



***CITY OF RYE, NEW YORK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006***

***Prepared by the
Department of Finance
Michael A. Genito, Assistant City Manager/ City Comptroller***



CITY SEAL

The official City Seal displays the three significant dates in Rye history:

1660 - when the community was first settled, illustrated by a peace pipe,
1904 - the year Rye became a village, showing a torch of progress, and
1942 - the date Rye became a City.

The ship in the center is copied from the seal of Rye, England.

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STATISTICAL SECTION (Unaudited)
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This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reveals about the City's overall financial health.

This section includes the following schedules:

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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INTRODUCTORY SECTION

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City of Rye, New York
List of Elected and Appointed Officials
December 31, 2006

Elected Officials

Steven Otis, Mayor

Andrew C. Ball, Council Member

Mack Cunningham, Council Member

Matthew B. Fahey, Council Member

Duncan P. Hennes, Council Member

George S. Pratt, Council Member

H. Gerry Seitz, Council Member

Appointed Officials

O. Paul Shew, City Manager

Michael A. Genito, Assistant City Manager/City Comptroller

Scott D. Pickup, Assistant City Manager

Kevin J. Plunkett, Corporation Counsel

George J. Mottarella, City Engineer

Susan Morison, City Clerk

Noreen Whitty, City Assessor

Christian Miller, City Planner

Vincenzo Tamburro, Building Inspector

William R. Connors, Police Commissioner

John M. Wickham, Fire Chief

James Dianni, Fire Inspector

William T. Rodriguez, Superintendent of Recreation

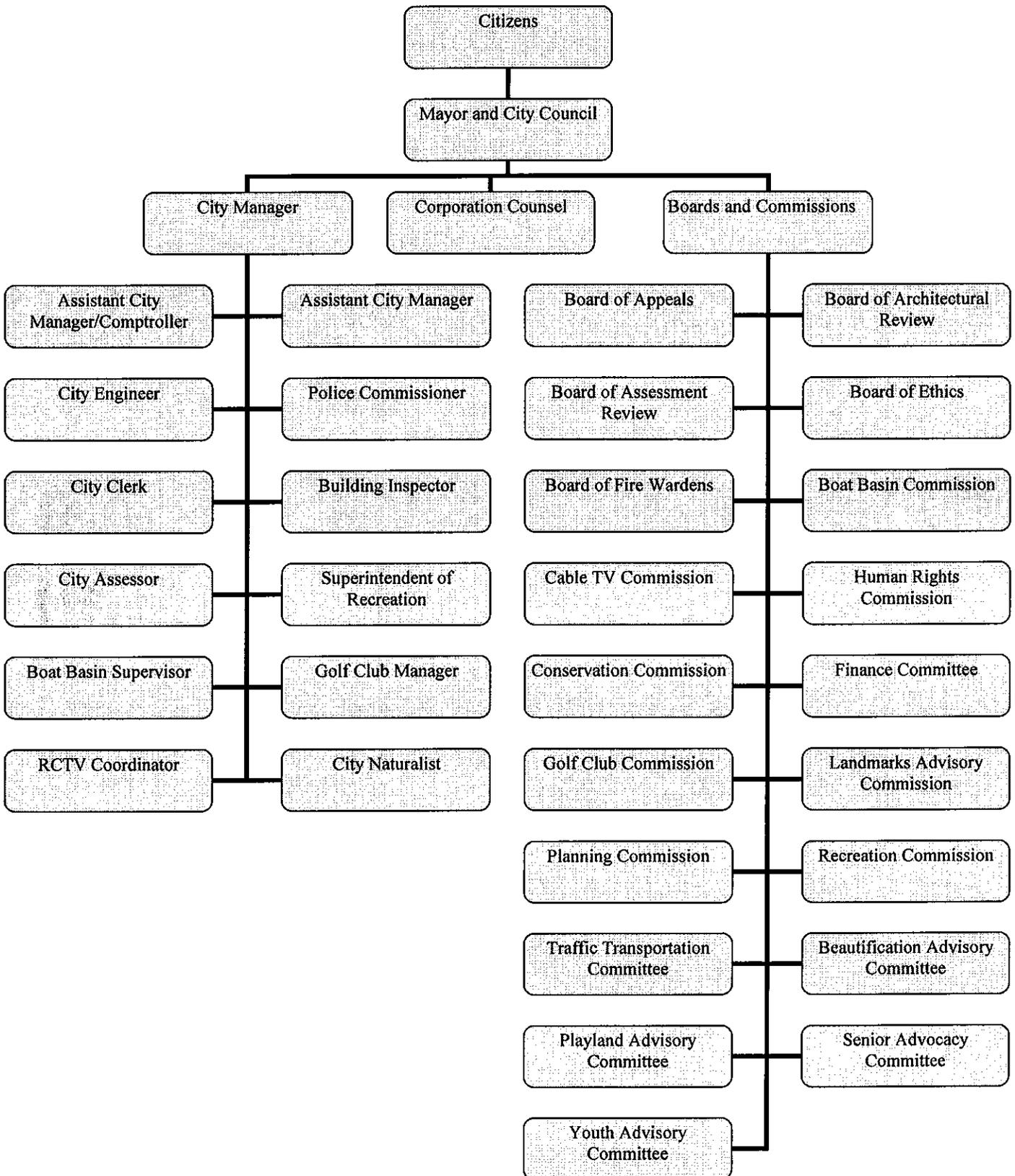
Peter Fox, Boat Basin Supervisor

Scott Yandrasevich, Golf Club Manager

Nicole Levitsky, Acting RCTV Coordinator

Chantal Detlefs, City Naturalist

City of Rye, New York Organizational Chart





Michael A. Genito
Assistant City Manager
City Comptroller
1051 Boston Post Road
Rye, New York 10580-2945

CITY OF RYE
Department of Finance

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<http://www.ryeny.gov>

April 30, 2006

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Rye, New York:

Submitted herewith is the comprehensive annual financial report of the City of Rye, New York ("City") as of and for the year ended December 31, 2006.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this comprehensive annual financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Bennett Kielson Storch DeSantis, The Government Services Division of O'Connor Davies Munns & Dobbins LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2006 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2006, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Profile of the City of Rye, New York

The City of Rye is located in Westchester County, New York, on the Long Island Sound, approximately twenty-five miles north of New York City. Founded in 1660, it became a village in 1904, and was incorporated as a city in 1942. The City's gentle and sophisticated country setting, conveniently located near a major metropolis, has earned it the reputation of being a highly desirable place to live. The City consistently makes the list of *Worth Magazine's* "250 Richest Towns", and its amenities have been featured in *The New York Times*.

The City maintains 71 miles of streets and roads, 53 miles of sanitary sewer lines; six pump stations, and 30 miles of storm drains within the borders of its six square miles. City-owned buildings include city hall, a police station, two firehouses, recreation facilities including a recreation center and other buildings, public works facilities consisting of offices, garages, and material storage buildings, a museum, a nature center, an arts center, marina offices and garages, and several buildings belonging to our golf club, including a historic "castle" (circa 1858) overlooking the golf course and Long Island Sound. The City prides itself in its maintenance and preservation of open space, with several parks and playgrounds for both passive and active recreation.

The United States Census Bureau's *Census 2000* reports that the City has a per capita income of \$76,566 and a median household income of \$110,894. The median family income is \$133,231, with 37% of families having an income of \$200,000 or more. The *Census 2000* population count was 14,955, and the most recent (July 1, 2005) Census Bureau estimate of the City's population is 14,992.

On November 3, 1959 an amendment to the City Charter was approved by public referendum to create the position of City Manager. Since that time, the City has operated under the Council-Manager form of government. Policy-making and legislative authority are vested in the City Council, which consists of the Mayor and six other members. The City Council appoints the City Manager and the Corporation Counsel; supervises the work of all boards, commissions and officers appointed by the City Council, and awards all contracts for public works requiring competitive bidding. The Mayor serves as head of the City government; appoints City judges subject to approval by the City Council; designates chairpersons of boards and commissions, and unless otherwise provided by law or the City Council, executes deeds, contracts and other documents. City Council members, including the Mayor, each serve a four-year term of office, and are elected to office by registered voters authorized to vote in City elections.

The City Manager is the chief administrative officer of the City, and is responsible for all city affairs placed in his or her charge. The City Manager appoints all department heads and their subordinates, with the exception of the Corporation Counsel, firefighters, and police officers. With the advice and assistance of the City Comptroller, the City Manager prepares and submits to the City Council the annual tentative budget. The City Manager has control and supervision over purchasing, except for competitive bidding as required

by law. The City Manager serves at the pleasure of the City Council for an indefinite term.

The City Comptroller serves at the pleasure of the City Manager for an indefinite term. All other department heads and employees serve terms subject to various laws, employment contracts, labor agreements and/or the provisions of Civil Service Law.

The City provides a full range of services. General government services include vital statistics (birth and death certificates); business and occupational licenses, and a variety of other permits and licenses required under state or local law. Public safety is provided through a full-time police department; a fire department comprised of paid and volunteer firefighters, and ambulance/EMS services contracted through a local volunteer ambulance corps. Community environment services include community planning, engineering, building inspection, conservation, emergency disaster, street maintenance, snow removal, street lighting, off-street parking, maintenance of sewers and drains, street cleaning, solid waste and recycling, community beautification and shade tree maintenance. Recreational services include recreation activities (camps, athletics, tennis, youth and adult activities), parks and playgrounds, marina services, a golf course, a municipal pool, and a nature center. Cultural services include library services contracted through a local library, an art center owned by the City but operated by an independent not-for-profit organization, and two government access cable television channels operated by the City.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations, revenue estimates for the forthcoming year, and a forecast of current year revenues and expenditures to the City Comptroller, on or before August 31 of each year. The City Comptroller reviews these submissions with the departments to ensure that the current forecasts are reasonable, and that the forthcoming year's appropriation requests and revenue estimates are clearly understood. The finance department, under the direction of the City Comptroller, completes the forecasts, appropriations, and revenue estimates for those items not specifically associated with a department, such as general revenues, internal service fund charges, interfund charges, and debt service requirements. When all of this information has been compiled and reviewed, the City Comptroller submits the entire set of requests and estimates to the City Manager, usually within the second week of September. The City Manager will meet with departments and the City Comptroller throughout the months of September and October to review the submissions, making adjustments as required or desired to meet the objectives that may have been expressed or implied by the City Council. In accordance with §C21-2 of the City Charter, the City Manager must present a tentative budget to the City Council on or before November 7th. Prior to a public hearing on the tentative budget, the City Council may make any changes to the tentative budget by a vote of at least four council members. After considering the tentative budget, the City Council publishes a notice of public hearing on the tentative budget to be held no later than the first Wednesday in December of the current year, and with at least ten days' notice. After the public hearing, the City Council may adopt the budget without amendment, or, may continue to

amend the budget, except for those items required by law or for debt service. Amendments that would increase the estimated revenues or total appropriations require five affirmative votes of the City Council. The City Council must adopt the budget and set the property tax rate for the forthcoming year on or before December 31 of the current year. If the City Council fails to adopt the budget by December 31, the tentative budget as amended by the City Council becomes the adopted budget. If no amendments to the tentative budget had been made by the City Council, the tentative budget as submitted by the City Manager becomes the adopted budget. Throughout the year, the City Manager is authorized to make amendments between any accounts within a fund, provided that the amendments do not increase total estimated revenues or total appropriations. Amendments between funds or those that would increase total estimated revenues or appropriations must be made by resolution of the City Council. The original budget; the budget as amended by fiscal year end; actual results, and variances between the amended budget and actual results for the governmental funds are presented in the governmental funds subsection of this report. It should be noted that multi-year, rather than annual budgets, are adopted for the Capital Projects Fund. This report includes a project-length schedule for all projects within the Capital Projects Fund, including project budget, current year revenues and expenditures, project inception-to-date revenues and expenditures, and available project balance remaining at the end of the current fiscal year.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered in light of the specific environment in which the City operates.

Local Economy

The City remained economically strong throughout 2006. Moody's Investors Service assigned its highest debt rating (Aaa) to the City's Series 2005 general obligation serial bonds and reaffirmed that rating to all outstanding debt of the City. Taxable assessments remained relatively the same, rising 1% (from \$135,880,847 to \$136,949,077), and our tax base is not dependent upon any single industry or taxpayer. The top ten principal taxpayers of the City represent less than 9% of the tax roll, with public utilities representing 3%, commercial establishments 1%, and residential properties representing the remaining 5%.

Residential home sales reflect the upscale nature of our community. The City Assessor reported that 170 homes in the City were sold in 2006. Of these, 56% sold for \$1 million or more and 23% sold for \$2 million or more. The median home sales price decreased slightly from \$1,225,000 in 2005 to \$1,179,000 in 2006 (4%), while the average home sales price experienced a nominal increase from \$1,655,452 to \$1,665,519. The highest 2006 sales price reported for a single-family home was \$7.5 million.

Major employers with facilities located in the City enhance its economic strength by providing a wide variety of industries, including business services, electric and gas

utilities, social services, primary metal industries, educational services, insurance services, investment banking and miscellaneous retail operations. The distribution of the assessment roll for the current fiscal year, five years' and ten years' previous demonstrates a relative economic stability of the City over time:

Assessment Roll Classification			
Class	2006	2001	1997
Residential	70.77%	68.67%	66.93%
Business	13.28%	14.37%	15.07%
<u>Other</u>	<u>15.95%</u>	<u>16.96%</u>	<u>18.00%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Note: Residential includes one to three-family homes, condominiums, cooperative apartments, and apartments. Business includes commercial, industrial, and recreational facilities. Other includes agriculture, vacant land, community service, utility, wetland and parkland, most of which is exempt from property taxes.

Access to employment in New York City is readily available by car or mass transit (train or bus), with Interstate Route 95, Interstate Route 287, U.S. Route 1, and the Metro-North commuter train line intersecting in the City. Westchester County Airport is a short drive from the City. Two major international airports (John F. Kennedy and LaGuardia) are located within 30 miles and Newark International Airport lies within 45 miles of the City.

Economic data for the City from the *Census 2000* compares quite favorably against the Westchester County, New York State, and national figures:

Data Item	City of Rye	Westchester County	New York State	United States
Per Capita	\$76,566	\$36,726	\$23,389	\$21,587
Median Household	\$110,894	\$63,582	\$43,393	\$41,994
Median Family	\$133,231	\$79,881	\$51,691	\$50,046
Unemployment Rate	1.1%	2.8%	4.3%	3.7%

While the 2006 unemployment rate is not available for the City as a unit, the 2006 Westchester County rate of 3.7% continues to remain favorable against the 2006 rates for New York State (4.5%) and the United States (4.6%).

Long-term Financial Planning

The City publishes documents that assist in its long-term financial planning, including the *Financial Trends Report* (a ten-year historical trend analysis report of key financial indicators and ratios) and a five-year *Capital Improvement Plan*. These documents are

available for review in City Hall, in the Rye Free Reading Room, and on the City's website (<http://www.ryeny.gov>).

It is anticipated that moderate tax increases; relatively stable increases in debt, and various revenues will be sufficient to provide for the long-term needs of the City, including capital asset needs.

Relevant Financial Policies

The City has adopted a *Comprehensive Financial Policy Document*, which is available in City Hall, the Rye Free Reading Room, and on the City's website. This document contains all of the City's adopted financial policies, including budget, cash management and investment, capital assets, debt management, revenues and expenditures, operating position, and procurement/purchasing. This document is reviewed at least annually, and as needed to incorporate applicable recommended practices.

The City prepares its budgets, capital improvement plans, and forecasts with the various financial policies in mind, and operates in compliance with the policies. The City does not foresee any issues with its ability to comply with the current policies in the implementation of its near and long-term initiatives.

Major Initiatives

A number of major flood mitigation and transportation projects are scheduled to begin in 2007. These include the reconstruction and improved floodway clearance of the Central Avenue Bridge, the reconstruction and repair of the Bowman Avenue Spillway, the complete reconstruction of Theall Road, and improvements to the Peck Avenue intersection. Other projects include the engineering and design of traffic signals to be replaced in the Central Business District and other intersections.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2005. This was the tenth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

The City also received the GFOA's *Distinguished Budget Presentation Award* for its fiscal 2006 annual budget document, making it the sixth consecutive year that the City received the award. In order to qualify for this award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The City was proud to also receive the GFOA's *Award for Outstanding Achievement in Popular Annual Financial Reporting* for its popular annual financial report (PAFR) for the fiscal year ended December 31, 2005. This was the third consecutive year that the City received the award. To qualify for this award, the City had to publish a document that supplemented the CAFR, but instead of the traditional reporting based on generally accepted accounting principles, offered the same basic financial information presented in a format that was more readily accessible to a broader audience.

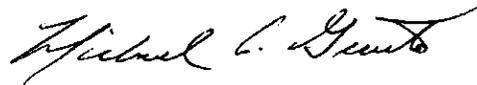
The preparation of this report would not have been possible without the dedicated services of the entire finance department staff and the assistance of all City departments concerning information specific to their operations. We thank our City Manager for his support and guidance in helping us achieve the goals and objectives of the City. Our gratitude is extended to our Mayor and City Council, who continuously strive to enhance the quality of life for our citizens. The input from our independent auditors, Bennett Kielson Storch DeSantis, The Government Services Division of O'Connor Davies Munns & Dobbins, LLP, was invaluable, and we commend them on their timely and professional completion of our audit.

Most importantly, our heartfelt thanks go to the citizens and residents, for giving us the opportunity to serve our fine City.

Respectfully submitted,



O. Paul Shew
City Manager



Michael A. Genito
Assistant City Manager
City Comptroller

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Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Rye
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
of the City of Rye, New York:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rye, New York as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit. The prior year's comparative information has been derived from the City's 2005 financial statements and, in our report dated March 3, 2006 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund and the aggregate remaining fund information of the City of Rye, New York at December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bennett Kielson Storch DeSantis Division

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Rye, New York's basic financial statements. The accompanying financial information listed as combining and individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Rye, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The information listed in the statistical section has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we express no opinion on it.

Bennett Kjelson Storch DeSantis

**The Government Services Division of
O'Connor Davies Munns & Dobbins, LLP
May 22, 2007**

City of Rye, New York

Management's Discussion and Analysis ("MD&A")

As management of the City of Rye, New York ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

Financial Highlights

- ❖ The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$69,121,782. Of this amount, \$11,218,939 may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ The City's total net assets increased by \$2,238,766.
- ❖ Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$12,578,367 of which \$10,000,676 is available for spending at the City's discretion.
- ❖ At the end of the current fiscal year, unreserved fund balance for the General Fund was \$9,674,609 or 38% of total General Fund expenditures.
- ❖ The City's total bonded debt decreased 4.6% from \$22,151,013 to \$21,128,013 during the current fiscal year, representing \$1,023,000 in principal payments made during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: government-wide financial statements; fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing

of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are governmental activities (those principally supported by taxes and revenues from other governments) and functions of the City that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The governmental activities of the City include general government, public safety, community environment, and culture and recreation. The business-type activities of the City include the DePauw Municipal Boat Basin and the Rye Golf Club. The government-wide financial statements can be found on the pages immediately following this MD&A.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds: the General Fund, the Cable TV Special Revenue Fund, the K.T. Woods Permanent Fund, the Debt Service Fund, and the Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, both of which are considered to be major funds. Information from the other nonmajor

governmental funds is combined into a single aggregated presentation. Individual information on each of these funds is provided in the form of combining statements and schedules found elsewhere in this report. The City adopts annual budgets for the General Fund, Cable TV Fund, K.T. Woods Permanent Fund, and Debt Service Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their budgets. Multi-year budgets are adopted for the Capital Projects Fund, and a project-length schedule that provides information concerning these projects and their budgets is included elsewhere in this report.

Proprietary Funds

The City maintains two types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its marina (the DePauw Municipal Boat Basin) and golf course (the Rye Golf Club) operations. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its general liability insurance coverage (the Risk Retention Fund), and the acquisition, operation, maintenance, and disposition of its buildings and vehicles (the Building and Vehicle Maintenance Fund). These services have been classified as governmental activities in the government-wide financial statements because they predominantly benefit governmental, rather than business-type, functions.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the Boat Basin Fund and the Golf Club Fund, both of which are considered to be major funds of the City. Conversely, both internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements are presented in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The City maintains only one type of fiduciary fund that is known as an agency fund. The City holds resources in this fund purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government. The agency fund financial statements are presented in this report.

Notes to the Financial Statements

The notes to the basic financial statements are an integral part of those statements and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The combining statements referred to earlier in connection with the nonmajor governmental funds and the two internal service funds are presented immediately following the basic financial statements. Combining and individual fund statements and schedules can be found elsewhere in this report

Government-wide Financial Analysis

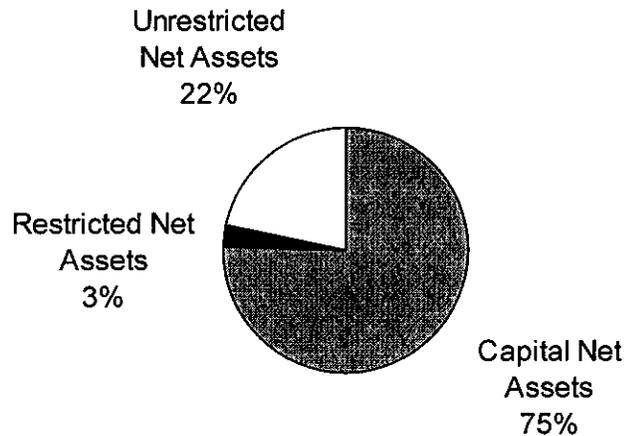
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$69,121,782 at the close of the most recent fiscal year. Of this amount, 76% (\$52,318,402) reflects the City's investment in capital assets (land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure), net of depreciation and any related outstanding debt. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

	Net Assets					
	December 31, 2006			December 31, 2005		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	\$ 21,580,311	\$ 4,334,603	\$ 25,914,914	\$ 24,415,241	\$ 3,721,635	\$ 28,136,876
Capital Assets	63,631,995	12,180,126	75,812,121	22,574,655	12,425,054	34,999,709
Total Assets	<u>85,212,306</u>	<u>16,514,729</u>	<u>101,727,035</u>	<u>46,989,896</u>	<u>16,146,689</u>	<u>63,136,585</u>
Current Liabilities	3,826,614	289,286	4,115,900	2,886,630	150,664	3,037,294
Long-term Liabilities	24,437,952	4,051,401	28,489,353	19,912,992	4,280,446	24,193,438
Total Liabilities	<u>28,264,566</u>	<u>4,340,687</u>	<u>32,605,253</u>	<u>22,799,622</u>	<u>4,431,110</u>	<u>27,230,732</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	43,868,276	8,450,126	52,318,402	13,348,301	8,450,054	21,798,355
Restricted	1,860,525	-	1,860,525	1,762,703	-	1,762,703
Unrestricted	11,218,939	3,723,916	14,942,855	9,079,270	3,265,525	12,344,795
Total Net Assets	<u>\$ 56,947,740</u>	<u>\$ 12,174,042</u>	<u>\$ 69,121,782</u>	<u>\$ 24,190,274</u>	<u>\$ 11,715,579</u>	<u>\$ 35,905,853</u>

An additional portion of the City's net assets (\$1,860,525) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$14,942,855) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able

to report positive net asset balances in all three categories of net assets: the government as a whole, governmental activities, and business-type activities.

**Net Assets Distribution
December 31, 2006**

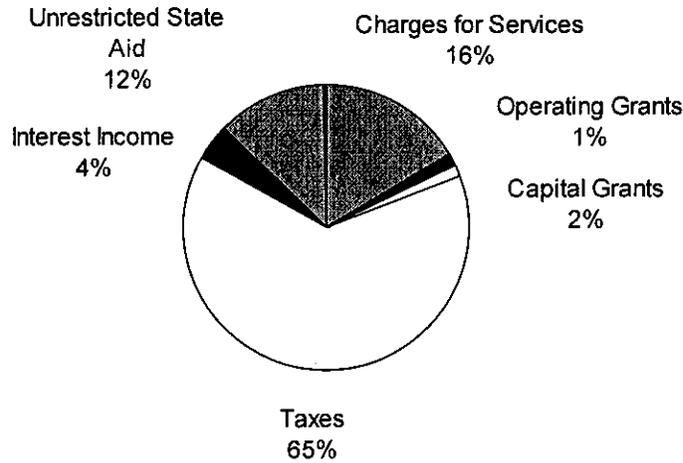


Governmental Activities

Governmental activities increased the City's net assets by \$1,780,303 accounting for 80% of the total growth in the net assets of the City. Major revenues received included:

- ❖ \$16,987,781 in real property taxes
- ❖ \$1,957,187 in sales and use taxes
- ❖ \$369,974 in utilities gross receipts taxes,
- ❖ \$1,137,777 from interest and investment income as well as rental of property and
- ❖ \$3,324,440 in state aid not restricted to specific programs.

