

**POINT O' WOODS ASSOCIATION, INCORPORATED
SOUTH LYME, CONNECTICUT**

**BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

TOGETHER WITH

**INDEPENDENT AUDITORS' REPORTS,
REQUIRED SUPPLEMENTARY INFORMATION**

AND

OTHER SUPPLEMENTARY INFORMATION



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Point O' Woods Association, Incorporated
South Lyme, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Point O' Woods Association, Incorporated (the Association), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Point O' Woods Association, Incorporated as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 – 9 and 31 be presented to supplement the basic financial statements. Such information, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Point O' Woods Association, Incorporated's basic financial statements. The Report of the Property Tax Collector and the Statement of Debt Limitation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Report of the Property Tax Collector and the Schedule of Debt Limitation are the responsibility of management and were derived from and relate directly to the underlying accounting and the other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Report of the Property Tax Collector and the Schedule of Debt Limitation are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2021, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Hoyt, Filippetti & Malachuk, LLC

Groton, Connecticut
February 10, 2021

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Governors
Point O' Woods Association, Incorporated
South Lyme, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Point O' Woods Association, Incorporated (the Association), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated February 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut

February 10, 2021

POINT O' WOODS ASSOCIATION, INCORPORATED
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

BASIC FINANCIAL STATEMENTS

Our discussion and analysis of the Point O' Woods Association, Incorporated (the Association)'s financial performance provides an overview of the Association's financial activities for the fiscal year ended June 30, 2020; as such, it should be read in conjunction with the Association's audited 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 Point O' Woods Association, Incorporated 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 residents are charged a fee to cover the cost of waste removal and drinking water and benefit assessments to cover the funding obligations for these two systems.
- 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.

POINT O' WOODS ASSOCIATION, INCORPORATED
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

CONDENSED GOVERNMENT-WIDE STATEMENTS

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

Statement of Net Position

	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2020	2019		2020	2019	
Current and other assets	\$ 853,968	\$ 828,195	\$ 25,773	\$ 4,288,483	\$ 4,823,666	\$ (535,183)
Capital assets, net	415,731	460,921	(45,190)	8,546,342	8,758,674	(212,332)
Total assets	\$ 1,269,699	\$ 1,289,116	\$ (19,417)	\$ 12,834,825	\$ 13,582,340	\$ (747,515)
Current liabilities	\$ 44,032	\$ 11,324	\$ 32,708	\$ 10,049	\$ 15,294	\$ (5,245)
Non-current liabilities	-	-	-	3,737,106	4,300,467	(563,361)
Total liabilities	44,032	11,324	32,708	3,747,155	4,315,761	(568,606)
Net position						
Invested in capital assets, net of related debt	415,731	460,921	(45,190)	4,809,236	4,458,207	351,029
Unrestricted	809,936	816,871	(6,935)	4,278,434	4,808,372	(529,938)
Total net position	1,225,667	1,277,792	(52,125)	9,087,670	9,266,579	(178,909)
Total liabilities and net position	\$ 1,269,699	\$ 1,289,116	\$ (19,417)	\$ 12,834,825	\$ 13,582,340	\$ (747,515)

In governmental activities, total current and other assets *increased* due to an *increase* in the Association's deposits and certificates of deposit balances at year end. The Association's noncurrent and capital assets *decreased* because depreciation expense (\$81,716) exceeded capital asset additions (\$36,526). The Association's liabilities *increased* due to a *increase* in year-end boat basin costs and security services compared to the prior year.

In business-type activities, current and other assets *decreased* due to a *decrease* in the WPCA's cash balances at year end and as a result of the annual *decrease* in benefit assessment receivable from residents making their installment payments or paying their entire obligation in full. Capital assets *decreased* due to the yearly depreciation provision. Noncurrent liabilities *decreased* from paying scheduled loan payments to the Clean Water loan and the full repayment of the Drinking Water loan.

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.

