



*CITY OF RYE, NEW YORK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009*

*Prepared by the
Department of Finance
Jean Gribbins, Comptroller
Joseph S. Fazzino Jr., Deputy 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.

CITY OF RYE, NEW YORK
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2009
 TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Principal Officials	i
Organization Chart	ii
Letter of Transmittal	iii
Certificate of Achievement for Excellence in Financial Reporting	x

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities	20
Fund Financial Statements:	22
Balance Sheet - Governmental Funds	
Reconciliation of Governmental Funds Balance Sheet to the	
Government-wide Statement of Net Assets - Governmental Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual - General Fund	28
Proprietary Funds:	34
Statement of Net Assets	38
Statement of Revenues, Expenses and Changes in Net Assets	40
Statement of Cash Flows	44
Statement of Fiduciary Assets and Liabilities - Agency Fund	45
Notes to Financial Statements	
Required Supplementary Information -	
Other Postemployment Benefits -	
Schedule of Funding Progress - Last Two Fiscal Years	73
Capital Projects Fund - Project Length Schedule	74
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds	78

CITY OF RYE, NEW YORK
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2009
 TABLE OF CONTENTS (Continued)

	<u>Page</u>
Schedules of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual:	
Cable TV Fund	80
K.T. Woods Permanent Fund	82
Debt Service Fund	84
Internal Service Funds:	
Combining Statement of Net Assets	86
Combining Statement of Revenues, Expenses and Changes in Net Assets	90
Combining Statement of Cash Flows	92
Statement of Changes in Assets and Liabilities - Fiduciary Fund	96
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	97
Schedule by Function and Activity	98
Schedule of Changes by Function and Activity	

STATISTICAL SECTION
(Unaudited)

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

This section includes the following schedules:

Financial Trends:	100
Net Assets by Component – Last Eight Fiscal Years	102
Changes in Net Assets – Last Eight Fiscal Years	106
Fund Balances, Governmental Funds – Last Eight Fiscal Years	108
Changes in Fund Balances, Governmental Funds – Last Eight Fiscal Years	110
Tax Revenues by Source, Governmental Funds – Last Eight Fiscal Years	
Revenue Capacity:	
Assessed Valuation, State Equalization Rate, and Estimated Full Value of Real Property – Last Ten Fiscal Years	111
Property Tax Rates per \$1,000 Assessed Valuation – All Direct and Overlapping Governments – Last Ten Fiscal Years	113
Principal Taxpayers – Current Year and Nine Years Ago	115
Property Tax Levies and Collections – Last Ten Fiscal Years	116
Constitutional Tax Limit	118

CITY OF RYE, NEW YORK
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2009
TABLE OF CONTENTS (Concluded)

	<u>Page</u>
Debt Capacity:	119
Ratios of Outstanding Debt by Type – Last Eight Fiscal Years	121
Direct and Overlapping Governmental Activities Debt – Last Eight Fiscal Years	122
Computation of Legal Debt Margin – Last Ten Fiscal Years	123
Calculation of Charter Bonded Debt Limits	
Demographic and Economic Information -	124
Demographic and Economic Statistics – Last Ten Fiscal Years	125
Principal Employers	
Operating Information:	126
Full-Time Equivalent Employees by Program – Last Ten Fiscal Years	128
Operating Indicators by Program – Last Ten Fiscal Years	130
Capital Asset Statistics by Program – Last Ten Fiscal Years	
<p>Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.</p>	
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 20px auto;"><p>FEDERAL AWARDS</p></div>	
Federal Programs:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	132
Report on Compliance with Requirements Applicable to Each Major Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133	134
Schedule of Expenditures of Federal Awards	136
Notes to Schedule of Expenditures of Federal Awards	137
Summary Schedule of Prior Audit Findings	138
Schedule of Findings and Questioned Costs	139

(This page intentionally left blank.)

INTRODUCTORY SECTION

(This page intentionally left blank.)

City of Rye, New York
List of Elected and Appointed Officials
December 31, 2009

Elected Officials

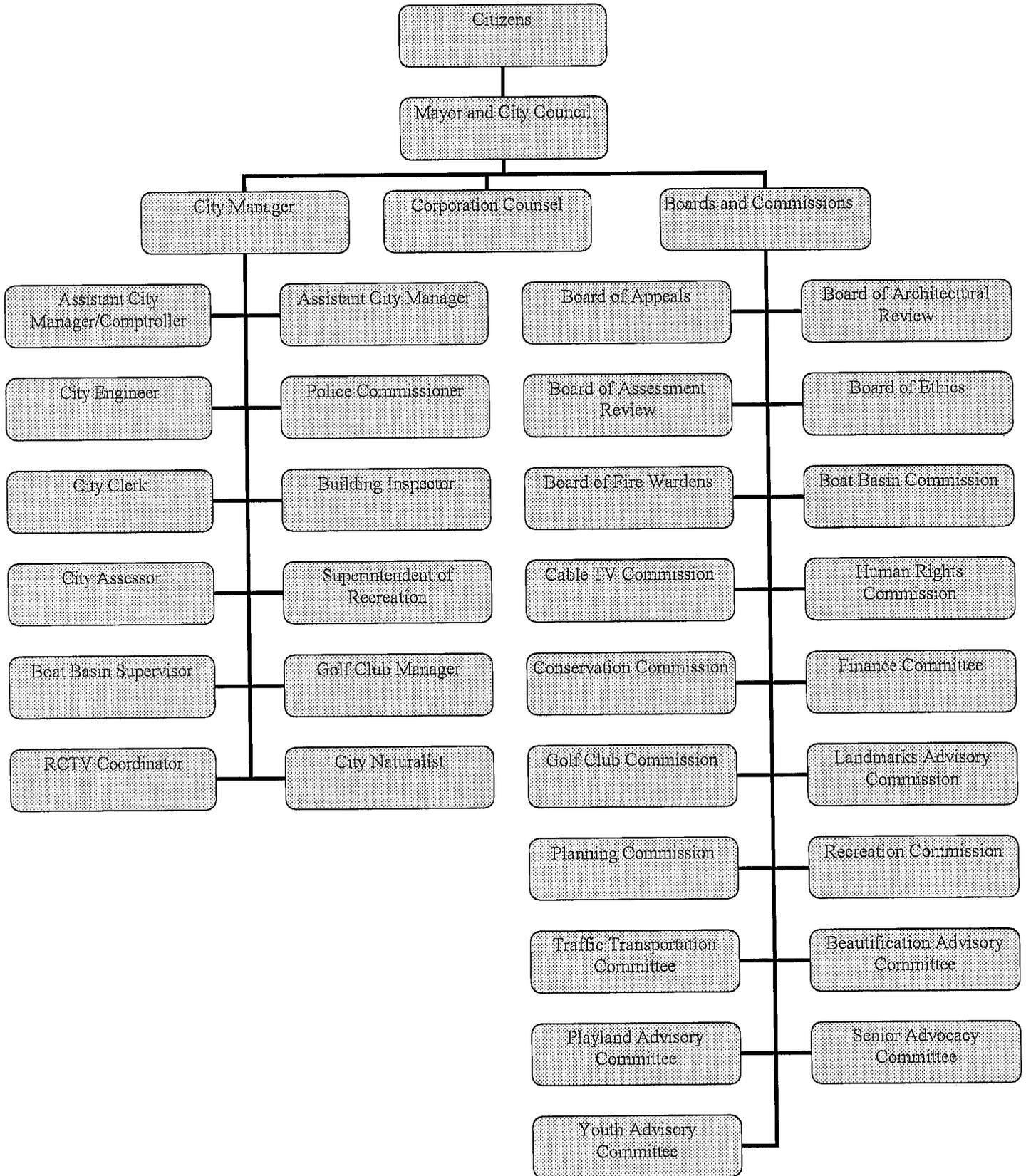
Steven Otis, Mayor

Andrew C. Ball, Council Member
Mack Cunningham, Council Member
Paula Gamache, Council Member
Catherine Parker, Council Member
George S. Pratt, Council Member
Joseph Sack, Council Member

