



***CITY OF RYE, NEW YORK  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007***

***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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**(Unaudited)**

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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, 2007

**Elected Officials**

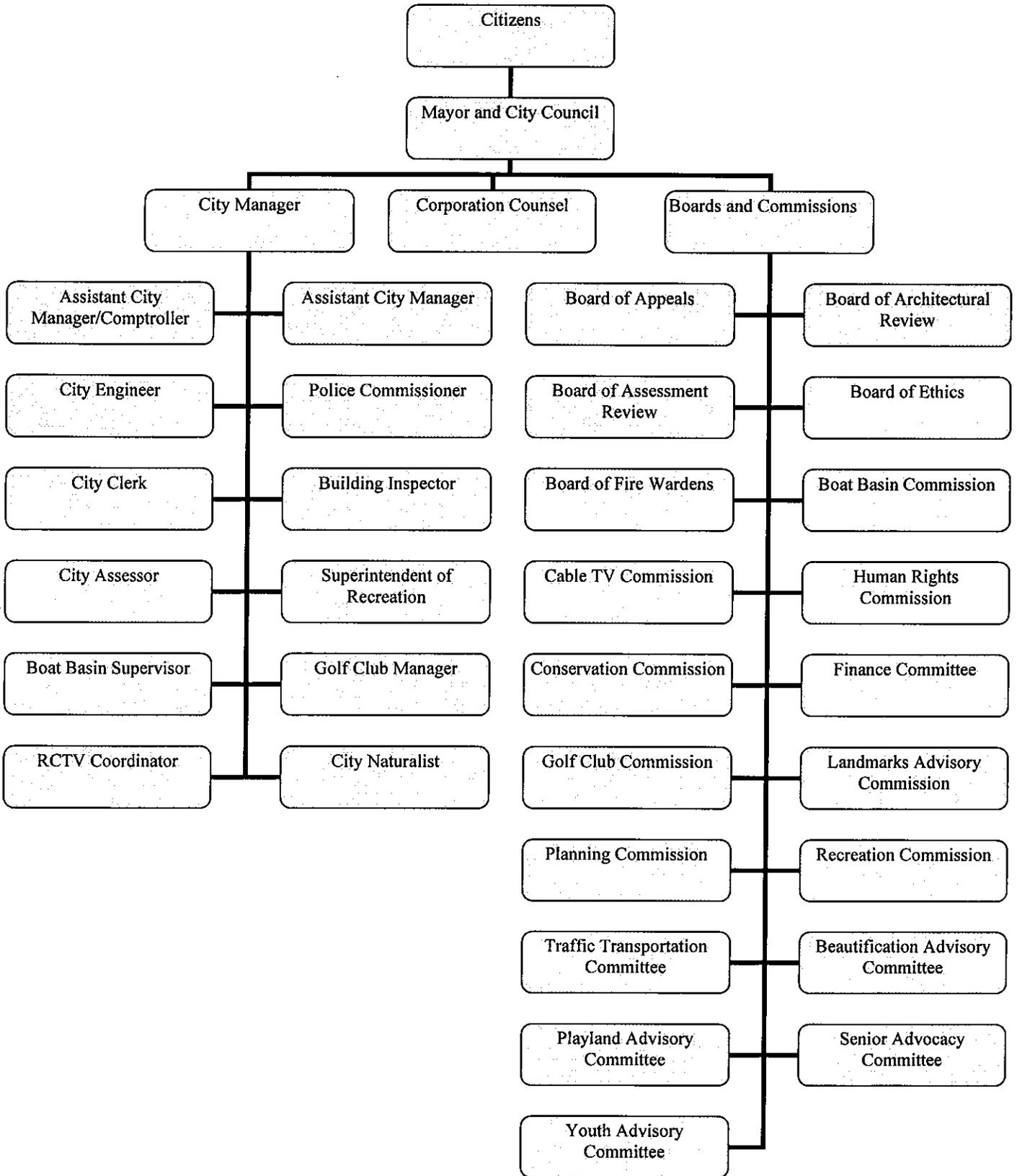
Steven Otis, Mayor

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

# 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**

Tel: (914) 967-7303  
Fax: (914) 967-7370  
E-mail: [mgenito@ryeny.gov](mailto:mgenito@ryeny.gov)  
<http://www.ryeny.gov>

June 20, 2008

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, 2007.

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, 2007 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, 2007, 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, 2006) Census Bureau estimate of the City's population is 15,109.

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 7<sup>th</sup>. 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 2007. 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 \$136,949,077 to \$138,401,675), and our tax base is not dependent upon any single industry or taxpayer. The top ten principal taxpayers of the City represent less than 8% of the tax roll, with public utilities representing 3%, commercial establishments 1%, and residential properties representing the remaining 4%.

Residential home sales reflect the upscale nature of our community. The City Assessor reported that 179 homes in the City were sold in 2007. Of these, 70% sold for \$1 million or more and 31% sold for \$2 million or more. The median home sales price increased from \$1,165,000 in 2006 to \$1,455,000 in 2007 (24.9%), while the average home sales price experienced an increase from \$1,651,686 to \$1,786,093. The highest 2007 sales price reported for a single-family home was \$10.8 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	2007	2002	1998
Residential	71.18%	69.09%	67.53%
Business	13.12%	14.30%	15.56%
Other	15.70%	16.61%	16.90%
Total	100.00%	100.00%	100.00%

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 2007 unemployment rate is not available for the City as a unit, the 2007 Westchester County rate of 3.7% continues to remain favorable against the 2007 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 2008. These include the reconstruction and improved floodway clearance of the Central Avenue Bridge, and the reconstruction of the retaining walls along Theodore Fremd Avenue and Elm Place. These structures were destroyed in the Nor'easter of April 15, 2007, and it is anticipated that each project will approach or exceed \$1 million in costs.

In addition to \$500,000 appropriated for street resurfacing, \$500,000 will be spent on vehicular and pedestrian traffic safety improvements for the southern section of Boston Post Road.

### ***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, 2006. This was the eleventh 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 2007 annual budget document, making it the seventh 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.

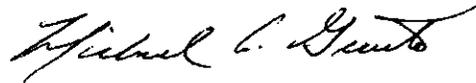
The preparation of this report would not have been possible without the dedicated services of the entire finance department staff and the assistance of all City departments concerning information specific to their operations. We thank our City Manager for his support and guidance in helping us achieve 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 auditor, 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, 2006

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.



*Oliver S. Cox*

President

*Jeffrey R. Emery*

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, 2007, 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 2006 financial statements and, in our report dated May 22, 2007 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, 2007, 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 conducted 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 stated 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**  
June 25, 2008

## **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, 2007. 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 \$72,984,299. Of this amount, \$11,470,537 may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ The City's total net assets increased by \$3,862,517.
- ❖ Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$13,937,176 of which \$10,133,783 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 \$9,785,973 or 38% of total General Fund expenditures.
- ❖ The City's total bonded debt decreased 5% from \$21,128,013 to \$20,075,000 during the current fiscal year, representing \$1,053,013 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 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 Financial Statements

The notes to 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.

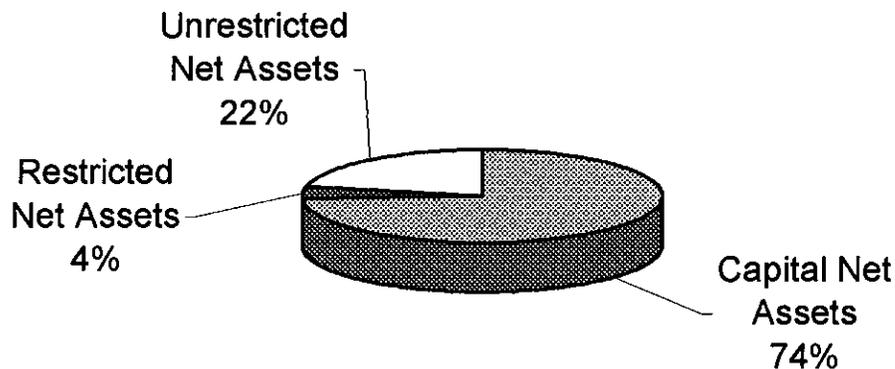
### Government-wide Financial Analysis

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 \$72,984,299 at the close of the most recent fiscal year. Of this amount, 74% (\$54,226,494) 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.

	<b>Net Assets</b>					
	<u>December 31, 2007</u>			<u>December 31, 2006</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current Assets	\$ 23,425,187	\$ 5,127,093	\$ 28,552,280	\$ 21,580,311	\$ 4,334,603	\$ 25,914,914
Capital Assets	<u>66,863,465</u>	<u>11,735,309</u>	<u>78,598,774</u>	<u>63,631,995</u>	<u>12,180,126</u>	<u>75,812,121</u>
<b>Total Assets</b>	<u>90,288,652</u>	<u>16,862,402</u>	<u>107,151,054</u>	<u>85,212,306</u>	<u>16,514,729</u>	<u>101,727,035</u>
Current Liabilities	5,980,802	342,781	6,323,583	3,826,614	289,286	4,115,900
Long-term Liabilities	<u>24,026,579</u>	<u>3,816,593</u>	<u>27,843,172</u>	<u>24,437,952</u>	<u>4,051,401</u>	<u>28,489,353</u>
<b>Total Liabilities</b>	<u>30,007,381</u>	<u>4,159,374</u>	<u>34,166,755</u>	<u>28,264,566</u>	<u>4,340,687</u>	<u>32,605,253</u>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	45,961,185	8,265,309	54,226,494	43,868,276	8,450,126	52,318,402
Restricted	2,849,549	-	2,849,549	1,860,525	-	1,860,525
Unrestricted	<u>11,470,537</u>	<u>4,437,719</u>	<u>15,908,256</u>	<u>11,218,939</u>	<u>3,723,916</u>	<u>14,942,855</u>
<b>Total Net Assets</b>	<u>\$ 60,281,271</u>	<u>\$ 12,703,028</u>	<u>\$ 72,984,299</u>	<u>\$ 56,947,740</u>	<u>\$ 12,174,042</u>	<u>\$ 69,121,782</u>

An additional portion of the City's net assets (\$2,849,549) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$15,908,256) 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, 2007**

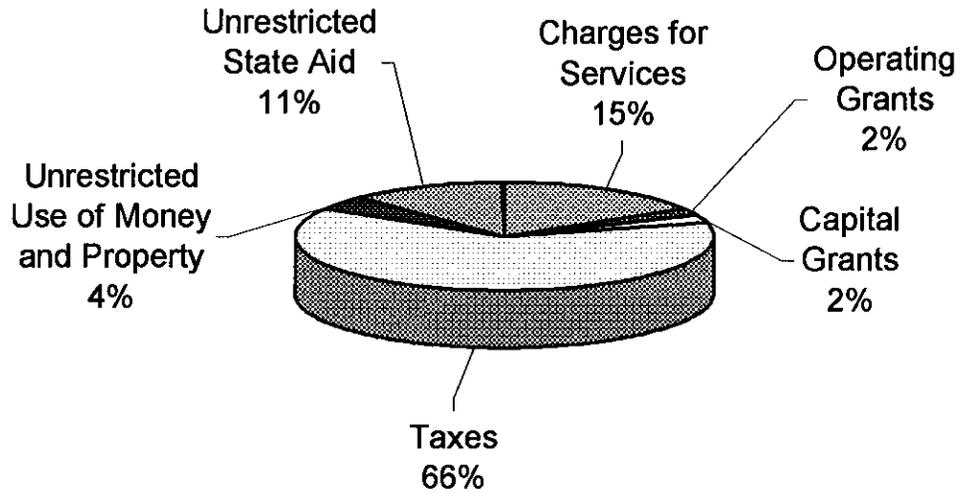


### ***Governmental Activities***

Governmental activities increased the City's net assets by \$3,333,531 accounting for 86% of the total growth in the net assets of the City. Major revenues received included:

- ❖ \$17,838,489 in real property taxes
- ❖ \$2,079,744 in sales and use taxes
- ❖ \$200,303 in hotel occupancy taxes
- ❖ \$342,687 in utilities gross receipts taxes
- ❖ \$1,195,960 from interest and investment income, and rental of property and
- ❖ \$3,415,249 in state aid not restricted to specific programs.

## Revenues by Source - Governmental Activities



Revenues from charges for services were \$4,619,282. Governmental programs received \$660,091 in operating grants, and \$622,728 in capital grants, as follows:

- ❖ \$241,511 in state aid for road improvements
- ❖ \$184,667 in federal aid for improvements to our sewer system
- ❖ \$100,000 in county aid for the purchase and installation of a skate board park
- ❖ \$96,550 in capital interest.

**Changes in Net Assets**

	Year Ended December 31, 2007			Year Ended December 31, 2006		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 4,619,282	\$ 7,567,053	\$ 12,186,335	\$ 4,341,921	\$ 6,012,017	\$ 10,353,938
Operating Grants and Contributions	660,091	-	660,091	364,595	-	364,595
Capital Grants and Contributions	622,728	3,826	626,554	421,390	-	421,390
<b>General Revenues:</b>						
Real Property Taxes	17,838,489	-	17,838,489	16,987,781	-	16,987,781
Non-Property Taxes	2,622,734	-	2,622,734	2,327,161	-	2,327,161
Unrestricted Use of Money and Property	1,195,960	254,376	1,450,336	1,137,777	221,177	1,358,954
Unrestricted State Aid	3,415,249	-	3,415,249	3,324,440	-	3,324,440
Other General Revenues	50,304	-	50,304	75,169	-	75,169
<b>Total Revenues</b>	<b>31,024,837</b>	<b>7,825,255</b>	<b>38,850,092</b>	<b>28,980,234</b>	<b>6,233,194</b>	<b>35,213,428</b>
<b>Expenses:</b>						
General Government	4,287,175	-	4,287,175	3,513,365	-	3,513,365
Public Safety	10,763,060	-	10,763,060	11,259,005	-	11,259,005
Community Environment	8,215,438	-	8,215,438	8,181,719	-	8,181,719
Culture and Recreation	3,700,558	-	3,700,558	3,693,298	-	3,693,298
Interest	725,075	-	725,075	552,544	-	552,544
Boat Basin	-	481,837	481,837	-	468,524	468,524
Golf Club	-	6,814,432	6,814,432	-	5,306,207	5,306,207
<b>Total Expenses</b>	<b>27,691,306</b>	<b>7,296,269</b>	<b>34,987,575</b>	<b>27,199,931</b>	<b>5,774,731</b>	<b>32,974,662</b>
<b>Change in Net Assets</b>	<b>3,333,531</b>	<b>528,986</b>	<b>3,862,517</b>	<b>1,780,303</b>	<b>458,463</b>	<b>2,238,766</b>
<b>Net Assets - Beginning</b>	<b>56,947,740</b>	<b>12,174,042</b>	<b>69,121,782</b>	<b>24,190,274</b>	<b>11,715,579</b>	<b>35,905,853</b>
<b>Cumulative Effect of Change</b>						
in Accounting Principle	-	-	-	30,977,163	-	30,977,163
<b>Net Assets - Ending</b>	<b>\$ 60,281,271</b>	<b>\$ 12,703,028</b>	<b>\$ 72,984,299</b>	<b>\$ 56,947,740</b>	<b>\$ 12,174,042</b>	<b>\$ 69,121,782</b>

The \$2,044,603 increase in total governmental activities revenues from the prior year is the result of the combination of the following factors:

- ❖ Real property taxes increased by \$850,708 primarily as the result of an increase to the tax levy.
- ❖ Non-property tax items increased by \$295,573 primarily as the result of the imposition of a hotel occupancy tax beginning in 2007.
- ❖ Charges for services increased by \$277,361 primarily as a result of increased housing activity that generated additional building and alteration permit fees.
- ❖ Operating grants and contributions increased \$295,496 primarily as a result of state and federal aid received to address the severe flooding situation that occurred in March/April 2007.

The \$491,375 increase in total governmental activities expenses from the prior year is the result of the combination of labor increases due under collective bargaining agreements as well as increases in certain contractual costs (data processing/MIS services and consultants. These increases were offset by a slight reduction in

equipment purchases along with a decrease in employee benefits, particularly in hospitalization and medical costs.

**Business-type Activities**

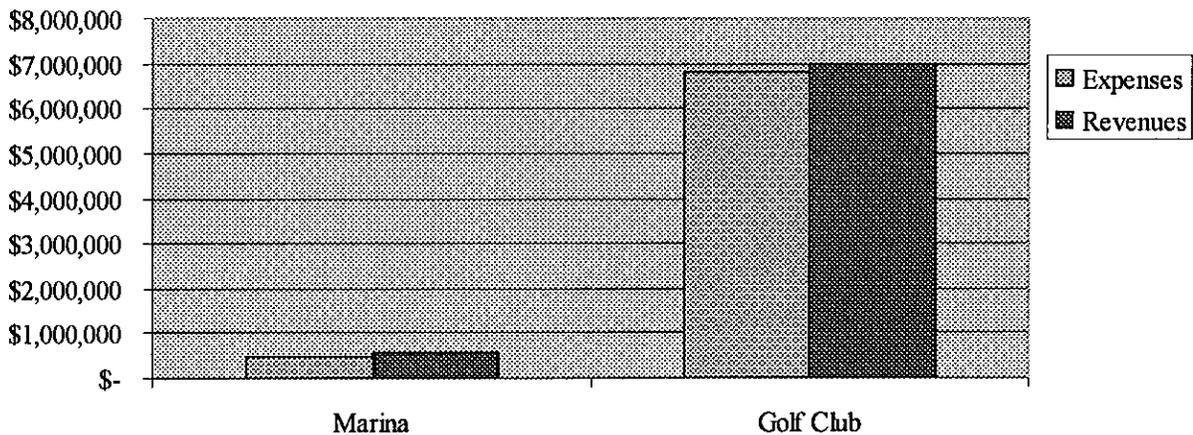
Business-type activities increased the City's net assets by \$528,986, representing 14% of the total growth in the City's net assets.

