were expended in excess of their appropriations by the indicated amounts:

Budget Line	Amount
Expenditure:	
Public safety	\$ 426
Public works	4,957
Insurance	327
Recreation	83
Merchandise	1,567

NOTE 11 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023 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 100, Accounting Changes and Error Corrections. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (the Association’s fiscal year ending June 30, 2024).

GASB Statement 101, Compensated Absences. This statement updates the recognition and measurement guidance for compensated absences. The requirements of this statement is effective for fiscal years beginning after December 15, 2023 (the Association’s fiscal year ending June 30, 2025).

SUPPLEMENTARY INFORMATION

THE OLD COLONY BEACH CLUB ASSOCIATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES					
Administration:					
Taxes, interest and liens	\$ 186,300	\$ -	\$ 186,300	\$ 190,610	\$ 4,310
Interest	400	-	400	14,753	14,353
Merchandise	200	-	200	1,838	1,638
Bank charge reimbursement	-	-	-	20	20
Beach	-	-	-	5,306	5,306
Security:					
Town of Old Lyme	8,550	-	8,550	9,014	464
Fines and fees	1,300	-	1,300	1,370	70
Parking and golf cart registrations	150	-	150	403	253
Total revenues	<u>196,900</u>	<u>-</u>	<u>196,900</u>	<u>223,314</u>	<u>26,414</u>
EXPENDITURES					
Public safety	39,000	-	39,000	39,426	(426)
Public works	38,400	-	38,400	43,357	(4,957)
Insurance	6,500	-	6,500	6,827	(327)
General administration	6,500	-	6,500	3,441	3,059
Electricity	6,000	-	6,000	5,468	532
Fire Protection	12,000	-	12,000	11,784	216
Recreation	4,000	-	4,000	4,083	(83)
Raffle	-	-	-	-	-
Merchandise	1,200	-	1,200	2,767	(1,567)
Professional fees	14,500	-	14,500	13,688	812
Donations	200	-	200	200	-
Property taxes	1,200	-	1,200	1,119	81
Capital improvement fund transfer	67,400	-	67,400	67,400	-
Total expenditures	<u>196,900</u>	<u>-</u>	<u>196,900</u>	<u>199,560</u>	<u>(2,660)</u>
Excess (deficiency) of revenues over expenditures - Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	23,754	<u>\$ 23,754</u>
Adjustments to Generally Accepted Accounting Principals (GAAP):					
Capital improvement fund interest income				(12,057)	
Excess (deficiency) of revenues over expenditures - GAAP Basis				11,697	
FUND BALANCE, beginning of year				<u>212,888</u>	
FUND BALANCE, end of year				<u>\$ 224,585</u>	

See independent auditors' report