Appointed Officials

Frank J. Culross, City Manager
Scott D. Pickup, Assistant City Manager
Jean Gribbins, City Comptroller
Kevin J. Plunkett, Corporation Counsel
George J. Mottarella, City Engineer
Dawn Nodarse, City Clerk
Noreen Whitty, City Assessor
Christian Miller, City Planner
Vincenzo Tamburro, Building Inspector
William R. Connors, Police Commissioner
George Hogben, Fire Chief
James Dianni, Fire Inspector
Sally Rogol, Superintendent of Recreation
Peter Fox, Boat Basin Supervisor
Scott Yandrasevich, Golf Club Manager
Nicole Levitsky, RCTV Coordinator

City of Rye, New York Organizational Chart





Jean Gribbins
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: jgribbins@ryeny.gov
<http://www.ryeny.gov>

April 30, 2010

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, 2009.

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 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, 2009 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, 2009, 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.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented immediately following the statistical section of the CAFR.

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, 2009) Census Bureau estimate of the City's population is 16,737.

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, an ambulance/EMS services contracted through a local volunteer ambulance corps and building inspections provided by the building department. Transportation services include engineering, street maintenance and administration, snow removal, street lighting, and off-street parking. 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. Home and community services includes community planning, conservation, emergency disaster, maintenance of sewers and drains, street cleaning, solid waste and recycling, community beautification and shade tree maintenance. Cultural services include library services contracted through a local library, an art center owned by the City but operated by an independent not-for-profit organization, and two government access cable television channels operated by the City.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations, revenue estimates for the forthcoming year, and a forecast of current year revenues and expenditures to the City Comptroller, on or before August 31 of each year. The City Comptroller reviews these submissions with the departments to ensure that the current forecasts are reasonable, and that the forthcoming year's appropriation requests and revenue estimates are clearly understood. The finance department, under the direction of the City Comptroller, completes the forecasts, appropriations, and revenue estimates for those items not specifically associated with a department, such as general revenues, internal service fund charges, interfund charges, and debt service requirements. When all of this information has been compiled and reviewed, the City Comptroller submits the entire set of requests and estimates to the City Manager, usually within the second week of September. The City Manager will meet with departments and the City

Comptroller throughout the months of September and October to review the submissions, making adjustments as required or desired to meet the objectives that may have been expressed or implied by the City Council. In accordance with §C21-2 of the City Charter, the City Manager must present a tentative budget to the City Council on or before November 7th. Prior to a public hearing on the tentative budget, the City Council may make any changes to the tentative budget by a vote of at least four council members. After considering the tentative budget, the City Council publishes a notice of public hearing on the tentative budget to be held no later than the first Wednesday in December of the current year, and with at least ten days' notice. After the public hearing, the City Council may adopt the budget without amendment, or, may continue to amend the budget, except for those items required by law or for debt service. Amendments that would increase the estimated revenues or total appropriations require five affirmative votes of the City Council. The City Council must adopt the budget and set the property tax rate for the forthcoming year on or before December 31 of the current year. If the City Council fails to adopt the budget by December 31, the tentative budget as amended by the City Council becomes the adopted budget. If no amendments to the tentative budget had been made by the City Council, the tentative budget as submitted by the City Manager becomes the adopted budget. Throughout the year, the City Manager is authorized to make amendments between any accounts within a fund, provided that the amendments do not increase total estimated revenues or total appropriations. Amendments between funds or those that would increase total estimated revenues or appropriations must be made by resolution of the City Council. The original budget; the budget as amended by fiscal year end; actual results, and variances between the amended budget and actual results for the governmental funds are presented in the governmental funds subsection of this report. It should be noted that multi-year, rather than annual budgets, are adopted for the Capital Projects Fund. This report includes a project-length schedule for all projects within the Capital Projects Fund, including project budget, current year revenues and expenditures, project inception-to-date revenues and expenditures, and available project balance remaining at the end of the current fiscal year.

Factors Affecting Financial Condition

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

Local Economy

For the City, 2009 proved to be a difficult economic year on many levels. Sales and use tax revenues showed an 11.62% decline or \$238,250 as compared to 2008, and mortgage tax revenue declined 43.55% or \$709,450 as compared to 2008. As revenues continued to decline, operational and capital projects expenditures were deferred, and positions were not filled as they became vacant. The economic slow down that began in 2008 has carried over in to 2009. Despite this slow down, Moody's Investors Service has continued to assign its highest debt rating (Aaa) to the City's outstanding debt.

Taxable assessments remained relatively the same, rising 0.17% (from \$139,073,118 to \$139,315,267), and our tax base is not dependent upon any single industry or taxpayer. The top ten principal taxpayers of the City represent roughly 8% of the tax roll, with public utilities representing 2.6%, commercial establishments 1.2%, and residential properties representing the remaining 4.2%.

Residential home sales reflect the upscale nature of our community. The City Assessor reported that 123 homes in the City were sold in 2009. Of these, 61% sold for \$1 million or more and 24% sold for \$2 million or more. The median home sales price decreased slightly, from \$1,460,000 in 2008 to \$1,350,000 in 2009, while the average home sales price experienced a decrease from \$1,746,000 to \$1,620,000. The highest 2009 sales price reported for a single-family home was \$9.99 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			
<u>Class</u>	<u>2009</u>	<u>2004</u>	<u>2000</u>
Residential	71.85%	69.90%	68.35%
Business	12.96%	13.87%	14.62%
<u>Other</u>	<u>15.19%</u>	<u>16.23%</u>	<u>17.03%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

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

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

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

While the 2009 unemployment rate is not available for the City as a unit, the 2009 Westchester County rate of 6.9% continues to remain favorable against the 2009 rates for New York State (8.4%) and the United States (9.3%).

Long-term Financial Planning

The City publishes documents that assist in its long-term financial planning, including a five-year *Capital Improvement Plan*. This document is available for review in City Hall, in the Rye Free Reading Room, and on the City’s website (<http://www.ryeny.gov>).

Over the past year, the Federal Funds rate has maintained a low point of less than one percent. This, combined with lower cash balances, will continue to have a significant impact on the City’s interest earnings.

State aid may also be further reduced as the State attempts to close its own budget shortfalls. The volatility of commodity markets could mean that broad and sweeping changes in our assumed costs of materials and supplies could increase our costs. Market liquidity, interest rates, and consumer confidence could have a profound effect on our outlook for sales and use taxes, mortgage taxes, and building permit revenues. We believe that 2010 is a year that requires responsible planning for 2011 and beyond, with an eye towards evaluating and possibly reducing core services, while preserving capital for future 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 2010 that had originally been planned for 2009. These include the reconstruction and improved floodway clearance of the Central Avenue Bridge and the reconstruction of the retaining wall along Theodore Fremd Avenue. These structures were destroyed in the Nor'easter of April 15, 2007. The City also plans additional flood mitigation work on the Bowman Avenue Sluice Gate. It is anticipated that each project will approach or exceed \$1 million in costs, a majority of which will be reimbursed with Federal and State grants.

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, 2008. This was the thirteenth 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 2009 annual budget document, making it the ninth 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, 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,



Jean Gribbins
City Comptroller

(This page intentionally left blank.)