Revenues from charges for services were \$576,693 from marina operations and \$6,990,360 from golf club operations. Combined, the business-type activities earned \$254,376 in interest and investment income.

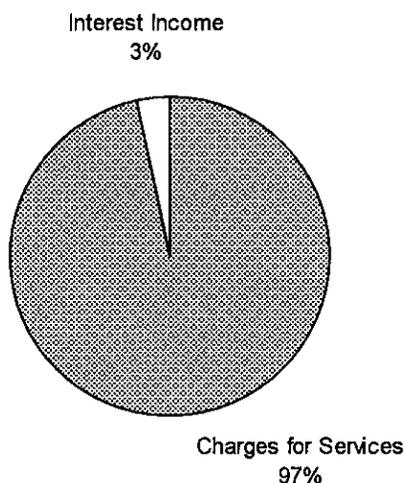
Offsetting these revenues were expenses of \$481,837 for marina operations and \$6,814,432 for golf club operations.

Total business-type activities revenues increased from the prior year by \$1,592,061 while expenses increased by \$1,521,538. Both of these increases primarily relate to the golf club catering operations. The City took over the operations from a private vendor and now records the collections of the revenues and corresponding expenses of this operation at the golf club.

**Expenses and Program Revenues  
Business-type Activities**



### 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 \$13,937,176, an increase of \$1,358,809 (10.8%) from the prior year. Approximately 73% (\$10,133,783) 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, 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 \$9,785,973 representing 74% of the total General Fund balance of \$13,309,871. 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 52% total fund balance to total expenditures.

The General Fund's fund balance increased by \$1,247,501 during the current fiscal year. Of this amount, transfers out of the General Fund exceeded transfers in by \$3,065,903. Transfers in of \$1,200 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), \$25,000 from the Capital Projects Fund and \$317,300 from the Building and Vehicle Maintenance Fund were offset by \$3,409,403 of transfers out as follows: \$138,553 transferred to the Debt Service Fund for long-term debt principal and interest requirements; \$2,276,500 to the Capital Projects Fund for infrastructure projects, and \$994,350 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 \$4,313,404. Major changes in specific revenues and expenditures in comparison to the prior year are as follows:

- ❖ Real property tax revenues increased from \$16,966,643 to \$17,849,808 (5.2%), which reflects our 3.96% tax rate increase, coupled with an increase in payments in lieu of taxes and penalties collected on delinquent tax payments.
- ❖ Non-property taxes increased \$295,573 (12.7%) from \$2,327,161 to \$2,622,734 largely due to hotel occupancy taxes of \$200,303 (new in 2007) and modest increases in sales and use taxes from retail sales and utilities tax receipts.
- ❖ Charges for services declined from \$1,372,495 to \$1,282,324 (6.6%). This \$90,171 decrease can be attributed predominantly to no sidewalk repair charges in 2007 (\$99,000 in 2006), net of increases and decreases in other charges for services.
- ❖ Interest and investment income increased \$55,767 (6.6%) from \$846,399 to \$902,166 due to slight increases in interest rates and higher cash balances available for investment.
- ❖ Licenses and permit revenues increased \$398,818 (25%) from \$1,608,932 to \$2,007,750, due to increased sales of building and alteration permits.
- ❖ Fines and forfeitures decreased \$55,893 (10.5%) from \$533,102 to \$477,209, largely attributed to decreases in traffic and parking violations.
- ❖ Miscellaneous revenues decreased \$10,503 (5.3%) attributable to increases in Medicare Part D subsidies, offset by decreases in gifts and donations.
- ❖ Mortgage tax revenues increased \$57,350 (2.8%) from \$2,084,125 to \$2,141,475 due to a slight increase in refinancing activity.
- ❖ Salaries and wages increased \$416,474 (3.7%) from \$11,286,577 to \$11,703,051 reflecting contracted increases.
- ❖ Equipment purchases decreased \$74,268 (25.4%) from \$292,784 to \$218,516. The most significant decreases are found in firefighting equipment and miscellaneous office equipment where the City made a significant investment in 2006 that was not replicated in 2007.
- ❖ Materials and supplies remained essentially the same year to year (\$1,936,896 vs. \$1,934,741).

- ❖ Contractual costs increased \$506,583 (7.9%) from \$6,373,076 to \$6,879,659, with increases in internal service fund charges (\$256,770), data processing/MIS services (\$110,995), consultants (\$88,138) and contract agency costs (\$54,503), accounting for the greatest share of the increase.
- ❖ Employee benefits decreased \$818,660 (14.8%) from \$5,517,337 to \$4,698,677. Decreases in hospitalization and medical costs (\$692,681), NYS employee retirement benefits (\$59,223) and workers' compensation costs (\$50,511) contributed most to the decrease.

The Capital Projects Fund closed the fiscal year with a fund balance of \$165,744, with three projects, namely the Kirby Lane Sewer, Kirby Lane Water/Gas Lines, and the Upper Dogwood Lane Sewer projects, indicating project deficits of \$1,921,650, \$19,412 and \$1,942 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 \$453,478, expenditures of \$3,100,436 and other financing sources and uses of \$2,251,500 (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 \$2,343,653, an increase of \$177,960 from the prior year. Net assets invested in capital assets, net of related debt, were \$673,687 and unrestricted net assets of \$1,669,966 represented the balance of net assets. Operating income of the Boat Basin Fund was \$95,458 (operating revenues of \$576,693 offset by \$481,235 of operating expenses). Interest income of \$78,676 and state aid of \$3,826 made up the balance of total net income.

Total net assets of the Golf Club Fund at year-end were \$10,373,138, an increase of \$375,084 from the prior year. Net assets invested in capital assets, net of related debt, were \$7,591,622 with unrestricted net assets of \$2,781,516 representing the balance of net assets. Golf Club Fund operating expenses of \$6,596,429 offset operating revenues of \$6,990,360 to arrive at operating income of \$393,931. Interest income of \$175,700 offset by \$194,547 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 \$27,601,660 and the final amended budget \$27,953,983 – a difference of \$352,323 (1.3%). 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:

\$276,708 in federal aid for various programs, \$74,615 in state aid for various programs and \$1,000 in inter-fund revenues. The actual results realized for the year ended December 31, 2007 exceeded the anticipated amount in the final budget by \$1,796,218. The two largest components of this surplus totaled \$1,357,937 in the areas of licenses and permits and state aid. Building and alteration permits, due to the strong housing market in the City and state aid from mortgage tax both exceeded conservatively budgeted expectations.

The difference between the operating appropriations originally budgeted and in the final amended budget for the General Fund was \$467,178 (\$28,052,549 vs. \$28,519,727), an immaterial change of 1.7%. Excluding contingency, the appropriations budget for general government operations increased \$215,000 attributed to increases for the Law Department and the Human Resources Department. The budget for public safety remained the same -- \$12,367,422. The community environment budget increased \$351,500 to address the floods in March and April of 2007. The budget for culture and recreation was increased \$171,000, attributed mostly to an increase in special events (\$131,000) and camps (\$29,000) programs. The actual results realized for the year ended December 31, 2007 were \$3,082,390 less than anticipated in the final budget. These savings were generated in a variety of areas, including fringe benefit savings relating to health insurance costs, along with savings in public safety and community environment operations.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

The City's investment in capital assets for governmental and business-type activities at December 31, 2007, net of \$38,773,126 accumulated depreciation, was \$78,598,774. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure.

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

- ❖ Docks having a value of \$50,044 were installed at the marina.
- ❖ Capital improvements with a value of \$91,055 were made to the golf course.
- ❖ DPW garage improvements were made at a cost of \$47,500.
- ❖ Recreation tennis courts were resurfaced at a cost of \$66,105.
- ❖ General vehicle and equipment purchases totaled \$1,084,428.
- ❖ Construction in progress on various City-owned facilities added \$1,383,132.
- ❖ \$264,801 in street improvements, \$152,612 in bridge improvements, \$1,246,949 in sanitary sewer improvements, \$226,458 in sewer pump station improvements, and \$232,662 in storm sewer improvements were made to the City's infrastructure.

Asset	Capital Assets					
	December 31, 2007			December 31, 2006		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 5,321,814	\$ 1,700,408	\$ 7,022,222	\$ 5,321,814	\$ 1,700,408	\$ 7,022,222
Buildings	10,446,627	11,759,480	22,206,107	10,399,127	11,759,481	22,158,608
Improvements	3,667,044	3,853,062	7,520,106	3,600,939	3,748,956	7,349,895
Machinery and equipment	8,941,459	1,138,060	10,079,519	8,102,223	1,101,067	9,203,290
Construction in progress	11,174,053	-	11,174,053	7,982,396	-	7,982,396
Infrastructure	59,369,893	-	59,369,893	59,136,444	-	59,136,444
Less - accumulated depreciation	(32,057,425)	(6,715,701)	(38,773,126)	(30,910,948)	(6,129,786)	(37,040,734)
Total (net of depreciation)	\$ 66,863,465	\$ 11,735,309	\$ 78,598,774	\$ 63,631,995	\$ 12,180,126	\$ 75,812,121

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

### **Long-term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$20,075,000. 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 \$20,075,000 bonded debt outstanding at fiscal year end, \$3,730,000 represented debt of the Golf Club Enterprise Fund.

The City issued no new general obligation debt in fiscal 2007. However, the City did issue a \$2 million bond anticipation note ("BAN") having a one-year maturity to provide short-term funding for the Kirby Lane North Sewer Project.

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, 2007 the City had exhausted 6.74% of its constitutional debt limit, providing an available debt margin of 93.26% with the authority to issue an additional \$357 million of general obligation long-term debt.

City Charter §C21-9 specifies the amount of debt that can be authorized solely on the adoption of a resolution by the City Council; the amount that can be raised by resolution of the City Council but subject to permissive referendum, and the amount requiring a mandatory referendum. At December 31, 2007, the amount of debt that could be authorized by City Council resolution alone was \$1,101,804 and the amount that could be authorized by City Council resolution subject to a permissive referendum was \$1,667,551. 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,H in the notes to financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

According to the United States Bureau of Labor Statistics, the 2007 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 2.8% increase in the Consumer Price Index, not seasonally adjusted, for the area (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) from 2006 to 2007 was the same 2.8% increase recorded for the U.S. city average for the same period.

Home financing and refinancing rates continued to be low in fiscal 2007, contributing to substantial increased revenues from mortgage taxes and construction activity. The taxable assessed value of real property in the City increased by 1% (\$136,949,077 in 2006 vs. \$138,401,675 in 2007). The median home sales price increased from \$1,165,000 in 2006 to \$1,455,000 in 2007 (24.9%), while the average home sales price experienced an increase from \$1,651,686 to \$1,786,093. City management was also aware that in 2008 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 2008 budget.

The City appropriated \$2,204,175 of unreserved fund balance from the General Fund for spending in fiscal 2008, 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 2008 real property tax rate of \$131.49 per \$1,000 taxable assessed value provides funding for all other General Fund appropriations. The tax rate increase from 2007 to 2008 is 3.34% (\$127.24 to \$131.49).

As required by City policy, both enterprise funds (the Boat Basin Fund and the Golf Club Fund) developed their fiscal 2008 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.

**BASIC FINANCIAL STATEMENTS**

City of Rye, New York  
Statement of Net Assets  
December 31, 2007  
(With Comparative Amounts for 2006)

	2007		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 10,719,448	\$ 2,433,538	\$ 13,152,986
Investments	5,621,781	2,462,992	8,084,773
Taxes receivable	661,198	-	661,198
Accounts receivable	326,522	1,250	327,772
Due from other governments	830,388	-	830,388
Internal balances	115,466	(115,466)	-
Prepaid expenses	1,407,994	84,779	1,492,773
Restricted Assets:			
Cash and equivalents	1,645,033	260,000	1,905,033
Investments	2,097,357	-	2,097,357
Capital Assets:			
Land	5,321,814	1,700,408	7,022,222
Buildings	10,446,627	11,759,480	22,206,107
Improvements	3,667,044	3,853,062	7,520,106
Machinery and equipment	8,941,459	1,138,060	10,079,519
Construction in progress	11,174,053	-	11,174,053
Infrastructure	59,369,893	-	59,369,893
Less - accumulated depreciation	<u>(32,057,425)</u>	<u>(6,715,701)</u>	<u>(38,773,126)</u>
Total Assets	<u>90,288,652</u>	<u>16,862,402</u>	<u>107,151,054</u>
<b>LIABILITIES</b>			
Accounts payable	1,029,523	242,942	1,272,465
Accrued liabilities	673,667	17,756	691,423
Accrued interest payable	465,691	54,570	520,261
Retainage payable	302,232	-	302,232
Bond anticipation notes payable	2,000,000	-	2,000,000
Deposits	390,203	-	390,203
Due to other governments	880,896	27,513	908,409
Unearned revenues	238,590	-	238,590
Non-current liabilities:			
Due within one year:			
Long-term debt	1,120,793	260,000	1,380,793
Claims payable	369,078	-	369,078
Compensated absences	97,945	8,660	106,605
Due in more than one year:			
Long-term debt	20,080,955	3,470,000	23,550,955
Claims payable	1,476,311	-	1,476,311
Compensated absences	881,497	77,933	959,430
Total Liabilities	<u>30,007,381</u>	<u>4,159,374</u>	<u>34,166,755</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	45,961,185	8,265,309	54,226,494
Restricted for:			
Capital projects	1,674,870	-	1,674,870
Permanent fund:			
Expendable	1,099	-	1,099
Nonexpendable	20,000	-	20,000
Special purposes	611,751	-	611,751
Debt service	247,532	-	247,532
Risk retention	294,297	-	294,297
Unrestricted	11,470,537	4,437,719	15,908,256
Total Net Assets	<u>\$ 60,281,271</u>	<u>\$ 12,703,028</u>	<u>\$ 72,984,299</u>

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

2006

Governmental Activities	Business-type Activities	Total
\$ 12,126,624	\$ 2,637,846	\$ 14,764,470
3,698,300	1,514,844	5,213,144
803,148	-	803,148
431,939	1,651	433,590
841,761	-	841,761
79,617	(79,617)	-
729,850	14,879	744,729
1,481,053	245,000	1,726,053
1,388,019	-	1,388,019
5,321,814	1,700,408	7,022,222
10,399,127	11,759,481	22,158,608
3,600,939	3,748,956	7,349,895
8,102,223	1,101,067	9,203,290
7,982,396	-	7,982,396
59,136,444	-	59,136,444
(30,910,948)	(6,129,786)	(37,040,734)
<u>85,212,306</u>	<u>16,514,729</u>	<u>101,727,035</u>
1,157,319	165,800	1,323,119
683,102	25,932	709,034
221,120	58,101	279,221
393,630	-	393,630
-	-	-
393,894	-	393,894
733,670	39,453	773,123
243,879	-	243,879
1,071,692	245,000	1,316,692
231,512	-	231,512
100,695	7,640	108,335
21,201,748	3,730,000	24,931,748
926,047	-	926,047
<u>906,258</u>	<u>68,761</u>	<u>975,019</u>
<u>28,264,566</u>	<u>4,340,687</u>	<u>32,605,253</u>
43,868,276	8,450,126	52,318,402
753,564	-	753,564
1,309	-	1,309
20,000	-	20,000
538,059	-	538,059
150,978	-	150,978
396,615	-	396,615
<u>11,218,939</u>	<u>3,723,916</u>	<u>14,942,855</u>
<u>\$ 56,947,740</u>	<u>\$ 12,174,042</u>	<u>\$ 69,121,782</u>

City of Rye, New York  
Statement of Activities  
Year Ended December 31, 2007  
(With Comparative Amounts for 2006)

2007						
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
<b>FUNCTIONS/PROGRAMS</b>						
<b>Governmental Activities:</b>						
General government	\$ 4,287,175	\$ 505,926	\$ 110,571	\$ -	\$ (3,670,678)	\$ (3,670,678)
Public safety	10,763,060	578,807	110,476	-	(10,073,777)	(10,073,777)
Community environment	8,215,438	2,446,351	351,324	426,178	(4,991,585)	(4,991,585)
Culture and recreation	3,700,558	1,088,198	87,720	100,000	(2,424,640)	(2,424,640)
Interest	725,075	-	-	96,550	(628,525)	(828,525)
Total Governmental Activities	27,691,306	4,619,282	660,091	622,728	(21,789,205)	(21,789,205)
<b>Business-type Activities:</b>						
Boat basin	481,837	576,693	-	3,826	-	98,682
Golf club	6,814,432	6,990,360	-	-	-	175,928
Total Business-type Activities	7,296,269	7,567,053	-	3,826	-	274,610
Total Government	\$ 34,987,575	\$ 12,186,335	\$ 660,091	\$ 626,554	(21,789,205)	274,610
<b>General Revenues:</b>						
Real property taxes					17,838,489	-
<b>Non-property taxes:</b>						
Sales and use taxes					2,079,744	-
Hotel occupancy taxes					200,303	-
Utilities gross receipts taxes					342,687	-
Unrestricted use of money and property					1,195,960	254,376
Gain on sale of equipment					28,977	-
Governmental aid not restricted to specific programs					3,415,249	-
Other revenues					23,327	-
Total General Revenues					25,122,736	254,376
Change in Net Assets					3,333,531	528,986
Net Assets - Beginning of Year					56,947,740	12,174,042
Cumulative Effect of Change in Accounting Principle					-	-
Net Assets - End of Year					\$ 60,281,271	\$ 12,703,028
						\$ 72,984,299