Revenues by Source - Governmental Activities



Revenues from charges for services were \$4,341,921. Governmental programs received \$364,595 in operating grants, and \$421,390 in capital grants, as follows:

- ❖ \$239,555 in Consolidated Highway Improvements Program state aid;
- ❖ \$121,880 in Federal aid for improvements to our sewer system;
- ❖ \$11,000 in donations for the purchase and installation of a traffic signal, and
- ❖ \$48,955 in capital interest.

Changes in Net Assets

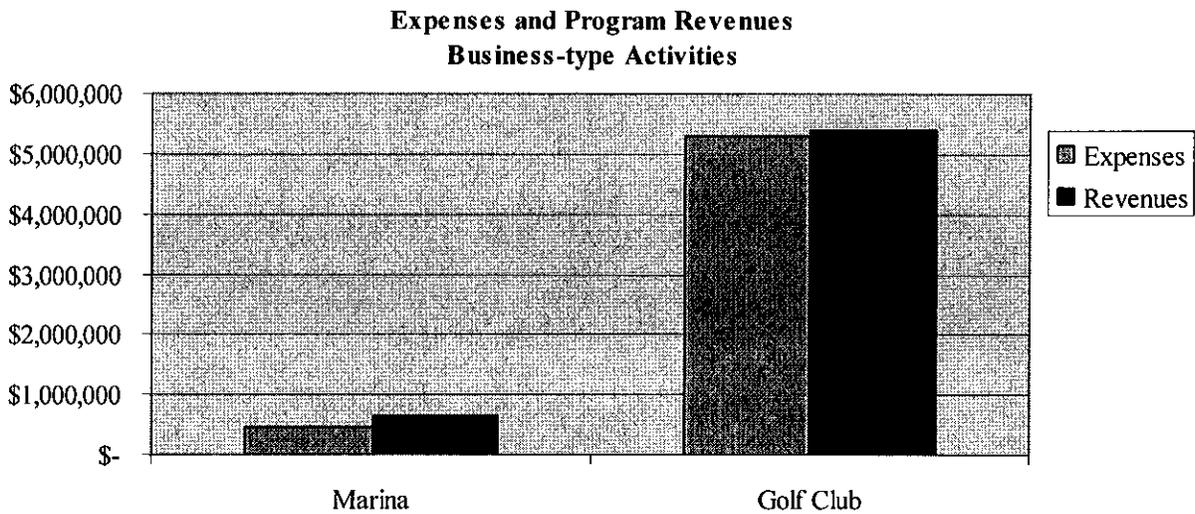
	Year Ended December 31, 2006			Year Ended December 31, 2005		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,341,921	\$ 6,012,017	\$ 10,353,938	\$ 4,164,100	\$ 5,265,770	\$ 9,429,870
Operating Grants and Contributions	364,595	-	364,595	455,106	-	455,106
Capital Grants and Contributions	421,390	-	421,390	314,854	-	314,854
General Revenues:						
Real Property Taxes	16,987,781	-	16,987,781	16,141,660	-	16,141,660
Non-Property Taxes	2,327,161	-	2,327,161	2,266,922	-	2,266,922
Unrestricted Use of Money and Property	1,137,777	221,177	1,358,954	565,843	109,352	675,195
Unrestricted State Aid	3,324,440	-	3,324,440	3,451,841	-	3,451,841
Other General Revenues	75,169	-	75,169	101,010	-	101,010
Total Revenues	28,980,234	6,233,194	35,213,428	27,461,336	5,375,122	32,836,458
Expenses:						
General Government	3,513,365	-	3,513,365	3,285,497	-	3,285,497
Public Safety	11,259,005	-	11,259,005	10,379,989	-	10,379,989
Community Environment	8,181,719	-	8,181,719	6,836,952	-	6,836,952
Culture and Recreation	3,693,298	-	3,693,298	3,558,305	-	3,558,305
Interest	552,544	-	552,544	333,563	-	333,563
Boat Basin	-	468,524	468,524	-	446,916	446,916
Golf Club	-	5,306,207	5,306,207	-	4,115,177	4,115,177
Total Expenses	27,199,931	5,774,731	32,974,662	24,394,306	4,562,093	28,956,399
Change in Net Assets	1,780,303	458,463	2,238,766	3,067,030	813,029	3,880,059
Net Assets - Beginning	24,190,274	11,715,579	35,905,853	21,123,244	10,902,550	32,025,794
Cumulative Effect of Change in Accounting Principle	30,977,163	-	30,977,163	-	-	-
Net Assets - Ending	\$ 56,947,740	\$ 12,174,042	\$ 69,121,782	\$ 24,190,274	\$ 11,715,579	\$ 35,905,853

Business-type Activities

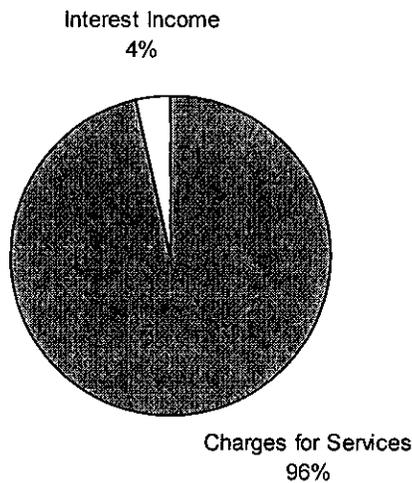
Business-type activities increased the City's net assets by \$458,463, representing 20% of the total growth in the City's net assets.

Revenues from charges for services were \$633,083 from marina operations and \$5,378,934 from golf club operations. Combined, the business-type activities earned \$221,177 in interest and investment income.

Offsetting these revenues were expenses of \$468,524 for marina operations and \$5,306,207 for golf club operations.



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$12,578,367, an increase of \$1,133,057 (9.9%) from the prior year. Approximately 80% (\$10,000,676) of the total ending fund balances constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it represents one or more of the following: prepaid expenditures, workers' compensation obligations, long-term receivables; committed to liquidate purchase orders of the prior period, dedicated for the payment of debt service, provided for the payment of leave time earned but not used by employees, or restricted in its use under the terms of a trust agreement.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$9,674,609 representing 80% of the total General Fund balance of \$12,062,370. Two useful measures of liquidity are the percentage of unreserved fund balance to total expenditures and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a healthy 38% unreserved fund balance to total expenditures, and a similarly robust 47% total fund balance to total expenditures.

The General Fund's fund balance increased by \$1,006,186 during the current fiscal year. Of this amount, transfers out of the General Fund exceeded transfers in by \$1,444,689. A transfer in of \$4,000 from the K.T. Woods Permanent Fund (in accordance with terms and conditions of an endowment to fund the salaries of Rye Nature Center interns) was offset by \$1,448,689 of transfers out as follows: \$141,614 transferred to the Debt Service Fund for long-term debt principal and interest requirements; \$412,500 to the Capital Projects Fund for infrastructure projects, and \$894,575 to the Building and Vehicle Maintenance Fund for improvements to city-owned buildings and vehicle purchases. Operating revenues of the General Fund exceeded operating expenditures of that fund by \$2,450,875. Major changes in specific revenues and expenditures in comparison to the prior year are as follows:

- ❖ Real property tax revenues increased from \$16,197,588 to \$16,966,643 (4.7%), essentially reflecting our 4.8% tax rate increase.
- ❖ Non-property taxes increased \$60,239 (2.7%) from \$2,266,922 to \$2,327,161 due to increased sales and use taxes from retail sales and utilities tax receipts.

- ❖ Charges for services rose from \$1,180,052 to \$1,372,495 (16.3%). This \$192,000 increase can be attributed predominantly to \$110,000 of increased revenues from parking pay stations (installed in August 2005) and \$99,000 from sidewalk repair charges, net of increases and decreases in other charges for services.
- ❖ Interest and investment income increased \$388,219 (84.7%) from \$458,180 to \$846,399 due to significant increases in interest rates and higher cash balances available for investment.
- ❖ License and permit revenues remained essentially the same year-to-year (\$1,608,932 in 2006 vs. \$1,604,494 in 2005), as did fines and forfeitures (\$533,102 in 2006 vs. \$540,247 in 2005).
- ❖ Miscellaneous revenues decreased \$72,956 (26.9%) attributable to reductions in donations for the proposed construction of a memorial to the victims of the September 11, 2001 terrorist attacks.
- ❖ Mortgage tax revenues decreased \$304,928 (12.8%) from \$2,389,053 to \$2,084,125 due to decreased home financing and refinancing activity.
- ❖ Salaries and wages increased \$498,760 (4.6%) from \$10,787,817 to \$11,286,577 reflecting contracted increases.
- ❖ Equipment purchases decreased \$45,286 (13.4%) from \$338,070 to \$292,784. The most significant decrease is found in computer systems, where the City made a significant investment in 2005 that was not replicated in 2006.
- ❖ Materials and supplies increased \$274,109 (16.5%) from \$1,660,632 to \$1,934,741. Sidewalk repair cost increases of \$100,033 and a \$73,974 cost for the environmental cleanup of an underground oil tank rupture accounted for the greatest part of the increase, with increases and decreases of other items accounting for the remaining net increase.
- ❖ Contractual costs increased \$952,682 (17.6%) from \$5,420,394 to \$6,373,076, with increases in internal service fund charges (\$620,011), legal services (\$144,269), and ambulance/EMS services (\$103,200) accounting for the greatest share of the increase.
- ❖ Employee benefits increased \$217,842 (4.1%) from \$5,299,495 to \$5,517,337. Increases in pension costs (\$86,313), the employer's share of FICA (\$34,144), and medical benefits (\$383,769) were partially offset by a decrease in workers' compensation costs of \$285,348. In June 2006, the City converted from a traditional premium-based workers' compensation program to a partially self-insured program, resulting in a cash flow benefit.

The Capital Projects Fund closed the fiscal year with a fund balance of \$561,202, with three projects -- Theall Road Reconstruction, Kirby Lane Sewer, and Kirby Lane Water/Gas Lines -- indicating project deficits of \$1,405, \$678,677 and \$15,437 respectively. These project deficits will be eliminated when long-term financing is provided by the issuance of serial bonds authorized for the projects. Capital Projects Fund revenues of \$391,860, expenditures of \$1,674,557 and other financing sources and uses of \$412,500 (net) represent only the current fiscal year's portion of total project activity. An itemized project-length schedule of all projects is presented elsewhere in this report.

Proprietary Funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in greater detail.

Total net assets of the Boat Basin Fund at year-end were \$2,165,693, an increase of \$230,516 from the prior year. Net assets invested in capital assets, net of related debt, were \$696,661 and unrestricted net assets of \$1,469,032 represented the balance of net assets. Operating income of the Boat Basin Fund was \$162,909 (operating revenues of \$633,083 offset by \$470,174 of operating expenses). Interest income of \$67,607 made up the balance of total net income.

Total net assets of the Golf Club Fund at year-end were \$9,998,054, an increase of \$215,859 from the prior year. Net assets invested in capital assets, net of related debt, were \$7,753,465 with unrestricted net assets of \$2,244,589 representing the balance of net assets. Golf Club Fund operating expenses of \$5,110,614 offset operating revenues of \$5,378,934 to arrive at operating income of \$268,320. Interest income of \$153,570 offset by \$206,031 of interest expense related to long-term debt made up the balance of total net income.

General Fund Budgetary Highlights

The difference between the original and final amended budget for the General Fund was immaterial for estimated operating revenues: the original budget was \$26,118,781 and the final amended budget \$26,204,247 – a difference of \$85,466 (3/10 of 1%). Various amendments to the original budget were adopted by the City Council to reflect the receipt and use of funds that were unanticipated at the time of budget adoption: \$10,876 in state aid for various programs; \$9,590 in gifts and donations for a 9/11 Memorial, and \$65,000 for sidewalk repairs charged to property owners.

The difference between the operating appropriations originally budgeted and in the final amended budget for the General Fund was \$462,280 (\$26,652,195 vs. \$27,114,475), an immaterial change of 1.7%. Excluding contingency, the appropriations budget for general government operations increased \$324,000 with \$266,000 of the increase for legal services and \$51,000 of the increase for operations of the Personnel Department. The budget for public safety remained essentially the same -- \$11,908,488 as originally adopted vs. \$11,909,960 at fiscal year end. The community environment budget increased \$115,000 to address various street, parking, solid waste, and community beautification needs. The budget for culture and recreation was increased \$275,000, with \$27,000 attributed to the maintenance of parks and playgrounds; \$165,000 associated with an increase in special events, and \$80,000 to provide funding for our Nature Center.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2006, net of \$37,040,734 accumulated depreciation, was \$75,812,121. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure. As part of its implementation of Governmental Accounting Standards Board Statement No. 34 in fiscal year ending December 31, 2002, the City reported retroactively only that infrastructure supported by long-term debt and prospectively as required for any new investments in infrastructure. In fiscal 2006, the City completed its inventory of capital assets and now reports its infrastructure as required in the statement.

Major capital asset events during the current fiscal year included the following:

- ❖ Docks having a value of \$29,973 were installed at the marina.
- ❖ Capital improvements were made to the golf course at a value of \$295,755.
- ❖ The purchase of 1037 Boston Post Road, adjacent to City Hall, added \$5,336,785 of value to City-owned land and buildings.
- ❖ Various improvements to buildings added \$128,600 of value.
- ❖ General vehicle purchases added \$1,595,765.
- ❖ New construction in progress on City-owned buildings (Police/Court Facility, Locust Avenue Firehouse, and Damiano Recreation Center) added \$3,414,806 of asset value.
- ❖ Fully depreciated vehicles with historical cost values totaling \$247,244 were sold.
- ❖ \$90,745 of drainage improvements, \$602,560 of sewer improvements, \$1,405 of street improvements, and \$69,286 of parks and playground improvements were installed.

Asset	Capital Assets					
	December 31, 2006			December 31, 2005		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 5,321,814	\$ 1,700,408	\$ 7,022,222	\$ 3,311,755	\$ 1,700,408	\$ 5,012,163
Buildings	10,399,127	11,759,481	22,158,608	7,072,401	11,759,481	18,831,882
Improvements	3,600,939	3,748,956	7,349,895	3,472,339	3,423,227	6,895,566
Machinery and equipment	8,102,223	1,101,067	9,203,290	6,753,702	1,101,067	7,854,769
Construction in progress	7,982,396	-	7,982,396	3,992,868	-	3,992,868
Infrastructure	59,136,444	-	59,136,444	4,653,286	-	4,653,286
Less - accumulated depreciatio	(30,910,948)	(6,129,786)	(37,040,734)	(6,681,696)	(5,559,129)	(12,240,825)
Total (net of depreciation)	\$ 63,631,995	\$ 12,180,126	\$ 75,812,121	\$ 22,574,655	\$ 12,425,054	\$ 34,999,709

Additional information on the City's capital assets can be found in Note 3,C in the notes to the financial statements.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$21,128,013. As required by New York State Law, all bonds issued by the City are

general obligation bonds, backed by the full faith and credit of the City. As a policy, principal and interest on debt issued by the enterprise funds must be repaid solely from revenues of those funds. Of the \$21,128,013 bonded debt outstanding at fiscal year end, \$3,975,000 represented debt of the Golf Club Enterprise Fund.

The City issued no new general obligation debt in fiscal 2006. However, the City did enter into a purchase agreement to purchase the building and property located at 1037 Boston Post Road, adjacent to City Hall. The terms and conditions of that agreement require that the City will pay a total of \$6.2 million, with \$1.2 million of that amount paid in 48 equal monthly installments, at the end of which the City would pay the remaining \$5 million in one lump sum. The City has imputed a 4.5% interest rate and recorded this liability in its Building and Vehicle Maintenance Internal Service Fund as an installment purchase contract. At December 31, 2006, the amount outstanding for this liability, net of the imputed interest amount, is \$5,120,427.

Known as the "constitutional debt limit", and pursuant to New York State Local Finance Law §104, the City must limit total outstanding long-term debt to no more than 7% of the five-year average full valuation of real property. At December 31, 2006 the City had exhausted 7.36% of its constitutional debt limit, providing an available debt margin of 92.64% with the authority to issue an additional \$317 million of general obligation long-term debt.

City Charter §C21-9 specifies the amount of debt that can 1) be authorized solely on the adoption of a resolution by the City Council, 2) the amount that can be raised by resolution of the City Council but subject to permissive referendum and 3) the amount requiring a mandatory referendum. At December 31, 2006, the amount of debt that could be authorized by City Council resolution alone was \$736,804 and the amount that could be authorized by City Council resolution subject to a permissive referendum was \$1,943,207. The authorization of all other long-term debt, unless otherwise specifically exempt by law requires a mandatory referendum.

In 2005 (the most recent review of the City's debt), Moody's Investor Service assigned its highest credit rating ("Aaa") to all City debt.

Additional information on the City's long-term debt can be found in Note 3, G in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

According to the United States Bureau of Labor Statistics, the 2006 unemployment rate for Westchester County (unemployment information for the City is unavailable) was 3.7%. This compares favorably with the rate of 4.5% for New York State and the 4.6% national unemployment rate. The 3.8% increase in the Consumer Price Index, not seasonally adjusted, for the area (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) from 2005 to 2006 was greater than the 3.2% increase recorded for the U.S. city average for the same period.

Home financing and refinancing rates continued to be low in fiscal 2006, contributing to substantial increased revenues from mortgage taxes and construction activity. The taxable assessed value of real property in the City increased by 1% (\$135,880,847 in 2005 vs. \$136,949,077 in 2006). The median home sales price decreased slightly from \$1,225,000 in 2005 to \$1,179,000 in 2006 (4%), while the average home sales price experienced a nominal increase from \$1,655,452 to \$1,665,519. City management was also aware that in 2007 there would most likely be decreases in certain major revenues related to home sales (such as mortgage taxes and building permits), and increases in certain costs (such as salaries, employee benefits, and insurance). All of these factors were taken into consideration in developing the fiscal 2007 budget.

The City appropriated \$3,256,438 of unreserved fund balance from the General Fund for spending in fiscal 2007, the entire amount of which will be used to fund the acquisition of capital assets and equipment. The use of this fund balance was within the City's policy of maintaining an unreserved, undesignated General Fund fund balance of at least 5% of annual appropriations. Combined with all other revenues sources, the fiscal 2007 real property tax rate of \$127.24 per \$1,000 taxable assessed value provides funding for all other General Fund appropriations. The tax rate increase from 2006 to 2007 is 3.96% (\$122.39 to \$127.24).

As required by City policy, both enterprise funds (the Boat Basin Fund and the Golf Club Fund) developed their fiscal 2007 user fees and charges to meet or exceed all anticipated costs for that year, including interest on long-term debt, depreciation, the acquisition of capital assets, and administrative charges charged by the General Fund.

Requests for Information

This financial report is designed to provide a general overview of the City of Rye, New York's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to Michael A. Genito, Assistant City Manager/Comptroller, City of Rye, 1051 Boston Post Road, Rye, New York 10580.

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BASIC FINANCIAL STATEMENTS

City of Rye, New York
Statement of Net Assets
December 31, 2006
(With Comparative Amounts for 2005)

	2006		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 12,126,624	\$ 2,637,846	\$ 14,764,470
Investments	3,698,300	1,514,844	5,213,144
Taxes receivable	803,148	-	803,148
Accounts receivable	431,939	1,651	433,590
Due from other governments	841,761	-	841,761
Internal balances	79,617	(79,617)	-
Prepaid expenses	729,850	14,879	744,729
Restricted Assets:			
Cash and equivalents	1,481,053	245,000	1,726,053
Investments	1,388,019	-	1,388,019
Capital Assets:			
Land	5,321,814	1,700,408	7,022,222
Buildings	10,399,127	11,759,481	22,158,608
Improvements	3,600,939	3,748,956	7,349,895
Machinery and equipment	8,102,223	1,101,067	9,203,290
Construction in progress	7,982,396	-	7,982,396
Infrastructure	59,136,444	-	59,136,444
Less - accumulated depreciation	(30,910,948)	(6,129,786)	(37,040,734)
Total Assets	<u>85,212,306</u>	<u>16,514,729</u>	<u>101,727,035</u>
LIABILITIES			
Accounts payable	1,157,319	165,800	1,323,119
Accrued liabilities	683,102	25,932	709,034
Accrued interest payable	221,120	58,101	279,221
Retainage payable	393,630	-	393,630
Deposits	393,894	-	393,894
Due to other governments	733,670	39,453	773,123
Unearned revenues	243,879	-	243,879
Non-current liabilities:			
Due within one year:			
Long-term debt	1,071,692	245,000	1,316,692
Claims payable	231,512	-	231,512
Compensated absences	100,695	7,640	108,335
Due in more than one year:			
Long-term debt	21,201,748	3,730,000	24,931,748
Claims payable	926,047	-	926,047
Compensated absences	906,258	68,761	975,019
Total Liabilities	<u>28,264,566</u>	<u>4,340,687</u>	<u>32,605,253</u>
NET ASSETS			
Invested in capital assets, net of related debt	43,868,276	8,450,126	52,318,402
Restricted for:			
Capital projects	753,564	-	753,564
Crime forfeitures	-	-	-
Permanent fund:			
Expendable	1,309	-	1,309
Nonexpendable	20,000	-	20,000
Special purposes	538,059	-	538,059
Debt service	150,978	-	150,978
Risk retention	396,615	-	396,615
Unrestricted	<u>11,218,939</u>	<u>3,723,916</u>	<u>14,942,855</u>
Total Net Assets	<u>\$ 56,947,740</u>	<u>\$ 12,174,042</u>	<u>\$ 69,121,782</u>

The notes to the financial statements are an integral part of this statement.