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, 2008

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.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enow".

Executive Director

(This page intentionally left blank.)

FINANCIAL SECTION



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, 2009, 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 2008 financial statements and, in our report dated April 22, 2009 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 as of December 31, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2010 on our consideration of the City of Rye, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Funding Progress - Other Post Employment Benefits are not required parts of the basic financial statements, but are 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.

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. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by OMB Circular A-133, 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 of the table of contents 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.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP

April 27, 2010

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, 2009. 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

- ❖ On the government-wide financial statements, the assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$67,254,845. Of this amount, the unrestricted portion for governmental activities is a deficit of \$320,838. This deficit results primarily from the accrual of certain operating liabilities pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 34, which will be satisfied in future years, including tax certiorari claims, compensated absences and the accrual of the City's annual other post employment benefit cost in accordance with the provisions of GASB Statement No. 45.
- ❖ The City's total net assets decreased by \$1,852,991.
- ❖ Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$10,277,660, of which \$7,083,367 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 \$6,701,760 or 24% of total General Fund expenditures, down from 27% in the prior year.
- ❖ The City's total bonded debt decreased 6.0% from \$18,970,000 to \$17,825,000 during the current fiscal year, representing \$1,145,000 in principal payments made during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: government-wide financial statements; fund financial statements, and notes to 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 changes in the City's net assets 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, earned but unused vacation leave and other post employment benefit obligations).

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, transportation, culture and recreation, and home and community services. 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.

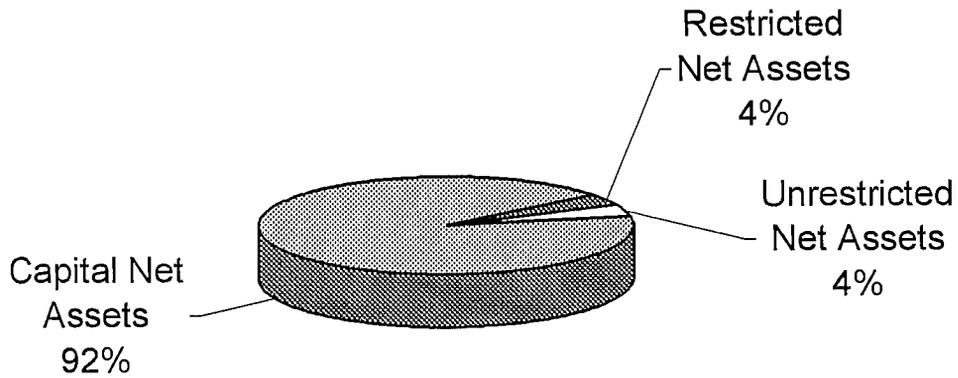
Government-wide Financial Analysis

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 \$67,254,845 at the close of the most recent fiscal year. Of this amount, 92% (\$61,976,953) reflects the City's investment in capital assets (land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure), net of depreciation and any related outstanding debt. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

	Net Assets					
	December 31, 2009			December 31, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	\$ 17,002,381	\$ 3,624,086	\$ 20,626,467	\$ 19,771,506	\$ 5,813,106	\$ 25,584,612
Capital Assets	<u>71,153,688</u>	<u>12,940,758</u>	<u>84,094,446</u>	<u>68,796,468</u>	<u>12,273,386</u>	<u>81,069,854</u>
Total Assets	<u>88,156,069</u>	<u>16,564,844</u>	<u>104,720,913</u>	<u>88,567,974</u>	<u>18,086,492</u>	<u>106,654,466</u>
Current Liabilities	5,368,010	254,337	5,622,347	6,617,050	960,359	7,577,409
Long-term Liabilities	<u>28,225,780</u>	<u>3,617,941</u>	<u>31,843,721</u>	<u>26,252,353</u>	<u>3,716,868</u>	<u>29,969,221</u>
Total Liabilities	<u>33,593,790</u>	<u>3,872,278</u>	<u>37,466,068</u>	<u>32,869,403</u>	<u>4,677,227</u>	<u>37,546,630</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	52,236,195	9,740,758	61,976,953	48,067,286	9,073,386	57,140,672
Restricted	2,646,922	-	2,646,922	2,697,494	-	2,697,494
Unrestricted	<u>(320,838)</u>	<u>2,951,808</u>	<u>2,630,970</u>	<u>4,933,791</u>	<u>4,335,879</u>	<u>9,269,670</u>
Total Net Assets	<u>\$ 54,562,279</u>	<u>\$ 12,692,566</u>	<u>\$ 67,254,845</u>	<u>\$ 55,698,571</u>	<u>\$ 13,409,265</u>	<u>\$ 69,107,836</u>

An additional portion of the City's net assets (\$2,646,922) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$2,630,970. However, the governmental activities portion of net assets is a deficit of \$320,838 and must be financed from future operations. This deficit does not mean that the City does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments, including claims payable (\$2.1 million), compensated absences (\$1.3 million) and other post employment benefit obligations (\$5.9 million) that are greater than currently available resources. Payments for these liabilities will be budgeted in the year that actual payment will be made.

**Net Asset Distribution
December 31, 2009**

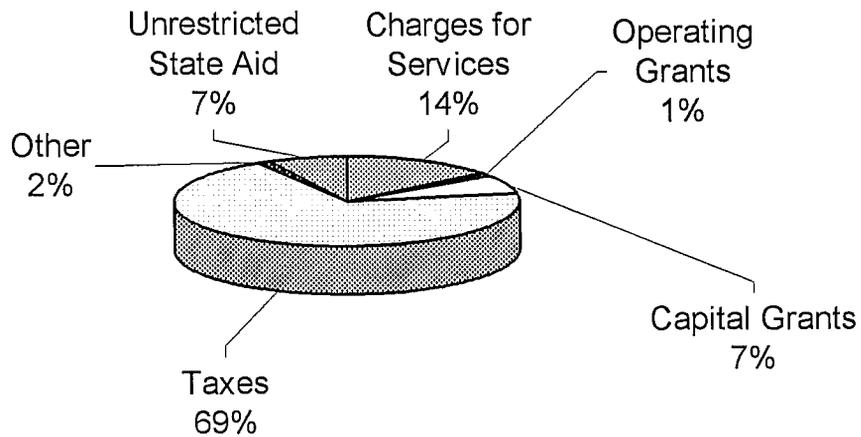


Governmental Activities

Governmental activities decreased the City's net assets by \$1,136,292. Major revenues received included:

- ❖ \$19,323,667 in real property taxes
- ❖ \$1,812,360 in sales and use taxes
- ❖ \$136,922 in hotel occupancy taxes
- ❖ \$415,366 in utilities gross receipts taxes
- ❖ \$140,030 from interest and investment income, and rental of property and
- ❖ \$2,249,619 in state aid not restricted to specific programs.