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

2006

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
\$ 3,513,365	\$ 489,375	\$ 43,568	\$ -	\$ (2,980,422)	\$ -	\$ (2,980,422)
11,259,005	647,446	118,383	-	(10,493,176)	-	(10,493,176)
8,181,719	2,205,360	81,161	372,435	(5,522,763)	-	(5,522,763)
3,693,298	999,740	121,483	-	(2,572,075)	-	(2,572,075)
552,544	-	-	48,955	(503,589)	-	(503,589)
<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>	<u>(22,072,025)</u>
468,524	633,083	-	-	-	164,559	164,559
5,306,207	5,378,934	-	-	-	72,727	72,727
<u>5,774,731</u>	<u>6,012,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,286</u>	<u>237,286</u>
<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>	<u>(21,834,739)</u>
				16,987,781	-	16,987,781
				1,957,187	-	1,957,187
				-	-	-
				369,974	-	369,974
				1,137,777	221,177	1,358,954
				33,270	-	33,270
				3,324,440	-	3,324,440
				41,899	-	41,899
				<u>23,852,328</u>	<u>221,177</u>	<u>24,073,505</u>
				1,780,303	458,463	2,238,766
				24,190,274	11,715,579	35,905,853
				30,977,163	-	30,977,163
				<u>\$ 56,947,740</u>	<u>\$ 12,174,042</u>	<u>\$ 69,121,782</u>

City of Rye, New York  
Balance Sheet  
Governmental Funds  
December 31, 2007  
(With Comparative Amounts for 2006)

	2007			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 9,576,247	\$ 501,596	\$ 27,643	\$ 10,105,486
Investments	1,477,667	872,217	463,865	2,813,749
Receivables:				
Taxes receivable	661,198	-	-	661,198
Accounts receivable	181,332	-	128,905	310,237
Due from other funds	1,627,403	4,725	6,521	1,638,649
Due from other governments	786,366	-	-	786,366
Prepaid expenditures	1,198,150	-	6,077	1,204,227
Restricted - Investments	-	1,914,639	21,099	1,935,738
<b>Total Assets</b>	<b><u>\$ 15,508,363</u></b>	<b><u>\$ 3,293,177</u></b>	<b><u>\$ 654,110</u></b>	<b><u>\$ 19,455,650</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 221,306	\$ 588,202	\$ 13,326	\$ 822,834
Accrued liabilities	57,137	-	-	57,137
Retainage payable	-	101,495	-	101,495
Bond anticipation notes payable	-	2,000,000	-	2,000,000
Deposits	390,203	-	-	390,203
Due to other funds	300,222	437,736	13,479	751,437
Due to other governments	880,896	-	-	880,896
Deferred revenues	348,728	-	-	348,728
<b>Total Liabilities</b>	<b><u>2,198,492</u></b>	<b><u>3,127,433</u></b>	<b><u>26,805</u></b>	<b><u>5,352,730</u></b>
<b>Fund Balances:</b>				
<b>Reserved for:</b>				
Encumbrances	304,048	1,641,773	8,945	1,954,766
Prepaid expenditures	1,198,150	-	6,077	1,204,227
Compensated absences	904,375	-	6,441	910,816
Long-term receivable	282,925	-	-	282,925
Debt service	-	-	237,732	237,732
Trust	-	-	20,000	20,000
Workers' compensation	834,400	-	300	834,700
<b>Unreserved reported in:</b>				
General Fund	9,785,973	-	-	9,785,973
Special Revenue Funds	-	-	336,911	336,911
Permanent Fund	-	-	1,099	1,099
Debt Service Fund	-	-	9,800	9,800
Capital Projects Fund	-	(1,476,029)	-	(1,476,029)
<b>Total Fund Balances</b>	<b><u>13,309,871</u></b>	<b><u>165,744</u></b>	<b><u>627,305</u></b>	<b><u>14,102,920</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 15,508,363</u></b>	<b><u>\$ 3,293,177</u></b>	<b><u>\$ 654,110</u></b>	<b><u>\$ 19,455,650</u></b>

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

## 2006

General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 11,053,950	\$ 1,600	\$ 1,281	\$ 11,056,831
322,249	462,712	389,318	1,174,279
803,148	-	-	803,148
261,011	-	117,389	378,400
162,079	-	3,587	165,666
722,743	75,082	-	797,825
568,100	-	2,385	570,485
-	841,199	21,309	862,508
<u>\$ 13,893,280</u>	<u>\$ 1,380,593</u>	<u>\$ 535,269</u>	<u>\$ 15,809,142</u>
\$ 236,529	\$ 716,156	\$ 11,348	\$ 964,033
49,399	-	121	49,520
982	98,181	-	99,163
-	-	-	-
393,894	-	-	393,894
51,100	5,054	7,803	63,957
733,670	-	-	733,670
365,336	-	-	365,336
<u>1,830,910</u>	<u>819,391</u>	<u>19,272</u>	<u>2,669,573</u>
280,652	1,406,232	12,263	1,699,147
568,100	-	2,385	570,485
924,267	-	4,304	928,571
232,742	-	-	232,742
-	-	150,978	150,978
-	-	20,000	20,000
382,000	-	-	382,000
9,674,609	-	-	9,674,609
-	-	324,758	324,758
-	-	1,309	1,309
-	-	-	-
-	(845,030)	-	(845,030)
<u>12,062,370</u>	<u>561,202</u>	<u>515,997</u>	<u>13,139,569</u>
<u>\$ 13,893,280</u>	<u>\$ 1,380,593</u>	<u>\$ 535,269</u>	<u>\$ 15,809,142</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, 2007  
 (With Comparative Amounts for 2006)

	<u>2007</u>	<u>2006</u>
Fund Balances - Total Governmental Funds	\$ 14,102,920	\$ 13,139,569
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>38,001,133</u>	<u>36,204,844</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>110,138</u>	<u>121,457</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>12,569,117</u>	<u>11,462,166</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued liabilities	(206,088)	(337,711)
Bonds payable	(1,476,098)	(1,543,177)
Claims payable	(1,845,389)	(1,157,559)
Accrued interest payable	(63,646)	(13,278)
Compensated absences	<u>(910,816)</u>	<u>(928,571)</u>
	<u>(4,502,037)</u>	<u>(3,980,296)</u>
Net Assets of Governmental Activities	<u>\$ 60,281,271</u>	<u>\$ 56,947,740</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, 2007  
(With Comparative Amounts for 2006)

	2007			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real property taxes and related items	\$ 17,849,808	\$ -	\$ -	\$ 17,849,808
Non-property taxes	2,622,734	-	246,085	2,868,819
Charges for services	1,282,324	-	-	1,282,324
Intergovernmental charges	73,656	-	-	73,656
Use of money and property	910,866	-	110,751	1,021,617
Licenses and permits	2,007,750	27,300	-	2,035,050
Fines and forfeitures	477,209	-	-	477,209
Sale of property and compensation for loss	67,234	-	-	67,234
Interfund revenues	430,025	-	-	430,025
State aid	3,575,062	241,511	-	3,816,573
Federal aid	265,460	184,667	-	450,127
Miscellaneous	188,073	-	1,811	189,884
<b>Total Revenues</b>	<b>29,750,201</b>	<b>453,478</b>	<b>358,647</b>	<b>30,562,326</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	3,670,968	-	-	3,670,968
Public safety	10,984,670	-	-	10,984,670
Community environment	7,257,244	-	-	7,257,244
Culture and recreation	3,523,915	-	246,143	3,770,058
<b>Debt service:</b>				
Principal	-	-	67,079	67,079
Interest	-	-	71,470	71,470
<b>Capital outlay:</b>				
General government	-	27,980	-	27,980
Public safety	-	16,877	-	16,877
Community environment	-	3,055,579	-	3,055,579
Recreation	-	-	-	-
<b>Total Expenditures</b>	<b>25,436,797</b>	<b>3,100,436</b>	<b>384,692</b>	<b>28,921,925</b>
Excess (Deficiency) of Revenues Over Expenditures	4,313,404	(2,646,958)	(26,045)	1,640,401
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	343,500	2,902,275	138,553	3,384,328
Transfers out	(3,409,403)	(650,775)	(1,200)	(4,061,378)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,065,903)</b>	<b>2,251,500</b>	<b>137,353</b>	<b>(677,050)</b>
<b>Net Change in Fund Balances</b>	<b>1,247,501</b>	<b>(395,458)</b>	<b>111,308</b>	<b>963,351</b>
<b>Fund Balances -</b>				
Beginning of Year	12,062,370	561,202	515,997	13,139,569
<b>Fund Balances - End of Year</b>	<b>\$ 13,309,871</b>	<b>\$ 165,744</b>	<b>\$ 627,305</b>	<b>\$ 14,102,920</b>

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

## 2006

General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 16,966,643	\$ -	\$ -	\$ 16,966,643
2,327,161	-	222,927	2,550,088
1,372,495	-	-	1,372,495
69,235	-	-	69,235
851,628	-	60,967	912,595
1,608,932	19,425	-	1,628,357
533,102	-	-	533,102
89,282	-	-	89,282
413,628	-	-	413,628
3,424,708	239,555	-	3,664,263
-	121,880	-	121,880
198,576	11,000	25,042	234,618
<u>27,855,390</u>	<u>391,860</u>	<u>308,936</u>	<u>28,556,186</u>
3,346,840	-	-	3,346,840
11,281,346	-	-	11,281,346
7,237,352	-	-	7,237,352
3,538,977	-	181,445	3,720,422
-	-	64,534	64,534
-	-	73,700	73,700
-	6,789	-	6,789
-	199,687	-	199,687
-	1,398,098	-	1,398,098
-	69,983	-	69,983
<u>25,404,515</u>	<u>1,674,557</u>	<u>319,679</u>	<u>27,398,751</u>
<u>2,450,875</u>	<u>(1,282,697)</u>	<u>(10,743)</u>	<u>1,157,435</u>
4,000	708,588	141,614	854,202
(1,448,689)	(296,088)	(4,000)	(1,748,777)
<u>(1,444,689)</u>	<u>412,500</u>	<u>137,614</u>	<u>(894,575)</u>
1,006,186	(870,197)	126,871	262,860
<u>11,056,184</u>	<u>1,431,399</u>	<u>389,126</u>	<u>12,876,709</u>
<u>\$ 12,062,370</u>	<u>\$ 561,202</u>	<u>\$ 515,997</u>	<u>\$ 13,139,569</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, 2007  
 (With Comparative Amounts for 2006)

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

	<u>2007</u>	<u>2006</u>
Net Change in Fund Balances - Total Governmental Funds	\$ 963,351	\$ 262,860
<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	2,123,480	963,684
Depreciation expense	<u>(327,191)</u>	<u>(312,419)</u>
	<u>1,796,289</u>	<u>651,265</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>(11,319)</u>	<u>21,139</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	<u>67,079</u>	<u>64,534</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	131,623	(75,055)
Claims	(687,830)	(158,135)
Accrued interest	(50,368)	596
Compensated absences	<u>17,755</u>	<u>(27,697)</u>
	<u>(588,820)</u>	<u>(260,291)</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>1,106,951</u>	<u>1,040,796</u>
Change in Net Assets of Governmental Activities	<u>\$ 3,333,531</u>	<u>\$ 1,780,303</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, 2007  
 (With Comparative Amounts for 2006)

	2007			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes and related items	\$ 17,837,826	\$ 17,837,826	\$ 17,849,808	\$ 11,982
Non-property tax	2,489,600	2,489,600	2,622,734	133,134
Charges for services	1,342,914	1,342,914	1,282,324	(60,590)
Intergovernmental charges	69,785	69,785	73,656	3,871
Use of money and property	705,700	705,700	910,866	205,166
Licenses and permits	1,345,245	1,345,245	2,007,750	662,505
Fines and forfeitures	482,900	482,900	477,209	(5,691)
Sale of property and compensation for loss	50,450	50,450	67,234	16,784
Interfund revenues	428,725	429,725	430,025	300
State aid	2,805,015	2,879,630	3,575,062	695,432
Federal aid	-	276,708	265,460	(11,248)
Miscellaneous	43,500	43,500	188,073	144,573
Total Revenues	<u>27,601,660</u>	<u>27,953,983</u>	<u>29,750,201</u>	<u>1,796,218</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
City Council	79,457	89,457	84,897	4,560
City Manager	757,227	649,609	573,062	76,547
Finance Administration	234,679	224,579	206,978	17,601
General Accounting	379,257	390,379	344,839	45,540
Accounts Payable	122,101	127,449	117,614	9,835
Payroll	106,251	139,981	126,574	13,407
Treasury	160,867	185,868	139,413	46,455
Parking Violation Bureau	113,309	128,909	121,334	7,575
Assessor	453,605	453,366	395,493	57,873
City Clerk	336,331	334,256	305,463	28,793
Records Management	54,015	55,737	39,034	16,703
Parking Administration	41,625	42,528	35,190	7,338
Law	240,507	436,324	421,380	14,944
Personnel	299,577	355,601	329,882	25,719
Elections	43,336	42,786	26,192	16,594
City Hall Annex	168,667	168,667	168,667	-
Information Technology	323,862	304,162	234,956	69,206
Contingent Account	270,000	-	-	-
Total General Government	<u>4,184,673</u>	<u>4,129,658</u>	<u>3,670,968</u>	<u>458,690</u>

2006

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 16,988,923	\$ 16,988,923	\$ 16,966,643	\$ (22,280)
2,320,500	2,320,500	2,327,161	6,661
1,293,640	1,358,640	1,372,495	13,855
67,445	67,445	69,235	1,790
525,100	525,100	851,628	326,528
1,292,391	1,292,391	1,608,932	316,541
482,700	482,700	533,102	50,402
53,750	53,750	89,282	35,532
416,803	416,803	413,628	(3,175)
2,636,129	2,647,005	3,424,708	777,703
-	-	-	-
41,400	50,990	198,576	147,586
<u>26,118,781</u>	<u>26,204,247</u>	<u>27,855,390</u>	<u>1,651,143</u>
73,807	73,807	70,236	3,571
529,230	543,930	541,672	2,258
225,042	231,642	221,607	10,035
343,914	333,664	258,424	75,240
116,843	128,243	121,930	6,313
110,938	114,808	89,425	25,383
257,852	246,468	185,592	60,876
80,414	79,219	71,932	7,287
412,713	415,013	333,756	81,257
347,163	346,528	323,681	22,847
47,331	36,815	32,326	4,489
39,889	40,829	32,523	8,306
243,152	509,112	508,527	585
227,224	278,207	265,215	12,992
42,590	42,700	6,563	36,137
-	-	-	-
294,091	295,191	283,431	11,760
261,000	7,341	-	7,341
<u>3,653,193</u>	<u>3,723,517</u>	<u>3,346,840</u>	<u>376,677</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, 2007  
 (With Comparative Amounts for 2006)

2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Public Safety:</b>				
Police Administration	974,145	992,125	820,089	172,036
Police Patrol	5,487,803	5,446,036	4,992,451	453,585
Police Investigations	789,406	747,096	597,644	149,452
Police Marine Patrol	118,202	169,577	128,997	40,580
Police Youth Services	157,457	167,567	159,126	8,441
Parking Enforcement	205,561	210,173	161,417	48,756
School Crossing Guards	122,257	122,257	83,849	38,408
Traffic Control	240,791	240,755	212,321	28,434
Fire Prevention and Suppression	4,042,701	4,042,701	3,599,642	443,059
Animal Control	20,831	20,867	20,866	1
Ambulance Service	208,268	208,268	208,268	-
<b>Total Public Safety</b>	<b>12,367,422</b>	<b>12,367,422</b>	<b>10,984,670</b>	<b>1,382,752</b>
<b>Community Environment:</b>				
Planning	279,565	279,565	244,301	35,264
Engineering	263,173	262,173	238,076	24,097
Building	359,034	359,034	340,106	18,928
Conservation	62,260	62,260	32,116	30,144
Emergency Disaster	-	351,323	259,645	91,678
Public Works Administration	896,753	862,216	785,660	76,556
Street Maintenance	649,668	778,497	682,190	96,307
Snow Removal	827,652	726,212	604,980	121,232
Street Lighting	290,216	267,312	253,661	13,651
Off-Street Parking	240,806	223,236	177,258	45,978
Sanitary Sewers	376,312	353,287	317,810	35,477
Storm Drains	231,599	230,850	214,102	16,748
Street Cleaning	89,332	101,645	98,733	2,912
Refuse and Garbage	1,719,598	1,740,413	1,648,358	92,055
Recycling	579,073	619,287	563,811	55,476
Community Beautification	510,386	542,529	517,739	24,790
Rodent and Insect Control	29,757	29,757	12,272	17,485
Shade Tree Maintenance	384,556	351,663	266,426	85,237
<b>Total Community Environment</b>	<b>7,789,740</b>	<b>8,141,259</b>	<b>7,257,244</b>	<b>884,015</b>

2006

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
942,593	981,493	912,355	69,138
5,284,533	5,226,684	4,941,855	284,829
779,651	714,947	662,600	52,347
108,525	162,618	147,625	14,993
150,452	155,452	151,643	3,809
196,776	198,176	185,254	12,922
123,245	123,645	105,919	17,726
234,292	258,524	253,402	5,122
3,853,055	3,853,055	3,688,617	164,438
27,192	27,192	23,902	3,290
208,174	208,174	208,174	-
<u>11,908,488</u>	<u>11,909,960</u>	<u>11,281,346</u>	<u>628,614</u>
266,032	267,732	223,437	44,295
252,580	252,580	235,468	17,112
346,396	348,796	335,163	13,633
59,137	59,137	56,984	2,153
-	-	-	-
844,094	858,268	838,464	19,804
642,500	839,560	824,069	15,491
801,538	595,778	542,098	53,680
242,726	240,726	237,315	3,411
237,683	90,923	63,958	26,965
358,332	353,512	339,271	14,241
228,208	180,948	165,996	14,952
104,992	119,892	119,790	102
1,676,933	1,745,393	1,665,454	79,939
560,326	610,705	588,828	21,877
485,530	564,434	554,888	9,546
28,448	11,648	8,457	3,191
364,228	474,958	437,712	37,246
<u>7,499,683</u>	<u>7,614,990</u>	<u>7,237,352</u>	<u>377,638</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, 2007  
 (With Comparative Amounts for 2006)