POINT O' WOODS ASSOCIATION, INCORPORATED
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

CONDENSED GOVERNMENT-WIDE STATEMENTS (Continued)

Statement of Activities

	<u>Governmental Activities</u>		Increase (Decrease)	<u>Business-Type Activities</u>		Increase (Decrease)
	2020	2019		2020	2019	
Revenues						
Program revenues						
Charges for services	\$ 112,405	\$ 107,082	\$ 5,323	\$ 148,891	\$ 148,233	\$ 658
Operating grants and contributions	13,954	13,130	824	-	-	-
General revenues						
Property taxes, interest and liens	340,020	337,997	2,023	-	-	-
Interest income	2,239	5,261	(3,022)	90,946	94,080	(3,134)
Gain on sale of capital asset	-	1,000	(1,000)	-	-	-
Total revenues	<u>468,618</u>	<u>464,470</u>	<u>4,148</u>	<u>239,837</u>	<u>242,313</u>	<u>(2,476)</u>
Program expenses						
Administration	204,030	141,585	62,445	-	-	-
Beach	24,543	27,934	(3,391)	-	-	-
Boat basin	48,922	35,304	13,618	-	-	-
Grounds	133,207	133,718	(511)	-	-	-
Recreation	23,016	19,849	3,167	-	-	-
Roads	7,182	6,725	457	-	-	-
Security	79,843	51,905	27,938	-	-	-
WPCA	-	-	-	337,108	343,295	(6,187)
Interest on long-term debt	-	-	-	81,638	89,749	(8,111)
Total expenses	<u>520,743</u>	<u>417,020</u>	<u>103,723</u>	<u>418,746</u>	<u>433,044</u>	<u>(14,298)</u>
Change in net position	(52,125)	47,450	(99,575)	(178,909)	(190,731)	11,822
Net position						
Beginning of year	<u>1,277,792</u>	<u>1,230,342</u>	<u>47,450</u>	<u>9,266,579</u>	<u>9,457,310</u>	<u>(190,731)</u>
End of year	<u>\$ 1,225,667</u>	<u>\$ 1,277,792</u>	<u>\$ (52,125)</u>	<u>\$ 9,087,670</u>	<u>\$ 9,266,579</u>	<u>\$ (178,909)</u>

Governmental Activities

The general government's financial position for the year ended June 30, 2020 *decreased* by \$52,125 primarily due to *increasing* expenditures for administration and security services as explained below.

Administration program expenses *increased* due to the costs associated with the centennial celebration. Boat basin and security expenses *increased* due to *increases* in annual depreciation and security services, respectively.

POINT O' WOODS ASSOCIATION, INCORPORATED
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

CONDENSED GOVERNMENT-WIDE STATEMENTS (Continued)

Business-type Activities

Interest income, which *decreased* from 2019, includes interest received from residents who are choosing to pay off their benefit assessment over an extended period of time. Interest on long-term debt *decreased* as the WPCA continues to pay on its water and sewer related debt.

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUNDS

As noted earlier, the Point O' Woods Association, Incorporated uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Association's governmental fund 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.

At the end of the current fiscal year, the Association's total governmental funds reported an ending combined fund balance of \$803,344, which is a *decrease* of \$7,951 from the prior year. Approximately 57% or \$461,064 of the total fund balance is unassigned fund balance, which is available for spending at the government's discretion. Of the remaining amount, \$3,140 is nonspendable for prepaid insurance, \$241,919 is committed for capital replacement and \$97,221 is assigned to balance the 2020-2021 budget.

General Fund Budgetary Highlights

Total revenues were *ahead* of budget by \$21,641, due primarily to the Association receiving more in revenues related to the centennial dinner than budgeted. Overall, actual expenditures were *over* budget by \$38,371, again due to centennial celebration costs and increased security services as mentioned previously.