Revenues by Source - Governmental Activities



Revenues from charges for services were \$4,512,502. Governmental programs received \$399,495 in operating grants, and \$2,072,892 in capital grants, as follows:

- ❖ \$1,410,109 in federal and state aid for emergency disaster repairs
- ❖ \$284,101 in state aid for road improvements
- ❖ \$27,650 in street opening deposits for sidewalk improvements
- ❖ \$350,000 in state historical preservation grants
- ❖ \$1,032 in capital interest

	Changes in Net Assets					
	Year Ended December 31, 2009			Year Ended December 31, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,512,502	\$ 7,157,046	\$ 11,669,548	\$ 4,734,773	\$ 7,829,681	\$ 12,564,454
Operating Grants and Contributions	399,495	-	399,495	359,038	-	359,038
Capital Grants and Contributions	2,072,892	-	2,072,892	398,386	317,500	715,886
General Revenues:						
Real Property Taxes	19,323,667	-	19,323,667	18,331,970	-	18,331,970
Non-Property Taxes	2,364,648	-	2,364,648	2,643,066	-	2,643,066
Unrestricted Use of Money and Property	140,030	11,209	151,239	490,398	121,845	612,243
Unrestricted State Aid	2,249,619	-	2,249,619	2,941,169	-	2,941,169
Other General Revenues	346,137	-	346,137	87,337	-	87,337
Total Revenues	<u>31,408,990</u>	<u>7,168,255</u>	<u>38,577,245</u>	<u>29,986,137</u>	<u>8,269,026</u>	<u>38,255,163</u>
Expenses:						
General Government	4,075,663	-	4,075,663	4,852,832	-	4,852,832
Public Safety	14,193,748	-	14,193,748	14,573,551	-	14,573,551
Transportation	4,419,335	-	4,419,335	5,105,678	-	5,105,678
Culture and Recreation	4,128,114	-	4,128,114	4,201,625	-	4,201,625
Home and Community Services	5,119,135	-	5,119,135	5,177,171	-	5,177,171
Interest	609,287	-	609,287	657,980	-	657,980
Boat Basin	-	574,268	574,268	-	589,804	589,804
Golf Club	-	7,310,686	7,310,686	-	6,972,985	6,972,985
Total Expenses	<u>32,545,282</u>	<u>7,884,954</u>	<u>40,430,236</u>	<u>34,568,837</u>	<u>7,562,789</u>	<u>42,131,626</u>
Change in Net Assets	(1,136,292)	(716,699)	(1,852,991)	(4,582,700)	706,237	(3,876,463)
Net Assets - Beginning	<u>55,698,571</u>	<u>13,409,265</u>	<u>69,107,836</u>	<u>60,281,271</u>	<u>12,703,028</u>	<u>72,984,299</u>
Net Assets - Ending	<u>\$ 54,562,279</u>	<u>\$ 12,692,566</u>	<u>\$ 67,254,845</u>	<u>\$ 55,698,571</u>	<u>\$ 13,409,265</u>	<u>\$ 69,107,836</u>

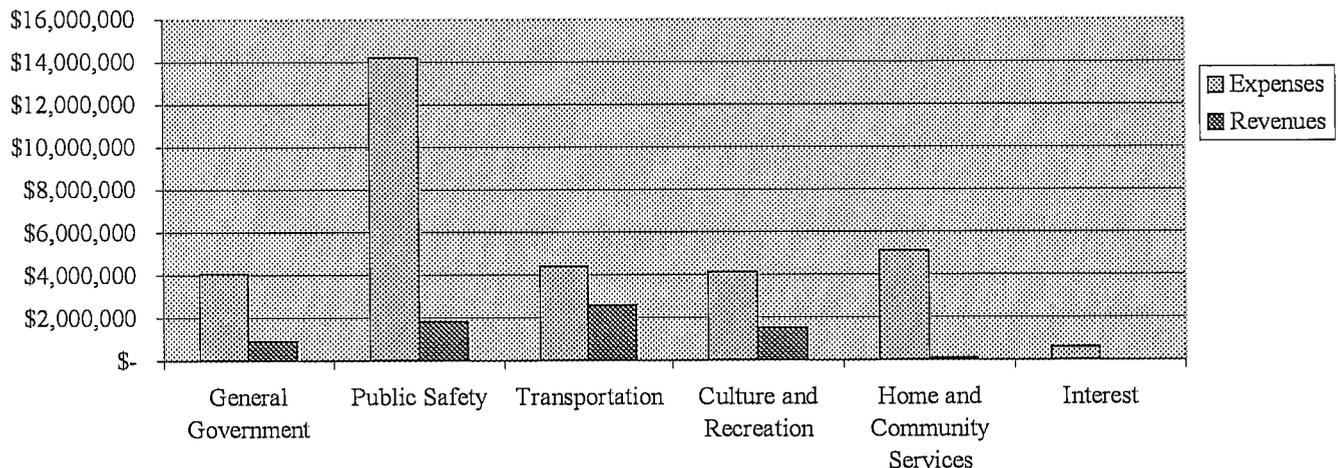
The \$1,422,853 increase in total governmental activities revenues from the prior year is the result of the combination of the following factors:

- ❖ Real property taxes increased by \$991,697 primarily as the result of an increase to the tax levy, offset by tax certiorari judgments for 2009.
- ❖ Non-property taxes decreased by \$278,418, primarily from a decline of \$238,250 in sales and use tax revenues, due to the weak economy.

- ❖ Use of money and property decreased by \$350,368, primarily as a result of sharply lower interest rates and less available cash on hand for investments due to the diminishment of fund balance.
- ❖ Operating and Capital grants and contributions increased \$1,714,963 as a result of state and federal aid recognized in 2009 to reimburse expenses resulting from repairs and improvements to infrastructure that resulted from the severe flooding situation that occurred in March/April 2007, as well as the recognition of a state historical preservation grant of \$350,000 used towards the purchase of property.
- ❖ Unrestricted state aid decreased \$691,550 which can be attributed to a decrease in state aid – mortgage tax, due to the declining real estate market.

Governmental activities expenses decreased by \$2,023,555. Reductions in hospitalization and medical costs, tax certiorari expenses and less capital spending were partially offset by salary increases due under collective bargaining agreements, as well as the 2nd year accrual of the liability for other post employment benefit obligations.

Expenses and Program Revenues - Governmental Activities



Business-type Activities

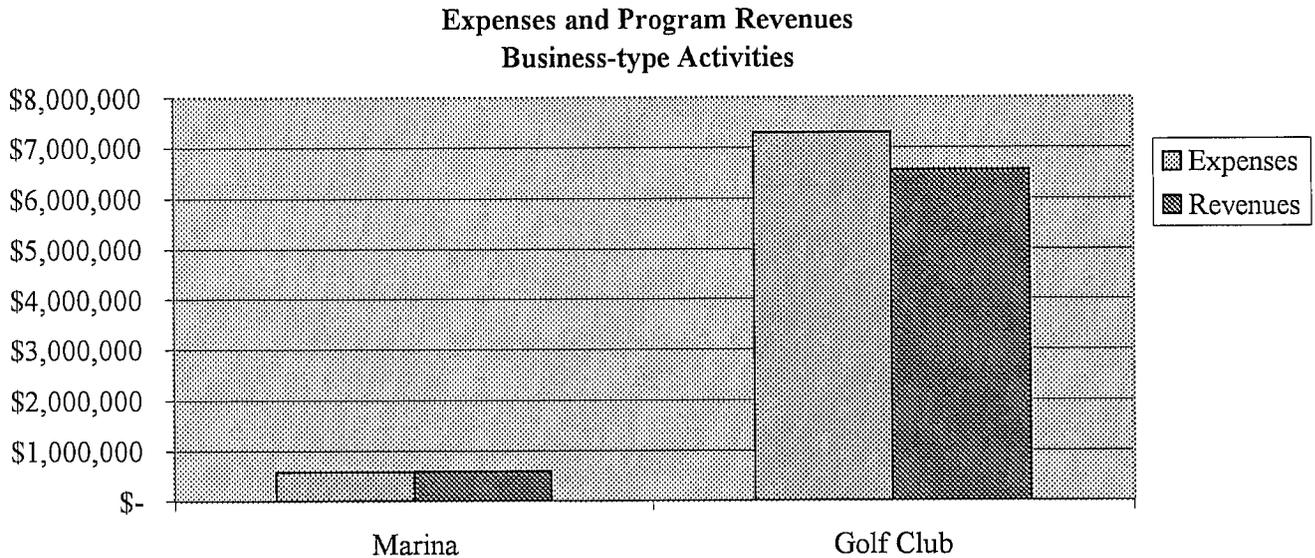
Business-type activities decreased the City's net assets by \$716,699.