2005

Governmental Activities	Business-type Activities	Total
\$ 9,030,988	\$ 1,243,808	\$ 10,274,796
3,493,860	2,271,675	5,765,535
704,857	-	704,857
294,941	27,419	322,360
815,324	-	815,324
107,511	(107,511)	-
1,077,332	51,244	1,128,576
1,850,416	235,000	2,085,416
7,040,012	-	7,040,012
3,311,755	1,700,408	5,012,163
7,072,401	11,759,481	18,831,882
3,472,339	3,423,227	6,895,566
6,753,702	1,101,067	7,854,769
3,992,868	-	3,992,868
4,653,286	-	4,653,286
(6,681,696)	(5,559,129)	(12,240,825)
<u>46,989,896</u>	<u>16,146,689</u>	<u>63,136,585</u>
747,560	72,651	820,211
516,433	3,560	519,993
101,462	61,418	162,880
152,533	-	152,533
430,050	-	430,050
597,111	13,035	610,146
341,481	-	341,481
788,000	235,000	1,023,000
199,885	-	199,885
97,255	7,044	104,299
17,153,013	3,975,000	21,128,013
799,539	-	799,539
875,300	63,402	938,702
<u>22,799,622</u>	<u>4,431,110</u>	<u>27,230,732</u>
13,348,301	8,450,054	21,798,355
809,070	-	809,070
2,960	-	2,960
4,303	-	4,303
20,000	-	20,000
530,020	-	530,020
98,643	-	98,643
297,707	-	297,707
9,079,270	3,265,525	12,344,795
<u>\$ 24,190,274</u>	<u>\$ 11,715,579</u>	<u>\$ 35,905,853</u>

City of Rye, New York
Statement of Activities
Year Ended December 31, 2006
(With Comparative Amounts for 2005)

2006						
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Expenses						
FUNCTIONS/PROGRAMS						
Governmental Activities:						
General government	\$ 3,513,365	\$ 489,375	\$ 43,568	\$ -	\$ (2,980,422)	\$ -
Public safety	11,259,005	647,446	118,383	-	(10,493,176)	-
Community environment	8,181,719	2,205,360	81,161	372,435	(5,522,763)	-
Culture and recreation	3,693,298	999,740	121,483	-	(2,572,075)	-
Interest	552,544	-	-	48,955	(503,589)	-
Total Governmental Activities	<u>27,199,931</u>	<u>4,341,921</u>	<u>364,595</u>	<u>421,390</u>	<u>(22,072,025)</u>	<u>-</u>
Business-type Activities:						
Boat basin	468,524	633,083	-	-	164,559	164,559
Golf club	5,306,207	5,378,934	-	-	72,727	72,727
Total Business-type Activities	<u>5,774,731</u>	<u>6,012,017</u>	<u>-</u>	<u>-</u>	<u>237,286</u>	<u>237,286</u>
Total Government	<u>\$ 32,974,662</u>	<u>\$ 10,353,938</u>	<u>\$ 364,595</u>	<u>\$ 421,390</u>	<u>(22,072,025)</u>	<u>237,286</u>
General Revenues:						
Real property taxes				16,987,781	-	16,987,781
Non-property taxes:						
Sales and use taxes				1,957,187	-	1,957,187
Utilities gross receipts taxes				369,974	-	369,974
Unrestricted use of money and property				1,137,777	221,177	1,358,954
Gain on sale of equipment				33,270	-	33,270
Governmental aid not restricted to specific programs				3,324,440	-	3,324,440
Other revenues				41,899	-	41,899
Total General Revenues				<u>23,852,328</u>	<u>221,177</u>	<u>24,073,505</u>
Change in Net Assets				1,780,303	458,463	2,238,766
Net Assets - Beginning of Year				24,190,274	11,715,579	35,905,853
Cumulative Effect of Change in Accounting Principle				30,977,163	-	30,977,163
Net Assets - End of Year				<u>\$ 56,947,740</u>	<u>\$ 12,174,042</u>	<u>\$ 69,121,782</u>

The notes to the financial statements are an integral part of this statement.

2005

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
\$ 3,285,497	\$ 471,658	\$ 4,542	\$ -	\$ (2,809,297)	\$ -	\$ (2,809,297)
10,379,989	663,007	151,923	-	(9,565,059)	-	(9,565,059)
6,836,952	2,020,307	183,230	300,556	(4,332,859)	-	(4,332,859)
3,558,305	1,009,128	115,411	-	(2,433,766)	-	(2,433,766)
333,563	-	-	14,298	(319,265)	-	(319,265)
<u>24,394,306</u>	<u>4,164,100</u>	<u>455,106</u>	<u>314,854</u>	<u>(19,460,246)</u>	<u>-</u>	<u>(19,460,246)</u>
446,916	542,397	-	-	-	95,481	95,481
<u>4,115,177</u>	<u>4,723,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,196</u>	<u>608,196</u>
<u>4,562,093</u>	<u>5,265,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>703,677</u>	<u>703,677</u>
<u>\$ 28,956,399</u>	<u>\$ 9,429,870</u>	<u>\$ 455,106</u>	<u>\$ 314,854</u>	<u>(19,460,246)</u>	<u>703,677</u>	<u>(18,756,569)</u>
				16,141,660	-	16,141,660
				1,908,845	-	1,908,845
				358,077	-	358,077
				565,843	109,352	675,195
				29,135	-	29,135
				3,451,841	-	3,451,841
				71,875	-	71,875
				<u>22,527,276</u>	<u>109,352</u>	<u>22,636,628</u>
				3,067,030	813,029	3,880,059
				21,123,244	10,902,550	32,025,794
				-	-	-
				<u>\$ 24,190,274</u>	<u>\$ 11,715,579</u>	<u>\$ 35,905,853</u>

City of Rye, New York
Balance Sheet
Governmental Funds
December 31, 2006
(With Comparative Amounts for 2005)

	2006			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 11,053,950	\$ 1,600	\$ 1,281	\$ 11,056,831
Investments	322,249	462,712	389,318	1,174,279
Receivables:				
Taxes receivable	803,148	-	-	803,148
Accounts receivable	261,011	-	117,389	378,400
Due from other funds	162,079	-	3,587	165,666
Due from other governments	722,743	75,082	-	797,825
Prepaid expenditures	568,100	-	2,385	570,485
Restricted - Investments	-	841,199	21,309	862,508
Total Assets	\$ 13,893,280	\$ 1,380,593	\$ 535,269	\$ 15,809,142
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 236,529	\$ 716,156	\$ 11,348	\$ 964,033
Accrued liabilities	49,399	-	121	49,520
Retainage payable	982	98,181	-	99,163
Deposits	393,894	-	-	393,894
Due to other funds	51,100	5,054	7,803	63,957
Due to other governments	733,670	-	-	733,670
Deferred revenues	365,336	-	-	365,336
Total Liabilities	1,830,910	819,391	19,272	2,669,573
Fund Balances:				
Reserved for:				
Encumbrances	280,652	1,406,432	12,263	1,699,347
Prepaid expenditures	568,100	-	2,385	570,485
Compensated absences	924,267	-	4,304	928,571
Long-term receivable	232,742	-	-	232,742
Debt service	-	-	150,978	150,978
Crime forfeitures	-	-	-	-
Trust	-	-	20,000	20,000
Workers' compensation	382,000	-	-	382,000
Unreserved reported in:				
General Fund	9,674,609	-	-	9,674,609
Special Revenue Funds	-	-	324,758	324,758
Permanent Fund	-	-	1,309	1,309
Capital Projects Fund	-	(845,230)	-	(845,230)
Total Fund Balances	12,062,370	561,202	515,997	13,139,569
Total Liabilities and Fund Balances	\$ 13,893,280	\$ 1,380,593	\$ 535,269	\$ 15,809,142

The notes to the financial statements are an integral part of this statement.

2005

General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,976,029	\$ 13,581	\$ 9,694	\$ 7,999,304
219,002	660,729	256,835	1,136,566
704,857	-	-	704,857
173,931	-	104,210	278,141
1,926,849	350	1,025	1,928,224
714,293	57,321	-	771,614
905,524	-	3,250	908,774
-	865,349	24,303	889,652
<u>\$ 12,620,485</u>	<u>\$ 1,597,330</u>	<u>\$ 399,317</u>	<u>\$ 14,617,132</u>
\$ 105,535	\$ 16,896	\$ 925	\$ 123,356
46,568	-	1,293	47,861
982	26,376	-	27,358
415,050	15,000	-	430,050
61,374	3,540	7,973	72,887
597,111	-	-	597,111
337,681	104,119	-	441,800
<u>1,564,301</u>	<u>165,931</u>	<u>10,191</u>	<u>1,740,423</u>
356,798	407,630	10,691	775,119
905,524	-	3,250	908,774
896,773	-	4,101	900,874
325,269	-	-	325,269
-	-	98,643	98,643
2,960	-	-	2,960
-	-	20,000	20,000
-	-	-	-
8,568,860	-	-	8,568,860
-	-	248,138	248,138
-	-	4,303	4,303
-	1,023,769	-	1,023,769
<u>11,056,184</u>	<u>1,431,399</u>	<u>389,126</u>	<u>12,876,709</u>
<u>\$ 12,620,485</u>	<u>\$ 1,597,330</u>	<u>\$ 399,317</u>	<u>\$ 14,617,132</u>

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City of Rye, New York
 Reconciliation of Governmental Funds Balance Sheet to
 The Government-Wide Statement of Net Assets - Governmental Activities
 December 31, 2006
 (With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Fund Balances - Total Governmental Funds	<u>\$ 13,139,569</u>	<u>\$ 12,876,709</u>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	<u>36,204,844</u>	<u>4,576,415</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Real property taxes	<u>121,457</u>	<u>100,319</u>
Internal service funds are used by management to charge the costs of building maintenance, vehicle maintenance, and risk to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>11,462,166</u>	<u>10,421,370</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued liabilities	(337,711)	(262,656)
Bonds payable	(1,543,177)	(1,607,711)
Claims payable	(1,157,559)	(999,424)
Accrued interest payable	(13,278)	(13,874)
Compensated absences	<u>(928,571)</u>	<u>(900,874)</u>
	<u>(3,980,296)</u>	<u>(3,784,539)</u>
Net Assets of Governmental Activities	<u>\$ 56,947,740</u>	<u>\$ 24,190,274</u>

The notes to the financial statements are an integral part of this statement.

City of Rye, New York
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2006
(With Comparative Amounts for 2005)

	2006			Total Governmental Funds
	General Fund	Capital Projects Fund	Other Governmental Funds	
REVENUES				
Real property taxes and related items	\$ 16,966,643	\$ -	\$ -	\$ 16,966,643
Non-property taxes	2,327,161	-	222,927	2,550,088
Charges for services	1,372,495	-	-	1,372,495
Intergovernmental charges	69,235	-	-	69,235
Use of money and property	851,628	-	60,967	912,595
Licenses and permits	1,608,932	19,425	-	1,628,357
Fines and forfeitures	533,102	-	-	533,102
Sale of property and compensation for loss	89,282	-	-	89,282
Interfund revenues	413,628	-	-	413,628
State aid	3,424,708	239,555	-	3,664,263
Federal aid	-	121,880	-	121,880
Miscellaneous	198,576	11,000	25,042	234,618
Total Revenues	<u>27,855,390</u>	<u>391,860</u>	<u>308,936</u>	<u>28,556,186</u>
EXPENDITURES				
Current:				
General government	3,346,840	-	-	3,346,840
Public safety	11,281,346	-	-	11,281,346
Community environment	7,237,352	-	-	7,237,352
Culture and recreation	3,538,977	-	181,445	3,720,422
Debt service:				
Principal	-	-	64,534	64,534
Interest	-	-	73,700	73,700
Capital outlay:				
General government	-	6,789	-	6,789
Public safety	-	199,687	-	199,687
Community environment	-	1,398,098	-	1,398,098
Recreation	-	69,983	-	69,983
Total Expenditures	<u>25,404,515</u>	<u>1,674,557</u>	<u>319,679</u>	<u>27,398,751</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,450,875</u>	<u>(1,282,697)</u>	<u>(10,743)</u>	<u>1,157,435</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	-	-
Transfers in	4,000	708,588	141,614	854,202
Transfers out	(1,448,689)	(296,088)	(4,000)	(1,748,777)
Total Other Financing Sources (Uses)	<u>(1,444,689)</u>	<u>412,500</u>	<u>137,614</u>	<u>(894,575)</u>
Net Change in Fund Balances	1,006,186	(870,197)	126,871	262,860
Fund Balances -				
Beginning of Year	11,056,184	1,431,399	389,126	12,876,709
Fund Balances - End of Year	<u>\$ 12,062,370</u>	<u>\$ 561,202</u>	<u>\$ 515,997</u>	<u>\$ 13,139,569</u>

The notes to the financial statements are an integral part of this statement.

2005

General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 16,197,588	\$ -	\$ -	\$ 16,197,588
2,266,922	-	203,743	2,470,665
1,180,052	-	-	1,180,052
76,274	-	-	76,274
463,875	-	18,571	482,446
1,604,494	25,550	-	1,630,044
540,247	-	-	540,247
123,939	-	-	123,939
404,099	-	-	404,099
3,551,870	220,405	-	3,772,275
15,784	80,151	-	95,935
271,532	-	24,281	295,813
<u>26,696,676</u>	<u>326,106</u>	<u>246,595</u>	<u>27,269,377</u>
3,063,887	-	-	3,063,887
10,373,012	-	-	10,373,012
6,692,938	-	-	6,692,938
3,376,570	-	182,730	3,559,300
-	-	43,752	43,752
-	-	54,717	54,717
-	8,000	-	8,000
-	68,369	-	68,369
-	518,722	-	518,722
-	-	-	-
<u>23,506,407</u>	<u>595,091</u>	<u>281,199</u>	<u>24,382,697</u>
<u>3,190,269</u>	<u>(268,985)</u>	<u>(34,604)</u>	<u>2,886,680</u>
-	560,000	-	560,000
46,340	553,000	58,367	657,707
(1,826,611)	(315,000)	(4,000)	(2,145,611)
(1,780,271)	798,000	54,367	(927,904)
1,409,998	529,015	19,763	1,958,776
<u>9,646,186</u>	<u>902,384</u>	<u>369,363</u>	<u>10,917,933</u>
<u>\$ 11,056,184</u>	<u>\$ 1,431,399</u>	<u>\$ 389,126</u>	<u>\$ 12,876,709</u>

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City of Rye, New York
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended December 31, 2006
 (With Comparative Amounts for 2005)

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

	<u>2006</u>	<u>2005</u>
Net Change in Fund Balances - Total Governmental Funds	\$ 262,860	\$ 1,958,776
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:</p>		
Capital outlay expenditures capitalized	963,684	566,659
Depreciation expense	<u>(312,419)</u>	<u>(107,754)</u>
	<u>651,265</u>	<u>458,905</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds - Real property taxes</p>		
	<u>21,139</u>	<u>(55,928)</u>
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Principal paid on bonds	64,534	43,752
Bonds issued	<u>-</u>	<u>(560,000)</u>
	<u>64,534</u>	<u>(516,248)</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Self-insured health benefits	(75,055)	(35,505)
Claims	(158,135)	(189,028)
Accrued interest	596	(424)
Compensated absences	<u>(27,697)</u>	<u>(76,775)</u>
	<u>(260,291)</u>	<u>(301,732)</u>
<p>Internal service funds are used by management to charge the costs of building maintenance, vehicle maintenance and risk to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
	<u>1,040,796</u>	<u>1,523,257</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,780,303</u>	<u>\$ 3,067,030</u>

The notes to the financial statements are an integral part of this statement.

City of Rye, New York
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended December 31, 2006
 (With Comparative Amounts for 2005)

	2006			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes and related items	\$ 16,988,923	\$ 16,988,923	\$ 16,966,643	\$ (22,280)
Non-property tax	2,320,500	2,320,500	2,327,161	6,661
Charges for services	1,293,640	1,358,640	1,372,495	13,855
Intergovernmental charges	67,445	67,445	69,235	1,790
Use of money and property	525,100	525,100	851,628	326,528
Licenses and permits	1,292,391	1,292,391	1,608,932	316,541
Fines and forfeitures	482,700	482,700	533,102	50,402
Sale of property and compensation for loss	53,750	53,750	89,282	35,532
Interfund revenues	416,803	416,803	413,628	(3,175)
State aid	2,636,129	2,647,005	3,424,708	777,703
Federal aid	-	-	-	-
Miscellaneous	41,400	50,990	198,576	147,586
Total Revenues	<u>26,118,781</u>	<u>26,204,247</u>	<u>27,855,390</u>	<u>1,651,143</u>
EXPENDITURES				
Current:				
General Government:				
City Council	73,807	73,807	70,236	3,571
City Manager	529,230	543,930	541,672	2,258
Finance Administration	225,042	231,642	221,607	10,035
General Accounting	343,914	333,664	258,424	75,240
Accounts Payable	116,843	128,243	121,930	6,313
Payroll	110,938	114,808	89,425	25,383
Treasury	257,852	246,468	185,592	60,876
Parking Violation Bureau	80,414	79,219	71,932	7,287
Assessor	412,713	415,013	333,756	81,257
City Clerk	347,163	346,528	323,681	22,847
Records Management	47,331	36,815	32,326	4,489
Parking Administration	39,889	40,829	32,523	8,306
Law	243,152	509,112	508,527	585
Personnel	227,224	278,207	265,215	12,992
Elections	42,590	42,700	6,563	36,137
Management Information Systems	294,091	295,191	283,431	11,760
Contingent Account	261,000	7,341	-	7,341
Total General Government	<u>3,653,193</u>	<u>3,723,517</u>	<u>3,346,840</u>	<u>376,677</u>

2005

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 16,085,280	\$ 16,085,280	\$ 16,197,588	\$ 112,308
2,163,000	2,163,000	2,266,922	103,922
1,239,635	1,239,635	1,180,052	(59,583)
66,245	66,245	76,274	10,029
217,700	230,200	463,875	233,675
1,195,302	1,195,302	1,604,494	409,192
445,450	450,783	540,247	89,464
3,350	3,350	123,939	120,589
420,424	407,924	404,099	(3,825)
2,103,097	2,129,521	3,551,870	1,422,349
-	-	15,784	15,784
38,750	62,375	271,532	209,157
<u>23,978,233</u>	<u>24,033,615</u>	<u>26,696,676</u>	<u>2,663,061</u>

65,208	65,208	60,130	5,078
500,347	499,753	479,978	19,775
215,845	218,367	211,870	6,497
305,440	294,830	222,027	72,803
111,612	112,663	107,143	5,520
92,931	100,164	83,639	16,525
221,593	265,033	216,302	48,731
78,689	77,879	67,573	10,306
392,223	402,223	358,096	44,127
339,709	339,415	301,350	38,065
49,164	49,144	26,491	22,653
34,303	34,850	26,549	8,301
311,593	411,861	385,528	26,333
212,122	212,958	210,169	2,789
44,012	44,050	25,502	18,548
304,185	304,304	281,540	22,764
246,000	-	-	-
<u>3,524,976</u>	<u>3,432,702</u>	<u>3,063,887</u>	<u>368,815</u>

(Continued)

City of Rye, New York
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
 Year Ended December 31, 2006
 (With Comparative Amounts for 2005)

	2006			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Public Safety:				
Police Administration	942,593	981,493	912,355	69,138
Police Patrol	5,284,533	5,226,684	4,941,855	284,829
Police Investigations	779,651	714,947	662,600	52,347
Police Marine Patrol	108,525	162,618	147,625	14,993
Police Youth Services	150,452	155,452	151,643	3,809
Parking Enforcement	196,776	198,176	185,254	12,922
School Crossing Guards	123,245	123,645	105,919	17,726
Traffic Control	234,292	258,524	253,402	5,122
Fire Prevention and Suppression	3,853,055	3,853,055	3,688,617	164,438
Animal Control	27,192	27,192	23,902	3,290
Ambulance Service	208,174	208,174	208,174	-
Total Public Safety	11,908,488	11,909,960	11,281,346	628,614
Community Environment:				
Planning	266,032	267,732	223,437	44,295
Engineering	252,580	252,580	235,468	17,112
Building	346,396	348,796	335,163	13,633
Conservation	59,137	59,137	56,984	2,153
Public Works Administration	844,094	858,268	838,464	19,804
Street Maintenance	642,500	839,560	824,069	15,491
Snow Removal	801,538	595,778	542,098	53,680
Street Lighting	242,726	240,726	237,315	3,411
Off-Street Parking	237,683	90,923	63,958	26,965
Sanitary Sewers	358,332	353,512	339,271	14,241
Storm Drains	228,208	180,948	165,996	14,952
Street Cleaning	104,992	119,892	119,790	102
Refuse and Garbage	1,676,933	1,745,393	1,665,454	79,939
Recycling	560,326	610,705	588,828	21,877
Community Beautification	485,530	564,434	554,888	9,546
Rodent and Insect Control	28,448	11,648	8,457	3,191
Shade Tree Maintenance	364,228	474,958	437,712	37,246
Total Community Environment	7,499,683	7,614,990	7,237,352	377,638

2005

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
836,831	826,460	805,440	21,020
5,083,876	4,970,405	4,725,236	245,169
740,258	744,446	683,702	60,744
106,315	124,189	114,197	9,992
143,254	147,935	147,368	567
183,959	187,144	178,659	8,485
113,337	113,530	107,340	6,190
213,496	218,596	211,257	7,339
3,299,028	3,312,535	3,267,467	45,068
27,143	27,219	27,219	-
116,122	116,046	105,127	10,919
<u>10,863,619</u>	<u>10,788,505</u>	<u>10,373,012</u>	<u>415,493</u>
278,080	278,290	212,131	66,159
239,360	239,360	202,105	37,255
329,694	329,781	317,479	12,302
19,119	21,027	19,124	1,903
775,114	757,185	735,808	21,377
560,096	616,167	600,626	15,541
674,613	672,237	663,403	8,834
233,956	233,301	228,466	4,835
198,200	231,019	208,036	22,983
310,583	300,413	294,833	5,580
166,780	194,251	185,434	8,817
96,352	127,630	127,516	114
1,607,333	1,606,258	1,604,226	2,032
515,989	538,304	537,654	650
460,298	485,765	480,590	5,175
26,425	40,905	30,007	10,898
335,166	292,766	245,500	47,266
<u>6,827,158</u>	<u>6,964,659</u>	<u>6,692,938</u>	<u>271,721</u>

(Continued)

City of Rye, New York
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Year Ended December 31, 2006
(With Comparative Amounts for 2005)

	2006			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Culture and Recreation:				
Recreation Administration	371,814	372,268	348,740	23,528
Parks and Playgrounds	313,144	340,367	319,759	20,608
Recreation Center	216,763	212,563	191,924	20,639
Recreation Programs	271,961	279,274	243,155	36,119
Camps	374,451	352,266	340,809	11,457
Athletics	187,932	200,677	153,041	47,636
Tennis	104,783	103,088	95,452	7,636
Special Events	114,523	280,838	157,515	123,323
Adult Recreation	121,043	120,518	99,238	21,280
Rye Youth Council	36,480	40,657	36,480	4,177
Rye Town Park	88,000	90,000	90,000	-
Southeast Consortium	14,077	16,053	15,924	129
Rye Free Reading Room	1,100,548	1,100,548	1,100,548	-
Square House Museum	88,544	88,544	87,063	1,481
Rye Arts Center	4,782	4,782	4,782	-
Special Facilities Administration	86,244	86,522	81,720	4,802
Rye Nature Center	95,742	177,043	172,827	4,216
Total Culture and Recreation	3,590,831	3,866,008	3,538,977	327,031
Total Expenditures	26,652,195	27,114,475	25,404,515	1,709,960
Excess (Deficiency) of Revenues Over Expenditures	(533,414)	(910,228)	2,450,875	3,361,103
OTHER FINANCING SOURCES (USES)				
Transfers in	4,000	4,000	4,000	-
Transfers out	(1,355,114)	(1,448,689)	(1,448,689)	-
Total Other Financing Uses	(1,351,114)	(1,444,689)	(1,444,689)	-
Net Change in Fund Balance	(1,884,528)	(2,354,917)	1,006,186	3,361,103
Fund Balance - Beginning of Year	1,884,528	2,354,917	11,056,184	8,701,267
Fund Balance - End of Year	\$ -	\$ -	\$ 12,062,370	\$ 12,062,370

The notes to the financial statements are an integral part of this statement.