POINT O' WOODS ASSOCIATION, INCORPORATED
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the Association had \$12,530,680 invested in various capital assets as listed below:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Land	\$ 10,700	\$ -	\$ 10,700
Construction in process	13,000	-	13,000
Buildings, improvements and infrastructure	1,737,126	10,616,576	12,353,702
Equipment and vehicles	153,278	-	153,278
Total	<u>\$ 1,914,104</u>	<u>\$ 10,616,576</u>	<u>\$ 12,530,680</u>

During the fiscal year ended June 30, 2020, the Association added \$16,692 of improvements (boat basin restoration, bocce court, playground, and channel dredging), \$13,000 of construction in process, and \$6,834 of equipment (camera system) to its governmental activities capital assets.

Debt Administration

During the year ended June 30, 2020, the Association made principal payments totaling \$563,361 on the Clean Water and Drinking Water Fund loans. As of June 30, 2020, the Drinking Water loan was paid in full. Total remaining loan indebtedness at June 30, 2020 was \$3,737,106.

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

NEXT YEAR'S BUDGET AND RATES

At its annual budget meeting, the Point O' Woods Association, Incorporated adopted a \$534,156 budget for 2020-2021 using a mill rate of 2.78 and \$97,221 of fund balance.

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 152, South Lyme, CT 06376.

POINT O' WOODS ASSOCIATION, INCORPORATED
STATEMENT OF NET POSITION
JUNE 30, 2020

	ASSETS		
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash	\$ 343,286	\$ 639,775	\$ 983,061
Certificates of deposit	499,772	-	499,772
Receivables, current portion	7,770	409,486	417,256
Prepaid insurance	3,140	-	3,140
Receivables, net of current portion	-	3,239,222	3,239,222
Capital assets, non-depreciable	23,700	-	23,700
Capital assets, net of accumulated depreciation	392,031	8,546,342	8,938,373
Total assets	<u>\$ 1,269,699</u>	<u>\$ 12,834,825</u>	<u>\$ 14,104,524</u>
 LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable	\$ 42,039	\$ 1,628	\$ 43,667
Accrued expenses	1,993	7,810	9,803
Unearned revenue	-	611	611
Due within one year	-	323,091	323,091
Due in more than one year	-	3,414,015	3,414,015
Total liabilities	<u>44,032</u>	<u>3,747,155</u>	<u>3,791,187</u>
 NET POSITION			
Invested in capital assets, net of related debt	415,731	4,809,236	5,224,967
Unrestricted	809,936	4,278,434	5,088,370
Total net position	<u>1,225,667</u>	<u>9,087,670</u>	<u>10,313,337</u>
Total liabilities and net position	<u>\$ 1,269,699</u>	<u>\$ 12,834,825</u>	<u>\$ 14,104,524</u>

The accompanying notes are an integral part of these financial statements

POINT O' WOODS ASSOCIATION, INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions / Programs	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES						
Administration	\$ 204,030	\$ 14,065	\$ -	\$ (189,965)	\$ -	\$ (189,965)
Beach	24,543	3,200	-	(21,343)	-	(21,343)
Boat Basin	48,922	68,325	-	19,403	-	19,403
Grounds	133,207	-	-	(133,207)	-	(133,207)
Recreation	23,016	17,738	-	(5,278)	-	(5,278)
Roads	7,182	-	-	(7,182)	-	(7,182)
Security	79,843	9,077	13,954	(56,812)	-	(56,812)
Total governmental activities	<u>520,743</u>	<u>112,405</u>	<u>13,954</u>	<u>(394,384)</u>	<u>-</u>	<u>(394,384)</u>
BUSINESS-TYPE ACTIVITIES						
WPCA	337,108	148,891	-	-	(188,217)	(188,217)
Interest on long term debt	81,638	-	-	-	(81,638)	(81,638)
Total business-type activities	<u>418,746</u>	<u>148,891</u>	<u>-</u>	<u>-</u>	<u>(269,855)</u>	<u>(269,855)</u>
Total primary government	<u>\$ 939,489</u>	<u>\$ 261,296</u>	<u>\$ 13,954</u>	<u>(394,384)</u>	<u>(269,855)</u>	<u>(664,239)</u>
GENERAL REVENUES						
				340,020	-	340,020
				2,239	90,946	93,185
				<u>342,259</u>	<u>90,946</u>	<u>433,205</u>
				(52,125)	(178,909)	(231,034)
				1,277,792	9,266,579	10,544,371
				<u>\$ 1,225,667</u>	<u>\$ 9,087,670</u>	<u>\$ 10,313,337</u>