Revenues from charges for services were \$591,891 from marina operations and \$6,565,155 from golf club operations. Combined, the business-type activities earned \$11,209 in interest and investment income.

Offsetting these revenues were expenses of \$574,268 for marina operations and \$7,310,686 for golf club operations.

Total business-type activities revenues decreased from the prior year by \$1,100,771, while expenses increased by \$322,165. The decrease in revenues can be attributed to several factors. In the prior year, the City had received a state and federal grant of \$317,500 for a dredging project that is ongoing. Additionally, a more inclement summer

and a drop in memberships at the golf club also severely impacted revenues. Expenses for contractual costs increased at the golf club, in part because of credit card fees. The golf club began accepting payment of dues by credit card in 2009.



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 \$10,277,660, a decrease of \$1,434,998 (12.3%) from the prior year. Approximately 69% (\$7,083,367) 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: committed to liquidate purchase orders of the prior period, prepaid expenditures, provided for the payment of leave time earned but not used by employees, long-term receivables; self insured worker’s compensation benefits, dedicated for the payment of debt service 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 \$6,701,760 representing 68% of the total General Fund balance of \$9,832,457. 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 24% unreserved fund balance to total expenditures, and a 35% total fund balance to total expenditures.

The General Fund's fund balance decreased by \$1,167,920 during the current fiscal year. Of this amount, transfers out of the General Fund exceeded transfers in by \$1,476,214. Transfers in of \$9,345 from the Capital Projects Fund were offset by \$1,485,559 of transfers out as follows: \$793,559 to the Capital Projects Fund for infrastructure projects, and \$692,000 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 \$308,294. Major changes in specific revenues and expenditures in comparison to the prior year are as follows:

- ❖ Real property tax revenues increased from \$18,272,135 to \$19,303,263 (5.6%), which reflects our 4.48% tax rate increase, along with increases in payments in lieu of taxes, penalties collected on delinquent tax payments and offset by refunds to taxpayers due to tax certiorari settlements.
- ❖ Non-property taxes decreased \$278,418 (10.5%) from \$2,643,066 to \$2,364,648, largely attributed to decreases in sales and use taxes from retail sales, as well as a decline in hotel occupancy taxes due to the slumping economy.
- ❖ Charges for services decreased slightly, \$55,414, from \$1,329,874 to \$1,274,460 (4.2%), mostly attributed to a decrease in site plan review fees of \$38,853, net of increases and decreases in other charges for services.
- ❖ Interest and investment income decreased \$298,063 (69.5%) from \$429,132 to \$131,069 due to a further decrease in interest rates, coupled with lower cash balances available for investment, due to the funding of projects that had yet to receive authorized bonding or state and federal aid, as well as a reduction of the fund balance.
- ❖ Licenses and permit revenues decreased \$167,657 (9.9%) from \$1,697,667 to \$1,530,010, which can be attributed predominantly to a decline in building and alteration permits of \$126,252 as a result of the slumping real estate market and street opening permits of \$47,784.
- ❖ Fines and forfeitures remained relatively flat, decreasing \$13,256 (2.3%) from \$583,026 to \$569,770, with increased vehicle and traffic fines of \$64,780 and code violations of \$19,490, offset by decreases in parking fines of \$56,470 and false alarm fines of \$34,570.
- ❖ Miscellaneous revenues increased \$155,350, from \$135,595 to \$290,944, attributable to increases in Medicare Part D subsidies of \$62,636, refunds of prior year expenditures of \$71,903 and donations for miscellaneous recreation programs of \$20,336.

- ❖ Mortgage tax revenues decreased \$709,450 (43.5%) from \$1,629,182 to \$919,732 due to the declining real estate market and a decline in refinancing activity.
- ❖ Salaries and wages increased \$139,636 (1.1%) from \$12,422,745 to \$12,562,381 reflecting contracted salary increases and increases in part time salaries and DPW overtime, offset by decreases in seasonal salaries and in police and fire overtime.
- ❖ Equipment purchases increased \$200,935 from \$273,422 to \$474,357 as a result of the disbursement of the funds for the 9/11 memorial. Without this disbursement, expenditures remained flat.
- ❖ Materials and supplies decreased \$119,668 (5.3%) from \$2,275,836 to \$2,156,168. This can be attributed to a decrease in tax certiorari payments of \$232,940, due to two large settlements in 2008, offset by an increase in sand, salt and deicing costs of \$111,398.
- ❖ Contractual costs decreased \$61,917 (0.9%) from \$7,135,753 to \$7,073,836, with decreases in contract agency costs of \$204,472, legal services of \$86,121 and consultant costs of \$53,462 and increases in internal service fund charges of \$327,903 accounting for the bulk of the change.
- ❖ Employee benefits decreased \$797,592 (12.1%) from \$6,608,918 to \$5,811,326. Decreases in hospitalization and medical costs (\$751,008) contributed most to the decrease.

The Capital Projects Fund closed the fiscal year with a deficit fund balance of \$1,648,712, with four projects, namely the Kirby Lane Sewer, Kirby Lane Water/Gas Lines, the Upper Dogwood Lane Sewer projects along with the Theall Road Reconstruction project, indicating project deficits of \$2,412,184, \$20,044, \$15,438, and \$700,000 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 \$1,721,860, expenditures of \$2,445,209 and other financing sources and uses of \$721,180(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 \$2,688,123, an increase of \$19,275 from the prior year. Net assets invested in capital assets, net of related debt, were \$2,200,732 and unrestricted net assets of \$487,391 represented the balance of net assets. Operating income of the Boat Basin Fund was \$18,009 (operating revenues of \$591,891 offset by \$573,882 of operating expenses). Interest income of \$1,266 made up the balance of total net income.

Total net assets of the Golf Club Fund at year-end were \$10,018,457, a decrease of \$706,959 from the prior year. Net assets invested in capital assets, net of related debt, were \$7,540,026 with unrestricted net assets of \$2,478,431 representing the balance of net assets. Golf Club Fund operating expenses of \$7,112,248 offset operating revenues of \$6,565,155 to arrive at an operating loss of \$547,093. Interest income of \$9,943 offset by \$169,809 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 \$28,801,589 and the final amended budget \$28,811,815 – a difference of \$10,226 (0.04%). An amendment to the original budget was adopted by the City Council to reflect the receipt and use of funds that were unanticipated at the time of budget adoption in the amount of \$10,226, representing donations to restore a World War II memorial. The actual revenues realized for the year ended December 31, 2009 failed to meet the anticipated amount in the final budget by \$425,453. The most significant were as follows: shortfalls in sales and use taxes and hotel occupancy taxes due to the slumping economy, decreased interest and investment income due to sharply lower than anticipated interest rates, decreased building and alteration permits due to a slowdown in construction activity, and decreased mortgage tax revenues due to fewer home sales and lower prices.