2005

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
338,524	314,841	310,307	4,534
255,179	316,789	279,935	36,854
309,204	296,290	292,243	4,047
229,474	253,293	236,219	17,074
341,151	328,997	318,278	10,719
172,652	173,013	152,395	20,618
93,389	95,733	91,565	4,168
91,191	251,004	117,350	133,654
94,666	98,234	83,480	14,754
34,975	39,199	39,199	-
86,000	136,904	136,904	-
13,415	15,895	15,258	637
1,030,580	1,030,580	1,030,580	-
82,489	82,489	82,318	171
2,357	2,357	2,357	-
74,507	74,937	71,796	3,141
119,717	119,888	116,386	3,502
<u>3,369,470</u>	<u>3,630,443</u>	<u>3,376,570</u>	<u>253,873</u>
<u>24,585,223</u>	<u>24,816,309</u>	<u>23,506,407</u>	<u>1,309,902</u>
<u>(606,990)</u>	<u>(782,694)</u>	<u>3,190,269</u>	<u>3,972,963</u>
4,000	46,340	46,340	-
<u>(1,606,667)</u>	<u>(1,826,611)</u>	<u>(1,826,611)</u>	<u>-</u>
<u>(1,602,667)</u>	<u>(1,780,271)</u>	<u>(1,780,271)</u>	<u>-</u>
<u>(2,209,657)</u>	<u>(2,562,965)</u>	<u>1,409,998</u>	<u>3,972,963</u>
<u>2,209,657</u>	<u>2,562,965</u>	<u>9,646,186</u>	<u>7,083,221</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,056,184</u>	<u>\$ 11,056,184</u>

City of Rye, New York
Statement of Net Assets
Proprietary Funds
December 31, 2006
(With Comparative Amounts for 2005)

	2006			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
ASSETS				
Current Assets:				
Cash and equivalents	\$ 14,782	\$ 2,623,064	\$ 2,637,846	\$ 1,069,793
Investments	1,494,436	20,408	1,514,844	2,524,021
Accounts receivable	1,641	10	1,651	53,539
Due from other funds	-	1,377	1,377	51,075
Due from other governments	-	-	-	43,936
Prepaid expenses	3,225	11,654	14,879	159,365
Total Current Assets	1,514,084	2,656,513	4,170,597	3,901,729
Noncurrent Assets:				
Restricted Assets:				
Cash and equivalents	-	245,000	245,000	1,481,053
Investments	-	-	-	525,511
Total Restricted Assets	-	245,000	245,000	2,006,564
Capital Assets:				
Land	408	1,700,000	1,700,408	5,321,814
Buildings	341,930	11,417,551	11,759,481	10,399,127
Improvements	1,104,177	2,644,779	3,748,956	3,600,939
Machinery and equipment	73,388	1,027,679	1,101,067	8,102,223
Construction in progress	-	-	-	7,106,133
Less accumulated depreciation	(823,242)	(5,306,544)	(6,129,786)	(7,103,085)
Total Capital Assets (net of accumulated depreciation)	696,661	11,483,465	12,180,126	27,427,151
Total Noncurrent Assets	696,661	11,728,465	12,425,126	29,433,715
Total Assets	2,210,745	14,384,978	16,595,723	33,335,444

2005

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	Funds
\$ 28,441	\$ 1,215,367	\$ 1,243,808	\$ 1,031,684
1,208,821	1,062,854	2,271,675	2,357,294
-	27,419	27,419	16,800
-	-	-	92,570
-	-	-	43,710
7,983	43,261	51,244	168,558
<u>1,245,245</u>	<u>2,348,901</u>	<u>3,594,146</u>	<u>3,710,616</u>
-	235,000	235,000	1,850,416
-	-	-	6,150,360
-	<u>235,000</u>	<u>235,000</u>	<u>8,000,776</u>
408	1,700,000	1,700,408	3,311,755
341,930	11,417,551	11,759,481	7,072,401
1,074,204	2,349,023	3,423,227	3,472,339
73,388	1,027,679	1,101,067	6,753,702
-	-	-	3,691,328
<u>(755,228)</u>	<u>(4,803,901)</u>	<u>(5,559,129)</u>	<u>(6,303,285)</u>
<u>734,702</u>	<u>11,690,352</u>	<u>12,425,054</u>	<u>17,998,240</u>
<u>734,702</u>	<u>11,925,352</u>	<u>12,660,054</u>	<u>25,999,016</u>
<u>1,979,947</u>	<u>14,274,253</u>	<u>16,254,200</u>	<u>29,709,632</u>

(Continued)

City of Rye, New York
Statement of Net Assets (Continued)
Proprietary Funds
December 31, 2006
(With Comparative Amounts for 2005)

	2006			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
LIABILITIES				
Current Liabilities:				
Accounts payable	1,837	163,963	165,800	193,286
Accrued liabilities	275	25,657	25,932	295,871
Accrued interest payable	-	58,101	58,101	207,842
Retainage payable	-	-	-	294,467
Due to other funds	16,465	74,824	91,289	62,872
Due to other governments	2,758	36,695	39,453	-
Compensated absences	2,372	5,268	7,640	7,838
Current Liabilities Payable from Restricted Assets -				
Bonds payable	-	245,000	245,000	740,934
Installment purchase contract	-	-	-	263,679
Total Current Liabilities	23,707	609,508	633,215	2,066,789
Noncurrent Liabilities:				
Bonds payable	-	3,730,000	3,730,000	14,868,902
Installment purchase contract	-	-	-	4,856,748
Compensated absences	21,345	47,416	68,761	70,544
Total Noncurrent Liabilities	21,345	3,777,416	3,798,761	19,796,194
Total Liabilities	45,052	4,386,924	4,431,976	21,862,983
NET ASSETS				
Invested in capital assets, net of related debt	696,661	7,753,465	8,450,126	8,703,452
Unrestricted	1,469,032	2,244,589	3,713,621	2,769,009
Total Net Assets	\$ 2,165,693	\$ 9,998,054	12,163,747	\$ 11,472,461
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			10,295	
Net Assets of Business-type Activities			\$ 12,174,042	

The notes to the financial statements are an integral part of this statement.

2005

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
5,783	66,868	72,651	624,204
347	3,213	3,560	205,916
-	61,418	61,418	87,588
-	-	-	125,175
17,801	87,917	105,718	1,842,189
1,005	12,030	13,035	-
1,983	5,061	7,044	7,168
-	235,000	235,000	723,466
-	-	-	-
<u>26,919</u>	<u>471,507</u>	<u>498,426</u>	<u>3,615,706</u>
-	3,975,000	3,975,000	15,609,836
-	-	-	-
<u>17,851</u>	<u>45,551</u>	<u>63,402</u>	<u>64,513</u>
<u>17,851</u>	<u>4,020,551</u>	<u>4,038,402</u>	<u>15,674,349</u>
<u>44,770</u>	<u>4,492,058</u>	<u>4,536,828</u>	<u>19,290,055</u>
734,702	7,715,352	8,450,054	9,665,714
1,200,475	2,066,843	3,267,318	753,863
<u>\$ 1,935,177</u>	<u>\$ 9,782,195</u>	<u>11,717,372</u>	<u>\$ 10,419,577</u>
		(1,793)	
		<u>\$ 11,715,579</u>	

City of Rye, New York
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2006
(With Comparative Amounts for 2005)

	2006			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
OPERATING REVENUES				
Charges for services	\$ 554,418	\$ 5,367,102	\$ 5,921,520	\$ 3,828,811
Miscellaneous	78,665	11,832	90,497	38,515
Total Operating Revenues	<u>633,083</u>	<u>5,378,934</u>	<u>6,012,017</u>	<u>3,867,326</u>
OPERATING EXPENSES				
Salaries and wages	183,937	1,761,116	1,945,053	621,958
Employee benefits	71,132	530,065	601,197	293,684
Materials and supplies	33,644	1,357,542	1,391,186	860,420
Contractual costs	113,447	959,248	1,072,695	731,119
Depreciation	68,014	502,643	570,657	1,047,044
Total Operating Expenses	<u>470,174</u>	<u>5,110,614</u>	<u>5,580,788</u>	<u>3,554,225</u>
Operating Income	<u>162,909</u>	<u>268,320</u>	<u>431,229</u>	<u>313,101</u>
NON-OPERATING REVENUES (EXPENSES)				
Gain on sale of equipment	-	-	-	33,270
Interest income	67,607	153,570	221,177	291,378
Interest expense	-	(206,031)	(206,031)	(479,440)
Total Non-Operating Revenues (Expenses)	<u>67,607</u>	<u>(52,461)</u>	<u>15,146</u>	<u>(154,792)</u>
Income Before Transfers	230,516	215,859	446,375	158,309
Transfers in	-	-	-	894,575
Transfers out	-	-	-	-
Change in Net Assets	230,516	215,859	446,375	1,052,884
Net Assets - Beginning of Year	1,935,177	9,782,195	11,717,372	10,419,577
Net Assets - End of Year	<u>\$ 2,165,693</u>	<u>\$ 9,998,054</u>	<u>\$ 12,163,747</u>	<u>\$ 11,472,461</u>
Change in Net Assets			\$ 446,375	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>12,088</u>	
Change in Net Assets of Business-type Activities			<u>\$ 458,463</u>	

The notes to the financial statements are an integral part of this statement.

2005

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 542,346	\$ 4,720,112	\$ 5,262,458	\$ 3,177,880
51	3,261	3,312	69,487
<u>542,397</u>	<u>4,723,373</u>	<u>5,265,770</u>	<u>3,247,367</u>
168,625	1,296,187	1,464,812	575,477
66,192	480,318	546,510	279,835
37,463	862,183	899,646	751,912
111,700	804,511	916,211	574,869
65,017	467,938	532,955	867,658
<u>448,997</u>	<u>3,911,137</u>	<u>4,360,134</u>	<u>3,049,751</u>
<u>93,400</u>	<u>812,236</u>	<u>905,636</u>	<u>197,616</u>
-	-	-	29,135
31,310	78,042	109,352	107,663
-	(222,594)	(222,594)	(278,422)
<u>31,310</u>	<u>(144,552)</u>	<u>(113,242)</u>	<u>(141,624)</u>
124,710	667,684	792,394	55,992
-	-	-	1,530,244
-	-	-	(42,340)
124,710	667,684	792,394	1,543,896
<u>1,810,467</u>	<u>9,114,511</u>	<u>10,924,978</u>	<u>8,875,681</u>
<u>\$ 1,935,177</u>	<u>\$ 9,782,195</u>	<u>\$ 11,717,372</u>	<u>\$ 10,419,577</u>
		\$ 792,394	
		<u>20,635</u>	
		<u>\$ 813,029</u>	

City of Rye, New York
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2006
(With Comparative Amounts for 2005)

	2006			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 552,777	\$ 5,394,511	\$ 5,947,288	\$ 3,759,341
Cash payments to employees	(251,258)	(2,266,665)	(2,517,923)	(908,986)
Cash payments to vendors	(145,862)	(2,177,893)	(2,323,755)	(3,459,289)
Other operating revenues	78,665	11,832	90,497	38,515
Net Cash Provided by (Used in) Operating Activities	<u>234,322</u>	<u>961,785</u>	<u>1,196,107</u>	<u>(570,419)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Advance from other funds	-	-	-	-
Transfers in	-	-	-	894,575
Transfers out	-	-	-	-
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>894,575</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	-	-	-	5,293,859
Acquisition and construction of capital assets	(29,973)	(295,756)	(325,729)	(10,475,956)
Principal paid on capital debt	-	(235,000)	(235,000)	(896,898)
Interest paid on capital debt	-	(209,348)	(209,348)	(571,437)
Proceeds from sale of capital assets	-	-	-	33,270
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(29,973)</u>	<u>(740,104)</u>	<u>(770,077)</u>	<u>(6,617,162)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	67,607	153,570	221,177	503,629
Purchase of investments	(569,322)	(4,202,251)	(4,771,573)	(5,083,737)
Sale of investments	283,707	5,244,697	5,528,404	10,541,860
Net Cash Provided by (Used in) Investing Activities	<u>(218,008)</u>	<u>1,196,016</u>	<u>978,008</u>	<u>5,961,752</u>
Net Increase (Decrease) in Cash and Equivalents	(13,659)	1,417,697	1,404,038	(331,254)
Cash and Equivalents - Beginning of Year	28,441	1,450,367	1,478,808	2,882,100
Cash and Equivalents - End of Year	<u>\$ 14,782</u>	<u>\$ 2,868,064</u>	<u>\$ 2,882,846</u>	<u>\$ 2,550,846</u>

2005

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	Funds
\$ 542,394	\$ 4,750,399	\$ 5,292,793	\$ 3,144,661
(236,188)	(1,776,699)	(2,012,887)	(849,941)
(153,833)	(1,677,676)	(1,831,509)	(878,863)
51	3,261	3,312	69,487
<u>152,424</u>	<u>1,299,285</u>	<u>1,451,709</u>	<u>1,485,344</u>
-	-	-	695,401
-	-	-	1,530,244
-	-	-	<u>(42,340)</u>
-	-	-	<u>2,183,305</u>
-	-	-	5,868,000
(16,260)	(328,642)	(344,902)	(3,688,644)
-	(400,000)	(400,000)	(516,248)
-	(226,060)	(226,060)	(341,734)
-	-	-	29,135
<u>(16,260)</u>	<u>(954,702)</u>	<u>(970,962)</u>	<u>1,350,509</u>
31,310	78,042	109,352	184,169
(738,944)	(4,598,681)	(5,337,625)	(11,614,279)
367,852	3,555,681	3,923,533	5,811,828
<u>(339,782)</u>	<u>(964,958)</u>	<u>(1,304,740)</u>	<u>(5,618,282)</u>
(203,618)	(620,375)	(823,993)	(599,124)
232,059	2,070,742	2,302,801	3,481,224
<u>\$ 28,441</u>	<u>\$ 1,450,367</u>	<u>\$ 1,478,808</u>	<u>\$ 2,882,100</u>

(Continued)

City of Rye, New York
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended December 31, 2006
(With Comparative Amounts for 2005)

	2006			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income	\$ 162,909	\$ 268,320	\$ 431,229	\$ 313,101
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	68,014	502,643	570,657	1,047,044
(Increase) decrease in accounts receivable	(1,641)	27,409	25,768	(69,470)
(Increase) decrease in due from other funds	-	(1,377)	(1,377)	74,000
Decrease in due from other governments	-	-	-	-
(Increase) decrease in prepaid expenses	4,758	31,607	36,365	9,193
Increase (decrease) in accounts payable	(3,946)	97,095	93,149	(430,918)
Increase (decrease) in accrued liabilities	(72)	22,444	22,372	89,955
Increase in retainage payable	-	-	-	169,292
Increase (decrease) in due to other funds	(1,336)	(13,093)	(14,429)	(1,779,317)
Increase (decrease) in due to other governments	1,753	24,665	26,418	-
Increase (decrease) in compensated absences	3,883	2,072	5,955	6,701
Total Adjustments	<u>71,413</u>	<u>693,465</u>	<u>764,878</u>	<u>(883,520)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 234,322</u>	<u>\$ 961,785</u>	<u>\$ 1,196,107</u>	<u>\$ (570,419)</u>

The notes to the financial statements are an integral part of this statement.

2005

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	Funds
\$ 93,400	\$ 812,236	\$ 905,636	\$ 197,616
65,017	467,938	532,955	867,658
48	24,597	24,645	(14,051)
635	6,103	6,738	(92,570)
-	-	-	(598)
1,762	12,480	14,242	(121,328)
(7,303)	(32,156)	(39,459)	568,351
177	1,628	1,805	74,916
-	-	-	77,654
512	16,262	16,774	(67,832)
(276)	(7,981)	(8,257)	(8,927)
(1,548)	(1,822)	(3,370)	4,455
<u>59,024</u>	<u>487,049</u>	<u>546,073</u>	<u>1,287,728</u>
\$ <u>152,424</u>	\$ <u>1,299,285</u>	\$ <u>1,451,709</u>	\$ <u>1,485,344</u>

City of Rye, New York
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2006
(With Comparative Amounts for 2005)

	2006	2005
ASSETS		
Cash and equivalents	\$ 139,687	\$ 121,811
Accounts receivable	-	1,815
Total Assets	\$ 139,687	\$ 123,626
LIABILITIES		
Accounts payable	\$ 102,876	\$ 87,764
Employee payroll deductions	36,811	35,862
Total Liabilities	\$ 139,687	\$ 123,626

The notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The City of Rye, New York was incorporated in 1942 and operates in accordance with its Charter and the various other applicable laws of the State of New York. The City functions under a City Council/Manager form of government. The City Council is the legislative body responsible for overall operation. The City Manager serves as the chief administrative officer and the City Comptroller serves as the chief financial officer. The City provides the following services to its residents: public safety, community environment, culture and recreation and general and administrative support.

The accounting policies of the City of Rye, New York conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government which is the City of Rye, b) organizations for which the City is financially accountable and c) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities that would be included in the financial statements.

The City participates in a joint venture for the operation of the Rye Town Park (Park). The Park was established in 1907 by the New York State Legislature pursuant to Chapter 711 of the Laws of 1907. The Park provides recreational activities to the public, and is governed by a Commission, which has full charge and supervision over the capital improvements, operations, and maintenance of the Park. The Commission consists of six members: the Supervisor of the Town of Rye, the Mayor of the City of Rye, the Mayor of the Village of Port Chester, the Mayor of the Village of Rye Brook, one Commissioner appointed by the City Council of the City of Rye, and one Commissioner appointed by the Town Board of the Town of Rye. The City of Rye does not have an equity interest in the Park. The City has an ongoing financial responsibility in that the annual income or loss resulting from the Park's activities is shared proportionally by the City of Rye and the Town of Rye, using a calculation based on their equalized assessed valuation. The City's share of the Park's income or loss for the 2006 fiscal year is not yet available and accordingly, no amounts have been reflected in the financial statements. Complete separate financial statements for the Park may be obtained from the Town of Rye, 10 Pearl Street, Port Chester, New York 10573.

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all non-fiduciary activities of the City as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the financial position of the City at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The City does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

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 operation. The principal operating revenues of the Enterprise Funds and the Internal Service Funds are charges to customers for services. Operating expenses for the Enterprise Funds and the Internal Service Funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

C. Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balances/net assets, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The City maintains internal service and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following, which briefly explains the adjustments

Note 1 - Summary of Significant Accounting Policies (Continued)

necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The City's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles, as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the City in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

The City also reports the following non-major governmental funds:

Cable TV Special Revenue Fund – The Cable TV Special Revenue Fund is used to account for the receipt and use of revenues received from the franchise holder for public access cable television programming.

K.T. Woods Permanent Fund - The K.T. Woods Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs, namely the funding of certain expenditures in the Rye Nature Center.

Debt Service Fund - The Debt Service Fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term debt.

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal service funds are used to account for operations that provide services to other departments or agencies of the government, or other governments, on a cost reimbursement basis. The operations of the Boat Basin and Golf Club Funds are recorded as major enterprise funds. The City has established its Risk Retention and Building and Vehicle Maintenance funds as internal service funds. The City applies all applicable Financial Accounting Standards Board (FASB)

Note 1 - Summary of Significant Accounting Policies (Continued)

pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise operations.

- c. Fiduciary Funds (Not Included in Government-Wide Statements) - The Fiduciary Funds are used to account for assets held by the City in an agency capacity on behalf of others. The Agency Fund is used to account for employee payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

The government-wide financial statements and the proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus and utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within sixty (60) days of the fiscal year end. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Net Assets or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

State statutes govern the City's investment policies. The City has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The City is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The City has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

The City utilizes a pooled investment concept for governmental and proprietary funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the City's name. The City's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2006.

The City was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate risk.

Investment Pool - The City participates in a cooperative investment pool established pursuant to General Municipal Law. The sponsoring agency of the pool is another governmental unit, which acting through the fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement. The pool is authorized to invest in various securities issued by the United States and its agencies. The amount reported represents the amortized cost of the cooperative shares and is considered to approximate fair value. These investments are not subject to risk categorization. Additional information concerning the Cooperative is presented in the annual report of the Cooperative Liquid Assets Securities System, which may be obtained from MBIA Municipal Investors Service Corp. (CLASS), 113 King Street, Armonk, NY 10504.

Note 1 - Summary of Significant Accounting Policies (Continued)

CLASS is rated AAA/V1+ by Fitch Ratings. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property when levied. City property taxes are levied by the City on February 1st and collected by the City in one installment in February, and are due and payable without penalty during the month of February. County property taxes are levied by the County on April 1st and collected by the City in one installment in April, and are due and payable without penalty during the month of April. Rye Neck Union Free School District property taxes are levied by the school district on September 1st and collected by the City in two installments: the taxes for the period July 1st to June 30th are due on September 1st, with the first half payable without penalty until September 30th, and the second half payable without penalty until November 30th. The Rye City School District is responsible for the levy and collection of Rye City School District taxes until May 1st of the fiscal year, after which collection becomes the responsibility of the City. In accordance with Westchester County Finance Law, the City guarantees the full payment of the County, Rye City School District, and Rye Neck Union Free School District warrants, and assumes the responsibility for uncollected taxes. The City also has the responsibility for conducting in-rem foreclosure proceedings.

The City functions in both a fiduciary and guarantor relationship with the County of Westchester and the school districts with respect to the collection and payment of real property taxes levied by such jurisdictions. The County Charter provides for the City to collect County taxes. The City must remit to the County sixty (60%) percent of the amount levied on May 25th, and the balance of forty percent (40%) on October 15th. With respect to school district taxes, New York State law and the County Charter provide that the City satisfy the warrant of the school districts by May 1st of the fiscal year for which such taxes were levied. Thus, the City's fiduciary responsibility for school districts taxes is from the date of the levy until the respective due dates at which time the City must satisfy its obligations to the school districts, regardless of the amounts collected. Since the County tax warrant must be paid in full by October 15th, uncollected County taxes have been accounted for in a manner similar to City taxes. The collection of school districts taxes is deemed a financing transaction until the warrants are satisfied.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the City. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. Balances of interfund amounts receivable or payable have been recorded in the fund financial statements to the extent that certain transactions between funds had not been paid or received as of December 31st. Residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Restricted Assets - Certain assets are classified as restricted because their use is limited. Restricted assets in the Capital Projects Fund, Enterprise Fund and Internal Service Fund are to be used for construction purposes. Restricted assets in the Permanent Fund are to be used for the purpose of preserving or enhancing the natural habitat in the City, including the Rye Nature Center.

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the City. Purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$15,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure are depreciated using the straight line method over the following estimated useful lives:

Asset	Life in Years	
	Prior to January 1, 1995	Subsequent to January 1, 1995
Buildings	45	50
Improvements	20	5 - 20
Machinery and equipment	5 - 15	5 - 10
Infrastructure	20	25 - 50

The costs associated with the acquisition or construction of capital assets is shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Note 1 - Summary of Significant Accounting Policies (Continued)

Unearned/Deferred Revenues – Unearned/deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In government-wide financial statements, unearned revenues consist of revenue received in advance or revenue from grants received before the eligibility requirements have been met.

Deferred revenues in fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported deferred revenues of \$121,457 for real property taxes and \$243,879 for fees received in advance in the General Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide and proprietary fund financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Long-term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Assets include invested in capital assets, net of related debt, restricted for capital projects, permanent fund, special purposes, debt service and risk retention. The balance is classified as unrestricted.

Fund Balances - Reserves and Designations - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, prepaid expenditures, compensated absences, long-term receivable, debt service, non-expendable trust and workers' compensation represent portions of fund balance that are required to be segregated in accordance with State law or generally accepted accounting principles. Designations of unreserved fund balances in governmental funds indicate the utilization of these resources in the ensuing year's budget or tentative plans for future use.

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects funds. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain reclassifications of prior year financial data have been made to conform to the current year presentation.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The City generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before the seventh day of November, the City Manager submits to the City Council a tentative budget presenting a financial plan for conducting the affairs of the City for the ensuing fiscal year.
- b) Upon receipt of the Manager's tentative budget and prior to a public hearing, the City Council may, by a vote of at least four members of the City Council, make changes in the tentative budget.
- c) After considering the tentative budget, but not later than the first Wednesday in December and with a public notice published ten days in advance, the City Council holds a public hearing on the proposed budget.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- d) After the public hearing, but not later than December 31st, the City Council adopts the budget presented at the public hearing as submitted or amended. Amendments made between the time of the public hearing and the date of adoption, which increase total estimated revenues or total appropriations, require an affirmative vote of at least five members of the City Council.
- e) Formal budgetary integration is employed during the year as a management control device for General, Special Revenue and Debt Service funds.
- f) Budgets for General, Special Revenue and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Proprietary funds.
- g) The City Manager may, at any time during the fiscal year, transfer part or all of any unencumbered appropriation balance among programs or accounts within a department, office or agency under his/her supervision, and such transfers are reported to the Council at or prior to the next City Council meeting. The City Council may, by resolution, transfer part or all of any unencumbered appropriation balance among programs or accounts of a board or commission or within a department, office or agency, or from one board, commission, department, office or agency to another. No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.
- h) Appropriations in General, Special Revenue and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments for the current year were not material in relation to the original appropriations that were amended.

B. Property Tax Limitation

The amount that may be raised by the City for real property taxes in any fiscal year, for purposes other than for debt service on City indebtedness, is limited by the Constitution of the State of New York to two (2%) percent of the five-year average full valuation of taxable real estate located within the City. For 2006, the maximum amount that could have been raised was \$97,665,203, which exceeded the levy by \$84,128,242.