The accompanying notes are an integral part of these financial statements

POINT O' WOODS ASSOCIATION, INCORPORATED
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	ASSETS		
	GENERAL FUND	CAPITAL RESERVE FUND	TOTAL
CURRENT ASSETS			
Cash	\$ 343,286	\$ -	\$ 343,286
Certificates of deposit	499,772	-	499,772
Receivables	7,770	-	7,770
Prepaid insurance	3,140	-	3,140
Due from other funds	-	241,919	241,919
Total current assets	\$ 853,968	\$ 241,919	\$ 1,095,887

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

CURRENT LIABILITIES			
Accounts payable	\$ 42,039	\$ -	\$ 42,039
Accrued expenses	1,993	-	1,993
Due to other funds	241,919	-	241,919
Total current liabilities	285,951	-	285,951
DEFERRED INFLOWS OF RESOURCES			
Revenue - unavailable	6,592	-	6,592
Total deferred inflows of resources	6,592	-	6,592
Total liabilities and deferred inflows of resources	292,543	-	292,543
FUND BALANCES			
Nonspendable	3,140	-	3,140
Committed	-	241,919	241,919
Assigned	97,221	-	97,221
Unassigned	461,064	-	461,064
Total fund balances	561,425	241,919	803,344
Total liabilities, deferred inflows of resources and fund balances	\$ 853,968	\$ 241,919	\$ 1,095,887

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

Total fund balances	\$ 803,344
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	415,731
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds	6,592
Net position of governmental activities	\$ 1,225,667

The accompanying notes are an integral part of these financial statements

POINT O' WOODS ASSOCIATION, INCORPORATED
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND	CAPITAL RESERVE FUND	TOTAL
REVENUES			
Administration:			
Taxes, interest and liens	\$ 339,004	-	\$ 339,004
Interest	2,239	-	2,239
Welcome and Centennial book	14,065	-	14,065
Beach	3,200	-	3,200
Boat basin	68,325	-	68,325
Recreation	15,738	2,000	17,738
Security:			
Town of Old Lyme	13,954	-	13,954
Fines and fees	800	-	800
Parking and golf cart registrations	8,277	-	8,277
Total revenues	465,602	2,000	467,602
EXPENDITURES			
Current			
Administration	203,168	-	203,168
Beach	22,677	-	22,677
Boat basin	9,213	-	9,213
Grounds	108,660	-	108,660
Recreation	11,795	-	11,795
Roads	5,758	-	5,758
Security	77,756	-	77,756
Capital outlay	-	36,526	36,526
Total expenditures	439,027	36,526	475,553
Excess (deficiency) of revenues over expenditures	26,575	(34,526)	(7,951)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(80,000)	80,000	-
Total other financing sources (uses)	(80,000)	80,000	-
Net changes in fund balances	(53,425)	45,474	(7,951)
FUND BALANCES, beginning of year	614,850	196,445	811,295
FUND BALANCES, end of year	\$ 561,425	\$ 241,919	\$ 803,344

The accompanying notes are an integral part of these financial statements

POINT O' WOODS ASSOCIATION, INCORPORATED
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, 2020

Net changes in fund balances - total governmental funds	\$ (7,951)
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 net depreciation (\$81,716) exceeded capital additions (\$36,526) in the current period.	(45,190)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenues in the current period.	<u>1,016</u>
Changes in net position of governmental activities	<u><u>\$ (52,125)</u></u>