	2007			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Culture and Recreation:</b>				
Recreation Administration	380,302	374,241	345,900	28,341
Parks and Playgrounds	361,920	381,031	316,250	64,781
Recreation Center	200,226	184,465	168,381	16,084
Recreation Programs	258,548	241,646	227,367	14,279
Camps	387,592	416,830	390,972	25,858
Athletics	183,858	181,103	149,853	31,250
Tennis	112,231	120,733	113,478	7,255
Special Events	116,786	248,287	134,888	113,399
Adult Recreation	123,892	127,228	98,993	28,235
Rye Youth Council	37,940	46,364	46,364	-
Rye Town Park	90,000	90,000	90,000	-
Southeast Consortium	14,712	16,655	16,555	100
Rye Free Reading Room	1,144,570	1,144,570	1,144,570	-
Square House Museum	93,547	93,547	92,704	843
Rye Arts Center	5,296	5,296	5,296	-
Special Facilities Administration	83,854	84,152	79,733	4,419
Rye Nature Center	115,438	125,240	102,611	22,629
<b>Total Culture and Recreation</b>	<u>3,710,712</u>	<u>3,881,388</u>	<u>3,523,915</u>	<u>357,473</u>
<b>Total Expenditures</b>	<u>28,052,547</u>	<u>28,519,727</u>	<u>25,436,797</u>	<u>3,082,930</u>
<b>Excess (Deficiency) of Revenues     Over Expenditures</b>	<u>(450,887)</u>	<u>(565,744)</u>	<u>4,313,404</u>	<u>4,879,148</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,200	343,500	343,500	-
Transfers out	<u>(3,087,403)</u>	<u>(3,409,403)</u>	<u>(3,409,403)</u>	-
<b>Total Other Financing Uses</b>	<u>(3,086,203)</u>	<u>(3,065,903)</u>	<u>(3,065,903)</u>	-
Net Change in Fund Balance	<u>(3,537,090)</u>	<u>(3,631,647)</u>	1,247,501	4,879,148
Fund Balance - Beginning of Year	<u>3,537,090</u>	<u>3,631,647</u>	<u>12,062,370</u>	<u>8,430,723</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,309,871</u>	<u>\$ 13,309,871</u>

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

2006

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
371,814	372,268	348,740	23,528
313,144	340,367	319,759	20,608
216,763	212,563	191,924	20,639
271,961	279,274	243,155	36,119
374,451	352,266	340,809	11,457
187,932	200,677	153,041	47,636
104,783	103,088	95,452	7,636
114,523	280,838	157,515	123,323
121,043	120,518	99,238	21,280
36,480	40,657	36,480	4,177
88,000	90,000	90,000	-
14,077	16,053	15,924	129
1,100,548	1,100,548	1,100,548	-
88,544	88,544	87,063	1,481
4,782	4,782	4,782	-
86,244	86,522	81,720	4,802
95,742	177,043	172,827	4,216
<u>3,590,831</u>	<u>3,866,008</u>	<u>3,538,977</u>	<u>327,031</u>
<u>26,652,195</u>	<u>27,114,475</u>	<u>25,404,515</u>	<u>1,709,960</u>
<u>(533,414)</u>	<u>(910,228)</u>	<u>2,450,875</u>	<u>3,361,103</u>
4,000	4,000	4,000	-
<u>(1,355,114)</u>	<u>(1,448,689)</u>	<u>(1,448,689)</u>	<u>-</u>
<u>(1,351,114)</u>	<u>(1,444,689)</u>	<u>(1,444,689)</u>	<u>-</u>
<u>(1,884,528)</u>	<u>(2,354,917)</u>	1,006,186	3,361,103
<u>1,884,528</u>	<u>2,354,917</u>	<u>11,056,184</u>	<u>8,701,267</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,062,370</u>	<u>\$ 12,062,370</u>

City of Rye, New York  
Statement of Net Assets  
Proprietary Funds  
December 31, 2007  
(With Comparative Amounts for 2006)

	2007			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and equivalents	\$ 318,885	\$ 2,114,653	\$ 2,433,538	\$ 613,962
Investments	1,395,824	1,067,168	2,462,992	2,808,032
Accounts receivable	250	1,000	1,250	16,285
Due from other funds	-	-	-	300,485
Due from other governments	-	-	-	44,022
Prepaid expenses	14,003	70,776	84,779	203,767
<b>Total Current Assets</b>	<u>1,728,962</u>	<u>3,253,597</u>	<u>4,982,559</u>	<u>3,986,553</u>
<b>Noncurrent Assets:</b>				
<b>Restricted Assets:</b>				
Cash and equivalents	-	260,000	260,000	1,645,033
Investments	-	-	-	161,619
<b>Total Restricted Assets</b>	<u>-</u>	<u>260,000</u>	<u>260,000</u>	<u>1,806,652</u>
<b>Capital Assets:</b>				
Land	408	1,700,000	1,700,408	5,321,814
Buildings	341,930	11,417,550	11,759,480	10,446,627
Improvements	1,154,221	2,698,841	3,853,062	3,667,044
Machinery and equipment	73,388	1,064,672	1,138,060	8,941,459
Construction in progress	-	-	-	8,457,039
Less accumulated depreciation	(896,260)	(5,819,441)	(6,715,701)	(7,971,651)
<b>Total Capital Assets (net of accumulated depreciation)</b>	<u>673,687</u>	<u>11,061,622</u>	<u>11,735,309</u>	<u>28,862,332</u>
<b>Total Noncurrent Assets</b>	<u>673,687</u>	<u>11,321,622</u>	<u>11,995,309</u>	<u>30,668,984</u>
<b>Total Assets</b>	<u>2,402,649</u>	<u>14,575,219</u>	<u>16,977,868</u>	<u>34,655,537</u>

2006

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 14,782	\$ 2,623,064	\$ 2,637,846	\$ 1,069,793
1,494,436	20,408	1,514,844	2,524,021
1,641	10	1,651	53,539
-	1,377	1,377	51,075
-	-	-	43,936
3,225	11,654	14,879	159,365
<u>1,514,084</u>	<u>2,656,513</u>	<u>4,170,597</u>	<u>3,901,729</u>
-	245,000	245,000	1,481,053
-	-	-	525,511
-	<u>245,000</u>	<u>245,000</u>	<u>2,006,564</u>
408	1,700,000	1,700,408	5,321,814
341,930	11,417,551	11,759,481	10,399,127
1,104,177	2,644,779	3,748,956	3,600,939
73,388	1,027,679	1,101,067	8,102,223
-	-	-	7,106,133
<u>(823,242)</u>	<u>(5,306,544)</u>	<u>(6,129,786)</u>	<u>(7,103,085)</u>
696,661	11,483,465	12,180,126	27,427,151
696,661	11,728,465	12,425,126	29,433,715
<u>2,210,745</u>	<u>14,384,978</u>	<u>16,595,723</u>	<u>33,335,444</u>

(Continued)

City of Rye, New York  
Statement of Net Assets (Continued)  
Proprietary Funds  
December 31, 2007  
(With Comparative Amounts for 2006)

	2007			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	4,552	238,390	242,942	206,689
Accrued liabilities	3,465	14,291	17,756	410,442
Accrued interest payable	-	54,570	54,570	402,045
Retainage payable	-	-	-	200,737
Due to other funds	23,571	78,132	101,703	1,085,994
Due to other governments	1,712	25,801	27,513	-
Compensated absences	2,570	6,090	8,660	6,863
Current Liabilities Payable from				
Restricted Assets -				
Bonds payable	-	260,000	260,000	773,856
Installment purchase contract	-	-	-	275,793
Total Current Liabilities	<u>35,870</u>	<u>677,274</u>	<u>713,144</u>	<u>3,362,419</u>
<b>Noncurrent Liabilities:</b>				
Bonds payable	-	3,470,000	3,470,000	14,095,046
Installment purchase contract	-	-	-	4,580,955
Compensated absences	23,126	54,807	77,933	61,763
Total Noncurrent Liabilities	<u>23,126</u>	<u>3,524,807</u>	<u>3,547,933</u>	<u>18,737,764</u>
Total Liabilities	<u>58,996</u>	<u>4,202,081</u>	<u>4,261,077</u>	<u>22,100,183</u>
<b>NET ASSETS</b>				
Invested in capital assets,				
net of related debt	673,687	7,591,622	8,265,309	10,943,334
Unrestricted	<u>1,669,966</u>	<u>2,781,516</u>	<u>4,451,482</u>	<u>1,612,020</u>
Total Net Assets	<u>\$ 2,343,653</u>	<u>\$ 10,373,138</u>	12,716,791	<u>\$ 12,555,354</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(13,763)</u>	
Net Assets of Business-type Activities			<u>\$ 12,703,028</u>	

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

2006

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
1,837	163,963	165,800	193,286
275	25,657	25,932	295,871
-	58,101	58,101	207,842
-	-	-	294,467
16,465	74,824	91,289	62,872
2,758	36,695	39,453	-
2,372	5,268	7,640	7,838
-	245,000	245,000	740,934
-	-	-	263,679
<u>23,707</u>	<u>609,508</u>	<u>633,215</u>	<u>2,066,789</u>
-	3,730,000	3,730,000	14,868,902
-	-	-	4,856,748
<u>21,345</u>	<u>47,416</u>	<u>68,761</u>	<u>70,544</u>
<u>21,345</u>	<u>3,777,416</u>	<u>3,798,761</u>	<u>19,796,194</u>
<u>45,052</u>	<u>4,386,924</u>	<u>4,431,976</u>	<u>21,862,983</u>
696,661	7,753,465	8,450,126	8,703,452
<u>1,469,032</u>	<u>2,244,589</u>	<u>3,713,621</u>	<u>2,769,009</u>
<u>\$ 2,165,693</u>	<u>\$ 9,998,054</u>	<u>12,163,747</u>	<u>\$ 11,472,461</u>

10,295

\$ 12,174,042

City of Rye, New York  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
Year Ended December 31, 2007  
(With Comparative Amounts for 2006)

	2007			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 576,224	\$ 6,989,442	\$ 7,565,666	\$ 4,243,552
Miscellaneous	469	918	1,387	100,000
Total Operating Revenues	<u>576,693</u>	<u>6,990,360</u>	<u>7,567,053</u>	<u>4,343,552</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	194,666	1,645,832	1,840,498	638,297
Employee benefits	63,594	465,905	529,499	246,202
Materials and supplies	37,698	1,953,037	1,990,735	908,329
Contractual costs	112,259	2,018,758	2,131,017	757,704
Depreciation	73,018	512,897	585,915	1,103,711
Total Operating Expenses	<u>481,235</u>	<u>6,596,429</u>	<u>7,077,664</u>	<u>3,654,243</u>
Operating Income	<u>95,458</u>	<u>393,931</u>	<u>489,389</u>	<u>689,309</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Gain on sale of equipment	-	-	-	26,977
State aid	3,826	-	3,826	-
Interest income	78,676	175,700	254,376	292,794
Interest expense	-	(194,547)	(194,547)	(603,237)
Total Non-Operating Revenues (Expenses)	<u>82,502</u>	<u>(18,847)</u>	<u>63,655</u>	<u>(283,466)</u>
Income Before Transfers	177,960	375,084	553,044	405,843
Transfers in	-	-	-	994,350
Transfers out	-	-	-	(317,300)
Change in Net Assets	177,960	375,084	553,044	1,082,893
Net Assets - Beginning of Year	2,165,693	9,998,054	12,163,747	11,472,461
Net Assets - End of Year	<u>\$ 2,343,653</u>	<u>\$ 10,373,138</u>	<u>\$ 12,716,791</u>	<u>\$ 12,555,354</u>
Change in Net Assets			\$ 553,044	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(24,058)</u>	
Change in Net Assets of Business-type Activities			<u>\$ 528,986</u>	

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

2006

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 554,418	\$ 5,367,102	\$ 5,921,520	\$ 3,828,811
78,665	11,832	90,497	38,515
<u>633,083</u>	<u>5,378,934</u>	<u>6,012,017</u>	<u>3,867,326</u>
183,937	1,761,116	1,945,053	621,958
71,132	530,065	601,197	293,684
33,644	1,357,542	1,391,186	860,420
113,447	959,248	1,072,695	731,119
68,014	502,643	570,657	1,047,044
<u>470,174</u>	<u>5,110,614</u>	<u>5,580,788</u>	<u>3,554,225</u>
<u>162,909</u>	<u>268,320</u>	<u>431,229</u>	<u>313,101</u>
-	-	-	33,270
-	-	-	-
67,607	153,570	221,177	291,378
-	(206,031)	(206,031)	(479,440)
<u>67,607</u>	<u>(52,461)</u>	<u>15,146</u>	<u>(154,792)</u>
230,516	215,859	446,375	158,309
-	-	-	894,575
-	-	-	-
230,516	215,859	446,375	1,052,884
1,935,177	9,782,195	11,717,372	10,419,577
<u>\$ 2,165,693</u>	<u>\$ 9,998,054</u>	<u>\$ 12,163,747</u>	<u>\$ 11,472,461</u>
		\$ 446,375	
		<u>12,088</u>	
		<u>\$ 458,463</u>	

City of Rye, New York  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2007  
(With Comparative Amounts for 2006)

	2007			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 577,615	\$ 7,033,537	\$ 7,611,152	\$ 4,031,310
Cash payments to employees	(253,091)	(2,114,890)	(2,367,981)	(839,684)
Cash payments to vendors	(151,960)	(4,007,783)	(4,159,743)	(707,640)
Other operating revenues	469	918	1,387	100,000
Net Cash Provided by (Used in) Operating Activities	<u>173,033</u>	<u>911,782</u>	<u>1,084,815</u>	<u>2,583,986</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	-	-	994,350
Transfers out	-	-	-	(317,300)
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>677,050</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	-	-	-	-
Proceeds from State aid	3,826	-	3,826	-
Acquisition and construction of capital assets	(50,044)	(91,055)	(141,099)	(2,538,894)
Principal paid on capital debt	-	(245,000)	(245,000)	(1,004,613)
Interest paid on capital debt	-	(198,078)	(198,078)	(661,931)
Proceeds from sale of capital assets	-	-	-	26,977
Net Cash Used in Capital and Related Financing Activities	<u>(46,218)</u>	<u>(534,133)</u>	<u>(580,351)</u>	<u>(4,178,461)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	78,676	175,700	254,376	545,691
Purchase of investments	(183,168)	(2,554,298)	(2,737,466)	(5,209,649)
Sale of investments	281,780	1,507,538	1,789,318	5,289,532
Net Cash Provided by (Used in) Investing Activities	<u>177,288</u>	<u>(871,060)</u>	<u>(693,772)</u>	<u>625,574</u>
Net Increase (Decrease) in Cash and Equivalents	304,103	(493,411)	(189,308)	(291,851)
Cash and Equivalents - Beginning of Year	14,782	2,868,064	2,882,846	2,550,846
Cash and Equivalents - End of Year	<u>\$ 318,885</u>	<u>\$ 2,374,653</u>	<u>\$ 2,693,538</u>	<u>\$ 2,258,995</u>

2006

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 552,777	\$ 5,394,511	\$ 5,947,288	\$ 3,759,341
(251,258)	(2,266,665)	(2,517,923)	(908,986)
(145,862)	(2,177,893)	(2,323,755)	(3,459,289)
78,665	11,832	90,497	38,515
<u>234,322</u>	<u>961,785</u>	<u>1,196,107</u>	<u>(570,419)</u>
-	-	-	894,575
-	-	-	-
-	-	-	<u>894,575</u>
-	-	-	5,293,859
(29,973)	(295,756)	(325,729)	(10,475,956)
-	(235,000)	(235,000)	(896,898)
-	(209,348)	(209,348)	(571,437)
-	-	-	<u>33,270</u>
<u>(29,973)</u>	<u>(740,104)</u>	<u>(770,077)</u>	<u>(6,617,162)</u>
67,607	153,570	221,177	503,629
(569,322)	(4,202,251)	(4,771,573)	(5,083,737)
283,707	5,244,697	5,528,404	10,541,860
<u>(218,008)</u>	<u>1,196,016</u>	<u>978,008</u>	<u>5,961,752</u>
(13,659)	1,417,697	1,404,038	(331,254)
28,441	1,450,367	1,478,808	2,882,100
<u>\$ 14,782</u>	<u>\$ 2,868,064</u>	<u>\$ 2,882,846</u>	<u>\$ 2,550,846</u>

(Continued)

City of Rye, New York  
Statement of Cash Flows ( Continued)  
Proprietary Funds  
Year Ended December 31, 2007  
(With Comparative Amounts for 2006)

	2007			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income	\$ 95,458	\$ 393,931	\$ 489,389	\$ 689,309
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	73,018	512,897	585,915	1,103,711
(Increase) decrease in accounts receivable	1,391	(990)	401	37,254
(Increase) decrease in due from other funds	-	1,377	1,377	(249,410)
Decrease in due from other governments	-	-	-	(86)
(Increase) decrease in prepaid expenses	(10,778)	(59,122)	(69,900)	(44,402)
Increase (decrease) in accounts payable	2,715	74,428	77,143	13,403
Increase (decrease) in accrued liabilities	3,190	(11,366)	(8,176)	114,571
Increase (decrease) in retainage payable	-	-	-	(93,730)
Increase (decrease) in due to other funds	7,106	3,308	10,414	1,023,122
Increase (decrease) in due to other governments	(1,046)	(10,894)	(11,940)	-
Increase (decrease) in compensated absences	1,979	8,213	10,192	(9,756)
Total Adjustments	<u>77,575</u>	<u>517,851</u>	<u>595,426</u>	<u>1,894,677</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 173,033</u>	<u>\$ 911,782</u>	<u>\$ 1,084,815</u>	<u>\$ 2,583,986</u>

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

2006

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
<u>\$ 162,909</u>	<u>\$ 268,320</u>	<u>\$ 431,229</u>	<u>\$ 313,101</u>
68,014	502,643	570,657	1,047,044
(1,641)	27,409	25,768	(36,739)
-	(1,377)	(1,377)	41,495
-	-	-	(226)
4,758	31,607	36,365	9,193
(3,946)	97,095	93,149	(430,918)
(72)	22,444	22,372	89,955
-	-	-	169,292
(1,336)	(13,093)	(14,429)	(1,779,317)
1,753	24,665	26,418	-
<u>3,883</u>	<u>2,072</u>	<u>5,955</u>	<u>6,701</u>
<u>71,413</u>	<u>693,465</u>	<u>764,878</u>	<u>(883,520)</u>
<u>\$ 234,322</u>	<u>\$ 961,785</u>	<u>\$ 1,196,107</u>	<u>\$ (570,419)</u>

City of Rye, New York  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
December 31, 2007  
(With Comparative Amounts for 2006)

	2007	2006
<b>ASSETS</b>		
Cash and equivalents	\$ 38,089	\$ 139,687
<b>LIABILITIES</b>		
Accounts payable	\$ 13,375	\$ 102,876
Employee payroll deductions	24,714	36,811
Total Liabilities	\$ 38,089	\$ 139,687

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 2007 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 pages 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 Financial 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 days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. 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 and, accordingly, the City's policy provides for no credit risk on investments.