C. Capital Projects Fund Project Deficits

The deficits in the Theall Road Reconstruction, Kirby Lane Sewer and Kirby Lane Water/Gas Lines capital projects arise because expenditures exceed current financing on these projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

Note 2 - Stewardship, Compliance and Accountability (Continued)

D. Cumulative Effect of Change in Accounting Principle

In prior years, only general infrastructure assets acquired subsequent to January 1, 2002 were reported in the financial statements. In accordance with the provisions of GASB Statement No. 34 the City, effective January 1, 2006, has retroactively reported the gross cost and accumulated depreciation of all of its general infrastructure assets. Accordingly, the statement of net assets reflects this cumulative effect of the change in accounting principle totaling \$30,977,163 to the net assets reported as of January 1, 2006.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2006 consisted of the following:

City taxes - Current	\$ 82,039
City taxes - Delinquent	507,158
School district taxes - Current	<u>213,951</u>
	<u>\$ 803,148</u>

School district taxes are offset by liabilities to the school district, which will be paid no later than May 1, 2007. Taxes receivable are also partially offset in the fund financial statements by deferred tax revenues of \$121,457, which represents an estimate of the receivable that will not be collected within the first sixty days of the subsequent year. School and County taxes receivable are also reserved in the fund financial statements by a reserve for long-term receivables of \$232,742, which represents an estimate of taxes receivable that will not be collected within the subsequent year.

B. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2006 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Cable TV Fund	\$ 7,167
	Capital Projects Fund	1,467
	Boat Basin Fund	15,749
	Golf Club Fund	74,824
	Building and Vehicle Maintenance Fund	<u>62,872</u>
		<u>162,079</u>
Debt Service Fund	Capital Projects Fund	<u>3,587</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Golf Club Fund	General Fund	\$ 25
	Cable TV Fund	636
	Boat Basin Fund	<u>716</u>
		<u>1,377</u>
Building and Vehicle Maintenance Fund	General Fund	<u>51,075</u>
		<u>\$ 218,118</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the General Fund expects to collect in the subsequent year.

C. Capital Assets

Changes in the City's capital assets are as follows:

	Balance at January 1, 2006, as reported	Cumulative Effect of Change in Accounting Principle	Balance at January 1, 2006, as restated	Additions	Deletions	Balance December 31, 2006
Capital assets, not being de- preciated:						
Land	\$ 3,311,755	\$ -	\$ 3,311,755	\$ 2,010,059	\$ -	\$ 5,321,814
Construction-in-progress	<u>3,992,868</u>	<u>-</u>	<u>3,992,868</u>	<u>3,989,528</u>	<u>-</u>	<u>7,982,396</u>
Total Capital Assets, not being depreciated	<u>\$ 7,304,623</u>	<u>\$ -</u>	<u>\$ 7,304,623</u>	<u>\$ 5,999,587</u>	<u>\$ -</u>	<u>\$ 13,304,210</u>
Capital assets, being depreciated:						
Buildings	\$ 7,072,401	-	7,072,401	\$ 3,326,726	\$ -	\$ 10,399,127
Improvements	3,472,339	-	3,472,339	128,600	-	3,600,939
Machinery and Equipment	6,753,702	-	6,753,702	1,595,765	247,244	8,102,223
Infrastructure	<u>4,653,286</u>	<u>54,094,196</u>	<u>58,747,482</u>	<u>388,962</u>	<u>-</u>	<u>59,136,444</u>
Total Capital Assets, being depreciated	<u>21,951,728</u>	<u>54,094,196</u>	<u>76,045,924</u>	<u>5,440,053</u>	<u>247,244</u>	<u>81,238,733</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

	Balance at January 1, 2006, as reported	Cumulative Effect of Change in Accounting Principle	Balance at January 1, 2006, as restated	Additions	Deletions	Balance December 31, 2006
Less Accumulated Depreciation for:						
Buildings	\$ 1,278,819	\$ -	\$ 1,278,819	\$ 272,971	\$ -	\$ 1,551,790
Improvements	1,007,886	-	1,007,886	183,895	-	1,191,781
Machinery and Equipment	4,016,580	-	4,016,580	590,178	247,244	4,359,514
Infrastructure	378,411	23,117,033	23,495,444	312,419	-	23,807,863
Total Accumulated Depreciation	<u>6,681,696</u>	<u>23,117,033</u>	<u>29,798,729</u>	<u>1,359,463</u>	<u>247,244</u>	<u>30,910,948</u>
Total Capital Assets, being depreciated, net	<u>\$ 15,270,032</u>	<u>\$ 30,977,163</u>	<u>\$ 46,247,195</u>	<u>\$ 4,080,590</u>	<u>\$ -</u>	<u>\$ 50,327,785</u>
Capital Assets, net	<u>\$ 22,574,655</u>	<u>\$ 30,977,163</u>	<u>\$ 53,551,818</u>	<u>\$ 10,080,177</u>	<u>\$ -</u>	<u>\$ 63,631,995</u>

Class	Balance January 1, 2006	Additions	Balance December 31, 2006
Business-type Activities:			
Capital Assets, not being de- preciated:			
Land	<u>\$ 1,700,408</u>	<u>\$ -</u>	<u>\$ 1,700,408</u>
Capital Assets, being depreciated:			
Buildings	\$ 11,759,481	\$ -	\$ 11,759,481
Improvements	3,423,227	325,729	3,748,956
Machinery and equipment	<u>1,101,067</u>	<u>-</u>	<u>1,101,067</u>
Total Capital Assets, being depreciated	<u>16,283,775</u>	<u>325,729</u>	<u>16,609,504</u>
Less Accumulated Depreciation for:			
Buildings	\$ 2,965,459	\$ 292,094	\$ 3,257,553
Improvements	1,654,896	235,475	1,890,371
Machinery and equipment	<u>938,774</u>	<u>43,088</u>	<u>981,862</u>
Total Accumulated Depreciation	<u>5,559,129</u>	<u>570,657</u>	<u>6,129,786</u>
Total Capital Assets, being depreciated, net	<u>\$ 10,724,646</u>	<u>\$ (244,928)</u>	<u>\$ 10,479,718</u>
Business-type Activities Capital Assets, net	<u>\$ 12,425,054</u>	<u>\$ (244,928)</u>	<u>\$ 12,180,126</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

Depreciation expense was charged to the City's functions and programs as follows:

Governmental Activities:	
Public Safety	\$ 20,193
Community Environment	292,226
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>1,047,044</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,359,463</u>
Business-type Activities:	
Boat Basin	\$ 68,014
Golf Club	<u>502,643</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 570,657</u>

Construction Commitments

The City has active construction projects as of December 31, 2006. These projects include new construction and renovations to existing properties. At year-end, the City had \$1,406,432 in construction encumbrances.

D. Accrued Liabilities

Accrued liabilities at December 31, 2006 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Payroll and employee benefits	\$ 388,102	\$ 25,932	\$ 414,034
Claims	<u>295,000</u>	<u>-</u>	<u>295,000</u>
Total Accrued Liabilities	<u>\$ 683,102</u>	<u>\$ 25,932</u>	<u>\$ 709,034</u>

E. Unpaid Claim Liabilities

The Risk Retention Fund reflects general liability claim liabilities. The government-wide statement of net assets reflects health benefit claim liabilities. The liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Using a variety of actuarial and statistical techniques, claim liabilities are recomputed periodically to produce current estimates. These estimates reflect recent settlements, claim frequency and other economic and social factors. A

Note 3 - Detailed Notes on All Funds (Continued)

provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities is as follows:

	Year Ended December 31, 2006		Year Ended December 31, 2005	
	General Liability	Health Benefits	General Liability	Health Benefits
Balance - Beginning of Year	\$ 205,000	\$ 301,121	\$ 131,000	\$ 262,430
Provision for Claims and Claims Adjustment Expenses	511,607	3,634,143	440,814	3,227,965
Claims and Claims Adjustment Expenses Paid	(421,607)	(3,548,105)	(366,814)	(3,189,274)
Balance - End of Year	<u>\$ 295,000</u>	<u>\$ 387,159</u>	<u>\$ 205,000</u>	<u>\$ 301,121</u>

The liability for health claims is reflected in the government-wide financial statements within accrued liabilities. In the fund financial statements, deposits in excess of payments by the claims administrator have been reflected as a prepaid expenditure.

F. Pension Plans

The City of Rye, New York participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) (Systems). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Contributions required of employers and employees, and benefits to employees, are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The Systems are non-contributory except for employees who joined ERS after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contributions are certified by the State Comptroller and are expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a group term life insurance portion (GTLI) and a regular pension contribution. Contribution rates for the plan year ended March 31, 2007 are as follows:

	Tier/Plan/Option	Rate
ERS	1 75I/41J	13.3 %
	2 75I/41J	12.2
	3 A14/41J	9.8
	4 A15/41J	9.8

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Tier/Plan/Option</u>	<u>Rate</u>
PFRS	1 384D/3029D	20.2 %
	2 384D	15.0

Contributions made to the Systems for the current and two preceding years were as follows:

	<u>ERS</u>	<u>PFRS</u>
2006	\$ 697,444	\$ 799,189
2005	710,362	706,801
2004	638,547	627,623

These contributions were equal to the 100% of the actuarially required contributions for each respective fiscal year.

The current ERS contribution for the City was charged to various departments within the funds identified below. The current PFRS contribution was charged to the General Fund.

<u>Fund</u>	<u>Amount</u>
General	\$ 553,814
Cable TV	7,578
Boat Basin	16,054
Golf Club	58,014
Building and Vehicle Maintenance	61,984
	<u>\$ 697,444</u>

The City also provides benefits to those police officers that retired from service prior to the inception of PFRS. Benefits are calculated pursuant to Section 192 of the Retirement and Social Security Law. It is the policy of the City to fund any benefits from the General Fund Police Department budget. These pension costs for the year ended December 31, 2006 were \$2,841. The pension benefit obligation of this plan is not significant to the City.

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)**G. Long-Term Liabilities**

The changes in the City's long-term liabilities for the year ended December 31, 2006 were as follows:

	Balance January 1, 2006	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2006	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 17,941,013	\$ -	\$ 788,000	\$ 17,153,013	\$ 808,013
Installment Purchase Contract	-	5,293,859	173,432	5,120,427	263,679
Claims Payable	999,424	247,030	88,895	1,157,559	231,512
Compensated Absences	972,555	131,653	97,255	1,006,953	100,695
Governmental Activities Long-Term Liabilities	\$ 19,912,992	\$ 5,672,542	\$ 1,147,582	\$ 24,437,952	\$ 1,403,899
Business-type Activities:					
Bonds Payable	4,210,000	-	235,000	3,975,000	245,000
Compensated Absences	70,446	12,999	7,044	76,401	7,640
Business-type Activities Long-Term Liabilities	\$ 4,280,446	\$ 12,999	\$ 242,044	\$ 4,051,401	\$ 252,640

Each governmental fund's liability for compensated absences is liquidated by the respective fund. The General Fund liquidates claims liabilities. The City's governmental fund indebtedness for bonds is satisfied by the Debt Service Fund, which is funded by the General Fund. The City's indebtedness for installment purchase contract is satisfied by the Internal Service Fund.

Bonds Payable

Bonds payable at December 31, 2006 are comprised of the following individual issues:

\$3,670,000 - 1990 bonds for various improvements, due in annual installments of \$50,000 through June 2010; interest at 6.80%	\$ 200,000
\$3,657,000 - 1998 "Series A" bonds for improvements to the golf club, due in annual installments of \$170,000 in September 2007, \$180,000 in September 2008, \$185,000 in September 2009, \$195,000 in September 2010, \$205,000 in September 2011, \$215,000 in September 2012, \$225,000 in September 2013, \$235,000 in September 2014, \$245,000 in September 2015, \$255,000 in September 2016, \$265,000 in September 2017 and \$280,000 in September 2018; interest at rates ranging from 4.20% to 4.50%, depending on maturity	2,655,000

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

<p>\$1,743,000 - 1998 "Series B" (federally taxable) bonds for improvements to the golf club, due in annual installments of \$75,000 in September 2007, \$80,000 in September 2008, \$85,000 in September 2009, \$90,000 in September 2010, \$100,000 in September 2011, \$105,000 in September 2012, \$110,000 in September 2013, \$120,000 in September 2014, \$125,000 in September 2015, \$135,000 in September 2016, \$145,000 in September 2017 and \$150,000 in September 2018; interest at rates ranging from 6.20% to 6.30%, depending on maturity</p>	<p>\$ 1,320,000</p>
<p>\$3,825,000 - 2000 bonds for various public improvements, due in annual installments of \$150,000 in October 2007, \$160,000 in October 2008, \$165,000 in October 2009, \$175,000 in October 2010, \$185,000 in October 2011, \$195,000 in October 2012, \$210,000 in October 2013, \$220,000 in October 2014, \$235,000 in October 2015, \$250,000 in October 2016, \$260,000 in October 2017, \$275,000 in October 2018, \$290,000 in October 2019 and \$305,000 in October 2020; interest at rates ranging from 5.20% to 5.25%, depending on maturity</p>	<p>3,075,000</p>
<p>\$1,965,000 - 2001 bonds for various public improvements, due in annual installments of \$75,000 in October 2007, \$80,000 in October 2008, \$85,000 in October 2009, \$90,000 in October 2010, \$95,000 through October 2012, \$100,000 in October 2013, \$105,000 in October 2014, \$110,000 in October 2015, \$115,000 in October 2016, \$120,000 in October 2017, \$125,000 in October 2018, \$135,000 in October 2019, \$140,000 in October 2020 and \$145,000 in October 2021; interest at rates ranging from 4.4% to 5.0%, depending on maturity</p>	<p>1,615,000</p>
<p>\$5,389,500 - 2002 bonds for various public improvements, due in annual installments of \$240,000 in December 2007, \$250,000 in December 2008, \$260,000 in December 2009, \$275,000 in December 2010, \$285,000 in December 2011, \$300,000 in December 2012, \$310,000 in December 2013, \$325,000 in December 2014, \$340,000 in December 2015, \$350,000 in December 2016, \$365,000 in December 2017, \$380,000 in December 2018, \$395,000 in December 2019 and \$415,000 in December 2020; interest at rates ranging from 3.25% to 4.25%, depending on maturity</p>	<p>4,490,000</p>
<p>\$1,708,013 - 2004 New York State Environmental Facilities Corporation bonds for land acquisition, due in annual installments of \$73,013 in August 2007, \$75,000 through August 2011, \$80,000 through August 2014, \$85,000 through August 2016, \$90,000 through August 2019, \$95,000 in August 2020, \$100,000 through August 2022 and \$105,000 through August 2024; interest at rates ranging from 2.061% to 4.964%, depending on maturity</p>	<p>1,558,013</p>
<p>\$6,428,000 - 2005 bonds for various public improvements, due in annual installments of \$220,000 in December 2007, \$230,000 in December 2008, \$240,000 in December 2009, \$250,000 in December 2010, \$255,000 in December 2011, \$265,000 in December 2012, \$275,000 in December 2013, \$290,000 in December 2014, \$305,000 in December 2015, \$315,000 in December 2016, \$330,000 in December 2017, \$350,000 in December 2018,</p>	

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

\$365,000 in December 2019, \$380,000 in December 2020, \$395,000 in December 2021, \$410,000 in December 2022, \$430,000 in December 2023, \$445,000 in December 2024 and \$465,000 in December 2025; interest at rates ranging from 3.875% to 4.00%, depending on maturity

6,215,000

\$ 21,128,013

Interest expenditure/expense of \$73,700 and \$321,929 was recorded in the fund financial statements in the Debt Service Fund and the Internal Service Fund, respectively. Interest expense of \$395,033 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$206,031 was recorded in the fund financial and government-wide financial statements for the business-type activities - Golf Club Fund.

Installment Purchase Contract

The City, in March 2006, entered into a contractual agreement valued at \$5,293,859 to purchase property adjacent to City Hall. The terms of the contract provide for \$1.2 million to be paid in 48 equal monthly installments of \$25,000 through April 2010. At that time a balloon payment in the amount of \$5 million will become due and payable. The City has imputed an interest cost of 4.5%, a rate comparable to that which the City would pay on its general obligation debt. The balance due at December 31, 2006 was \$5,120,427. Interest expense of \$157,511 was recorded in the Internal Service Fund and in the government-wide financial statements for governmental activities.

Payments to Maturity

The annual requirements to amortize all bonded and installment purchase contract debt outstanding, including interest of \$8,867,766, as of December 31, 2006 is as follows:

Year	Governmental Activities				Business-type Activities		Total	
	Bonds		Installment Purchase		Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2007	\$ 808,013	\$ 697,253	\$ 263,679	\$ 234,080	\$ 245,000	\$ 198,078	\$ 1,316,692	\$ 1,129,411
2008	845,000	666,075	275,793	231,052	260,000	186,288	1,380,793	1,083,415
2009	875,000	633,174	288,462	227,885	270,000	173,768	1,433,462	1,034,827
2010	915,000	598,799	4,292,493	75,233	285,000	160,728	5,492,493	834,760
2011	895,000	563,998	-	-	305,000	146,860	1,200,000	710,858
2012-2016	5,120,000	2,250,046	-	-	1,770,000	492,560	6,890,000	2,742,606
2017-2021	5,635,000	1,070,685	-	-	840,000	65,160	6,475,000	1,135,845
2022-2025	2,060,000	196,044	-	-	-	-	2,060,000	196,044
	<u>\$ 17,153,013</u>	<u>\$ 6,676,074</u>	<u>\$ 5,120,427</u>	<u>\$ 768,250</u>	<u>\$ 3,975,000</u>	<u>\$ 1,423,442</u>	<u>\$ 26,248,440</u>	<u>\$ 8,867,766</u>

The above general obligation bonds and installment purchase contract are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the City.

Claims Payable

Claims payable reflects a liability of \$1,157,559 for tax certiorari refunds, which were not due and payable at year-end. This amount represents likely tax certiorari refunds based upon

Note 3 - Detailed Notes on All Funds (Continued)

proceedings pending against the City to reduce assessments upon which taxes had been levied. This amount has been recorded as an expense in the government-wide financial statements.

Compensated Absences

Vacation time is generally taken in the year subsequent to the year in which it is earned, although employees may be granted permission to carry over unused vacation time beyond one year. Employees may be paid up to 36 days of unused vacation time upon separation of service. Full-time administrative employees, and full-time employees who are members of the Civil Service Employees Association (CSEA) Clerical Unit hired prior to January 1, 1977 may accrue a maximum of 365 sick leave days, and those hired on or after January 1, 1977 may accrue a maximum 250 sick leave days. Full-time employees who are members of the CSEA Public Works Unit hired prior to January 1, 1977 may accrue a maximum of 365 sick leave days, and those hired on or after January 1, 1977 may accrue a maximum 200 sick leave days. The City will pay accrued sick time to all full-time administrative employees at the daily rate of pay for each day of accrued sick leave in excess of 165 days, to a maximum of 35 days. The City will pay accrued sick time to all full-time CSEA Clerical Unit employees who have 20 years of service with the City at the daily rate of pay for each day of accrued sick leave in excess of 165 days, to a maximum of 35 days. The City will pay accrued sick time to police officers who retire and have accumulated sick leave in excess of 220 days, in an amount equal to two day's pay per year of service to a maximum of 40 days. There is no payment of accrued sick time upon retirement to firefighters. The value of the compensated absences has been reflected as a liability in the government-wide and proprietary fund financial statements, and as a reservation of fund balance in the governmental funds financial statements.

H. Revenues and Expenditures**Interfund Transfers**

Interfund transfers are defined as the flow of assets (such as cash or goods) between funds of the City without equivalent flows of assets in return and without a requirement for repayment. Interfund transfers for the fiscal year ended December 31, 2006 were as follows:

Transfers Out	Transfers In				Total
	General	Capital Projects	Other Governmental	Internal Service	
General	\$ -	\$ 412,500	\$ 141,614	\$ 894,575	\$ 1,448,689
Capital Projects	-	296,088	-	-	296,088
Other Governmental	4,000	-	-	-	4,000
	<u>\$ 4,000</u>	<u>\$ 708,588</u>	<u>\$ 141,614</u>	<u>\$ 894,575</u>	<u>\$ 1,748,777</u>

Note 3 - Detailed Notes on All Funds (Continued)

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the Debt Service Fund to establish mandatory reserve accounts and 3) move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Post-Employment Health Care Benefits

In addition to providing pension benefits, the City provides health care benefits for retired employees, their spouses, and their dependents. The various collective bargaining agreements stipulate the active and retired employees' covered, and the percentage of contribution, if any, to the cost of health care benefits. The City pays the cost of post-employment healthcare benefits for retirees, their spouses, and their dependents during the life of the retiree. Surviving spouses of retirees may elect to continue receiving health care benefits at their expense. Substantially all of the City's employees may become eligible for these benefits if they retire through the New York State Retirement System while working for the City. The cost of retiree health care benefits is recognized as expenditures/expenses as claims are paid. During the year, \$1,373,644 was paid on behalf of 116 retirees and this amount has been recorded as an expenditure and expense.

I. Net Assets

The components of net assets are detailed below:

Invested in Capital Assets, net of Related Debt - the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Capital Projects - the component of net assets that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Restricted for Permanent Fund - the component of net assets that reports the difference between the assets and liabilities of the non-expendable trust with constraints placed on their use by an external party.

Restricted for Special Purposes - the component of net assets that reports the difference between assets and liabilities of the parking improvements, parks, recreation and 9/11 memorial programs with constraints placed on their use by external parties.

Restricted for Debt Service - the component of net assets that reports the difference between the assets and liabilities of the Debt Service Fund with constraints placed on their use by New York State Local Finance Law.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Risk Retention - the component of net assets that provides for the payment of self-insured general and liability claims pursuant to New York State Law.

Unrestricted - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

J. Fund Balances

The City, in accordance with laws of New York State, local charter authorization and generally accepted accounting principles has reserved and designated certain elements of the fund balance. A description of the significant elements is as follows:

Reserved

Encumbrances outstanding have been reserved, as it is the City's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

The Reserve for Prepaid Expenditures represents health insurance, retirement and other costs paid in advance. The reserve indicates that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Reserve for Compensated Absences represents funds set aside for the payment of accumulated vacation and sick leave in accordance with various collective bargaining agreements and General Municipal Law. These funds are not "available" for appropriation or expenditure.

The Reserve for Long-Term Receivable represents funds set aside to indicate the long-term nature of taxes receivable collected for other governments. These funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Reserve for Debt Service represents a segregation of the fund balance for debt service in accordance with the provisions of the New York State Local Finance Law.

The Reserve for Trust represents funds set aside in accordance with the terms of various trust agreements.

The Reserve for Workers' Compensation represents funds set aside to be used for a specific purpose in accordance with Section 6-j of the General Municipal Law of the State of New York.

Note 3 - Detailed Notes on All Funds (Continued)**Components of Unreserved Fund Balance**

The components of unreserved fund balance are as follows:

	Fund		
	General	Capital Projects	Other Governmental
Designated for Subsequent Year's Expenditures	\$ 3,256,438	\$ -	\$ 200
Designated for Tax Certiorari	1,157,559	-	-
Designated for Parking Improvements	76,283	-	-
Designated for Police Purposes	6,809	-	-
Designated for Parks	99,659	-	-
Designated for Recreation Programs	156,677	-	-
Designated for 9/11 Memorial	198,631	-	-
Undesignated	<u>4,722,553</u>	<u>(845,230)</u>	<u>325,867</u>
	<u>\$ 9,674,609</u>	<u>\$ (845,230)</u>	<u>\$ 326,067</u>

Designated for Subsequent Year's Expenditures - This designation indicates that the City has utilized these amounts in the subsequent year's budget as a funding source.

Designated for Tax Certiorari - This designation represents funds that the City estimates it will use for property tax certiorari judgments and settlements.

Designated for Parking Improvements - This designation represents funds that the City will use for parking improvements in the downtown business district.

Designated for Police Purposes - This designation represents funds donated to the City that the City will use for police purposes.

Designated for Parks - This designation represents funds collected by the City from individuals and firms developing or improving real estate that the City will use for the acquisition and/or embellishment of parks and playgrounds.

Designated for Recreation Programs - This designation represents funds donated to the City by individuals and organizations that the City will use for various recreational programs.