The difference between the operating appropriations originally budgeted and in the final amended budget for the General Fund was \$218,201 (\$29,694,152 vs. \$29,912,353), an immaterial change of 0.73%. Excluding contingency, the appropriations budget for general government operations increased \$100,000 and can be attributed to increases for tax certiorari obligations as well as increased costs in the Human Resources department. The budget for public safety decreased \$27,013, or 0.2%, with a transfer made to cover legal expenses associated with the Police Department. The transportation budget increased \$79,210, or 2.37%, as a result of the additional purchases of snow removal supplies due to the harsh winter months. The budget for culture and recreation was increased \$184,178, attributed to the carry forward of the special events balances from the end of 2008. The home and community services budget increased \$181,825, or 3.98%, as a result of the appropriation of the 9/11 Memorial reserved fund balance to cover the disbursement of the funds. The actual expenses realized for the year ended December 31, 2009 were \$1,834,285 less than anticipated in the final budget. These savings were generated in a variety of areas of operations, as a City-wide initiative was implemented early in 2009 to reduce spending throughout the year in recognition of reductions in economically sensitive revenues discussed above.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2009, net of \$42,623,472 of accumulated depreciation, was \$84,094,446. 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:

- ❖ The marina dredging project added \$689,263 to construction in progress.
- ❖ Capital projects with a value of \$553,624, including a deck addition at Whitby Castle and golf cart path improvements, were made at the Golf Club.
- ❖ The City purchased property at 600 Milton Road, known as "The Birdhouse" in the amount of \$1,250,000, of which the City expects full reimbursement from federal, state, county and local grant funds.
- ❖ An oil tank was removed at a cost of \$111,691.
- ❖ New steps were installed at City Hall and the Arts Center for a total cost of \$102,167.
- ❖ A new heating system was installed and other improvements were made at the Department of Public Works, in the amount of \$64,277.
- ❖ General vehicle and equipment purchases totaled \$560,392.
- ❖ Construction in progress on various City-owned facilities added \$328,003.
- ❖ \$80,880 in street improvements, \$92,265 in bridge improvements, \$38,110 in sanitary sewer improvements, \$8,965 in sewer pump station improvements, and \$1,384,730 in storm sewer improvements were made to the City's infrastructure.

Asset	Capital Assets					
	December 31, 2009			December 31, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 6,571,814	\$ 1,700,408	\$ 8,272,222	\$ 5,321,814	\$ 1,700,408	\$ 7,022,222
Buildings	11,610,334	11,759,480	23,369,814	11,610,334	11,759,480	23,369,814
Improvements	4,125,129	4,565,272	8,690,401	3,846,994	4,011,648	7,858,642
Machinery and equipment	9,654,294	1,192,835	10,847,129	9,158,532	1,192,835	10,351,367
Construction in progress	9,008,964	1,607,489	10,616,453	12,823,937	918,226	13,742,163
Infrastructure	64,921,899	-	64,921,899	59,369,893	-	59,369,893
Less - accumulated depreciation	(34,738,746)	(7,884,726)	(42,623,472)	(33,335,036)	(7,309,211)	(40,644,247)
Total (net of depreciation)	<u>\$ 71,153,688</u>	<u>\$ 12,940,758</u>	<u>\$ 84,094,446</u>	<u>\$ 68,796,468</u>	<u>\$ 12,273,386</u>	<u>\$ 81,069,854</u>

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 \$17,825,000. 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 \$17,825,000 bonded debt outstanding at fiscal year end, \$3,200,000 represented debt of the Golf Club Enterprise Fund.

The City issued no new general obligation debt in fiscal 2009.

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, 2009 the City had exhausted 4.73% of its constitutional debt limit, providing an available debt margin of 95.27% with the authority to issue an additional \$421 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, 2009, the amount of debt that could be authorized by City Council resolution alone was \$1,443,917 and the amount that could be authorized by City Council resolution subject to a permissive referendum was \$2,416,211. 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 2009 unemployment rate for Westchester County (unemployment information for the City is unavailable) was 7.1%. This compares favorably with the rate of 8.9% for New York State and the 9.3% national unemployment rate. The slight increase in the Consumer Price Index, not seasonally adjusted, for the area (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) from 2008 to 2009 was favorable in comparison to the slight decrease recorded for the U.S. city average for the same period.

Although home financing and refinancing rates continued to be low in fiscal 2009, the collapse of major banks and lending institutions has contributed to substantial decreased revenues from mortgage taxes and construction activity. Taxable assessed value of real property in the City showed a marginal increase of 0.17% (\$139,315,267 in 2009 vs. \$139,073,118 in 2008).

The median home sales price decreased slightly, from \$1,460,000 in 2008 to \$1,350,000 in 2009 (<1.0%), and the average home sales price also decreased slightly from \$1,746,000 in 2008 to \$1,620,000 in 2009 (<1%).

City management has taken the approach that 2010 will be the beginning of a “reset” in city budgeting. 2010 is anticipated to be a transitional year.

The City appropriated \$1,325,320 of unreserved fund balance from the General Fund for spending in fiscal 2010 to fund the acquisition of capital assets and equipment. This is a decrease of \$624,922, when compared to 2009 budgeted appropriation of fund balance. 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 revenue sources, the fiscal 2010 real property tax rate of \$139.52 per \$1,000 taxable assessed value provides funding for all other General Fund appropriations. The tax rate increase from 2009 to 2010 is 1.56% (\$137.38 to \$139.52).

As required by City policy, both enterprise funds (the Boat Basin Fund and the Golf Club Fund) developed their fiscal 2010 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 Jean Gribbins, City Comptroller, City of Rye, 1051 Boston Post Road, Rye, New York 10580.

(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS

City of Rye, New York
Statement of Net Assets
December 31, 2009
(With Comparative Amounts for 2008)

	2009		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 5,284,188	\$ 361,222	\$ 5,645,410
Investments	5,672,470	2,707,570	8,380,040
Taxes receivable	1,076,439	-	1,076,439
Accounts receivable	327,479	5,968	333,447
Deposits	28,500	-	28,500
Due from other governments	2,625,877	317,500	2,943,377
Internal balances	66,218	(66,218)	-
Prepaid expenses	500,026	13,044	513,070
Restricted Assets:			
Cash and equivalents	262,072	285,000	547,072
Investments	1,159,112	-	1,159,112
Capital Assets:			
Land	6,571,814	1,700,408	8,272,222
Buildings	11,610,334	11,759,480	23,369,814
Improvements	4,125,129	4,565,272	8,690,401
Machinery and equipment	9,654,294	1,192,835	10,847,129
Construction in progress	9,008,964	1,607,489	10,616,453
Infrastructure	64,921,899	-	64,921,899
Less - accumulated depreciation	(34,738,746)	(7,884,726)	(42,623,472)
Total Assets	<u>88,156,069</u>	<u>16,564,844</u>	<u>104,720,913</u>
LIABILITIES			
Accounts payable	353,445	168,769	522,214
Accrued liabilities	814,549	1,184	815,733
Accrued interest payable	829,242	47,080	876,322
Retainage payable	171,945	-	171,945
Bond anticipation notes payable	-	-	-
Loan payable	1,980,000	-	1,980,000
Deposits	359,466	-	359,466
Due to other governments	585,788	37,304	623,092
Unearned revenues	273,575	-	273,575
Non-current liabilities:			
Due within one year:			
Long-term debt	5,207,493	285,000	5,492,493
Claims payable	411,679	-	411,679
Compensated absences	130,507	10,751	141,258
Due in more than one year:			
Long-term debt	13,710,000	2,915,000	16,625,000
Claims payable	1,646,716	-	1,646,716
Compensated absences	1,174,562	96,751	1,271,313
Other postemployment benefit obligations payable	5,944,823	310,439	6,255,262
Total Liabilities	<u>33,593,790</u>	<u>3,872,278</u>	<u>37,466,068</u>
NET ASSETS			
Invested in capital assets, net of related debt	52,236,195	9,740,758	61,976,953
Restricted for:			
Capital projects	1,498,954	-	1,498,954
Permanent fund:			
Expendable	80	-	80
Nonexpendable	20,000	-	20,000
Special purposes	587,193	-	587,193
Debt service	120,925	-	120,925
Risk retention	419,770	-	419,770
Unrestricted	(320,838)	2,951,808	2,630,970
Total Net Assets	<u>\$ 54,562,279</u>	<u>\$ 12,692,566</u>	<u>\$ 67,254,845</u>