The accompanying notes are an integral part of these financial statements

POINT O' WOODS ASSOCIATION, INCORPORATED
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

ASSETS

	WPCA
CURRENT ASSETS	
Cash	\$ 639,775
Receivables, current portion	409,486
Total current assets	1,049,261
NONCURRENT ASSETS	
Receivables, net of current portion	3,239,222
Capital assets, net of accumulated depreciation	8,546,342
Total noncurrent assets	11,785,564
Total assets	\$ 12,834,825

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ 1,628
Accrued expenses	7,810
Unearned revenue	611
Total current liabilities	10,049
NONCURRENT LIABILITIES	
Due within one year	323,091
Due in more than one year	3,414,015
Total noncurrent liabilities	3,737,106
Total liabilities	3,747,155
NET POSITION	
Invested in capital assets, net of related debt	4,809,236
Unrestricted	4,278,434
Total net position	9,087,670
Total liabilities and net position	\$ 12,834,825

The accompanying notes are an integral part of these financial statements

POINT O' WOODS ASSOCIATION, INCORPORATED
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	WPCA
OPERATING REVENUES	
Charges for services	\$ 148,891
Total operating revenues	148,891
OPERATING EXPENSES	
Administration	7,118
Salaries and related	17,795
Professional fees	14,277
Sewer	51,515
Repairs and maintenance	26,721
Utilities	7,350
Depreciation	212,332
Total operating expenses	337,108
Operating loss	(188,217)
NON-OPERATING REVENUE (EXPENSES)	
Interest income	90,946
Interest expense	(81,638)
Total non-operating revenue (expenses)	9,308
Change in net position	(178,909)
NET POSITION, beginning of year	9,266,579
NET POSITION, end of year	\$ 9,087,670

The accompanying notes are an integral part of these financial statements

POINT O' WOODS ASSOCIATION, INCORPORATED
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	WPCA
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 147,882
Payments to suppliers	(108,162)
Payments to employees	(17,795)
Net cash provided by operating activities	21,925
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal collections on water assessments	477,753
Interest collections on water assessments	84,479
Principal paid on capital debt	(563,361)
Interest paid on capital debt	(81,638)
Net cash used in capital and related financing activities	(82,767)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	6,467
Net cash provided by investing activities	6,467
Net decrease in cash	(54,375)
CASH, beginning of year	694,150
CASH, end of year	\$ 639,775
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (188,217)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	212,332
Decrease in user fee receivables, net	3,055
Decrease in accounts payable	(1,181)
Decrease in unearned revenue	(4,064)
Net cash provided by operating activities	\$ 21,925

The accompanying notes are an integral part of these financial statements

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Point O' Woods Association, Incorporated (the Association) is a political subdivision created in 1925 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.

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 Project Fund. This fund is used to account for the acquisition or construction of capital assets. The Association's Capital Reserve 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 the supply of water and water and sewer services for residents.

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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.

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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.

PREPAID EXPENSES/EXPENDITURES

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents the consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Association has no items that met the criterion for this category. In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Association has one item that met this criterion, unavailable revenue from property tax receivables not received within 60 days of year end and are therefore not considered "available".

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 10, 2021, the date that the financial statements were available to be issued. There were no subsequent events identified that require disclosure.

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, 2020.

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:

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

FUND EQUITY AND NET POSITION *(Continued)*

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, 2020, the following accounting pronouncements became effective and the Association implemented such pronouncements, where applicable:

GASB Statement 90, Majority Equity Interests – and amendment of GASB Statements No. 14 and 61. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This statement delays the effective date of specifically referenced pronouncements.

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.

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - CASH, CERTIFICATES OF DEPOSIT, CASH EQUIVALENTS AND INVESTMENTS *(Continued)*

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, 2020, the carrying amount of the Association's deposits with financial institutions, including certificates of deposits, was \$1,482,833 and the bank balance was \$1,502,160, of which \$750,000 was covered by federal depository insurance, \$150,216 was collateralized by debt securities held by financial institutions, and \$601,944 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, 2020.