Designated for 9/11 Memorial - This designation represents funds donated to the City by individuals and organizations that the City will use to construct a memorial to the victims of the September 11, 2001 terrorist attacks.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The City is a defendant in a lawsuit filed by a construction contractor. The contractor claims that the City breached its contract. The City had accepted the plaintiffs bid, but a different contractor involved in another aspect of the project was rejected for insurance reasons and the City Council elected to postpone the entire project. Summary judgment was awarded to the plaintiff on its motion seeking specific performance of a contract and money damages. The City appealed but the Appellate Division affirmed the lower court's decision. Discovery has begun to determine the extent of damages incurred by the contractor. The range of possible exposure to the City is estimated to be between \$150,000 and \$375,000.

The City, in common with other municipalities, receives numerous notices of claims for money damages occurring from false arrest, malicious prosecution, and defamation of character or personal injury. The filing of such claims commences a statutory period for initiating judicial action. Currently, the City is defendant in numerous actions that may exceed insurance limits, or are not covered by applicable insurance. Such actions are being defended and no opinion is expressed as to the merits or possible outcome of each case. Payments that may be required as a result of these actions have been included in the assessment and calculation of liabilities in the Risk Retention Fund.

The City is also defendant in numerous pending tax certiorari proceedings, the results of which cannot be determined at this time. Any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

B. Contingencies

The City participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures/expenses that may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, to be immaterial.

C. Risk Management

The City's general liability program has a self-insured retention level of \$50,000 per occurrence. Insurance coverage has been secured for losses up to a maximum of \$5 million per occurrence. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Accrued liabilities in the Risk Retention Fund include provisions for claims reported and claims incurred but not reported (IBNR's).

The City, along with other municipal entities, participates in the Municipal Employee Benefits Consortium (MEBCO). MEBCO is a public entity risk pool currently operating as a common risk management and health insurance program for its members. MEBCO was formed in April 1988 pursuant to an act of the Board of Legislators of the County of Westchester. This act provided cities and villages throughout Westchester County with an opportunity to participate in a cooperative program for providing health benefits to municipal employees by entering into an intermunicipal agreement pursuant to Article 5-G of the General Municipal Law. The purpose

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

of the pool is to stabilize the cost of medical benefits provided to employees (see unpaid claim liabilities). MEBCO functions primarily as a claims service whereby each participating municipality retains its own risk. MEBCO does not transfer risk since charges to each municipality are ultimately determined by their individual claims/loss experience. The City pays the pool an annual provision for its health coverage.

Workers' compensation insurance is secured with statutory coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

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**CAPITAL PROJECTS FUND
PROJECT-LENGTH SCHEDULE**

City of Rye, New York
 Capital Projects Fund
 Project-Length Schedule
 Inception of Project Through December 31, 2006

Project Number	Project Title	Year Authorized	Project Budget	Expenditures and Other Financing Uses			Unexpended Balance
				Prior Years	Current Year	Total	
501355	GIS	1997	\$ 271,724	\$ 223,072	\$ 6,789	\$ 229,861	\$ 41,863
503318B	Bonded Signal Projects	2003	316,335	77,946	192,927	270,873	45,462
503321	Locust Avenue and Purchase Street Signal	2006	11,000	-	6,760	6,760	4,240
505133	Annual Street Resurfacing Program	2004	348,135	345,335	2,800	348,135	-
505137	Annual Street Resurfacing Program	2005	492,813	324,223	168,590	492,813	-
505138	Annual Sidewalk Replacement Program	2005	126,928	20,432	104,013	124,445	2,483
505142	Annual Street Resurfacing Program	2006	600,885	-	492,629	492,629	108,256
505143	Annual Sidewalk Replacement Program	2006	25,000	-	25,000	25,000	-
505144	Theall Road Reconstruction	2006	1,406	-	1,405	1,405	1
505149	Bridge Study	2006	30,000	-	23,400	23,400	6,600
505150	Morehead Footbridge Reconstruction	2006	50,000	-	19,565	19,565	30,435
505151	School Street Parking Lot Resurfacing	2006	55,000	-	-	-	55,000
505152	Bridge Improvements	2006	42,500	-	-	-	42,500
505201B	Kirby Lane Sewer	2003	2,100,972	92,286	587,123	679,409	1,421,563
505204B	Peck Avenue Pump Station	2003	163,000	1,521	-	1,521	161,479
505205B	Kirby Lane Water/Gas Lines	2003	134,760	-	15,437	15,437	119,323
505222	Garden Drive Sewer Replacement	1996	123,293	28,933	72,947	101,880	21,413
505229	Peck Avenue Pump Station	1999	59,138	36,567	3,303	39,870	19,268
505257B	North Kirby Lane Drain	2001	267,947	79,627	86,046	165,673	102,274
505258	LaSalle Avenue Drain	2001	30,249	249	-	249	30,000
505262	Miscellaneous Sewer Rehabilitation	2004	580,000	80,151	8,910	89,061	490,939
505263B	Highland Avenue and Onondaga Street Drain	2004	200,000	1,358	4,700	6,058	193,942
505264	Annual Drainage Improvement Program	2005	116,688	46,734	48,582	95,316	21,372
505265	Clinton Avenue Drain	2005	75,000	-	-	-	75,000
505266	Annual Drainage Improvement Program	2006	50,000	-	25,000	25,000	25,000
507105	Recreation Master Plan	2001	74,100	67,548	697	68,245	5,855
507107	Recreation Park Lower Playground	2001	70,275	539	69,286	69,825	450
507110	Gagliardo Park Improvements - CDBG	2001	121,935	116,340	4,736	121,076	859
			<u>\$ 6,539,083</u>	<u>\$ 1,542,861</u>	<u>\$ 1,970,645</u>	<u>\$ 3,513,506</u>	<u>\$ 3,025,577</u>

Revenues and Other Financing Sources			Fund Balance (Deficit)
Prior Years	Current Year	Total	at December 31, 2006
\$ 271,724	\$ -	\$ 271,724	\$ 41,863
316,335	-	316,335	45,462
-	11,000	11,000	4,240
348,135	-	348,135	-
492,813	-	492,813	-
90,428	36,500	126,928	2,483
-	600,885	600,885	108,256
-	25,000	25,000	-
-	-	-	(1,405)
-	30,000	30,000	6,600
-	50,000	50,000	30,435
-	55,000	55,000	55,000
-	42,500	42,500	42,500
732	-	732	(678,677)
163,000	-	163,000	161,479
-	-	-	(15,437)
123,293	-	123,293	21,413
59,138	-	59,138	19,268
195,000	72,947	267,947	102,274
30,249	-	30,249	30,000
230,151	121,880	352,031	262,970
200,000	-	200,000	193,942
116,688	-	116,688	21,372
75,000	-	75,000	75,000
-	50,000	50,000	25,000
74,100	-	74,100	5,855
65,539	4,736	70,275	450
121,935	-	121,935	859
<u>\$ 2,974,260</u>	<u>\$ 1,100,448</u>	<u>\$ 4,074,708</u>	<u>\$ 561,202</u>

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

- **Cable T.V. Fund** - The Cable T.V. Fund is used to account for revenues received from the franchise holder for public access cable T.V. programming.

PERMANENT FUND

The K.T. Woods Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

DEBT SERVICE FUND

The Debt Service Fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on general long-term debt.

City of Rye, New York
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2006
 (With Comparative Amounts for 2005)

	2006			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
ASSETS				
Cash and equivalents	\$ 1,281	\$ -	\$ -	\$ 1,281
Investments	241,927	-	147,391	389,318
Accounts receivable	117,389	-	-	117,389
Due from other funds	-	-	3,587	3,587
Prepaid expenditures	2,385	-	-	2,385
Investments - restricted	-	21,309	-	21,309
Total Assets	<u>\$ 362,982</u>	<u>\$ 21,309</u>	<u>\$ 150,978</u>	<u>\$ 535,269</u>
LIABILITIES				
Accounts payable	\$ 11,348	\$ -	\$ -	\$ 11,348
Accrued liabilities	121	-	-	121
Due to other funds	7,803	-	-	7,803
Total Liabilities	<u>19,272</u>	<u>-</u>	<u>-</u>	<u>19,272</u>
FUND BALANCES				
Reserved for encumbrances	12,263	-	-	12,263
Reserved for prepaid expenditures	2,385	-	-	2,385
Reserved for compensated absences	4,304	-	-	4,304
Reserved for debt service	-	-	150,978	150,978
Reserved for trust	-	20,000	-	20,000
Unreserved:				
Designated for subsequent year's expenditures	-	200	-	200
Undesignated	324,758	1,109	-	325,867
Total Fund Balances	<u>343,710</u>	<u>21,309</u>	<u>150,978</u>	<u>515,997</u>
Total Liabilities and Fund Balances	<u>\$ 362,982</u>	<u>\$ 21,309</u>	<u>\$ 150,978</u>	<u>\$ 535,269</u>

2005

Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ 9,694	\$ -	\$ -	\$ 9,694
158,489	-	98,346	256,835
104,210	-	-	104,210
-	-	1,025	1,025
3,250	-	-	3,250
-	24,303	-	24,303
<u>\$ 275,643</u>	<u>\$ 24,303</u>	<u>\$ 99,371</u>	<u>\$ 399,317</u>
\$ 925	\$ -	\$ -	\$ 925
565	-	728	1,293
7,973	-	-	7,973
<u>9,463</u>	<u>-</u>	<u>728</u>	<u>10,191</u>
10,691	-	-	10,691
3,250	-	-	3,250
4,101	-	-	4,101
-	-	98,643	98,643
-	20,000	-	20,000
6,477	3,200	-	9,677
241,661	1,103	-	242,764
<u>266,180</u>	<u>24,303</u>	<u>98,643</u>	<u>389,126</u>
<u>\$ 275,643</u>	<u>\$ 24,303</u>	<u>\$ 99,371</u>	<u>\$ 399,317</u>

City of Rye, New York
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2006
 (With Comparative Amounts for 2005)

	2006			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
REVENUES				
Non-property taxes	\$ 222,927	\$ -	\$ -	\$ 222,927
Use of money and property	11,006	1,006	48,955	60,967
Miscellaneous	25,042	-	-	25,042
Total Revenues	<u>258,975</u>	<u>1,006</u>	<u>48,955</u>	<u>308,936</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Salaries and wages	89,630	-	-	89,630
Equipment	46,884	-	-	46,884
Materials and supplies	8,652	-	-	8,652
Contractual costs	10,863	-	-	10,863
Employee benefits	25,416	-	-	25,416
	<u>181,445</u>	<u>-</u>	<u>-</u>	<u>181,445</u>
Debt Service:				
Principal	-	-	64,534	64,534
Interest	-	-	73,700	73,700
Total Expenditures	<u>181,445</u>	<u>-</u>	<u>138,234</u>	<u>319,679</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>77,530</u>	<u>1,006</u>	<u>(89,279)</u>	<u>(10,743)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	141,614	141,614
Transfers out	-	(4,000)	-	(4,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,000)</u>	<u>141,614</u>	<u>137,614</u>
Net Change in Fund Balances	77,530	(2,994)	52,335	126,871
Fund Balances - Beginning of Year	266,180	24,303	98,643	389,126
Fund Balances - End of Year	<u>\$ 343,710</u>	<u>\$ 21,309</u>	<u>\$ 150,978</u>	<u>\$ 515,997</u>

2005

<u>Cable TV Fund</u>	<u>KT Woods Permanent Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
\$ 203,743	\$ -	\$ -	\$ 203,743
3,530	743	14,298	18,571
24,281	-	-	24,281
<u>231,554</u>	<u>743</u>	<u>14,298</u>	<u>246,595</u>
93,636	-	-	93,636
21,517	-	-	21,517
10,055	-	-	10,055
31,583	-	-	31,583
25,939	-	-	25,939
<u>182,730</u>	<u>-</u>	<u>-</u>	<u>182,730</u>
-	-	43,752	43,752
-	-	54,717	54,717
<u>182,730</u>	<u>-</u>	<u>98,469</u>	<u>281,199</u>
<u>48,824</u>	<u>743</u>	<u>(84,171)</u>	<u>(34,604)</u>
-	-	58,367	58,367
-	(4,000)	-	(4,000)
-	(4,000)	58,367	54,367
48,824	(3,257)	(25,804)	19,763
217,356	27,560	124,447	369,363
<u>\$ 266,180</u>	<u>\$ 24,303</u>	<u>\$ 98,643</u>	<u>\$ 389,126</u>

City of Rye, New York
 Cable TV Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended December 31, 2006
 (With Comparative Amounts for 2005)

	2006			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Non-property taxes	\$ 190,000	\$ 190,000	\$ 222,927	\$ 32,927
Use of money and property	2,000	2,000	11,006	9,006
Miscellaneous	24,600	24,600	25,042	442
Total Revenues	<u>216,600</u>	<u>216,600</u>	<u>258,975</u>	<u>42,375</u>
EXPENDITURES				
Current -				
Culture and Recreation:				
Salaries and wages	112,707	112,707	89,630	23,077
Equipment	26,000	50,713	46,884	3,829
Materials and supplies	12,900	12,962	8,652	4,310
Contractual costs	37,133	43,049	10,863	32,186
Employee benefits	34,337	34,337	25,416	8,921
Total Expenditures	<u>223,077</u>	<u>253,768</u>	<u>181,445</u>	<u>72,323</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,477)	(37,168)	77,530	114,698
Fund Balance - Beginning of Year	6,477	37,168	266,180	229,012
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,710</u>	<u>\$ 343,710</u>

2005

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 175,000	\$ 175,000	\$ 203,743	\$ 28,743
400	400	3,530	3,130
<u>24,600</u>	<u>24,600</u>	<u>24,281</u>	<u>(319)</u>
<u>200,000</u>	<u>200,000</u>	<u>231,554</u>	<u>31,554</u>
107,599	109,599	93,636	15,963
29,064	25,614	21,517	4,097
13,678	13,128	10,055	3,073
64,399	66,399	31,583	34,816
<u>31,844</u>	<u>31,844</u>	<u>25,939</u>	<u>5,905</u>
<u>246,584</u>	<u>246,584</u>	<u>182,730</u>	<u>63,854</u>
(46,584)	(46,584)	48,824	95,408
<u>46,584</u>	<u>46,584</u>	<u>217,356</u>	<u>170,772</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,180</u>	<u>\$ 266,180</u>

City of Rye, New York
 K.T. Woods Permanent Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended December 31, 2006
 (With Comparative Amounts for 2005)

	2006			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Use of money and property	\$ 800	\$ 800	\$ 1,006	\$ 206
OTHER FINANCING USES - Transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Net Change in Fund Balance	(3,200)	(3,200)	(2,994)	206
Fund Balance - Beginning of Year	<u>3,200</u>	<u>3,200</u>	<u>24,303</u>	<u>21,103</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,309</u>	<u>\$ 21,309</u>

2005

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ 743	\$ 743
<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
(4,000)	(4,000)	(3,257)	743
<u>4,000</u>	<u>4,000</u>	<u>27,560</u>	<u>23,560</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,303</u>	<u>\$ 24,303</u>

City of Rye, New York
 Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended December 31, 2006
 (With Comparative Amounts for 2005)

	2006			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES - Use of money and property	\$ -	\$ -	\$ 48,955	\$ 48,955
EXPENDITURES				
Debt Service:				
Principal	63,829	64,534	64,534	-
Interest	77,785	77,080	73,700	3,380
Total Expenditures	141,614	141,614	138,234	3,380
Deficiency of Revenues Over Expenditures	(141,614)	(141,614)	(89,279)	52,335
OTHER FINANCING SOURCES -				
Transfers in	141,614	141,614	141,614	-
Net Change in Fund Balance	-	-	52,335	52,335
Fund Balance - Beginning of Year	-	-	98,643	98,643
Fund Balance - End of Year	\$ -	\$ -	\$ 150,978	\$ 150,978

2005

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ 14,298	\$ 14,298
67,197	67,197	43,752	23,445
<u>71,170</u>	<u>71,170</u>	<u>54,717</u>	<u>16,453</u>
<u>138,367</u>	<u>138,367</u>	<u>98,469</u>	<u>39,898</u>
(138,367)	(138,367)	(84,171)	54,196
<u>58,367</u>	<u>58,367</u>	<u>58,367</u>	<u>-</u>
(80,000)	(80,000)	(25,804)	54,196
<u>80,000</u>	<u>80,000</u>	<u>124,447</u>	<u>44,447</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,643</u>	<u>\$ 98,643</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service funds of the City are as follows:

- The Risk Retention Fund is used to account for general liability insurance and risk management activities.
- The Building and Vehicle Maintenance Fund is used to account for the acquisition, operation, maintenance and disposition of the City's buildings and vehicles which are not otherwise accounted for in other funds.

City of Rye, New York
Internal Service Funds
Combining Statement of Net Assets
December 31, 2006
(With Comparative Amounts for 2005)

	2006		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
ASSETS			
Current Assets:			
Cash and equivalents	\$ -	\$ 1,069,793	\$ 1,069,793
Investments	544,701	1,979,320	2,524,021
Accounts receivable	-	53,539	53,539
Due from other funds	-	51,075	51,075
Due from other governments	-	43,936	43,936
Prepaid expenses	146,914	12,451	159,365
Total Current Assets	691,615	3,210,114	3,901,729
Noncurrent Assets:			
Restricted Assets:			
Cash and equivalents	-	1,481,053	1,481,053
Investments	-	525,511	525,511
Total Restricted Assets	-	2,006,564	2,006,564
Capital Assets:			
Land	-	5,321,814	5,321,814
Buildings	-	10,399,127	10,399,127
Improvements	-	3,600,939	3,600,939
Machinery and equipment	-	8,102,223	8,102,223
Construction in progress	-	7,106,133	7,106,133
Less - Accumulated depreciation	-	(7,103,085)	(7,103,085)
Total Capital Assets (net of accumulated depreciation)	-	27,427,151	27,427,151
Total Noncurrent Assets	-	29,433,715	29,433,715
Total Assets	691,615	32,643,829	33,335,444

2005

Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ -	\$ 1,031,684	\$ 1,031,684
298,377	2,058,917	2,357,294
-	16,800	16,800
74,000	18,570	92,570
-	43,710	43,710
134,174	34,384	168,558
<u>506,551</u>	<u>3,204,065</u>	<u>3,710,616</u>
-	1,850,416	1,850,416
-	6,150,360	6,150,360
-	<u>8,000,776</u>	<u>8,000,776</u>
-	3,311,755	3,311,755
-	7,072,401	7,072,401
-	3,472,339	3,472,339
-	6,753,702	6,753,702
-	3,691,328	3,691,328
-	<u>(6,303,285)</u>	<u>(6,303,285)</u>
-	17,998,240	17,998,240
-	25,999,016	25,999,016
<u>506,551</u>	<u>29,203,081</u>	<u>29,709,632</u>

(Continued)

City of Rye, New York
Internal Service Funds
Combining Statement of Net Assets (Continued)
December 31, 2006
(With Comparative Amounts for 2005)

	2006		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	-	193,286	193,286
Accrued liabilities	295,000	871	295,871
Accrued interest payable	-	207,842	207,842
Retainage payable	-	294,467	294,467
Due to other funds	-	62,872	62,872
Due to other governments	-	-	-
Compensated absences	-	7,838	7,838
Current liabilities payable from restricted assets:			
Bonds payable	-	740,934	740,934
Installment purchase contract	-	263,679	263,679
Total Current Liabilities	<u>295,000</u>	<u>1,771,789</u>	<u>2,066,789</u>
Noncurrent Liabilities:			
Bonds payable	-	14,868,902	14,868,902
Installment purchase contract	-	4,856,748	4,856,748
Compensated absences	-	70,544	70,544
Total Noncurrent Liabilities	<u>-</u>	<u>19,796,194</u>	<u>19,796,194</u>
Total Liabilities	<u>295,000</u>	<u>21,567,983</u>	<u>21,862,983</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	8,703,452	8,703,452
Unrestricted	396,615	2,372,394	2,769,009
Total Net Assets	<u>\$ 396,615</u>	<u>\$ 11,075,846</u>	<u>\$ 11,472,461</u>

2005

Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
3,844	620,360	624,204
205,000	916	205,916
-	87,588	87,588
-	125,175	125,175
-	1,842,189	1,842,189
-	-	-
-	7,168	7,168
-	723,466	723,466
-	-	-
<u>208,844</u>	<u>3,406,862</u>	<u>3,615,706</u>
-	15,609,836	15,609,836
-	-	-
-	64,513	64,513
-	15,674,349	15,674,349
<u>208,844</u>	<u>19,081,211</u>	<u>19,290,055</u>
-	9,665,714	9,665,714
297,707	456,156	753,863
<u>\$ 297,707</u>	<u>\$ 10,121,870</u>	<u>\$ 10,419,577</u>

City of Rye, New York
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended December 31, 2006
(With Comparative Amounts for 2005)

	2006		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
OPERATING REVENUES			
Charges for services	\$ 568,630	\$ 3,260,181	\$ 3,828,811
Miscellaneous	250	38,265	38,515
Total Operating Revenues	<u>568,880</u>	<u>3,298,446</u>	<u>3,867,326</u>
OPERATING EXPENSES			
Salaries and wages	-	621,958	621,958
Employee benefits	-	293,684	293,684
Materials and supplies	-	860,420	860,420
Contractual costs	498,800	232,319	731,119
Depreciation	-	1,047,044	1,047,044
Total Operating Expenses	<u>498,800</u>	<u>3,055,425</u>	<u>3,554,225</u>
Operating Income	<u>70,080</u>	<u>243,021</u>	<u>313,101</u>
NON-OPERATING REVENUES (EXPENSES)			
Gain on sale of equipment	-	33,270	33,270
Interest income	28,828	262,550	291,378
Interest expense	-	(479,440)	(479,440)
Total Non-Operating Revenues (Expenses)	<u>28,828</u>	<u>(183,620)</u>	<u>(154,792)</u>
Income (Loss) Before Transfers	98,908	59,401	158,309
Transfers in	-	894,575	894,575
Transfers out	-	-	-
Change in Net Assets	98,908	953,976	1,052,884
Net Assets - Beginning of Year	<u>297,707</u>	<u>10,121,870</u>	<u>10,419,577</u>
Net Assets - End of Year	<u>\$ 396,615</u>	<u>\$ 11,075,846</u>	<u>\$ 11,472,461</u>

2005

Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 574,250	\$ 2,603,630	\$ 3,177,880
2,313	67,174	69,487
<u>576,563</u>	<u>2,670,804</u>	<u>3,247,367</u>
-	575,477	575,477
-	279,835	279,835
873	751,039	751,912
475,639	99,230	574,869
-	867,658	867,658
<u>476,512</u>	<u>2,573,239</u>	<u>3,049,751</u>
<u>100,051</u>	<u>97,565</u>	<u>197,616</u>
-	29,135	29,135
12,493	95,170	107,663
-	(278,422)	(278,422)
<u>12,493</u>	<u>(154,117)</u>	<u>(141,624)</u>
112,544	(56,552)	55,992
-	1,530,244	1,530,244
-	(42,340)	(42,340)
112,544	1,431,352	1,543,896
185,163	8,690,518	8,875,681
<u>\$ 297,707</u>	<u>\$ 10,121,870</u>	<u>\$ 10,419,577</u>

City of Rye, New York
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2006
(With Comparative Amounts for 2005)

	2006		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from charges to other funds	\$ 568,630	\$ 3,190,711	\$ 3,759,341
Cash payments to employees	-	(908,986)	(908,986)
Cash payments to vendors	(351,384)	(3,107,905)	(3,459,289)
Other operating revenues	250	38,265	38,515
Net Cash Provided by (Used in)			
Operating Activities	<u>217,496</u>	<u>(787,915)</u>	<u>(570,419)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advance from other funds	-	-	-
Transfers in	-	894,575	894,575
Transfers out	-	-	-
Net Cash Provided by			
Noncapital Financing Activities	<u>-</u>	<u>894,575</u>	<u>894,575</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	-	5,293,859	5,293,859
Acquisition and construction of capital assets	-	(10,475,956)	(10,475,956)
Principal paid on capital debt	-	(896,898)	(896,898)
Interest paid on capital debt	-	(571,437)	(571,437)
Proceeds from sale of capital assets	-	33,270	33,270
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>-</u>	<u>(6,617,162)</u>	<u>(6,617,162)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	28,828	474,801	503,629
Purchase of investments	(671,709)	(4,412,028)	(5,083,737)
Sale of investments	425,385	10,116,475	10,541,860
Net Cash Provided by (Used in) Investing Activities	<u>(217,496)</u>	<u>6,179,248</u>	<u>5,961,752</u>
Net Decrease in Cash and Equivalents	-	(331,254)	(331,254)
Cash and Equivalents, Beginning of Year	-	2,882,100	2,882,100
Cash and Equivalents, End of Year	<u>\$ -</u>	<u>\$ 2,550,846</u>	<u>\$ 2,550,846</u>