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

2008		
Governmental Activities	Business-type Activities	Total
\$ 9,297,351	\$ 260,140	\$ 9,557,491
4,993,444	5,045,711	10,039,155
789,481	-	789,481
332,412	1,025	333,437
28,500	-	28,500
799,753	317,500	1,117,253
94,804	(94,804)	-
515,336	13,534	528,870
261,967	270,000	531,967
2,658,458	-	2,658,458
5,321,814	1,700,408	7,022,222
11,610,334	11,759,480	23,369,814
3,846,994	4,011,648	7,858,642
9,158,532	1,192,835	10,351,367
12,823,937	918,226	13,742,163
59,369,893	-	59,369,893
(33,335,036)	(7,309,211)	(40,644,247)
<u>88,567,974</u>	<u>18,086,492</u>	<u>106,654,466</u>
438,462	873,830	1,312,292
760,559	-	760,559
647,689	51,039	698,728
379,631	-	379,631
2,000,000	-	2,000,000
-	-	-
493,637	-	493,637
1,653,762	35,490	1,689,252
243,310	-	243,310
1,163,462	270,000	1,433,462
401,846	-	401,846
120,930	8,736	129,666
18,917,494	3,200,000	22,117,494
1,607,383	-	1,607,383
1,088,377	78,626	1,167,003
2,952,861	159,506	3,112,367
<u>32,869,403</u>	<u>4,677,227</u>	<u>37,546,630</u>
48,067,286	9,073,386	57,140,672
1,324,615	-	1,324,615
25	-	25
20,000	-	20,000
633,874	-	633,874
259,249	-	259,249
459,731	-	459,731
4,933,791	4,335,879	9,269,670
<u>\$ 55,698,571</u>	<u>\$ 13,409,265</u>	<u>\$ 69,107,836</u>

City of Rye, New York
Statement of Activities
Year Ended December 31, 2009
(With Comparative Amounts for 2008)

	2009						
	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
FUNCTIONS/PROGRAMS							
Governmental Activities:							
General government	\$ 4,075,663	\$ 792,068	\$ 121,654	\$ -	\$ (3,161,941)	\$ -	\$ (3,161,941)
Public safety	14,193,748	1,680,697	137,959	-	(12,375,092)	-	(12,375,092)
Transportation	4,419,335	877,257	-	1,721,860	(1,820,218)	-	(1,820,218)
Culture and recreation	4,128,114	1,060,590	129,656	350,000	(2,587,868)	-	(2,587,868)
Home and community services	5,119,135	101,890	10,226	-	(5,007,019)	-	(5,007,019)
Interest	609,287	-	-	1,032	(608,255)	-	(608,255)
Total Governmental Activities	<u>32,545,282</u>	<u>4,512,502</u>	<u>399,495</u>	<u>2,072,892</u>	<u>(25,560,393)</u>	<u>-</u>	<u>(25,560,393)</u>
Business-type Activities:							
Boat basin	574,268	591,891	-	-	-	17,623	17,623
Golf club	7,310,686	6,565,155	-	-	-	(745,531)	(745,531)
Total Business-type Activities	<u>7,884,954</u>	<u>7,157,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(727,908)</u>	<u>(727,908)</u>
Total Government	<u>40,430,236</u>	<u>11,669,548</u>	<u>399,495</u>	<u>2,072,892</u>	<u>(25,560,393)</u>	<u>(727,908)</u>	<u>(26,288,301)</u>
General Revenues:							
Real property taxes					19,323,667	-	19,323,667
Non-property taxes:							
Sales and use taxes					1,812,360	-	1,812,360
Hotel occupancy taxes					136,922	-	136,922
Utilities gross receipts taxes					415,366	-	415,366
Unrestricted use of money and property					140,030	11,209	151,239
Gain on sale of equipment					31,503	-	31,503
Governmental aid not restricted to specific programs					2,249,619	-	2,249,619
Other revenues					314,634	-	314,634
Total General Revenues					<u>24,424,101</u>	<u>11,209</u>	<u>24,435,310</u>
Change in Net Assets					(1,136,292)	(716,699)	(1,852,991)
Net Assets - Beginning of Year					<u>55,698,571</u>	<u>13,409,265</u>	<u>69,107,836</u>
Net Assets - End of Year					<u>\$ 54,562,279</u>	<u>\$ 12,692,566</u>	<u>\$ 67,254,845</u>

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

2008

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
	\$ 4,852,832	\$ 743,220	\$ 62,223	\$ -	\$ (4,047,389)	\$ -
14,573,551	1,850,529	135,619	-	(12,587,403)	-	(12,587,403)
5,105,678	920,145	36	365,754	(3,819,743)	-	(3,819,743)
4,201,625	1,071,017	161,160	-	(2,969,448)	-	(2,969,448)
5,177,171	149,862	-	-	(5,027,309)	-	(5,027,309)
657,980	-	-	32,632	(625,348)	-	(625,348)
<u>34,568,837</u>	<u>4,734,773</u>	<u>359,038</u>	<u>398,386</u>	<u>(29,076,640)</u>	<u>-</u>	<u>(29,076,640)</u>
589,804	565,473	-	317,500	-	293,169	293,169
6,972,985	7,264,208	-	-	-	291,223	291,223
<u>7,562,789</u>	<u>7,829,681</u>	<u>-</u>	<u>317,500</u>	<u>-</u>	<u>584,392</u>	<u>584,392</u>
<u>\$ 42,131,626</u>	<u>\$ 12,564,454</u>	<u>\$ 359,038</u>	<u>\$ 715,886</u>	<u>(29,076,640)</u>	<u>584,392</u>	<u>(28,492,248)</u>
				18,331,970	-	18,331,970
				2,050,609	-	2,050,609
				177,338	-	177,338
				415,119	-	415,119
				490,398	121,845	612,243
				30,672	-	30,672
				2,941,169	-	2,941,169
				56,665	-	56,665
				<u>24,493,940</u>	<u>121,845</u>	<u>24,615,785</u>
				(4,582,700)	706,237	(3,876,463)
				<u>60,281,271</u>	<u>12,703,028</u>	<u>72,984,299</u>
				<u>\$ 55,698,571</u>	<u>\$ 13,409,265</u>	<u>\$ 69,107,836</u>

City of Rye, New York
Balance Sheet
Governmental Funds
December 31, 2009
(With Comparative Amounts for 2008)