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, 2007.

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

**Investment Pool** - The City participates in a cooperative investment pool established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. 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. Additional information concerning the Cooperative is presented in the annual report of the Cooperative Liquid Assets Securities System ("CLASS"), which may be obtained from MBIA Municipal Investors Service Corp., 113 King Street, Armonk, NY 10504.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

CLASS is rated AAA/V1+ by Fitch Ratings and is registered with the Securities and Exchange Commission. 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> and collected by the City in two installments: the taxes for the period July 1<sup>st</sup> to June 30<sup>th</sup> are due on September 1<sup>st</sup>, with the first half payable without penalty until September 30<sup>th</sup>, and the second half payable without penalty until November 30<sup>th</sup>. The Rye City School District is responsible for the levy and collection of Rye City School District taxes until July 1<sup>st</sup> of the following 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 by May 25<sup>th</sup>, and the balance of forty percent (40%) on October 15<sup>th</sup>. 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 1<sup>st</sup> 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 15<sup>th</sup>, 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 31<sup>st</sup>. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

**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.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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.

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

Deferred revenues in the 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 \$110,138 for real property taxes and \$238,590 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, trust and workers' compensation represent portions of fund balance

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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.

**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 31<sup>st</sup>, 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 2007, the maximum amount that could have been raised was \$109,137,547, which exceeded the levy by \$97,637,090.

**Note 2 - Stewardship, Compliance and Accountability (Continued)****C. Capital Projects Fund Project Deficits**

Deficits in certain capital projects arise because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other capital project deficits, where no bond anticipation notes exist to the extent of the deficit, arise because of expenditures and encumbrances exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

**Note 3 - Detailed Notes on All Funds****A. Taxes Receivable**

Taxes receivable at December 31, 2007 consisted of the following:

City taxes - Current	\$ 49,832
City taxes - Delinquent	397,429
School district taxes - Current	<u>213,937</u>
	<u>\$ 661,198</u>

School district taxes are offset by liabilities to the school district, which will be paid no later than May 1, 2008. Taxes receivable are also partially offset in the fund financial statements by deferred tax revenues of \$110,138, 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 \$282,925, which represents an estimate of taxes receivable that will not be collected within the subsequent year.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2007

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**Note 3 - Detailed Notes on All Funds (Continued)****B. Due From/To Other Funds**

The balances reflected as due from/to other funds at December 31, 2007 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Cable TV Fund	\$ 9,853
	Capital Projects Fund	431,215
	Boat Basin Fund	22,209
	Golf Club Fund	78,132
	Building and Vehicle Maintenance Fund	1,085,994
		<u>1,627,403</u>
Capital Projects Fund	General Fund	<u>4,725</u>
Debt Service Fund	Capital Projects Fund	<u>6,521</u>
Building and Vehicle Maintenance Fund	General Fund	295,497
	Debt Service Fund	3,626
	Boat Basin Fund	1,362
		<u>300,485</u>
		<u>\$ 1,939,134</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.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2007

**Note 3 - Detailed Notes on All Funds (Continued)****C. Capital Assets**

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

Class	Balance at January 1, 2007	Additions	Deletions	Balance at December 31, 2007
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 5,321,814	\$ -	\$ -	\$ 5,321,814
Construction-in-progress	7,982,396	3,223,883	32,226	11,174,053
<b>Total Capital Assets, not being depreciated</b>	<b>\$ 13,304,210</b>	<b>\$ 3,223,883</b>	<b>\$ 32,226</b>	<b>\$ 16,495,867</b>
Capital Assets, being depreciated:				
Buildings	\$ 10,399,127	\$ 47,500	\$ -	\$ 10,446,627
Improvements	3,600,939	66,105	-	3,667,044
Machinery and Equipment	8,102,223	1,084,428	245,192	8,941,459
Infrastructure	59,136,444	282,729	49,280	59,369,893
<b>Total Capital Assets, being depreciated</b>	<b>81,238,733</b>	<b>1,480,762</b>	<b>294,472</b>	<b>82,425,023</b>
Less Accumulated Depreciation for:				
Buildings	1,551,790	273,922	-	1,825,712
Improvements	1,191,781	190,505	-	1,382,286
Machinery and Equipment	4,359,514	639,284	235,145	4,763,653
Infrastructure	23,807,863	327,191	49,280	24,085,774
<b>Total Accumulated Depreciation</b>	<b>30,910,948</b>	<b>1,430,902</b>	<b>284,425</b>	<b>32,057,425</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>\$ 50,327,785</b>	<b>\$ 49,860</b>	<b>\$ 10,047</b>	<b>\$ 50,367,598</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 63,631,995</b>	<b>\$ 3,273,743</b>	<b>\$ 42,273</b>	<b>\$ 66,863,465</b>

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2007

**Note 3 - Detailed Notes on All Funds (Continued)**

Class	Balance at January 1, 2007	Additions	Balance at December 31, 2007
<b>Business-type Activities:</b>			
Capital Assets, not being depreciated - Land	\$ 1,700,408	\$ -	\$ 1,700,408
Capital Assets, being depreciated:			
Buildings	\$ 11,759,480	\$ -	\$ 11,759,480
Improvements	3,748,956	104,106	3,853,062
Machinery and Equipment	1,101,067	36,993	1,138,060
 Total Capital Assets, being depreciated	 16,609,503	 141,099	 16,750,602
Less Accumulated Depreciation for:			
Buildings	3,257,553	292,095	3,549,648
Improvements	1,890,371	244,083	2,134,454
Machinery and Equipment	981,862	49,737	1,031,599
 Total Accumulated Depreciation	 6,129,786	 585,915	 6,715,701
 Total Capital Assets, being depreciated, net	 10,479,717	 (444,816)	 10,034,901
 Business-type Activities Capital Assets, net	 \$ 12,180,125	 \$ (444,816)	 \$ 11,735,309

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2007

**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		306,998
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets		<u>1,103,711</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,430,902</u>
Business-type Activities:		
Boat Basin		\$ 73,018
Golf Club		<u>512,897</u>
Total Depreciation Expense - Business-Type Activities		<u>\$ 585,915</u>

**Construction Commitments**

The City has active construction projects as of December 31, 2007. These projects include new construction and renovations to existing properties. At year-end, the City had \$1,641,773 in construction encumbrances.

**D. Accrued Liabilities**

Accrued liabilities at December 31, 2007 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Payroll and employee benefits	\$ 112,579	\$ 17,756	\$ 130,335
Claims	<u>561,088</u>	<u>-</u>	<u>561,088</u>
Total Accrued Liabilities	<u>\$ 673,667</u>	<u>\$ 17,756</u>	<u>\$ 691,423</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

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2007

**Note 3 - Detailed Notes on All Funds (Continued)**

techniques, claim liabilities are recomputed periodically to produce current estimates. These estimates reflect recent settlements, claim frequency and other economic and social factors. A 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, 2007		Year Ended December 31, 2006	
	General Liability	Health Benefits	General Liability	Health Benefits
Balance - Beginning of Year	\$ 295,000	\$ 387,159	\$ 205,000	\$ 301,121
Provision for Claims and Claims Adjustment Expenses	475,879	2,875,781	511,607	3,634,143
Claims and Claims Adjustment Expenses Paid	(415,879)	(3,025,770)	(421,607)	(3,548,105)
Balance - End of Year	<u>\$ 355,000</u>	<u>\$ 237,170</u>	<u>\$ 295,000</u>	<u>\$ 387,159</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, 2008 are as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2007

**Note 3 - Detailed Notes on All Funds (Continued)**

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	1 75I/41J	12.1 %
	2 75I/41J	11.1
	3 A14/41J	8.9
	4 A15/41J	8.9
PFRS	1 384D/3029D	20.0 %
	2 384D	14.7

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

	<u>ERS</u>	<u>PFRS</u>
2007	\$ 622,275	\$ 754,286
2006	697,444	799,189
2005	710,362	706,801

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	\$ 494,591
Cable TV	9,026
Boat Basin	14,486
Golf Club	51,152
Building and Vehicle Maintenance	53,020
	<u>\$ 622,275</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, 2007 were \$2,841. The pension benefit obligation of this plan is not significant to the City.

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2007

**Note 3 - Detailed Notes on All Funds (Continued)****G. Short-Term Capital Borrowings**

Purpose	Year of Original Issue	Maturity Date	Interest Rate	Balance January 1, 2007	New Issues	Redemptions	Balance December 31, 2007
Governmental Type Activities:							
Capital Projects Fund:							
Kirby Lane Sewer	2007	4/08	3.49 %	\$ -	\$ 1,980,000	\$ -	\$ 1,980,000
Kirby Lane Water/Gas Lines	2007	4/08	3.49	-	20,000	-	20,000
				<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expense of \$50,993 was recorded in the government-wide financial statements for governmental activities.

**H. Long-Term Liabilities**

The changes in the City's long-term liabilities for the year ended December 31, 2007 were as follows:

	Balance January 1, 2007	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2007	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 17,153,013	\$ -	\$ 808,013	\$ 16,345,000	\$ 845,000
Installment Purchase Contract	5,120,427	-	263,679	4,856,748	275,793
Claims Payable	1,157,559	919,342	231,512	1,845,389	369,078
Compensated Absences	1,006,953	73,184	100,695	979,442	97,945
	<u>\$ 24,437,952</u>	<u>\$ 992,526</u>	<u>\$ 1,403,899</u>	<u>\$ 24,026,579</u>	<u>\$ 1,587,816</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 24,437,952</u>	<u>\$ 992,526</u>	<u>\$ 1,403,899</u>	<u>\$ 24,026,579</u>	<u>\$ 1,587,816</u>
Business-type Activities:					
Bonds Payable	\$ 3,975,000	\$ -	\$ 245,000	\$ 3,730,000	\$ 260,000
Compensated Absences	76,401	17,832	7,640	86,593	8,660
	<u>\$ 4,051,401</u>	<u>\$ 17,832</u>	<u>\$ 252,640</u>	<u>\$ 3,816,593</u>	<u>\$ 268,660</u>
Business-type Activities:					
Long-Term Liabilities	<u>\$ 4,051,401</u>	<u>\$ 17,832</u>	<u>\$ 252,640</u>	<u>\$ 3,816,593</u>	<u>\$ 268,660</u>

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2007

**Note 3 - Detailed Notes on All Funds (Continued)**

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, 2007 are comprised of the following individual issues:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at December 31, 2007</u>
Public Improvements	1990	\$ 3,670,000	June, 2010	6.800 %	\$ 150,000
Golf Club Improvements	1998	3,657,000	September, 2018	4.2 to 4.500	2,485,000
Golf Club Improvements (Taxable)	1998	1,743,000	September, 2018	6.2 to 6.300	1,245,000
Public Improvements	2000	3,825,000	October, 2020	5.2 to 5.250	2,925,000
Public Improvements	2001	1,965,000	October, 2021	4.4 to 5.000	1,540,000
Public Improvements	2002	5,389,500	December, 2020	3.25 to 4.250	4,250,000
Environmental Facilities Corporation for Land Acquisition	2004	1,708,013	August, 2024	2.061 to 4.964	1,485,000
Public Improvements	2005	6,428,000	December, 2025	3.875 to 4.000	5,995,000
					<u>\$ 20,075,000</u>

Interest expenditure/expense of \$71,470 and \$369,404 was recorded in the fund financial statements in the Debt Service Fund and the Internal Service Fund, respectively. Interest expense of \$440,249 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$194,547 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, 2007 was \$4,856,748. Interest expense of \$233,833 was recorded in the Internal Service Fund and in the government-wide financial statements for governmental activities.

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2007**Note 3 - Detailed Notes on All Funds (Continued)****Payments to Maturity**

The annual requirements to amortize all bonded and installment purchase contract debt outstanding, including interest of \$7,738,354, as of December 31, 2007 is as follows:

Year	Governmental Activities				Business-type Activities		Total	
	Bonds		Installment Purchase		Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
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	935,000	528,827	-	-	320,000	131,947	1,255,000	660,774
2013-2017	5,350,000	2,040,378	-	-	1,860,000	403,722	7,210,000	2,444,100
2018-2022	4,980,000	829,876	-	-	430,000	22,050	5,410,000	851,926
2023-2025	1,550,000	117,694	-	-	-	-	1,550,000	117,694
	<u>\$ 16,345,000</u>	<u>\$ 5,978,821</u>	<u>\$ 4,856,748</u>	<u>\$ 534,170</u>	<u>\$ 3,730,000</u>	<u>\$ 1,225,363</u>	<u>\$ 24,931,748</u>	<u>\$ 7,738,354</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 \$1,845,389 for tax certiorari refunds, which were not due and payable at year-end. This amount represents likely tax certiorari refunds based upon 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 of 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

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2007

**Note 3 - Detailed Notes on All Funds (Continued)**

government-wide and proprietary fund financial statements, and as a reservation of fund balance in the governmental funds financial statements.

**I. Revenues and Expenditures****Interfund Transfers**

Interfund transfers are defined as the flow of assets (such as cash or goods and services) 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, 2007 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Internal Service</u>	
General	\$ -	\$ 2,276,500	\$ 138,553	\$ 994,350	\$ 3,409,403
Capital Projects	25,000	625,775	-	-	650,775
Other Govern- mental	1,200	-	-	-	1,200
Internal Service	317,300	-	-	-	317,300
	<u>\$ 343,500</u>	<u>\$ 2,902,275</u>	<u>\$ 138,553</u>	<u>\$ 994,350</u>	<u>\$ 4,378,678</u>

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, \$1,200,990 was paid on behalf of 103 retirees and this amount has been recorded as an expenditure and expense.

**Note 3 - Detailed Notes on All Funds (Continued)**

**J. 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.

*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".

**K. 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

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2007

**Note 3 - Detailed Notes on All Funds (Continued)**

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.

**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	\$ 2,204,175	\$ -	\$ 10,000
Police Purposes	6,859	-	-
Parking Improvements	76,283	-	-
Parks	99,659	-	-
9/11 Memorial	197,842	-	-
Business District Improvements	65,000	-	-
Tax Certiorari	1,845,389	-	-
Recreation Programs	166,109	-	-
Undesignated	<u>5,124,657</u>	<u>(1,476,029)</u>	<u>337,810</u>
	<u>\$ 9,785,973</u>	<u>\$ (1,476,029)</u>	<u>\$ 347,810</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 Police Purposes - This designation represents funds donated to the City that the City will use for police purposes.

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

**Note 3 - Detailed Notes on All Funds (Continued)**

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 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.

Designated for Business District Improvements – This designation represents funds that the City will use for improvements in the downtown business district.

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

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.