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - RECEIVABLES AND DEFERRED INFLOWS

At June 30, 2020, receivables consisted of the following:

	Fund Financials		Government-Wide	
	General Fund	Proprietary Fund	Governmental Activities	Business-Type Activities
Property taxes	\$ 5,825	\$ -	\$ 5,825	\$ -
Property tax interest and liens	1,945	-	1,945	-
WPCA benefit assessment	-	3,646,661	-	3,646,661
WPCA user fee and other	-	2,047	-	2,047
	\$ 7,770	\$ 3,648,708	\$ 7,770	\$ 3,648,708

Governmental funds report deferred inflows of resources in revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Resources received that have not yet been earned and therefore do not qualify for revenue recognition are reported in both the government-wide and fund financial statements as unearned revenue.

At June 30, 2020, the Association's deferred inflows of resources consisted of the following:

	Fund Financials	Government-Wide
	General Fund	Governmental Activities
Deferred inflows of resources		
Revenue - unavailable	\$ 6,592	\$ -

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances between governmental funds arise when receipts or disbursements are processed through one fund's cash accounts on behalf of another fund or from temporary advances of receipts.

As of June 30, 2020, the Association's interfund balances were as follows:

	Due From	Due To
General fund	\$ 241,919	\$ -
Capital reserve fund	-	241,919
	\$ 241,919	\$ 241,919

Interfund balances between the general fund and the capital reserve fund are to record cash which the general fund is holding on behalf of the capital reserve fund. These balances are liquidated as needed.

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

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - INTERFUND BALANCES AND TRANSFERS (Continued)

The Association made the following transfers during the year ended June 30, 2020:

	Transfer In	Transfer Out
General fund	\$ -	\$ 80,000
Capital reserve fund	80,000	-
	\$ 80,000	\$ 80,000

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

NOTE 7 - CAPITAL ASSETS

Changes in capital assets of governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets				
Land	\$ 10,700	\$ -	\$ -	\$ 10,700
Construction in process	-	13,000	-	13,000
Total nondepreciable assets	10,700	13,000	-	23,700
Depreciable assets				
Buildings, improvements and infrastructure	1,720,434	16,692	-	1,737,126
Equipment and vehicles	146,444	6,834	-	153,278
Total depreciable assets	1,866,878	23,526	-	1,890,404
Totals at historical cost	1,877,578	36,526	-	1,914,104
Less accumulated depreciation				
Buildings, improvements and infrastructure	1,289,033	72,691	-	1,361,724
Equipment and vehicles	127,624	9,025	-	136,649
Total accumulated depreciation	1,416,657	81,716	-	1,498,373
Governmental activities capital assets, net	\$ 460,921	\$ (45,190)	\$ -	\$ 415,731

Depreciation by function for governmental activities is as follows:

Administration	\$ 862
Beach	1,866
Boat Basin	39,709
Grounds	24,547
Recreation	11,221
Roads	1,424
Security	2,087
	\$ 81,716

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - CAPITAL ASSETS (Continued)

During the fiscal year ended June 30, 2020, the Association added capital assets totaling \$36,526 as follows:

- Boat basin restoration – construction in process (\$13,000)
- Bocce court (\$8,000)
- Camera system (\$6,834)
- Playground (\$6,573)
- Channel dredging (\$2,119)

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

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable assets				
Infrastructure	\$ 10,616,576	\$ -	\$ -	\$ 10,616,576
Total depreciable assets	<u>10,616,576</u>	<u>-</u>	<u>-</u>	<u>10,616,576</u>
 Totals at historical cost	 <u>10,616,576</u>	 <u>-</u>	 <u>-</u>	 <u>10,616,576</u>
Less accumulated depreciation				
Infrastructure	1,857,902	212,332	-	2,070,234
Total accumulated depreciation	<u>1,857,902</u>	<u>212,332</u>	<u>-</u>	<u>2,070,234</u>
 Business-type activities capital assets, net	 <u>\$ 8,758,674</u>	 <u>\$ (212,332)</u>	 <u>\$ -</u>	 <u>\$ 8,546,342</u>