2005

Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 574,250	\$ 2,570,411	\$ 3,144,661
-	(849,941)	(849,941)
(652,531)	(226,332)	(878,863)
<u>2,313</u>	<u>67,174</u>	<u>69,487</u>
<u>(75,968)</u>	<u>1,561,312</u>	<u>1,485,344</u>
-	695,401	695,401
-	1,530,244	1,530,244
-	<u>(42,340)</u>	<u>(42,340)</u>
-	<u>2,183,305</u>	<u>2,183,305</u>
-	5,868,000	5,868,000
-	(3,688,644)	(3,688,644)
-	(516,248)	(516,248)
-	(341,734)	(341,734)
-	<u>29,135</u>	<u>29,135</u>
-	<u>1,350,509</u>	<u>1,350,509</u>
12,493	171,676	184,169
(515,056)	(11,099,223)	(11,614,279)
<u>578,531</u>	<u>5,233,297</u>	<u>5,811,828</u>
<u>75,968</u>	<u>(5,694,250)</u>	<u>(5,618,282)</u>
-	(599,124)	(599,124)
-	<u>3,481,224</u>	<u>3,481,224</u>
<u>\$ -</u>	<u>\$ 2,882,100</u>	<u>\$ 2,882,100</u>

(Continued)

City of Rye, New York
Combining Statement of Cash Flows (continued)
Internal Service Funds
Year Ended December 31, 2006
(With Comparative Amounts for 2005)

	2006		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating Income	\$ 70,080	\$ 243,021	\$ 313,101
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	-	1,047,044	1,047,044
(Increase) in accounts receivable	-	(69,470)	(69,470)
(Increase) decrease in due from other funds	74,000	-	74,000
(Increase) in due from other governments	-	-	-
(Increase) decrease in prepaid expenses	(12,740)	21,933	9,193
Increase (decrease) in accounts payable	(3,844)	(427,074)	(430,918)
Increase (decrease) in accrued liabilities	90,000	(45)	89,955
Increase in retainage payable	-	169,292	169,292
(Decrease) in due to other funds	-	(1,779,317)	(1,779,317)
(Decrease) in due to other governments	-	-	-
Increase in compensated absences	-	6,701	6,701
Total Adjustments	<u>147,416</u>	<u>(1,030,936)</u>	<u>(883,520)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 217,496</u>	<u>\$ (787,915)</u>	<u>\$ (570,419)</u>

2005

Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 100,051	\$ 97,565	\$ 197,616
-	867,658	867,658
-	(14,051)	(14,051)
(74,000)	(18,570)	(92,570)
-	(598)	(598)
(134,174)	12,846	(121,328)
3,155	565,196	568,351
74,000	916	74,916
-	77,654	77,654
(45,000)	(22,832)	(67,832)
-	(8,927)	(8,927)
-	4,455	4,455
<u>(176,019)</u>	<u>1,463,747</u>	<u>1,287,728</u>
<u>\$ (75,968)</u>	<u>\$ 1,561,312</u>	<u>\$ 1,485,344</u>

City of Rye, New York
Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency Fund
Year Ended December 31, 2006

	Balance January 1, 2006	Increases	Decreases	Balance December 31, 2006
<u>ASSETS</u>				
Cash and Equivalents	\$ 121,811	\$ 15,971,339	\$ 15,953,463	\$ 139,687
Accounts Receivable	1,815	66,929	68,744	-
Prepaid Expenditures	<u>-</u>	<u>333,124</u>	<u>333,124</u>	<u>-</u>
Total Assets	<u>\$ 123,626</u>	<u>\$ 16,371,392</u>	<u>\$ 16,355,331</u>	<u>\$ 139,687</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 87,764	\$ 15,868,583	\$ 15,853,471	\$ 102,876
Net Payroll	-	9,105,728	9,105,728	-
Employee Payroll Deductions	<u>35,862</u>	<u>6,015,415</u>	<u>6,014,466</u>	<u>36,811</u>
Total Liabilities	<u>\$ 123,626</u>	<u>\$ 30,989,726</u>	<u>\$ 30,973,665</u>	<u>\$ 139,687</u>

**CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL
FUNDS**

City of Rye, New York
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2006

Governmental Funds Capital Assets:	
Infrastructure	\$ 59,136,444
Construction in Progress	<u>876,263</u>
Investments in Governmental Funds Capital Assets	
by Source - Capital Projects Fund	60,012,707
Less: Accumulated Depreciation	<u>(23,807,863)</u>
 Net Book Value	 <u>\$ 36,204,844</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

Note - The schedule reflects the retroactive reporting of infrastructure capital assets as required under the provisions of Governmental Accounting Standards Board Statement No. 34

City of Rye, New York
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 December 31, 2006

<u>Function and Activity</u>	<u>Construction</u>			<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
	<u>Infrastructure</u>	<u>in Progress</u>	<u>Total</u>		
Public Safety -					
Traffic control	\$ 1,121,825	\$ 6,760	\$ 1,128,585	\$ (210,808)	\$ 917,777
Community Environment:					
Rights of way	21,301,087	-	21,301,087	-	21,301,087
Streets	12,208,336	1,405	12,209,741	(8,769,113)	3,440,628
Streetlights	441,162	-	441,162	(283,047)	158,115
Sidewalks	976,585	-	976,585	(753,225)	223,360
Bridges	456,605	-	456,605	(373,605)	83,000
Sanitary sewers	9,156,252	694,846	9,851,098	(6,576,836)	3,274,262
Pump stations	1,127,280	1,521	1,128,801	(264,393)	864,408
Storm sewers	9,156,252	171,731	9,327,983	(6,576,836)	2,751,147
Total Community Environment	<u>54,823,559</u>	<u>869,503</u>	<u>55,693,062</u>	<u>(23,597,055)</u>	<u>32,096,007</u>
Culture and Recreation -					
Parks and playgrounds	<u>3,191,060</u>	<u>-</u>	<u>3,191,060</u>	<u>-</u>	<u>3,191,060</u>
 Total Governmental Funds					
Capital Assets	<u>\$59,136,444</u>	<u>\$876,263</u>	<u>\$60,012,707</u>	<u>\$(23,807,863)</u>	<u>\$36,204,844</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

Note - The schedule reflects the retroactive reporting of infrastructure capital assets as required under the provisions of Governmental Accounting Standards Board Statement No. 34

City of Rye, New York
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 Year Ended December 31, 2006

Function and Activity	Governmental Funds Capital Assets January 1, As Reported	Adjustment(1)	Governmental Funds Capital Assets January 1, As Restated	Additions	Deletions	Governmental Funds Capital Assets December 31
Public Safety -						
Traffic control	\$ 1,058,135	\$ (1,058,135)	\$ -	\$ 199,689	\$ -	\$ 199,689
Traffic signals	-	928,896	928,896	-	-	928,896
Total Public Safety	<u>1,058,135</u>	<u>(129,239)</u>	<u>928,896</u>	<u>199,689</u>	<u>-</u>	<u>1,128,585</u>
Community Environment:						
Storm drains	1,209,903	(1,209,903)	-	-	-	-
Sewers	484,130	(484,130)	-	-	-	-
Street maintenance	1,978,547	(1,978,547)	-	-	-	-
Rights of way	-	21,301,087	21,301,087	-	-	21,301,087
Streets	-	12,208,336	12,208,336	1,405	-	12,209,741
Streetlights	-	441,162	441,162	-	-	441,162
Sidewalks	-	976,585	976,585	-	-	976,585
Bridges	-	456,605	456,605	-	-	456,605
Sanitary sewers	-	9,248,538	9,248,538	602,560	-	9,851,098
Pump stations	-	1,128,801	1,128,801	-	-	1,128,801
Storm sewers	-	9,237,237	9,237,237	90,746	-	9,327,983
Total Community Environment	<u>3,672,580</u>	<u>51,325,771</u>	<u>54,998,351</u>	<u>694,711</u>	<u>-</u>	<u>55,693,062</u>
Culture and Recreation -						
Parks and playgrounds	<u>224,111</u>	<u>2,897,663</u>	<u>3,121,774</u>	<u>69,286</u>	<u>-</u>	<u>3,191,060</u>
Total Governmental Funds Capital Assets	<u>\$ 4,954,826</u>	<u>\$ 54,094,195</u>	<u>\$ 59,049,021</u>	<u>\$ 963,686</u>	<u>\$ -</u>	<u>\$ 60,012,707</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

(1) Reflects the retroactive reporting of infrastructure capital assets as required under the provisions of Governmental Accounting Standards Board Statement No. 34

**STATISTICAL SECTION
(UNAUDITED)**

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:

Net Assets by Component

Changes in Net Assets

Fund Balances, Governmental Funds

Changes in Fund Balances, Governmental Funds

Tax Revenues by Source, Governmental Funds

City of Rye, New York
Net Assets by Component
Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities					
Invested in Capital Assets					
Net of Related Debt	\$ 10,986,390	\$ 11,563,341	\$ 9,480,762	\$ 13,348,301	\$ 43,868,276
Restricted	1,513,973	1,304,649	1,560,265	1,762,703	1,860,525
Unrestricted	<u>2,151,116</u>	<u>5,409,766</u>	<u>10,082,217</u>	<u>9,079,270</u>	<u>11,218,939</u>
Total Governmental					
Activities Net Assets	<u>14,651,479</u>	<u>18,277,756</u>	<u>21,123,244</u>	<u>24,190,274</u>	<u>56,947,740</u>
					(1)
Business-Type Activities					
Invested in Capital Assets					
Net of Related Debt	7,578,822	8,100,157	8,403,111	8,450,054	8,450,126
Unrestricted	<u>2,283,925</u>	<u>2,171,508</u>	<u>2,499,439</u>	<u>3,265,525</u>	<u>3,723,916</u>
Total Business-Type					
Activities Net Assets	<u>9,862,747</u>	<u>10,271,665</u>	<u>10,902,550</u>	<u>11,715,579</u>	<u>12,174,042</u>
Primary Government					
Invested in Capital Assets					
Net of Related Debt	18,565,212	19,663,498	17,883,873	21,798,355	52,318,402
Restricted	1,513,973	1,304,649	1,560,265	1,762,703	1,860,525
Unrestricted	<u>4,435,041</u>	<u>7,581,274</u>	<u>12,581,656</u>	<u>12,344,795</u>	<u>14,942,855</u>
Total Primary Government					
Net Assets	<u>\$ 24,514,226</u>	<u>\$ 28,549,421</u>	<u>\$ 32,025,794</u>	<u>\$ 35,905,853</u>	<u>\$ 69,121,782</u>

(1) Includes a cumulative effect of change in accounting principle adjustment of \$30,977,163, representing the retroactive reporting of infrastructure assets.

City of Rye, New York
 Changes in Net Assets
 Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses					
Governmental Activities					
General Government	\$ 2,635,050	\$ 2,777,827	\$ 3,218,750	\$ 3,285,497	\$ 3,513,365
Public Safety	8,179,311	8,655,151	9,941,889	10,379,989	11,259,005
Community Environment	5,270,494	5,693,349	6,058,126	6,836,952	8,181,719
Culture and Recreation	3,005,355	2,921,669	3,452,925	3,558,305	3,693,298
Interest	77,783	105,133	159,129	333,563	552,544
Total Governmental Activities	<u>19,167,993</u>	<u>20,153,129</u>	<u>22,830,819</u>	<u>24,394,306</u>	<u>27,199,931</u>
Business-Type Activities					
Marina	369,746	413,260	454,340	446,916	468,524
Golf	3,488,578	3,608,415	3,819,458	4,115,177	5,306,207
Total Business-Type Activities	<u>3,858,324</u>	<u>4,021,675</u>	<u>4,273,798</u>	<u>4,562,093</u>	<u>5,774,731</u>
Total Expenses	<u>23,026,317</u>	<u>24,174,804</u>	<u>27,104,617</u>	<u>28,956,399</u>	<u>32,974,662</u>
Program Revenues					
Governmental Activities					
Charges for Services					
General Government	120,593	426,171	457,581	471,658	489,375
Public Safety	508,397	617,244	664,726	663,007	647,446
Community Environment	1,286,827	1,804,053	1,726,572	2,020,307	2,205,360
Culture and Recreation	1,126,616	870,472	976,130	1,009,128	999,740
Operating Grants and Contributions	267,488	404,662	253,947	455,106	364,595
Capital Grants and Contributions	258,808	434,307	588,967	314,854	421,390
Total Governmental Activities	<u>3,568,729</u>	<u>4,556,909</u>	<u>4,667,923</u>	<u>4,934,060</u>	<u>5,127,906</u>
Business-Type Activities					
Charges for Services					
Marina	474,292	482,094	493,151	542,397	633,083
Golf	3,901,304	3,922,787	4,371,899	4,723,373	5,378,934
Capital Grants and Contributions	19,500	-	-	-	-
Total Business-Type Activities	<u>4,375,596</u>	<u>4,404,881</u>	<u>4,865,050</u>	<u>5,265,770</u>	<u>6,012,017</u>
Total Program Revenues	<u>7,944,325</u>	<u>8,961,790</u>	<u>9,532,973</u>	<u>10,199,830</u>	<u>11,139,923</u>

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City of Rye, New York
Changes in Net Assets
Last Five Fiscal Years (continued)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net (Expense)/Revenue					
Governmental Activities	(15,599,264)	(15,596,220)	(18,162,896)	(19,460,246)	(22,072,025)
Business-Type Activities	<u>517,272</u>	<u>383,206</u>	<u>591,252</u>	<u>703,677</u>	<u>237,286</u>
Total Net Expense	<u>(15,081,992)</u>	<u>(15,213,014)</u>	<u>(17,571,644)</u>	<u>(18,756,569)</u>	<u>(21,834,739)</u>
General Revenues					
Governmental Activities					
Real Property Taxes	11,949,060	14,222,097	15,528,286	16,141,660	16,987,781
Non-Property Taxes	1,760,063	1,817,378	2,143,838	2,266,922	2,327,161
Unrestricted Use of Money and Property	183,635	178,353	220,459	565,843	1,137,777
Gain on Sale of Equipment	57,795	31,675	39,655	29,135	33,270
State Aid	2,255,963	2,618,191	3,003,658	3,451,841	3,324,440
Other Revenues	<u>80,747</u>	<u>354,803</u>	<u>72,488</u>	<u>71,875</u>	<u>41,899</u>
Total Governmental Activities	<u>16,287,263</u>	<u>19,222,497</u>	<u>21,008,384</u>	<u>22,527,276</u>	<u>23,852,328</u>
Business-Type Activities					
Unrestricted Use of Money and Property	42,472	25,712	32,633	109,352	221,177
Gain on Sale of Equipment	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>42,472</u>	<u>25,712</u>	<u>39,633</u>	<u>109,352</u>	<u>221,177</u>
Total General Revenues	<u>16,329,735</u>	<u>19,248,209</u>	<u>21,048,017</u>	<u>22,636,628</u>	<u>24,073,505</u>
Change in Net Assets					
Governmental Activities	687,999	3,626,277	2,845,488	3,067,030	1,780,303
Business-Type Activities	<u>559,744</u>	<u>408,918</u>	<u>630,885</u>	<u>813,029</u>	<u>458,463</u>
Total Change in Net Assets	<u>\$ 1,247,743</u>	<u>\$ 4,035,195</u>	<u>\$ 3,476,373</u>	<u>\$ 3,880,059</u>	<u>\$ 2,238,766</u>

City of Rye, New York
Fund Balances, Governmental Funds
Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund			
Reserved	\$ 1,490,877	\$ 2,053,180	\$ 2,611,046
Unreserved	<u>4,079,729</u>	<u>5,858,284</u>	<u>7,035,140</u>
Total General Fund	<u>5,570,606</u>	<u>7,911,464</u>	<u>9,646,186</u>
All Other Governmental Funds			
Reserved	842,411	693,275	326,672
Unreserved, Reported In:			
Special Revenue Fund	147,620	164,065	162,993
Permanent Fund	13,891	11,206	7,560
Capital Projects Fund	<u>(2,132,392)</u>	<u>(2,398,472)</u>	<u>774,522</u>
Total All Other Governmental Funds	<u>(1,128,470)</u>	<u>(1,529,926)</u>	<u>1,271,747</u>
Total Governmental Funds	<u>\$ 4,442,136</u>	<u>\$ 6,381,538</u>	<u>\$ 10,917,933</u>

<u>2005</u>	<u>2006</u>
\$ 2,487,324	\$ 2,387,761
<u>8,568,860</u>	<u>9,674,609</u>
<u>11,056,184</u>	<u>12,062,370</u>
544,315	1,596,362
248,138	324,758
4,303	1,309
<u>1,023,769</u>	<u>(845,230)</u>
<u>1,820,525</u>	<u>1,077,199</u>
<u>\$ 12,876,709</u>	<u>\$ 13,139,569</u>

City of Rye, New York
 Changes in Fund Balances, Governmental Funds
 Last Five Fiscal Years

	2002	2003	2004
Revenues			
Real Property Taxes	\$ 11,965,741	\$ 14,190,747	\$ 15,551,738
Non-Property Taxes	1,915,819	1,984,833	2,334,151
Charges for Services	874,140	1,240,414	1,054,741
Intergovernmental Charges	69,664	69,139	72,775
Use of Money and Property	203,349	169,772	211,200
Licenses and Permits	1,125,708	1,293,981	1,390,634
Fines and Forfeitures	446,831	500,773	553,320
Sale of Property and Compensation for Loss	54,458	63,122	129,600
Interfund Revenues	303,900	406,574	418,249
State Aid	2,602,098	3,062,010	3,321,831
Federal Aid	29,828	102,599	15,255
Miscellaneous	159,505	537,434	113,568
Total Revenues	<u>19,751,041</u>	<u>23,621,398</u>	<u>25,167,062</u>
Expenditures			
Current:			
General Government	2,677,305	2,618,241	2,916,473
Public Safety	8,255,601	8,720,495	9,831,702
Community Environment	5,252,387	5,732,532	6,142,100
Culture and Recreation	2,982,172	2,967,291	3,499,177
Debt Service:			
Principal	85,141	83,590	41,525
Interest	59,109	60,465	56,745
Capital Outlay:			
General Government	34,335	64,597	4,808
Public Safety	137,262	424,102	12,423
Community Environment	1,587,269	490,775	852,713
Culture and Recreation	64,619	124,538	-
Total Expenditures	<u>21,135,200</u>	<u>21,286,626</u>	<u>23,357,666</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,384,159)</u>	<u>2,334,772</u>	<u>1,809,396</u>
Other Financing Sources (Uses)			
Bonds issued	-	-	-
Transfers In	1,211,153	1,004,745	3,923,255
Transfers Out	<u>(1,577,823)</u>	<u>(1,400,115)</u>	<u>(1,196,256)</u>
Total Other Financing Sources (Uses)	<u>(366,670)</u>	<u>(395,370)</u>	<u>2,726,999</u>
Net Change in Fund Balances	<u>\$ (1,750,829)</u>	<u>\$ 1,939,402</u>	<u>\$ 4,536,395</u>
Debt Service as a Percentage of Non-Capital Expenditure	0.75%	0.71%	0.44%

<u>2005</u>	<u>2006</u>
\$ 16,197,588	\$ 16,966,643
2,470,665	2,550,088
1,180,052	1,372,495
76,274	69,235
482,446	912,595
1,630,044	1,628,357
540,247	533,102
123,939	89,282
404,099	413,628
3,772,275	3,664,263
95,935	121,880
295,813	234,618
<u>27,269,377</u>	<u>28,556,186</u>
3,063,887	3,346,840
10,373,012	11,281,346
6,692,938	7,237,352
3,559,300	3,720,422
43,752	64,534
54,717	73,700
8,000	6,789
68,369	199,687
518,722	1,398,098
-	69,983
<u>24,382,697</u>	<u>27,398,751</u>
<u>2,886,680</u>	<u>1,157,435</u>
560,000	-
657,707	854,202
<u>(2,145,611)</u>	<u>(1,748,777)</u>
<u>(927,904)</u>	<u>(894,575)</u>
<u>\$ 1,958,776</u>	<u>\$ 262,860</u>
0.41%	0.54%

City of Rye, New York
 Tax Revenues by Source, Governmental Funds
 Last Five Fiscal Years

<u>Fiscal Year</u>	<u>Real Property Taxes</u>	<u>Sales and Use Taxes</u>	<u>Utilities Gross Receipts Taxes</u>	<u>Mortgage Taxes</u>	<u>Total</u>
2002	\$ 11,965,741	\$ 1,472,398	\$ 287,665	\$ 1,413,357	\$ 15,139,161
2003	14,190,747	1,475,182	342,196	1,775,585	17,783,710
2004	15,551,738	1,801,366	342,472	2,161,052	19,856,628
2005	16,197,589	1,908,845	358,077	2,389,053	20,853,564
2006	16,966,643	1,957,187	369,974	2,084,125	21,377,929

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. These schedules include:

Assessed Valuation, State Equalization Rate
and Estimated Full Value of Real Property

Property Tax Rates per \$1,000 Assessed Valuation -
All Direct and Overlapping Governments

Principal Taxpayers

Property Tax Levies and Collections

Constitutional Tax Limit

City of Rye, New York
 Assessed Valuation, State Equalization Rate, and Estimated Full Value of Real Property
 Last Ten Fiscal Years

<u>Year</u>	<u>One-Three Family Residential</u>	<u>Condos Co-ops & Apt. Bldgs.</u>	<u>Business (1)</u>	<u>Other (2)</u>	<u>Total Gross Assessed Valuation</u>
1997	\$ 96,932,980	\$ 9,936,743	\$ 24,062,883	\$ 28,749,890	\$ 159,682,496
1998	98,469,430	9,723,281	24,936,490	27,076,615	160,205,816
1999	100,344,705	9,566,481	23,656,790	26,840,742	160,408,718
2000	101,107,660	9,496,991	23,651,790	27,558,371	161,814,812
2001	102,112,685	9,497,691	23,357,440	27,565,398	162,533,214
2002	103,426,835	9,432,278	23,412,453	27,151,410	163,422,976
2003	104,744,885	9,432,278	23,227,968	27,328,014	164,733,145
2004	105,620,685	9,432,278	22,828,518	26,707,568	164,589,049
2005	107,282,955	9,267,278	22,101,168	26,657,528	165,308,929
2006	108,596,155	9,113,041	22,080,105	26,536,484	166,325,785

(1) Includes commercial, industrial, and recreational facilities.

(2) Includes agriculture, vacant land, community service, utility, wetland and parkland, most of which is tax-exempt.

(3) A single direct property tax rate applies to all classes of real property.

Note: Assessed values are established by the City Assessor on September 15th of the prior year and includes Special Franchise Assessments as established by the New York State Board of Equalization and Assessment. For instance, assessed values for fiscal 2006 were established on September 15, 2005.