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

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.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

**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 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, 2007

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	\$ 229,861	\$ 27,979	\$ 257,840	\$ 13,884
503318B	Bonded Signal Projects	2003	316,335	270,873	3,277	274,150	42,185
503321	Locust Avenue and Purchase Street Signal	2006	11,000	6,760	-	6,760	4,240
503322	Purchase Street Roundabout	2007	200,000	-	53,600	53,600	146,400
503323	CBD Traffic Signals	2007	350,000	-	305,000	305,000	45,000
505138	Annual Sidewalk Replacement Program	2005	126,928	124,445	2,483	126,928	-
505142	Annual Street Resurfacing Program	2006	600,885	492,629	108,256	600,885	-
505144	Theall Road Reconstruction	2007	1,400,000	1,405	251,202	252,607	1,147,393
505145	Peck Avenue Intersection	2007	200,000	-	-	-	200,000
505149	Bridge Study	2006	30,000	23,400	6,600	30,000	-
505150	Morehead Footbridge Reconstruction	2006	70,000	19,565	12,500	32,065	37,935
505151	School Street Parking Lot Resurfacing	2006	55,000	-	20,000	20,000	35,000
505152	Bridge Improvements	2006	42,500	-	42,500	42,500	-
505153	Annual Street Resurfacing Program	2007	627,067	-	449,092	449,092	177,975
505154	Annual Sidewalk Replacement Program	2007	27,483	-	-	-	27,483
505155	Bridge Improvements	2007	68,600	-	68,600	68,600	-
505156	Central Avenue Bridge Reconstruction	2007	268,600	-	129,029	129,029	139,571
505201B	Kirby Lane Sewer	2003	2,100,972	679,409	1,242,973	1,922,382	178,590
505204B	Peck Avenue Pump Station	2003	229,568	1,521	228,716	228,237	1,331
505205B	Kirby Lane Water/Gas Lines	2003	134,760	15,437	3,975	19,412	115,348
505206	Upper Dogwood Lane Sewer	2007	150,000	-	1,942	1,942	148,058
505222	Garden Drive Sewer Replacement	1996	123,293	101,880	21,413	123,293	-
505229	Peck Avenue Pump Station	1999	59,397	39,870	19,527	59,397	-
505231	Hewlett Avenue Pump Station	2007	121,413	-	22,509	22,509	98,904
505257B	North Kirby Lane Drain	2001	267,947	165,673	92,629	258,302	9,645
505258	LaSalle Avenue Drain	2001	30,249	249	30,000	30,249	-
505262	Miscellaneous Sewer Rehabilitation	2004	580,000	89,061	434,197	523,258	56,742
505263B	Highland Avenue and Onondaga Street Drain	2004	417,000	6,058	30,225	36,283	380,717
505264	Annual Drainage Improvement Program	2005	116,688	95,316	16,371	111,687	5,001
505265	Clinton Avenue Drain	2005	75,000	-	-	-	75,000
505266	Annual Drainage Improvement Program	2006	96,371	25,000	12,500	37,500	58,871
505267	Bowman Avenue Spillway	2007	112,500	-	56,273	56,273	56,227
505265	Theo Fremd Retaining Wall	2007	54,460	-	34,467	34,467	19,993
505269	Elm Place Retaining Wall	2007	89,457	-	24,067	24,067	65,390
507105	Recreation Master Plan	2001	75,409	68,245	-	68,245	7,164
507107	Recreation Park Lower Playground	2001	70,275	69,825	450	70,275	-
507110	Gagliardo Park Improvements - CDBG	2001	121,935	121,076	859	121,935	-
			<u>\$ 9,692,816</u>	<u>\$ 2,647,558</u>	<u>\$ 3,751,211</u>	<u>\$ 6,398,769</u>	<u>\$ 3,294,047</u>

Revenues and Other Financing Sources			Fund Balance (Deficit)	Bond Anticipation Notes Payable
Prior Years	Current Year	Total	at December 31, 2007	at December 31, 2007
\$ 271,724	\$ -	\$ 271,724	\$ 13,884	\$ -
316,335	-	316,335	42,185	-
11,000	-	11,000	4,240	-
-	200,000	200,000	146,400	-
-	350,000	350,000	45,000	-
126,928	-	126,928	-	-
600,885	-	600,885	-	-
-	700,000	700,000	447,393	-
-	200,000	200,000	200,000	-
30,000	-	30,000	-	-
50,000	20,000	70,000	37,935	-
55,000	-	55,000	35,000	-
42,500	-	42,500	-	-
-	627,067	627,067	177,975	-
-	27,483	27,483	27,483	-
-	68,600	68,600	-	-
-	268,600	268,600	139,571	-
732	-	732	(1,921,650)	1,980,000
163,000	66,568	229,568	1,331	-
-	-	-	(19,412)	20,000
-	-	-	(1,942)	-
123,293	-	123,293	-	-
59,138	259	59,397	-	-
-	121,413	121,413	98,904	-
267,947	-	267,947	9,645	-
30,249	-	30,249	-	-
352,031	184,666	536,697	13,439	-
200,000	217,000	417,000	380,717	-
116,688	-	116,688	5,001	-
75,000	-	75,000	75,000	-
50,000	46,371	96,371	58,871	-
-	112,500	112,500	56,227	-
-	54,460	54,460	19,993	-
-	89,457	89,457	65,390	-
74,100	1,309	75,409	7,164	-
70,275	-	70,275	-	-
121,935	-	121,935	-	-
<u>\$ 3,208,760</u>	<u>\$ 3,355,753</u>	<u>\$ 6,564,513</u>	<u>\$ 165,744</u>	<u>\$ 2,000,000</u>

City of Rye, New York  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2007  
(With Comparative Amounts for 2006)

	2007			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
<b>ASSETS</b>				
Cash and equivalents	\$ 27,643	\$ -	\$ -	\$ 27,643
Investments	219,228	-	244,637	463,865
Accounts receivable	128,905	-	-	128,905
Due from other funds	-	-	6,521	6,521
Prepaid expenditures	6,077	-	-	6,077
Investments - restricted	-	21,099	-	21,099
<b>Total Assets</b>	<b>\$ 381,853</b>	<b>\$ 21,099</b>	<b>\$ 251,158</b>	<b>\$ 654,110</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 13,326	\$ -	\$ -	\$ 13,326
Accrued liabilities	-	-	-	-
Due to other funds	9,853	-	3,626	13,479
<b>Total Liabilities</b>	<b>23,179</b>	<b>-</b>	<b>3,626</b>	<b>26,805</b>
<b>FUND BALANCES</b>				
Reserved for encumbrances	8,945	-	-	8,945
Reserved for prepaid expenditures	6,077	-	-	6,077
Reserved for compensated absences	6,441	-	-	6,441
Reserved for workers' compensation	300	-	-	300
Reserved for debt service	-	-	237,732	237,732
Reserved for trust	-	20,000	-	20,000
Unreserved:				
Designated for subsequent year's expenditures	-	200	9,800	10,000
Undesignated	336,911	899	-	337,810
<b>Total Fund Balances</b>	<b>358,674</b>	<b>21,099</b>	<b>247,532</b>	<b>627,305</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 381,853</b>	<b>\$ 21,099</b>	<b>\$ 251,158</b>	<b>\$ 654,110</b>

2006

Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ 1,281	\$ -	\$ -	\$ 1,281
241,927	-	147,391	389,318
117,389	-	-	117,389
-	-	3,587	3,587
2,385	-	-	2,385
-	21,309	-	21,309
<u>\$ 362,982</u>	<u>\$ 21,309</u>	<u>\$ 150,978</u>	<u>\$ 535,269</u>
\$ 11,348	\$ -	\$ -	\$ 11,348
121	-	-	121
<u>7,803</u>	-	-	<u>7,803</u>
<u>19,272</u>	-	-	<u>19,272</u>
12,263	-	-	12,263
2,385	-	-	2,385
4,304	-	-	4,304
-	-	-	-
-	-	150,978	150,978
-	20,000	-	20,000
-	200	-	200
<u>324,758</u>	<u>1,109</u>	-	<u>325,867</u>
<u>343,710</u>	<u>21,309</u>	<u>150,978</u>	<u>515,997</u>
<u>\$ 362,982</u>	<u>\$ 21,309</u>	<u>\$ 150,978</u>	<u>\$ 535,269</u>

City of Rye, New York  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended December 31, 2007  
(With Comparative Amounts for 2006)

	2007			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
<b>REVENUES</b>				
Non-property taxes	\$ 246,085	\$ -	\$ -	\$ 246,085
Use of money and property	13,211	990	96,550	110,751
Miscellaneous	1,811	-	-	1,811
Total Revenues	<u>261,107</u>	<u>990</u>	<u>96,550</u>	<u>358,647</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation:				
Salaries and wages	104,604	-	-	104,604
Equipment	79,133	-	-	79,133
Materials and supplies	7,165	-	-	7,165
Contractual costs	28,136	-	-	28,136
Employee benefits	27,105	-	-	27,105
	<u>246,143</u>	<u>-</u>	<u>-</u>	<u>246,143</u>
Debt Service:				
Principal	-	-	67,079	67,079
Interest	-	-	71,470	71,470
Total Expenditures	<u>246,143</u>	<u>-</u>	<u>138,549</u>	<u>384,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,964</u>	<u>990</u>	<u>(41,999)</u>	<u>(26,045)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	138,553	138,553
Transfers out	-	(1,200)	-	(1,200)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,200)</u>	<u>138,553</u>	<u>137,353</u>
Net Change in Fund Balances	14,964	(210)	96,554	111,308
Fund Balances - Beginning of Year	343,710	21,309	150,978	515,997
Fund Balances - End of Year	<u>\$ 358,674</u>	<u>\$ 21,099</u>	<u>\$ 247,532</u>	<u>\$ 627,305</u>

2006

Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ 222,927	\$ -	\$ -	\$ 222,927
11,006	1,006	48,955	60,967
25,042	-	-	25,042
<u>258,975</u>	<u>1,006</u>	<u>48,955</u>	<u>308,936</u>
89,630	-	-	89,630
46,884	-	-	46,884
8,652	-	-	8,652
10,863	-	-	10,863
25,416	-	-	25,416
<u>181,445</u>	<u>-</u>	<u>-</u>	<u>181,445</u>
-	-	64,534	64,534
-	-	73,700	73,700
<u>181,445</u>	<u>-</u>	<u>138,234</u>	<u>319,679</u>
<u>77,530</u>	<u>1,006</u>	<u>(89,279)</u>	<u>(10,743)</u>
-	-	141,614	141,614
-	(4,000)	-	(4,000)
<u>-</u>	<u>(4,000)</u>	<u>141,614</u>	<u>137,614</u>
77,530	(2,994)	52,335	126,871
266,180	24,303	98,643	389,126
<u>\$ 343,710</u>	<u>\$ 21,309</u>	<u>\$ 150,978</u>	<u>\$ 515,997</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  
Cable TV Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2007  
(With Comparative Amounts for 2006)

	2007			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Non-property taxes	\$ 218,000	\$ 218,000	\$ 246,085	\$ 28,085
Use of money and property	12,000	12,000	13,211	1,211
Miscellaneous	24,600	24,600	1,811	(22,789)
Total Revenues	<u>254,600</u>	<u>254,600</u>	<u>261,107</u>	<u>6,507</u>
<b>EXPENDITURES</b>				
Current -				
Culture and Recreation:				
Salaries and wages	117,026	117,026	104,604	12,422
Equipment	28,891	88,891	79,133	9,758
Materials and supplies	13,822	13,822	7,165	6,657
Contractual costs	46,333	53,133	28,136	24,997
Employee benefits	32,980	32,980	27,105	5,875
Total Expenditures	<u>239,052</u>	<u>305,852</u>	<u>246,143</u>	<u>59,709</u>
Excess (Deficiency) of Revenues Over Expenditures	15,548	(51,252)	14,964	66,216
Fund Balance - Beginning of Year	(15,548)	51,252	343,710	292,458
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 358,674</u>	<u>\$ 358,674</u>

2006

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 190,000	\$ 190,000	\$ 222,927	\$ 32,927
2,000	2,000	11,006	9,006
<u>24,600</u>	<u>24,600</u>	<u>25,042</u>	<u>442</u>
<u>216,600</u>	<u>216,600</u>	<u>258,975</u>	<u>42,375</u>
112,707	112,707	89,630	23,077
26,000	50,713	46,884	3,829
12,900	12,962	8,652	4,310
37,133	43,049	10,863	32,186
<u>34,337</u>	<u>34,337</u>	<u>25,416</u>	<u>8,921</u>
<u>223,077</u>	<u>253,768</u>	<u>181,445</u>	<u>72,323</u>
(6,477)	(37,168)	77,530	114,698
<u>6,477</u>	<u>37,168</u>	<u>266,180</u>	<u>229,012</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,710</u>	<u>\$ 343,710</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, 2007  
 (With Comparative Amounts for 2006)

	2007			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Use of money and property	\$ 1,000	\$ 1,000	\$ 990	\$ (10)
OTHER FINANCING USES - Transfers out	<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>-</u>
Net Change in Fund Balance	(200)	(200)	(210)	(10)
Fund Balance - Beginning of Year	<u>200</u>	<u>200</u>	<u>21,309</u>	<u>21,109</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,099</u>	<u>\$ 21,099</u>

2006

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 800	\$ 800	\$ 1,006	\$ 206
<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
(3,200)	(3,200)	(2,994)	206
<u>3,200</u>	<u>3,200</u>	<u>24,303</u>	<u>21,103</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,309</u>	<u>\$ 21,309</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, 2007  
 (With Comparative Amounts for 2006)

	2007			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES - Use of money and property	\$ -	\$ -	\$ 96,550	\$ 96,550
EXPENDITURES				
Debt Service:				
Principal	67,079	67,079	67,079	-
Interest	71,474	71,474	71,470	4
Total Expenditures	<u>138,553</u>	<u>138,553</u>	<u>138,549</u>	<u>4</u>
Deficiency of Revenues Over Expenditures	(138,553)	(138,553)	(41,999)	96,554
OTHER FINANCING SOURCES -				
Transfers in	<u>138,553</u>	<u>138,553</u>	<u>138,553</u>	<u>-</u>
Net Change in Fund Balance	-	-	96,554	96,554
Fund Balance - Beginning of Year	-	-	150,978	150,978
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,532</u>	<u>\$ 247,532</u>

2006

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ 48,955	\$ 48,955
63,829	64,534	64,534	-
77,785	77,080	73,700	3,380
<u>141,614</u>	<u>141,614</u>	<u>138,234</u>	<u>3,380</u>
(141,614)	(141,614)	(89,279)	52,335
<u>141,614</u>	<u>141,614</u>	<u>141,614</u>	<u>-</u>
-	-	52,335	52,335
-	-	98,643	98,643
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,978</u>	<u>\$ 150,978</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, 2007  
(With Comparative Amounts for 2006)

	2007		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and equivalents	\$ -	\$ 613,962	\$ 613,962
Investments	497,571	2,310,461	2,808,032
Accounts receivable	-	16,285	16,285
Due from other funds	-	300,485	300,485
Due from other governments	-	44,022	44,022
Prepaid expenses	152,926	50,841	203,767
<b>Total Current Assets</b>	<u>650,497</u>	<u>3,336,056</u>	<u>3,986,553</u>
<b>Noncurrent Assets:</b>			
<b>Restricted Assets:</b>			
Cash and equivalents	-	1,645,033	1,645,033
Investments	-	161,619	161,619
<b>Total Restricted Assets</b>	<u>-</u>	<u>1,806,652</u>	<u>1,806,652</u>
<b>Capital Assets:</b>			
Land	-	5,321,814	5,321,814
Buildings	-	10,446,627	10,446,627
Improvements	-	3,667,044	3,667,044
Machinery and equipment	-	8,941,459	8,941,459
Construction in progress	-	8,457,039	8,457,039
Less - Accumulated depreciation	-	(7,971,651)	(7,971,651)
<b>Total Capital Assets (net of     accumulated depreciation)</b>	<u>-</u>	<u>28,862,332</u>	<u>28,862,332</u>
<b>Total Noncurrent Assets</b>	<u>-</u>	<u>30,668,984</u>	<u>30,668,984</u>
<b>Total Assets</b>	<u>650,497</u>	<u>34,005,040</u>	<u>34,655,537</u>

2006		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ -	\$ 1,069,793	\$ 1,069,793
544,701	1,979,320	2,524,021
-	53,539	53,539
-	51,075	51,075
-	43,936	43,936
<u>146,914</u>	<u>12,451</u>	<u>159,365</u>
<u>691,615</u>	<u>3,210,114</u>	<u>3,901,729</u>
-	1,481,053	1,481,053
-	<u>525,511</u>	<u>525,511</u>
-	<u>2,006,564</u>	<u>2,006,564</u>
-	5,321,814	5,321,814
-	10,399,127	10,399,127
-	3,600,939	3,600,939
-	8,102,223	8,102,223
-	7,106,133	7,106,133
-	<u>(7,103,085)</u>	<u>(7,103,085)</u>
-	<u>27,427,151</u>	<u>27,427,151</u>
-	<u>29,433,715</u>	<u>29,433,715</u>
<u>691,615</u>	<u>32,643,829</u>	<u>33,335,444</u>

(Continued)

City of Rye, New York  
Internal Service Funds  
Combining Statement of Net Assets (Continued)  
December 31, 2007  
(With Comparative Amounts for 2006)

	2007		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	1,200	205,489	206,689
Accrued liabilities	355,000	55,442	410,442
Accrued interest payable	-	402,045	402,045
Retainage payable	-	200,737	200,737
Due to other funds	-	1,085,994	1,085,994
Compensated absences	-	6,863	6,863
Current liabilities payable from restricted assets:			
Bonds payable	-	773,856	773,856
Installment purchase contract	-	275,793	275,793
Total Current Liabilities	<u>356,200</u>	<u>3,006,219</u>	<u>3,362,419</u>
<b>Noncurrent Liabilities:</b>			
Bonds payable	-	14,095,046	14,095,046
Installment purchase contract	-	4,580,955	4,580,955
Compensated absences	-	61,763	61,763
Total Noncurrent Liabilities	<u>-</u>	<u>18,737,764</u>	<u>18,737,764</u>
Total Liabilities	<u>356,200</u>	<u>21,743,983</u>	<u>22,100,183</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	10,943,334	10,943,334
Unrestricted	294,297	1,317,723	1,612,020
Total Net Assets	<u>\$ 294,297</u>	<u>\$ 12,261,057</u>	<u>\$ 12,555,354</u>

2006

Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
-	193,286	193,286
295,000	871	295,871
-	207,842	207,842
-	294,467	294,467
-	62,872	62,872
-	7,838	7,838
-	740,934	740,934
-	263,679	263,679
<u>295,000</u>	<u>1,771,789</u>	<u>2,066,789</u>
-	14,868,902	14,868,902
-	4,856,748	4,856,748
-	70,544	70,544
-	19,796,194	19,796,194
<u>295,000</u>	<u>21,567,983</u>	<u>21,862,983</u>
-	8,703,452	8,703,452
396,615	2,372,394	2,769,009
<u>\$ 396,615</u>	<u>\$ 11,075,846</u>	<u>\$ 11,472,461</u>