NOTE 8 - NONCURRENT LIABILITIES – BUSINESS-TYPE ACTIVITIES

Noncurrent liabilities of the business-type activities for the year ended June 30, 2020 consist of the following direct borrowings/direct placement obligations:

Purpose of Obligation	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Purpose: WPCA Sewer				
Clean Water Loan dated 12/29/10 - 12/29/30.				
Interest rate of 2%.				
Original balance of \$7,649,893.	\$ 4,053,812	\$ -	\$ 316,706	\$ 3,737,106
Purpose: WPCA Water				
Drinking Water Loan dated 12/29/10 - 12/29/30.				
Interest rate of 2.44%.				
Original balance of \$800,000.	246,655	-	246,655	-
	<u>\$ 4,300,467</u>	<u>\$ -</u>	<u>\$ 563,361</u>	<u>\$ 3,737,106</u>
			Due within one year	\$ 323,091
			Due in more than one year	3,414,015
				<u>\$ 3,737,106</u>

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Payments to maturity on outstanding debt are as follows:

Name	Clean Water Loan
Purpose	Sewer
Issue Date	12/29/2010
Original Balance	<u>\$ 7,649,893</u>
Principal Maturities	
<u>June 30,</u>	
2021	\$ 323,091
2022	329,612
2023	336,265
2024	343,053
2025	349,977
2026 and thereafter	<u>2,055,108</u>
Total	<u>\$ 3,737,106</u>
Due within one year	\$ 323,091
Due in more than one year	<u>3,414,015</u>
	<u>\$ 3,737,106</u>
Interest Maturities	
<u>June 30,</u>	
2021	\$ 71,793
2022	65,272
2023	58,619
2024	51,831
2025	44,907
2026 and thereafter	<u>116,828</u>
Total	<u>\$ 409,250</u>
Due within one year	\$ 71,793
Due in more than one year	<u>337,457</u>
	<u>\$ 409,250</u>

All debt is included as a general obligation of the WPCA Proprietary Fund of the Association. As of June 30, 2020, the Drinking Water Loan was paid in full.

Interest on the above debt incurred by the Association for the year ended June 30, 2020 was \$81,638.

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 - FUND BALANCE

At June 30, 2020, fund balances reported on the fund financial statements consisted of the following:

	<u>Nonspendable</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund:				
For prepaid insurance	\$ 3,140	\$ -	\$ -	\$ -
To balance 2020-2021 budget	-	-	97,221	-
Unassigned	-	-	-	461,064
Capital Reserve Fund:				
For capital replacement	-	241,919	-	-
Total fund balance	<u>\$ 3,140</u>	<u>\$ 241,919</u>	<u>\$ 97,221</u>	<u>\$ 461,064</u>

NOTE 10 - EXPENDITURE IN EXCESS OF APPROPRIATION

For the year ended June 30, 2020, the following budget items were expended in excess of their appropriations by the indicated amounts:

<u>Budget Line</u>	<u>Amount</u>
Expenditure:	
Administration	\$ 31,788
Boat basin	1,213
Security	14,290

NOTE 11 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020 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 84, Fiduciary Activities. The purpose of the statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. The provisions of this statement have been extended by GASB Statement 95 and are now effective for reporting periods beginning after December 15, 2019 (the Association's year ending June 30, 2021).
- 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).