<u>Exemptions</u>	<u>Total Taxable Assessed Valuation</u>	<u>Direct Tax Rate (3)</u>	<u>Estimated Actual Full Value</u>	<u>Taxable Value as a Percentage of Full Value</u>
\$ (30,442,480)	\$ 129,240,016	\$ 73.72	\$ 1,979,173,292	6.53%
(29,944,675)	130,261,141	73.72	1,994,810,735	6.53%
(30,137,625)	130,271,093	73.72	2,403,525,701	5.42%
(30,255,710)	131,559,102	76.44	2,811,091,923	4.68%
(30,100,915)	132,432,299	78.05	3,153,149,976	4.20%
(30,038,848)	133,384,128	88.18	3,519,370,132	3.79%
(30,058,974)	134,674,171	103.55	4,725,409,509	2.85%
(30,014,099)	134,574,950	113.41	5,097,535,985	2.64%
(29,428,082)	135,880,847	116.80	5,246,364,749	2.59%
(29,376,708)	136,949,077	122.39	5,827,620,298	2.35%

City of Rye, New York
Property Tax Rates per \$1,000 Assessed Valuation - All Direct and Overlapping Governments
Last Ten Fiscal Years

Year	City of Rye	Rye City School District	Rye Neck Union Free School District	Westchester County	
				Westchester County	Refuse Disposal District
1997	\$ 73.72	\$ 235.96	\$ -	\$ 78.92	\$ 9.93
	73.72	-	247.10	78.92	9.93
1998	73.72	241.58	-	83.08	10.90
	73.72	-	260.82	83.08	10.90
1999	73.72	248.71	-	91.91	12.62
	73.72	-	330.87	91.91	12.62
2000	76.44	270.25	-	89.90	12.67
	76.44	-	361.20	89.90	12.67
2001	78.05	302.32	-	86.95	13.02
	78.05	-	410.73	86.95	13.02
2002	88.18	335.00	-	91.72	13.40
	88.18	-	412.71	91.72	13.40
2003	103.55	373.81	-	104.80	14.62
	103.55	-	451.69	104.80	14.62
2004	113.41	396.52	-	133.71	16.25
	113.41	-	528.05	133.71	16.25
2005	116.80	416.92	-	124.09	15.12
	116.80	-	529.10	124.09	15.12
2006	122.39	441.85	-	130.43	15.24
	122.39	-	528.51	130.43	15.24

Blind Brook Sewer District	Mamaroneck Sewer District	Water District No. 4	Total County	Total with Rye City School District	Total with Rye Neck Union Free School District
\$ 12.07 -	\$ - 16.53	\$ 0.33 0.33	\$ 101.25 105.71	\$ 410.93 -	\$ - 426.53
13.04 -	- 16.64	0.33 0.28	107.35 110.90	422.65 -	- 445.44
13.83 -	- 17.54	- -	118.36 122.07	440.79 -	- 526.66
13.70 -	- 16.74	- -	116.27 119.31	462.96 -	- 556.95
14.05 -	- 15.80	- -	114.02 115.77	494.39 -	- 604.55
14.04 -	- 15.97	- -	119.16 121.09	542.34 -	- 621.98
14.68 -	- 16.01	- -	134.10 135.43	611.46 -	- 690.67
17.05 -	- 17.96	- -	167.01 167.92	676.94 -	- 809.38
17.51 -	- 17.82	- -	156.71 157.03	690.44 -	- 802.93
19.68 -	- 19.87	- -	165.35 165.54	729.59 -	- 816.44

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City of Rye, New York
 Principal Taxpayers
 December 31, 2006 and 1997

2006

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Miriam Osborn Memorial Home	Retirement Community	\$ 3,224,000	2.35%
2	Consolidated Edison	Public Utility	2,864,881	2.09%
3	The Gateside - Rye Co.	Office Building	879,300	0.64%
4	Aquarion Water Company ¹	Public Utility	829,486	0.61%
5	Parsonage Investment Co.	Residential	745,300	0.54%
6	Milton Harbor House	Cooperative	734,606	0.54%
7	Rye Colony Apartments	Cooperative	696,421	0.51%
8	Blind Brook Lodge	Cooperative	604,177	0.44%
9	Host Restaurants Inc.	Hotel	549,550	0.40%
10	American Yacht Club	Private Club	542,550	0.40%
	Total		<u>\$ 11,670,271</u>	<u>8.52%</u>

1997

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 4,000,669	3.07%
2	Miriam Osborn Memorial Home	Retirement Community	2,617,100	2.01%
3	Milton Harbor House	Cooperative	1,120,000	0.86%
4	NY American Water Co.	Public Utility	1,034,563	0.79%
5	The Gateside-Rye Co.	Office Building	1,003,700	0.77%
6	Principle Mutual Life Co.	Office Building	939,400	0.72%
7	Parsonage Investment Co.	Residential	900,100	0.69%
8	New York Investment	Office Building	816,250	0.63%
9	Rye Colony Apartments	Cooperative	777,050	0.60%
10	Zubrik, Nadja Olga	Cooperative	725,700	0.56%
	Total		<u>\$ 13,934,532</u>	<u>10.70%</u>

¹ Formerly NY American Water Co.

Source: City of Rye Assessor's Office.

City of Rye, New York
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Uncollected within the Fiscal Year of the Levy		Collected in Subsequent Years
		Amount	Percent	Amount	Percent	
1997	\$ 9,510,351	\$ 9,450,388	99.37%	\$ 59,963	0.63%	\$ 58,529
1998	9,590,213	9,548,594	99.57%	41,619	0.43%	40,185
1999	9,593,156	9,564,026	99.70%	29,130	0.30%	27,696
2000	10,028,994	9,978,031	99.49%	50,963	0.51%	49,476
2001	10,323,122	10,288,742	99.67%	34,380	0.33%	32,862
2002	11,762,076	11,721,253	99.65%	40,823	0.35%	37,014
2003	13,894,248	13,837,617	99.59%	56,631	0.41%	52,924
2004	15,254,280	15,235,508	99.88%	18,772	0.12%	11,880
2005	15,900,190	15,868,141	99.80%	32,049	0.20%	22,787
2006	16,869,097	16,787,177	99.51%	81,920	0.49%	-

<u>Total Collected to Date</u>		<u>Total Uncollected to Date</u>		<u>Tax</u>	<u>Percent of</u>
<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Liens</u>	<u>Tax Liens to</u>
					<u>Tax Levy</u>
\$ 9,508,917	99.98%	\$ 1,434	0.02%	\$ 117,129	1.23%
9,588,779	99.99%	1,434	0.01%	161,105	1.68%
9,591,722	99.99%	1,434	0.01%	230,906	2.41%
10,027,507	99.99%	1,487	0.01%	379,136	3.78%
10,321,604	99.99%	1,518	0.01%	638,842	6.19%
11,758,267	99.97%	3,809	0.03%	643,455	5.47%
13,890,541	99.97%	3,707	0.03%	566,332	4.08%
15,247,388	99.95%	6,892	0.05%	458,255	3.00%
15,890,928	99.94%	9,262	0.06%	288,286	1.81%
16,787,177	99.51%	81,920	0.49%	186,887	1.11%

City of Rye, New York
 Constitutional Tax Limit

Constitutional tax limit calculation, December 31, 2006:

Full valuation, last five fiscal years:

2006	\$ 5,827,620,298
2005	5,246,364,749
2004	5,097,535,985
2003	4,725,409,509
2002	<u>3,519,370,132</u>
Total full valuation, last five years	<u>24,416,300,673</u>

Five-year average full valuation	<u>4,883,260,135</u>
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Constitutional tax limit: 2% of five-year average full valuation	<u>\$ 97,665,203</u>
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Tax levy - general city purposes	\$ 16,869,097
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Total exclusions ¹	<u>3,332,136</u>
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Tax levy subject to tax limit	<u>\$ 13,536,961</u>
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Percent of constitutional tax limit exhausted	<u>13.86%</u>
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Constitutional tax margin	<u>\$ 84,128,242</u>
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Constitutional Tax Limit - Last Ten Fiscal Years

Year	Constitutional Tax Limit	Tax Levy Subject to Tax Limit	Constitutional Tax Margin	Percent Exhausted
1997	\$ 40,646,291	\$ 9,223,056	\$ 31,423,235	22.69%
1998	39,612,136	9,403,190	30,208,946	23.74%
1999	40,709,610	9,412,627	31,296,983	23.12%
2000	42,672,432	9,755,545	32,916,887	22.86%
2001	45,434,286	9,835,340	35,598,946	21.65%
2002	51,219,253	10,654,943	40,564,310	20.80%
2003	57,380,040	12,224,328	45,155,712	21.30%
2004	66,667,867	13,379,755	53,288,112	20.07%
2005	86,967,321	12,534,148	74,433,173	14.41%
2006	97,665,203	13,536,961	84,128,242	13.86%

¹ The constitutional tax limit specifically excludes debt service related to bonds and notes issued for certain specific purposes, and also excludes budgetary appropriations in the forthcoming year's budget for objects or purposes for which a period of probable usefulness is provided for in Section 11 of the New York State Local Finance Law.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. These schedules include:

Ratios of Outstanding Debt by Type

Direct and Overlapping Governmental Activities Debt

Computation of Legal Debt Margin

Calculation of Charter Bonded Debt Limits

City of Rye, New York
Ratios of Outstanding Debt by Type
Last Five Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Loans/ Installment Purchase Contract</u>	<u>Total Outstanding Debt</u>	<u>Estimated Full Property Value</u>	<u>Percentage of Full Property Value</u>	<u>Population (1)</u>
Governmental Activities:						
2002	\$ 11,379,500	\$ 3,100,000	\$ 14,479,500	\$ 3,519,370,132	0.41%	15,090
2003	10,855,000	2,950,000	13,805,000	4,725,409,509	0.29%	15,066
2004	12,073,013	-	12,073,013	5,097,535,985	0.24%	15,043
2005	17,941,013	-	17,941,013	5,246,364,749	0.34%	14,992
2006	17,153,013	5,120,427	22,273,440	5,827,620,298	0.38%	14,992
Business-Type Activities:						
2002	5,000,000	-	5,000,000	3,519,370,132	0.14%	15,090
2003	5,000,000	-	5,000,000	4,725,409,509	0.11%	15,066
2004	4,610,000	-	4,610,000	5,097,535,985	0.09%	15,043
2005	4,210,000	-	4,210,000	5,246,364,749	0.08%	14,992
2006	3,975,000	-	3,975,000	5,827,620,298	0.07%	14,992
Total Government-Wide:						
2002	16,379,500	3,100,000	19,479,500	3,519,370,132	0.55%	15,090
2003	15,855,000	2,950,000	18,805,000	4,725,409,509	0.40%	15,066
2004	16,683,013	-	16,683,013	5,097,535,985	0.33%	15,043
2005	22,151,013	-	22,151,013	5,246,364,749	0.42%	14,992
2006	21,128,013	5,120,427	26,248,440	5,827,620,298	0.45%	14,992

(1) United States Census Bureau

<u>Debt Per Capita</u>	<u>Per Capita Personal Income (1)</u>	<u>Estimated Total Personal Income</u>	<u>Debt as a Percentage of Estimated Total Personal Income</u>
\$ 960	\$ 76,566	\$ 1,155,380,940	1.25%
916	76,566	1,153,543,356	1.20%
803	76,566	1,151,782,338	1.05%
1,197	76,566	1,147,877,472	1.56%
1,486	76,566	1,147,877,472	1.94%
331	76,566	1,155,380,940	0.43%
332	76,566	1,153,543,356	0.43%
306	76,566	1,151,782,338	0.40%
281	76,566	1,147,877,472	0.37%
265	76,566	1,147,877,472	0.35%
1,291	76,566	1,155,380,940	1.69%
1,248	76,566	1,153,543,356	1.63%
1,109	76,566	1,151,782,338	1.45%
1,478	76,566	1,147,877,472	1.93%
1,751	76,566	1,147,877,472	2.29%

City of Rye, New York
 Direct and Overlapping Governmental Activities Debt

December 31, 2006

	Net General Long-Term Debt	Percentage Applicable City of Rye	Amount Applicable to City of Rye
<u>Government Unit</u>			
City of Rye School District	\$ 33,725,000	100.00%	\$ 33,725,000
Rye Neck Union Free School District	10,670,000	32.30%	3,446,410
Westchester County	709,850,976	3.03%	21,519,132
Subtotal, Overlapping Debt			58,690,542
City Direct Debt			26,248,440
Total Direct and Overlapping Debt			<u>\$ 84,938,982</u>
Population			<u>14,992</u>
Overlapping Debt Per Capita			<u>\$ 3,915</u>
Direct and Overlapping Debt Per Capita			<u>\$ 5,666</u>

Summary of Direct and Overlapping Governmental Activities Debt
 Last Five Fiscal Years

Year	Overlapping Debt	City Direct Debt	Direct and Overlapping Debt	Population	Overlapping Debt Per Capita	Direct and Overlapping Debt Per Capita
2002	\$ 42,716,212	\$ 14,479,500	\$ 57,195,712	15,090	\$ 2,831	\$ 3,790
2003	42,615,261	13,805,000	56,420,261	15,066	2,829	3,745
2004	44,281,289	12,073,013	56,354,302	15,043	2,944	3,746
2005	59,230,087	17,941,013	77,171,100	14,992	3,951	5,147
2006	58,690,542	26,248,440	84,938,982	14,992	3,915	5,666

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Rye. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

City of Rye, New York
 Computation of Legal Debt Margin
 December 31, 2006

Fiscal Year	Net Assessed Valuation	State Equalization Rate	Full Valuation
2006	\$ 136,949,077	2.35%	\$ 5,827,620,298
2005	135,880,847	2.59%	5,246,364,749
2004	134,574,950	2.64%	5,097,535,985
2003	134,674,171	2.85%	4,725,409,509
2002	133,384,128	3.79%	<u>3,519,370,132</u>
Total Five Year Full Valuation			<u>24,416,300,673</u>
Five Year Average Full Valuation of Taxable Real Property			<u>4,883,260,135</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>341,828,209</u>
Outstanding Indebtedness at December 31st			26,248,440
Less: 2007 Appropriations for Debt Principal			<u>1,092,221</u>
Net Indebtedness Subject to Debt Limit			<u>25,156,219</u>
Net Debt Contracting Margin			<u>\$ 316,671,990</u>
Percentage of Net Debt Contracting Margin Available			<u>92.64%</u>
Percentage of Net Debt Contracting Power Exhausted			<u>7.36%</u>

Last Ten Fiscal Years						
Year	Constitutional Debt Limit	Outstanding Indebtedness December 31	Less Appropriations for Debt Principal	Indebtedness Subject to Debt Limit	Net Debt Contracting Margin	Percentage of Net Debt Contracting Margin Available
1997	\$ 141,904,451	\$ 2,300,000	\$ 219,000	\$ 2,081,000	\$ 139,823,451	98.53%
1998	136,185,012	7,440,000	260,000	7,180,000	129,005,012	94.73%
1999	143,080,821	7,610,000	521,000	7,089,000	135,991,821	95.05%
2000	156,120,004	10,570,000	555,000	10,015,000	146,105,004	93.59%
2001	172,784,523	11,980,000	640,000	11,340,000	161,444,523	93.44%
2002	194,347,279	16,729,500	874,500	15,855,000	178,492,279	91.84%
2003	232,575,661	15,855,000	880,000	14,975,000	217,600,661	93.56%
2004	270,250,344	15,377,425	1,022,652	14,354,773	255,895,571	94.69%
2005	304,385,625	22,151,013	1,019,974	21,131,039	283,254,586	93.06%
2006	341,828,209	26,248,440	1,092,221	25,156,219	316,671,990	92.64%

City of Rye, New York
 Calculation of Charter Bonded Debt Limits
 December 31, 2006

In addition to the legal debt margin, the City Charter places limitations on the issuance of new debt (see Section C21-9 of the City of Rye Code). The City Council can authorize the issuance of debt not exceeding 5% of the average gross annual budget for the preceding three years. Debt exceeding 5% but not in excess of 10% is subject to a permissive referendum. Debt in excess of 10% requires approval of the voting public in a general or special election.

In addition to other exemptions, the City Charter provides a limited exemption of \$1 million per year to an aggregate maximum outstanding of \$2.5 million, for debt issued for public safety purposes.

For purposes of this calculation, "gross annual budget" is defined as the combined total appropriations of all funds of the City, less any interfund service charges and interfund transfers.

Fund:	Gross Annual Budgets (As Adopted)		
	2004	2005	2006
General Fund	\$20,164,898	\$21,312,477	\$22,661,429
Cable TV Fund	210,602	210,643	218,953
Debt Service Fund	130,461	138,367	141,614
Capital Projects Fund	1,270,000	450,000	2,610,000
Boat Basin Fund	369,924	1,167,902	499,188
Golf Club Fund	4,073,609	4,338,025	4,614,813
Risk Retention Fund	639,850	632,630	632,630
Building and Vehicle Maintenance Fund	3,552,116	4,775,876	4,959,528
Total gross annual budgets	<u>\$30,411,460</u>	<u>\$33,025,920</u>	<u>\$36,338,155</u>
Total of preceding three years' gross annual budgets			<u>\$99,775,535</u>
Average of preceding three years' gross annual budgets			<u>\$33,258,512</u>
	Subject to City Council Vote	Subject to Permissive Referendum	Public Safety Exemption
Maximum charter bonding limit	\$ 1,662,926	\$ 3,325,851	\$ 2,500,000
Less outstanding principal at December 31, 2006:			
2000 Serial Bonds	(263,058)	(848,825)	-
2001 Serial Bonds	(438,881)	(160,663)	-
2002 Serial Bonds	-	(780,291)	-
2005 Serial Bonds	-	(150,155)	(447,667)
Charter bonding limit December 31, 2006	<u>\$ 960,987</u>	<u>\$ 1,385,917</u>	<u>\$ 2,052,333</u>

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. These schedules include:

Demographic and Economic Statistics

Principal Employers

City of Rye, New York
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Year	Population ¹	Median Age ²	Per Capita Income ²	Median Household Income ²	Median Family Income ²	Median Residential Home Value ³	Unemployment Rate ⁴
1997	15,208	N/A	\$ 46,038	\$ 69,695	\$86,126	\$ 510,000	3.7%
1998	15,326	N/A	46,038	69,695	86,126	600,000	3.4%
1999	15,176	N/A	46,038	69,695	86,126	648,000	3.4%
2000	14,982	38.1	76,566	110,894	133,231	700,000	3.4%
2001	15,042	38.1	76,566	110,894	133,231	790,000	3.8%
2002	15,090	38.1	76,566	110,894	133,231	900,000	4.6%
2003	15,066	38.1	76,566	110,894	133,231	950,000	4.6%
2004	15,043	38.1	76,566	110,894	133,231	1,070,000	4.5%
2005	14,992	38.1	76,566	110,894	133,231	1,225,000	4.1%
2006	14,992	38.1	76,566	110,894	133,231	1,179,000	3.7%

Sources:

- ¹ United States Census Bureau.
- ² United States Census Bureau 1990 and 2000 Census. Median Age data not available for 1990 through 1999.
- ³ City of Rye Assessor's office. 2006 median based on sales through mid-November 2006.
- ⁴ United States Bureau of Labor Statistics unemployment rates for Westchester County not seasonally adjusted.

City of Rye, New York
 Principal Employers
 Fiscal Year Ended December 31, 2004¹

Employer	Industry	Number of Employees
Playland	Amusement Park	596
Osborne Retirement Home	Retirement Community	480
Avon Products	Retail Cosmetics	400
Rye City School District	Education	377
Lynch Interactive Corp.	Telecommunications	328
Apawamis Club	Private Club	200
Shenorock Shore Club	Private Club	200
Mobius Management Systems Inc.	Computer Technology	175
Rye Country Day School	Education	160
Lillian Vernon Corp	Catalog and Mail Order Sales	150

¹ No data available prior to or after fiscal 2004. No data on total employment available.

Source: Westchester County Planning Department

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. These schedules include:

Full-Time Equivalent Employees by Program

Operating Indicators by Program

Capital Asset Statistics by Program

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City of Rye, New York
 Full-Time Equivalent Employees by Program
 Last Ten Fiscal Years

Year	General Government	Public Safety	Community Environment	Culture and Recreation	Total
1997	22	57	61	22	162
1998	20	57	51	35	163
1999	20	58	51	35	164
2000	29	57	55	21	162
2001	30	61	57	24	172
2002	21	62	61	26	170
2003	20	63	64	26	173
2004	21	62	64	23	170
2005	20	62	64	25	171
2006	18	61	65	23	167

City of Rye, New York
 Operating Indicators by Program
 Last Ten Fiscal Years

	1997	1998	1999	2000
General Government:				
Primary elections	-	-	1	2
General elections	1	1	1	1
Special elections	-	-	1	-
Public Safety:				
Number of police personnel and officers	39	39	40	40
Number of police calls for service	8,449	8,200	8,000	4,329
Number of parking violations issued	5,129	5,558	7,206	7,350
Number of paid firefighters	16	16	16	17
Number of volunteer firefighters	212	201	201	201
Number of fire alarms answered	719	711	711	767
Number of fire inspections performed	476	468	468	469
Number of school crossing guards	65	65	65	7
Community Environment:				
Tons collected and disposed:				
Solid waste	7,698	7,545	8,199	7,641
Green waste	N/A	N/A	N/A	544
Metal	168	172	192	192
Pulp	1,731	1,872	1,749	2,067
Co-mingled	563	564	552	557
Leaves	450	450	450	450
Wood chips	N/A	N/A	N/A	N/A
Number of tires collected and disposed	N/A	N/A	N/A	18
Number of shade trees:				
Planted	44	78	37	31
Removed	100	31	75	42
Trimmed	265	270	235	500
Emergency calls	12	10	15	22
Stumps ground	N/A	N/A	N/A	N/A
Culture and Recreation:				
Registrations for adult programs	688	587	718	953
Number of building users	34,861	29,800	24,625	24,125
Picnics	6,590	4,638	4,581	4,163
Registrations for senior citizen programs	2,265	1,110	1,257	2,111
Registrations for special events	5,483	5,212	5,686	5,569
Tennis permits issued	699	1,136	1,136	488
Registrations for youth programs	1,942	2,550	2,581	2,492
Registrations for youth sports	2,965	2,221	2,694	2,949

Note: "N/A" indicates data not available.

Sources: Departmental annual reports to the City Manager.

2001	2002	2003	2004	2005	2006
-	1	1	2	1	1
1	1	1	1	1	1
-	2	-	1	1	1
44	45	45	45	45	44
13,800	15,896	15,314	14,758	14,446	12,923
9,692	8,594	10,050	8,595	9,684	8,209
17	17	18	17	17	17
201	201	200	200	200	200
868	867	839	803	882	1,068
474	342	441	503	428	356
7	7	8	8	8	8
7,641	6,811	6,735	7,153	6,891	7,010
1,684	1,903	824	1,060	975	1,245
235	226	195	213	175	328
1,936	1,939	1,964	1,906	1,878	1,867
631	601	585	588	609	608
450	450	450	450	N/A	1,470
N/A	N/A	N/A	N/A	N/A	1,194
12	8	9	4	3	2
30	27	37	41	31	42
77	55	41	51	93	164
181	383	361	183	420	160
25	190	90	50	160	284
N/A	62	38	88	26	162
976	1,078	1,109	1,219	1,058	1,086
28,556	30,500	38,065	39,000	38,705	40,000
5,009	4,048	4,069	6,497	5,429	5,859
3,180	3,408	3,564	3,740	3,430	3,489
5,798	6,372	5,540	5,876	5,937	6,881
490	435	508	529	437	453
3,198	3,125	3,189	3,652	3,771	3,817
3,301	3,825	4,058	4,197	4,275	4,838

City of Rye, New York
 Capital Asset Statistics by Program
 Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Government:				
Number of general government buildings	1	1	1	1
Public Safety:				
Number of police stations	1	1	1	1
Number of fire stations	2	2	2	2
Number of traffic lights	22	22	22	22
Community Environment:				
Miles of streets	71	71	71	71
Number of street lights	2,105	2,105	2,105	2,105
Miles of sanitary sewers	53	53	53	53
Number of pump stations	6	6	6	6
Miles of storm drains	30	30	30	30
Culture and Recreation:				
Number of recreation centers	1	1	1	1
Number of parks	3	3	3	3
Acres of parks	75	75	75	75
Number of golf courses	1	1	1	1
Number of swimming pools	1	1	1	1
Number of nature centers	1	1	1	1
Number of cable television channels	2	2	2	2
Number of boat basin slips	398	398	398	412

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
22	22	23	23	23	23
71	71	71	71	71	71
2,105	2,105	2,105	2,105	2,105	2,105
53	53	53	53	53	53
6	6	6	6	6	6
30	30	30	30	30	30
1	1	1	1	1	1
3	3	3	3	3	3
75	75	75	75	75	75
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
412	412	412	412	412	412