City of Rye, New York  
Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended December 31, 2007  
(With Comparative Amounts for 2006)

	2007		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 483,130	\$ 3,760,422	\$ 4,243,552
Miscellaneous	-	100,000	100,000
Total Operating Revenues	<u>483,130</u>	<u>3,860,422</u>	<u>4,343,552</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	-	638,297	638,297
Employee benefits	-	246,202	246,202
Materials and supplies	-	908,329	908,329
Contractual costs	621,253	136,451	757,704
Depreciation	-	1,103,711	1,103,711
Total Operating Expenses	<u>621,253</u>	<u>3,032,990</u>	<u>3,654,243</u>
Operating Income (Loss)	<u>(138,123)</u>	<u>827,432</u>	<u>689,309</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Gain on sale of equipment	-	26,977	26,977
Interest income	35,805	256,989	292,794
Interest expense	-	(603,237)	(603,237)
Total Non-Operating Revenues (Expenses)	<u>35,805</u>	<u>(319,271)</u>	<u>(283,466)</u>
Income (Loss) Before Transfers	(102,318)	508,161	405,843
Transfers in	-	994,350	994,350
Transfers out	-	(317,300)	(317,300)
Change in Net Assets	(102,318)	1,185,211	1,082,893
Net Assets - Beginning of Year	<u>396,615</u>	<u>11,075,846</u>	<u>11,472,461</u>
Net Assets - End of Year	<u>\$ 294,297</u>	<u>\$ 12,261,057</u>	<u>\$ 12,555,354</u>

2006		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 568,630	\$ 3,260,181	\$ 3,828,811
250	38,265	38,515
<u>568,880</u>	<u>3,298,446</u>	<u>3,867,326</u>
-	621,958	621,958
-	293,684	293,684
-	860,420	860,420
498,800	232,319	731,119
-	<u>1,047,044</u>	<u>1,047,044</u>
<u>498,800</u>	<u>3,055,425</u>	<u>3,554,225</u>
<u>70,080</u>	<u>243,021</u>	<u>313,101</u>
-	33,270	33,270
28,828	262,550	291,378
-	<u>(479,440)</u>	<u>(479,440)</u>
<u>28,828</u>	<u>(183,620)</u>	<u>(154,792)</u>
98,908	59,401	158,309
-	894,575	894,575
-	-	-
<u>98,908</u>	<u>953,976</u>	<u>1,052,884</u>
<u>297,707</u>	<u>10,121,870</u>	<u>10,419,577</u>
<u>\$ 396,615</u>	<u>\$ 11,075,846</u>	<u>\$ 11,472,461</u>

City of Rye, New York  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended December 31, 2007  
(With Comparative Amounts for 2006)

	2007		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from charges to other funds	\$ 483,130	\$ 3,548,180	\$ 4,031,310
Cash payments to employees	-	(839,684)	(839,684)
Cash payments to vendors	(566,065)	(141,575)	(707,640)
Other operating revenues	-	100,000	100,000
Net Cash Provided by (Used in) Operating Activities	<u>(82,935)</u>	<u>2,666,921</u>	<u>2,583,986</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	994,350	994,350
Transfers out	-	(317,300)	(317,300)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>677,050</u>	<u>677,050</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from capital debt	-	-	-
Acquisition and construction of capital assets	-	(2,538,894)	(2,538,894)
Principal paid on capital debt	-	(1,004,613)	(1,004,613)
Interest paid on capital debt	-	(661,931)	(661,931)
Proceeds from sale of capital assets	-	26,977	26,977
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(4,178,461)</u>	<u>(4,178,461)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	35,805	509,886	545,691
Purchase of investments	(664,703)	(4,544,946)	(5,209,649)
Sale of investments	711,833	4,577,699	5,289,532
Net Cash Provided by (Used in) Investing Activities	<u>82,935</u>	<u>542,639</u>	<u>625,574</u>
Net Decrease in Cash and Equivalents	-	(291,851)	(291,851)
Cash and Equivalents, Beginning of Year	-	2,550,846	2,550,846
Cash and Equivalents, End of Year	<u>\$ -</u>	<u>\$ 2,258,995</u>	<u>\$ 2,258,995</u>

2006		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 568,630	\$ 3,190,711	\$ 3,759,341
-	(908,986)	(908,986)
(351,384)	(3,107,905)	(3,459,289)
<u>250</u>	<u>38,265</u>	<u>38,515</u>
<u>217,496</u>	<u>(787,915)</u>	<u>(570,419)</u>
-	894,575	894,575
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>894,575</u>	<u>894,575</u>
-	5,293,859	5,293,859
-	(10,475,956)	(10,475,956)
-	(896,898)	(896,898)
-	(571,437)	(571,437)
<u>-</u>	<u>33,270</u>	<u>33,270</u>
<u>-</u>	<u>(6,617,162)</u>	<u>(6,617,162)</u>
28,828	474,801	503,629
(671,709)	(4,412,028)	(5,083,737)
<u>425,385</u>	<u>10,116,475</u>	<u>10,541,860</u>
<u>(217,496)</u>	<u>6,179,248</u>	<u>5,961,752</u>
-	(331,254)	(331,254)
-	2,882,100	2,882,100
<u>\$ -</u>	<u>\$ 2,550,846</u>	<u>\$ 2,550,846</u>

(Continued)

City of Rye, New York  
Combining Statement of Cash Flows (continued)  
Internal Service Funds  
Year Ended December 31, 2007  
(With Comparative Amounts for 2006)

	2007		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (138,123)	\$ 827,432	\$ 689,309
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	1,103,711	1,103,711
(Increase) decrease in accounts receivable	-	37,254	37,254
(Increase) decrease in due from other funds	-	(249,410)	(249,410)
(Increase) in due from other governments	-	(86)	(86)
(Increase) decrease in prepaid expenses	(6,012)	(38,390)	(44,402)
Increase (decrease) in accounts payable	1,200	12,203	13,403
Increase (decrease) in accrued liabilities	60,000	54,571	114,571
Increase (decrease) in retainage payable	-	(93,730)	(93,730)
Increase (decrease) in due to other funds	-	1,023,122	1,023,122
Increase (decrease) in compensated absences	-	(9,756)	(9,756)
Total Adjustments	55,188	1,839,489	1,894,677
Net Cash Provided by (Used in) Operating Activities	\$ (82,935)	\$ 2,666,921	\$ 2,583,986

2006		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 70,080	\$ 243,021	\$ 313,101
-	1,047,044	1,047,044
-	(36,739)	(36,739)
74,000	(32,505)	41,495
-	(226)	(226)
(12,740)	21,933	9,193
(3,844)	(427,074)	(430,918)
90,000	(45)	89,955
-	169,292	169,292
-	(1,779,317)	(1,779,317)
-	6,701	6,701
<u>147,416</u>	<u>(1,030,936)</u>	<u>(883,520)</u>
<u>\$ 217,496</u>	<u>\$ (787,915)</u>	<u>\$ (570,419)</u>

City of Rye, New York  
Statement of Changes in Assets and Liabilities  
Fiduciary Funds - Agency Fund  
Year Ended December 31, 2007

<u>ASSETS</u>	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Cash and Equivalents	\$ 139,687	\$ 19,027,784	\$ 19,129,382	\$ 38,089
Accounts Receivable	-	71,720	71,720	-
Prepaid Expenditures	-	362,978	362,978	-
<b>Total Assets</b>	<b><u>\$ 139,687</u></b>	<b><u>\$ 19,462,482</u></b>	<b><u>\$ 19,564,080</u></b>	<b><u>\$ 38,089</u></b>
 <u>LIABILITIES</u>				
Accounts Payable	\$ 102,876	\$ 15,972,898	\$ 16,062,399	\$ 13,375
Net Payroll	-	9,208,899	9,208,899	-
Employee Payroll Deductions	36,811	6,090,918	6,103,015	24,714
<b>Total Liabilities</b>	<b><u>\$ 139,687</u></b>	<b><u>\$ 31,272,715</u></b>	<b><u>\$ 31,374,313</u></b>	<b><u>\$ 38,089</u></b>

**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, 2007

Governmental Funds Capital Assets:	
Infrastructure	\$ 59,369,893
Construction in Progress	2,717,014
	<hr/>
Investments in Governmental Funds Capital Assets	
by Source - Capital Projects Fund	62,086,907
Less: Accumulated Depreciation	<u>(24,085,774)</u>
	<hr/>
Net Book Value	<u>\$ 38,001,133</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, 2007

<u>Function and Activity</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Public Safety -					
Traffic signals	\$ 1,121,825	\$ 6,760	\$ 1,128,585	\$ (231,000)	\$ 897,585
Community Environment:					
Rights of way	21,301,087	-	21,301,087	-	21,301,087
Streets	12,208,336	266,206	12,474,542	(8,872,208)	3,602,334
Streetlights	441,162	-	441,162	(286,749)	154,413
Sidewalks	976,585	-	976,585	(759,014)	217,571
Bridges	456,605	152,612	609,217	(374,587)	234,630
Sanitary sewers	9,156,251	1,941,795	11,098,046	(6,654,156)	4,443,890
Pump stations	1,304,457	1,521	1,305,978	(252,891)	1,053,087
Storm sewers	9,212,525	348,120	9,560,645	(6,655,169)	2,905,476
Total Community Environment	55,057,008	2,710,254	57,767,262	(23,854,774)	33,912,488
Culture and Recreation -					
Parks and playgrounds	3,191,060	-	3,191,060	-	3,191,060
 Total Governmental Funds Capital Assets	 \$ 59,369,893	 \$ 2,717,014	 \$ 62,086,907	 \$ (24,085,774)	 \$ 38,001,133

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, 2007

Function and Activity	Governmental Governmental Funds Capital Assets			Governmental Funds Capital Assets
	January 1	Additions	Deletions	December 31
Public Safety -				
Traffic signals	\$ 1,128,585	\$ -	\$ -	\$ 1,128,585
Community Environment:				
Rights of way	21,301,087	-	-	21,301,087
Streets	12,209,741	264,801	-	12,474,542
Streetlights	441,162	-	-	441,162
Sidewalks	976,585	-	-	976,585
Bridges	456,605	152,612	-	609,217
Sanitary sewers	9,851,098	1,246,948	-	11,098,046
Pump stations	1,128,801	226,457	49,280	1,305,978
Storm sewers	9,327,983	232,662	-	9,560,645
Total Community Environment	55,693,062	2,123,480	49,280	57,767,262
Culture and Recreation -				
Parks and playgrounds	3,191,060	-	-	3,191,060
Total Governmental Funds Capital Assets	\$ 60,012,707	\$ 2,123,480	\$ 49,280	\$ 62,086,907

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

**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 Six Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental Activities</b>				
Invested in Capital Assets				
Net of Related Debt	\$ 10,986,390	\$ 11,563,341	\$ 9,480,762	\$ 13,348,301
Restricted	1,513,973	1,304,649	1,224,450	1,762,703
Unrestricted	<u>2,151,116</u>	<u>5,409,766</u>	<u>10,418,032</u>	<u>9,079,270</u>
<b>Total Governmental Activities Net Assets</b>	<u>14,651,479</u>	<u>18,277,756</u>	<u>21,123,244</u>	<u>24,190,274</u>
<b>Business-Type Activities</b>				
Invested in Capital Assets				
Net of Related Debt	7,578,822	8,100,157	8,403,111	8,450,054
Unrestricted	<u>2,283,925</u>	<u>2,171,508</u>	<u>2,499,439</u>	<u>3,265,525</u>
<b>Total Business-Type Activities Net Assets</b>	<u>9,862,747</u>	<u>10,271,665</u>	<u>10,902,550</u>	<u>11,715,579</u>
<b>Primary Government</b>				
Invested in Capital Assets				
Net of Related Debt	18,565,212	19,663,498	17,883,873	21,798,355
Restricted	1,513,973	1,304,649	1,224,450	1,762,703
Unrestricted	<u>4,435,041</u>	<u>7,581,274</u>	<u>12,917,471</u>	<u>12,344,795</u>
<b>Total Primary Government Net Assets</b>	<u>\$ 24,514,226</u>	<u>\$ 28,549,421</u>	<u>\$ 32,025,794</u>	<u>\$ 35,905,853</u>

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

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

<u>2006(1)</u>	<u>2007</u>
\$ 44,227,627	\$ 45,961,185
1,660,467	2,849,549
<u>11,059,645</u>	<u>11,470,537</u>
<u>56,947,739</u>	<u>60,281,271</u>
8,450,126	8,265,309
<u>3,723,916</u>	<u>4,437,719</u>
<u>12,174,042</u>	<u>12,703,028</u>
52,677,753	54,226,494
1,660,467	2,849,549
<u>14,783,561</u>	<u>15,908,256</u>
<u>\$ 69,121,781</u>	<u>\$ 72,984,299</u>

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

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

<u>2006</u>	<u>2007</u>
\$ 3,513,365	\$ 4,287,175
11,259,005	10,763,060
8,181,719	8,215,438
3,693,298	3,700,558
<u>552,544</u>	<u>725,075</u>
<u>27,199,931</u>	<u>27,691,306</u>
468,524	481,837
<u>5,306,207</u>	<u>6,814,432</u>
<u>5,774,731</u>	<u>7,296,269</u>
<u>32,974,662</u>	<u>34,987,575</u>
489,375	505,926
647,446	578,807
2,205,360	2,446,351
999,740	1,088,198
375,595	660,091
<u>410,390</u>	<u>622,728</u>
<u>5,127,906</u>	<u>5,902,101</u>
633,083	576,693
5,378,934	6,990,360
-	3,826
<u>6,012,017</u>	<u>7,570,879</u>
<u>11,139,923</u>	<u>13,472,980</u>

(continued)

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Net (Expense)/Revenue				
Governmental Activities	(15,599,264)	(15,596,220)	(18,162,896)	(19,460,246)
Business-Type Activities	<u>517,272</u>	<u>383,206</u>	<u>591,252</u>	<u>703,677</u>
Total Net Expense	<u>(15,081,992)</u>	<u>(15,213,014)</u>	<u>(17,571,644)</u>	<u>(18,756,569)</u>
General Revenues				
Governmental Activities				
Real Property Taxes	11,949,060	14,222,097	15,528,286	16,141,660
Non-Property Taxes	1,760,063	1,817,378	2,143,838	2,266,922
Unrestricted Use of Money and Property	183,635	178,353	220,459	565,843
Gain on Sale of Equipment	57,795	31,675	39,655	29,135
State Aid	2,255,963	2,618,191	3,003,658	3,451,841
Other Revenues	<u>80,747</u>	<u>354,803</u>	<u>72,488</u>	<u>71,875</u>
Total Governmental Activities	<u>16,287,263</u>	<u>19,222,497</u>	<u>21,008,384</u>	<u>22,527,276</u>
Business-Type Activities				
Unrestricted Use of Money and Property	42,472	25,712	32,633	109,352
Gain on Sale of Equipment	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>-</u>
Total Business-Type Activities	<u>42,472</u>	<u>25,712</u>	<u>39,633</u>	<u>109,352</u>
Total General Revenues	<u>16,329,735</u>	<u>19,248,209</u>	<u>21,048,017</u>	<u>22,636,628</u>
Change in Net Assets				
Governmental Activities	687,999	3,626,277	2,845,488	3,067,030
Business-Type Activities	<u>559,744</u>	<u>408,918</u>	<u>630,885</u>	<u>813,029</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>

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

<u>2006</u>	<u>2007</u>
(22,072,025)	(21,789,205)
<u>237,286</u>	<u>274,610</u>
<u>(21,834,739)</u>	<u>(21,514,595)</u>

16,987,781	17,838,489
2,327,161	2,622,734
1,137,777	1,195,960
33,270	26,977
3,324,440	3,415,249
<u>41,899</u>	<u>23,327</u>
<u>23,852,328</u>	<u>25,122,736</u>

221,177	254,376
<u>-</u>	<u>-</u>
<u>221,177</u>	<u>254,376</u>
<u>24,073,505</u>	<u>25,377,112</u>

1,780,303	3,333,531
<u>458,463</u>	<u>528,986</u>
<u>\$ 2,238,766</u>	<u>\$ 3,862,517</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Reserved	\$ 1,490,877	\$ 2,053,180	\$ 2,611,046	\$ 2,487,324
Unreserved	4,079,729	5,858,284	7,035,140	8,568,860
Total General Fund	<u>5,570,606</u>	<u>7,911,464</u>	<u>9,646,186</u>	<u>11,056,184</u>
All Other Governmental Funds				
Reserved	842,411	693,275	326,672	544,315
Unreserved, Reported In:				
Special Revenue Fund	147,620	164,065	162,993	248,138
Permanent Fund	13,891	11,206	7,560	4,303
Debt Service Fund	-	-	-	-
Capital Projects Fund	<u>(2,132,392)</u>	<u>(2,398,472)</u>	<u>774,522</u>	<u>1,023,769</u>
Total All Other Governmental Funds	<u>(1,128,470)</u>	<u>(1,529,926)</u>	<u>1,271,747</u>	<u>1,820,525</u>
Total Governmental Funds	<u>\$ 4,442,136</u>	<u>\$ 6,381,538</u>	<u>\$ 10,917,933</u>	<u>\$ 12,876,709</u>

Note: Data presented for the last six fiscal years only, to coincide with similar periods presented on the entity-wide financial statements.