POINT O' WOODS ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

POINT O' WOODS ASSOCIATION, INCORPORATED
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES					
Administration:					
Taxes, interest and liens	\$ 335,986	\$ -	\$ 335,986	\$ 339,004	\$ 3,018
Interest	6,300	-	6,300	2,239	(4,061)
Welcome and Centennial book	10,000	-	10,000	14,065	4,065
Beach	3,000	-	3,000	3,200	200
Boat basin	68,000	-	68,000	68,325	325
Recreation	2,050	-	2,050	15,738	13,688
Security:					
Town of Old Lyme	13,500	-	13,500	13,954	454
Fines and fees	225	-	225	800	575
Parking and golf cart registrations	4,900	-	4,900	8,277	3,377
Total revenues	<u>443,961</u>	<u>-</u>	<u>443,961</u>	<u>465,602</u>	<u>21,641</u>
EXPENDITURES					
Administration	171,380	-	171,380	203,168	(31,788)
Beach	24,850	-	24,850	22,677	2,173
Boat basin	8,000	-	8,000	9,213	(1,213)
Grounds	110,831	-	110,831	108,660	2,171
Ordinance	300	-	300	-	300
Recreation	12,579	-	12,579	11,795	784
Roads	9,250	-	9,250	5,758	3,492
Security	63,466	-	63,466	77,756	(14,290)
Capital reserve fund transfer	80,000	-	80,000	80,000	-
Total expenditures	<u>480,656</u>	<u>-</u>	<u>480,656</u>	<u>519,027</u>	<u>(38,371)</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ (36,695)</u>	<u>\$ -</u>	<u>\$ (36,695)</u>	(53,425)	<u>\$ (16,730)</u>
FUND BALANCE, beginning of year				614,850	
FUND BALANCE, end of year				<u>\$ 561,425</u>	

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POINT O' WOODS ASSOCIATION, INCORPORATED
REPORT OF THE PROPERTY TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2020

Grand List	Taxes Receivable July 1, 2019	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Collections During Year			Taxes Receivable June 30, 2020
			Additions	Deductions		Taxes	Interest & Liens	Total	
2018	\$ -	\$ 339,308	\$ -	\$ 848	\$ 338,460	\$ 336,390	\$ 864	\$ 337,254	\$ 2,070
2017	1,945	-	-	-	1,945	559	423	982	1,386
2016	485	-	-	-	485	485	283	768	-
2015	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2012	1,469	-	-	-	1,469	-	-	-	1,469
2011	-	-	-	-	-	-	-	-	-
2010	900	-	-	-	900	-	-	-	900
	<u>\$ 4,799</u>	<u>\$ 339,308</u>	<u>\$ -</u>	<u>\$ 848</u>	<u>\$ 343,259</u>	<u>\$ 337,434</u>	<u>\$ 1,570</u>	<u>\$ 339,004</u>	<u>\$ 5,825</u>

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POINT O' WOODS ASSOCIATION, INCORPORATED
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES SECTION 7-374(B)
FOR THE YEAR ENDED JUNE 30, 2020

Total Tax Collections (including interest and
 lien fees) Received by Treasurer for the Year
 Ended June 30, 2020

\$ 339,004

	<u>General Purpose</u>	<u>School</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 762,759	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	1,525,518	-	-	-
3 3/4 times base	-	-	1,271,265	-	-
3 1/4 times base	-	-	-	1,101,763	-
3 times base	-	-	-	-	1,017,012
Total Debt Limitation	<u>762,759</u>	<u>1,525,518</u>	<u>1,271,265</u>	<u>1,101,763</u>	<u>1,017,012</u>
Indebtedness:					
Authorized, outstanding bonds payable (Note 2)	-	-	-	-	-
Total Indebtedness	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 762,759</u>	<u>\$ 1,525,518</u>	<u>\$ 1,271,265</u>	<u>\$ 1,101,763</u>	<u>\$ 1,017,012</u>

Note 1 : In no event shall total indebtedness exceed seven times annual receipts from taxation of \$ 2,373,028 .

Note 2 : In accordance with Connecticut General Statutes, the above indebtedness does not include bonds issued for water bonds and for water pollution control projects in order to meet requirements by the Environmental Protection Agency.

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