<u>2006</u>	<u>2007</u>
\$ 2,387,761	\$ 3,523,898
<u>9,674,609</u>	<u>9,785,973</u>
<u>12,062,370</u>	<u>13,309,871</u>
1,596,362	1,921,268
324,758	336,911
1,309	1,099
-	9,800
<u>(845,230)</u>	<u>(1,476,029)</u>
<u>1,077,199</u>	<u>793,049</u>
<u>\$ 13,139,569</u>	<u>\$ 14,102,920</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Revenues</b>				
Real Property Taxes	\$ 11,965,741	\$ 14,190,747	\$ 15,551,738	\$ 16,197,588
Non-Property Taxes	1,915,819	1,984,833	2,334,151	2,470,665
Charges for Services	874,140	1,240,414	1,054,741	1,180,052
Intergovernmental Charges	69,664	69,139	72,775	76,274
Use of Money and Property	203,349	169,772	211,200	482,446
Licenses and Permits	1,125,708	1,293,981	1,390,634	1,630,044
Fines and Forfeitures	446,831	500,773	553,320	540,247
Sale of Property and Compensation for Loss	54,458	63,122	129,600	123,939
Interfund Revenues	303,900	406,574	418,249	404,099
State Aid	2,602,098	3,062,010	3,321,831	3,772,275
Federal Aid	29,828	102,599	15,255	95,935
Miscellaneous	159,505	537,434	113,568	295,813
<b>Total Revenues</b>	<u>19,751,041</u>	<u>23,621,398</u>	<u>25,167,062</u>	<u>27,269,377</u>
<b>Expenditures</b>				
<b>Current:</b>				
General Government	2,677,305	2,618,241	2,916,473	3,063,887
Public Safety	8,255,601	8,720,495	9,831,702	10,373,012
Community Environment	5,252,387	5,732,532	6,142,100	6,692,938
Culture and Recreation	2,982,172	2,967,291	3,499,177	3,559,300
<b>Debt Service:</b>				
Principal	85,141	83,590	41,525	43,752
Interest	59,109	60,465	56,745	54,717
<b>Capital Outlay:</b>				
General Government	34,335	64,597	4,808	8,000
Public Safety	137,262	424,102	12,423	68,369
Community Environment	1,587,269	490,775	852,713	518,722
Recreation	64,619	124,538	-	-
<b>Total Expenditures</b>	<u>21,135,200</u>	<u>21,286,626</u>	<u>23,357,666</u>	<u>24,382,697</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,384,159)</u>	<u>2,334,772</u>	<u>1,809,396</u>	<u>2,886,680</u>
<b>Other Financing Sources (Uses)</b>				
Bonds issued	-	-	-	560,000
Transfers In	1,211,153	1,004,745	3,923,255	657,707
Transfers Out	(1,577,823)	(1,400,115)	(1,196,256)	(2,145,611)
<b>Total Other Financing Sources (Uses)</b>	<u>(366,670)</u>	<u>(395,370)</u>	<u>2,726,999</u>	<u>(927,904)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (1,750,829)</u>	<u>\$ 1,939,402</u>	<u>\$ 4,536,395</u>	<u>\$ 1,958,776</u>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	0.75%	0.71%	0.44%	0.41%

Note: Data presented for the last six fiscal years only, to coincide with similar periods presented on the entity-wide financial statements.

<u>2006</u>	<u>2007</u>
\$ 16,966,643	\$ 17,849,808
2,550,088	2,868,819
1,372,495	1,282,324
69,235	73,656
912,595	1,021,617
1,628,357	2,035,050
533,102	477,209
89,282	67,234
413,628	430,025
3,664,263	3,816,573
121,880	450,127
234,618	189,884
<u>28,556,186</u>	<u>30,562,326</u>
3,346,840	3,670,968
11,281,346	10,984,670
7,237,352	7,257,244
3,720,422	3,770,058
64,534	67,079
73,700	71,470
6,789	27,980
199,687	16,877
1,398,098	3,055,579
69,983	-
<u>27,398,751</u>	<u>28,921,925</u>
<u>1,157,435</u>	<u>1,640,401</u>
-	-
854,202	3,384,328
<u>(1,748,777)</u>	<u>(4,061,378)</u>
<u>(894,575)</u>	<u>(677,050)</u>
<u>\$ 262,860</u>	<u>\$ 963,351</u>

0.54%

0.54%

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

<u>Fiscal Year</u>	<u>Real Property Taxes</u>	<u>Sales and Use Taxes</u>	<u>Hotel Occupancy 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	16,966,642	1,957,187	-	369,974	2,084,125	21,377,928
2007	17,849,808	2,079,744	200,303	342,687	2,141,475	22,614,017

Source: Comprehensive Annual Financial Report for each respective fiscal year

Note: Data presented for the last six fiscal years only, to coincide with similar periods presented on the entity-wide financial statements.

## **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

Year	One-Three Family Residential	Condos Co-ops & Apt. Bldgs.	Business (1)	Other (2)	Total Gross Assessed Valuation
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
2007	110,420,885	9,161,821	22,040,490	26,366,361	167,989,557

(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.

Source: City Assessor's Office

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 2007 were established on September 15, 2006.

<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>
\$ (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%
(29,587,882)	138,401,675	127.24	6,407,484,954	2.16%

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
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
2007	127.24	463.92	-	134.06	15.03
	127.24	-	575.62	134.06	15.03

Source: City of Rye Comptroller's Office

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
\$ 13.04	\$ -	\$ 0.33	\$ 107.35	\$ 422.65	\$ -
-	16.64	0.28	110.90	-	445.44
13.83	-	-	118.36	440.79	-
-	17.54	-	122.07	-	526.66
13.70	-	-	116.27	462.96	-
-	16.74	-	119.31	-	556.95
14.05	-	-	114.02	494.39	-
-	15.80	-	115.77	-	604.55
14.04	-	-	119.16	542.34	-
-	15.97	-	121.09	-	621.98
14.68	-	-	134.10	611.46	-
-	16.01	-	135.43	-	690.67
17.05	-	-	167.01	676.94	-
-	17.96	-	167.92	-	809.38
17.51	-	-	156.71	690.44	-
-	17.82	-	157.03	-	802.93
19.68	-	-	165.35	729.59	-
-	19.87	-	165.54	-	816.44
20.56	-	-	169.65	760.81	-
-	23.14	-	172.23	-	875.09

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City of Rye, New York  
Principal Taxpayers  
December 31, 2007 and 1998

2007

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Miriam Osborn Memorial Home	Retirement Community	\$ 3,257,100	2.35%
2	Consolidated Edison	Public Utility	2,870,007	2.07%
3	The Gateside - Rye Co.	Office Building	879,300	0.64%
4	United Water Westchester <sup>1</sup>	Public Utility	835,851	0.60%
5	Parsonage Investment Co.	Residential	745,300	0.54%
6	Milton Harbor House	Cooperative	734,534	0.53%
7	Rye Colony Apartments	Cooperative	698,405	0.50%
8	Host Restaurants Inc.	Hotel	549,550	0.40%
9	American Yacht Club	Private Club	542,550	0.39%
10	Blind Brook Lodge	Cooperative	511,558	0.36%
	Total		<u>\$ 11,624,155</u>	<u>8.38%</u>

1998

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 3,030,368	2.33%
2	Miriam Osborn Memorial Home	Retirement Community	2,212,300	1.70%
3	The Gateside-Rye Co.	Office Building	1,008,550	0.77%
4	Milton Harbor House	Cooperative	963,200	0.74%
5	NY American Water Co.	Public Utility	904,040	0.69%
6	Parsonage Investment Co.	Residential	900,100	0.69%
7	New York Investment	Office Building	816,250	0.63%
8	Principle Mutual Life Co.	Office Building	770,300	0.59%
9	Rye Colony Apartments	Cooperative	738,250	0.57%
10	Zubrik, Nadja Olga	Cooperative	725,700	0.56%
	Total		<u>\$ 12,069,058</u>	<u>9.27%</u>

<sup>1</sup> 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	Precent	Amount	Precent	
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%	39,108
2003	13,894,248	13,837,617	99.59%	56,631	0.41%	55,932
2004	15,254,280	15,235,508	99.88%	18,772	0.12%	18,006
2005	15,900,190	15,868,141	99.80%	32,049	0.20%	27,237
2006	16,869,097	16,787,177	99.51%	81,920	0.49%	75,011
2007	17,706,559	17,654,153	99.70%	52,406	0.30%	-

Source: City of Rye Comptroller's Office

<u>Total Collected to Date</u>		<u>Total Uncollected to Date</u>		<u>Tax Liens</u>	<u>Percent of Tax Liens to Tax Levy</u>
<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>		
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%
11,760,361	99.99%	1,715	0.01%	643,455	5.47%
13,893,549	99.99%	699	0.01%	566,332	4.08%
15,253,514	99.99%	766	0.01%	458,255	3.00%
15,895,378	99.97%	4,812	0.03%	288,286	1.81%
16,862,188	99.96%	6,909	0.04%	186,887	1.11%
17,654,153	99.70%	52,406	0.30%	258,076	1.46%

City of Rye, New York  
 Constitutional Tax Limit

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Constitutional tax limit calculation, December 31, 2007:

Full valuation, last five fiscal years:

2007	\$ 6,407,484,954
2006	5,827,620,298
2005	5,246,364,749
2004	5,097,535,985
2003	<u>4,725,409,509</u>
Total full valuation, last five years	<u>27,304,415,495</u>

Five-year average full valuation	<u>5,460,883,099</u>
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Constitutional tax limit: 2% of five-year average full valuation	<u>\$ 109,217,662</u>
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Tax levy - general city purposes	\$ 17,706,559
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Total exclusions <sup>1</sup>	<u>6,109,976</u>
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Tax levy subject to tax limit	<u>\$ 11,596,583</u>
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Percent of constitutional tax limit exhausted	<u>10.62%</u>
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Constitutional tax margin	<u>\$ 97,621,079</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
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%
2007	109,217,662	11,596,583	97,621,079	10.62%

<sup>1</sup> 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 Six Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Loans Payable</u>	<u>Total Outstanding Debt</u>	<u>Estimated Full Property Value</u>	<u>Percentage of Full Property Value</u>	<u>Population (1)</u>
<u>Governmental Activities:</u>						
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
2007	16,345,000	4,856,748	21,201,748	6,407,484,954	0.33%	15,109
<u>Business-Type Activities:</u>						
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
2007	3,730,000	-	3,730,000	6,407,484,954	0.06%	15,109
<u>Total Government-Wide:</u>						
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
2007	20,075,000	4,856,748	24,931,748	6,407,484,954	0.39%	15,109

(1) United States Census Bureau

Note: Data presented for the last six fiscal years only, to coincide with similar periods presented on the entity-wide financial statements.

Source: City Comptroller's Office

<u>Debt Per Capita</u>	<u>Per Capita Personal Income (1)</u>	<u>Estimated Total Personal Income</u>	<u>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%
1,403	76,566	1,156,835,694	1.83%
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%
247	76,566	1,156,835,694	0.32%
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%
1,650	76,566	1,156,835,694	2.16%

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

December 31, 2007

	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	\$ 31,655,000	100.00%	\$ 31,655,000
Rye Neck Union Free School District	9,810,000	29.30%	2,874,330
Westchester County	755,185,290	2.96%	22,360,281
Subtotal, Overlapping Debt			56,889,611
City Direct Debt			24,931,748
Total Direct and Overlapping Debt			<u>\$ 81,821,359</u>
Population			<u>15,109</u>
Overlapping Debt Per Capita			<u>\$ 3,765</u>
Direct and Overlapping Debt Per Capita			<u>\$ 5,415</u>

Summary of Direct and Overlapping Governmental Activities Debt  
 Last Six 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
2007	56,889,611	24,931,748	81,821,359	15,109	3,765	5,415

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, 2007

Fiscal Year	Net Assessed Valuation	State Equalization Rate	Full Valuation
2007	\$ 138,401,675	2.16%	\$ 6,407,484,954
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%	<u>4,725,409,509</u>
Total Five Year Full Valuation			<u>27,304,415,495</u>
Five Year Average Full Valuation of Taxable Real Property			<u>5,460,883,099</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>382,261,817</u>
Outstanding Indebtedness at December 31st			24,931,748
Less: 2008 Appropriations for Debt Principal			<u>1,173,948</u>
Net Indebtedness Subject to Debt Limit			<u>23,757,800</u>
Net Debt Contracting Margin			<u>\$ 358,504,017</u>
Percentage of Net Debt Contracting Margin Available			<u>93.78%</u>
Percentage of Net Debt Contracting Power Exhausted			<u>6.22%</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
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%
2007	382,261,817	24,931,748	1,173,948	23,757,800	358,504,017	93.78%

City of Rye, New York  
 Calculation of Charter Bonded Debt Limits  
 December 31, 2007

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)		
	2005	2006	2007
General Fund	\$21,312,477	\$22,661,429	\$23,881,157
Cable TV Fund	210,643	218,953	223,149
Debt Service Fund	138,367	141,614	138,553
Capital Projects Fund	450,000	2,610,000	1,137,000
Boat Basin Fund	1,167,902	499,188	516,346
Golf Club Fund	4,338,025	4,614,813	7,194,518
Risk Retention Fund	632,630	632,630	616,600
Building and Vehicle Maintenance Fund	<u>4,775,876</u>	<u>4,959,528</u>	<u>5,153,154</u>
<b>Total gross annual budgets</b>	<b><u>\$33,025,920</u></b>	<b><u>\$36,338,155</u></b>	<b><u>\$38,860,477</u></b>
Total of preceding three years' gross annual budgets			#####
Average of preceding three years' gross annual budgets			<u>\$36,074,851</u>
	Subject to City Council Vote	Subject to Permissive Referendum	Public Safety Exemption
Maximum charter bonding limit	\$ 1,803,743	\$ 3,607,485	\$ 2,500,000
Less outstanding principal at December 31, 2007:			
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)
<b>Charter bonding limit December 31, 2007</b>	<b><u>\$ 1,101,804</u></b>	<b><u>\$ 1,667,551</u></b>	<b><u>\$ 2,052,333</u></b>

## **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

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

Year	Population <sup>1</sup>	Median Age <sup>2</sup>	Per Capita Income <sup>2</sup>	Median Household Income <sup>2</sup>	Median Family Income <sup>2</sup>	Median Residential Home Value <sup>3</sup>	Unemployment Rate <sup>4</sup>
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%
2007	15,109	38.1	76,566	110,894	133,231	1,455,000	3.7%

Sources:

- <sup>1</sup> United States Census Bureau.
- <sup>2</sup> United States Census Bureau 1990 and 2000 Census. Median Age data not available for 1990 through 1999.
- <sup>3</sup> City of Rye Assessor's office. 2007 median based on sales through mid-November 2007.
- <sup>4</sup> 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, 2004<sup>1</sup>

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
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

<sup>1</sup> 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

<u>Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Community Environment</u>	<u>Culture and Recreation</u>	<u>Total</u>
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
2007	21	61	64	21	167

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>General Government:</b>				
Primary elections	-	1	2	-
General elections	1	1	1	1
Special elections	-	1	-	-
<b>Public Safety:</b>				
Number of police personnel and officers	39	40	40	44
Number of police calls for service	8,200	8,000	4,329	13,800
Number of parking violations issued	5,558	7,206	7,350	9,692
Number of paid firefighters	16	16	17	17
Number of volunteer firefighters	201	201	201	201
Number of fire alarms answered	711	711	767	868
Number of fire inspections performed	468	468	469	474
Number of school crossing guards	65	65	7	7
<b>Community Environment:</b>				
Tons collected and disposed:				
Solid waste	7,545	8,199	7,641	7,641
Green waste	N/A	N/A	544	1,684
Metal	172	192	192	235
Pulp	1,872	1,749	2,067	1,936
Co-mingled	564	552	557	631
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	18	12
Number of shade trees:				
Planted	78	37	31	30
Removed	31	75	42	77
Trimmed	270	235	500	181
Emergency calls	10	15	22	25
Stumps ground	N/A	N/A	N/A	N/A
<b>Culture and Recreation:</b>				
Registrations for adult programs	587	718	953	976
Number of building users	29,800	24,625	24,125	28,556
Picnics	4,638	4,581	4,163	5,009
Registrations for senior citizen programs	1,110	1,257	2,111	3,180
Registrations for special events	5,212	5,686	5,569	5,798
Tennis permits issued	1,136	1,136	488	490
Registrations for youth programs	2,550	2,581	2,492	3,198
Registrations for youth sports	2,221	2,694	2,949	3,301

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

Sources: Departmental annual reports to the City Manager.

2002	2003	2005	2006	2007
1	1	1	1	1
1	1	1	1	1
2	-	1	1	1
45	45	45	44	44
15,896	15,314	14,446	12,923	12,182
8,594	10,050	9,684	8,209	9,300
17	18	17	17	17
201	200	200	200	200
867	839	882	1,068	1,150
342	441	428	356	428
7	8	8	8	8
6,811	6,735	6,891	7,010	7,419
1,903	824	975	1,245	3,006
226	195	175	328	194
1,939	1,964	1,878	1,867	1,864
601	585	609	608	665
450	450	N/A	1,470	N/A
N/A	N/A	N/A	1,194	N/A
8	9	3	2	2
27	37	31	42	55
55	41	93	164	235
383	361	420	160	379
190	90	160	284	55
62	38	26	162	139
1,078	1,109	1,058	1,086	1,170
30,500	38,065	38,705	40,000	42,000
4,048	4,069	5,429	5,859	5,833
3,408	3,564	3,430	3,489	6,410
6,372	5,540	5,937	6,881	6,006
435	508	437	453	425
3,125	3,189	3,771	3,817	4,747
3,825	4,058	4,275	4,838	5,012

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>General Government:</b>				
Number of general government buildings	1	1	1	1
<b>Public Safety:</b>				
Number of police stations	1	1	1	1
Number of fire stations	2	2	2	2
Number of traffic lights	22	22	22	22
<b>Community Environment:</b>				
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
<b>Culture and Recreation:</b>				
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	412	412

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
22	23	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