	2009			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 5,162,636	\$ 3,695	\$ 99,726	\$ 5,266,057
Investments	613,652	1,023,893	264,977	1,902,522
Receivables:				
Taxes receivable	1,076,439	-	-	1,076,439
Accounts receivable	253,683	-	73,614	327,297
Due from other funds	3,882,902	25,808	4	3,908,714
Due from other governments	814,644	1,410,106	-	2,224,750
Prepaid expenditures	413,526	-	2,441	415,967
Restricted - Investments	-	47,173	20,080	67,253
Total Assets	<u>\$ 12,217,482</u>	<u>\$ 2,510,675</u>	<u>\$ 460,842</u>	<u>\$ 15,188,999</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable	\$ 183,944	\$ 55,683	\$ 2,401	\$ 242,028
Accrued liabilities	225,898	-	358	226,256
Retainage payable	2,451	11,819	-	14,270
Bond anticipation notes payable	-	-	-	-
Loan payable	-	1,980,000	-	1,980,000
Deposits	359,466	-	-	359,466
Due to other funds	570,290	2,110,791	7,210	2,688,291
Due to other governments	579,024	1,094	5,670	585,788
Deferred revenues	<u>463,952</u>	<u>-</u>	<u>-</u>	<u>463,952</u>
Total Liabilities	<u>2,385,025</u>	<u>4,159,387</u>	<u>15,639</u>	<u>6,560,051</u>
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	257,163	401,077	1,850	660,090
Prepaid expenditures	413,526	-	2,441	415,967
Compensated absences	1,211,972	-	17,830	1,229,802
Long-term receivable	413,636	-	-	413,636
Workers' compensation	834,400	-	300	834,700
Debt service	-	-	21,175	21,175
Trust	-	-	20,000	20,000
Unreserved reported in:				
General Fund	6,701,760	-	-	6,701,760
Special Revenue Funds	-	-	281,777	281,777
Permanent Fund	-	-	80	80
Debt Service Fund	-	-	99,750	99,750
Capital Projects Fund	-	(2,049,789)	-	(2,049,789)
Total Fund Balances (Deficits)	<u>9,832,457</u>	<u>(1,648,712)</u>	<u>445,203</u>	<u>8,628,948</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 12,217,482</u>	<u>\$ 2,510,675</u>	<u>\$ 460,842</u>	<u>\$ 15,188,999</u>

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

2008

General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 9,184,874	\$ 4,586	\$ 50,472	\$ 9,239,932
581,316	277,453	571,866	1,430,635
789,481	-	-	789,481
235,047	-	67,512	302,559
1,895,833	33,809	33,093	1,962,735
757,365	-	-	757,365
442,862	-	2,445	445,307
-	1,548,626	20,025	1,568,651
<u>\$ 13,886,778</u>	<u>\$ 1,864,474</u>	<u>\$ 745,413</u>	<u>\$ 16,496,665</u>
\$ 236,147	\$ 99,844	\$ 4,072	\$ 340,063
74,244	-	-	74,244
1,965	223,441	-	225,406
-	2,000,000	-	2,000,000
-	-	-	-
493,637	-	-	493,637
13,363	1,187,732	29,060	1,230,155
1,653,762	-	-	1,653,762
413,283	-	-	413,283
<u>2,886,401</u>	<u>3,511,017</u>	<u>33,132</u>	<u>6,430,550</u>
446,521	1,655,034	232,710	2,334,265
442,862	-	2,445	445,307
1,132,350	-	5,994	1,138,344
408,169	-	-	408,169
834,400	-	300	834,700
-	-	119,893	119,893
-	-	20,000	20,000
7,736,075	-	-	7,736,075
-	-	191,558	191,558
-	-	25	25
-	-	139,356	139,356
-	(3,301,577)	-	(3,301,577)
<u>11,000,377</u>	<u>(1,646,543)</u>	<u>712,281</u>	<u>10,066,115</u>
<u>\$ 13,886,778</u>	<u>\$ 1,864,474</u>	<u>\$ 745,413</u>	<u>\$ 16,496,665</u>

(This page intentionally left blank.)

City of Rye, New York
 Reconciliation of Governmental Funds Balance Sheet to
 The Government-Wide Statement of Net Assets - Governmental Activities
 December 31, 2009
 (With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
Fund Balances - Total Governmental Funds	\$ 8,628,948	\$ 10,066,115
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>40,973,608</u>	<u>39,785,565</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>190,377</u>	<u>169,973</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>15,088,191</u>	<u>13,472,879</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued liabilities	(174,986)	(462,196)
Bonds payable	(1,330,712)	(1,404,954)
Claims payable	(2,058,395)	(2,009,229)
Accrued interest payable	(11,381)	(42,200)
Compensated absences	(1,229,802)	(1,138,344)
Other postemployment benefit obligations payable	<u>(5,513,569)</u>	<u>(2,739,038)</u>
	<u>(10,318,845)</u>	<u>(7,795,961)</u>
Net Assets of Governmental Activities	<u>\$ 54,562,279</u>	<u>\$ 55,698,571</u>

The notes to 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, 2009
(With Comparative Amounts for 2008)

	2009			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes and related items	\$ 19,303,263	\$ -	\$ -	\$ 19,303,263
Non-property taxes	2,364,648	-	270,815	2,635,463
Charges for services	1,274,460	-	-	1,274,460
Intergovernmental charges	85,866	-	-	85,866
Use of money and property	136,769	-	1,629	138,398
Licenses and permits	1,530,010	27,650	-	1,557,660
Fines and forfeitures	569,770	-	-	569,770
Sale of property and compensation for loss	49,377	-	-	49,377
Interfund revenues	445,759	-	-	445,759
State aid	2,314,467	615,086	-	2,929,553
Federal aid	21,029	1,079,124	-	1,100,153
Miscellaneous	290,944	-	41,890	332,834
Total Revenues	28,386,362	1,721,860	314,334	30,422,556
EXPENDITURES				
Current:				
General government	3,901,647	-	-	3,901,647
Public safety	12,736,433	-	-	12,736,433
Transportation	3,183,718	-	-	3,183,718
Culture and recreation	3,684,984	-	442,056	4,127,040
Home and community services	4,571,286	-	-	4,571,286
Debt service:				
Principal	-	-	74,242	74,242
Interest	-	52,425	65,114	117,539
Capital outlay:				
General government	-	-	-	-
Public safety	-	92,090	-	92,090
Transportation	-	874,498	-	874,498
Home and community services	-	1,426,196	-	1,426,196
Total Expenditures	28,078,068	2,445,209	581,412	31,104,689
Excess (Deficiency) of Revenues Over Expenditures	308,294	(723,349)	(267,078)	(682,133)
OTHER FINANCING SOURCES (USES)				
Transfers in	9,345	1,195,065	-	1,204,410
Transfers out	(1,485,559)	(473,885)	-	(1,959,444)
Total Other Financing Sources (Uses)	(1,476,214)	721,180	-	(755,034)
Net Change in Fund Balances	(1,167,920)	(2,169)	(267,078)	(1,437,167)
Fund Balances (Deficits) -				
Beginning of Year	11,000,377	(1,646,543)	712,281	10,066,115
Fund Balances (Deficits) - End of Year	\$ 9,832,457	\$ (1,648,712)	\$ 445,203	\$ 8,628,948

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

2008

General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 18,272,135	\$ -	\$ -	\$ 18,272,135
2,643,066	-	257,894	2,900,960
1,329,874	-	-	1,329,874
77,799	-	-	77,799
434,832	-	38,734	473,566
1,697,667	33,075	-	1,730,742
583,026	-	-	583,026
108,962	-	-	108,962
432,050	-	-	432,050
3,043,197	285,677	-	3,328,874
-	47,002	-	47,002
135,595	-	74,412	210,007
<u>28,758,203</u>	<u>365,754</u>	<u>371,040</u>	<u>29,494,997</u>
4,333,767	-	-	4,333,767
12,890,879	-	-	12,890,879
3,177,429	-	-	3,177,429
3,836,268	-	265,149	4,101,417
4,478,333	-	-	4,478,333
-	-	71,144	71,144
-	69,606	68,387	137,993
-	13,496	-	13,496
-	30,401	-	30,401
-	2,337,444	-	2,337,444
-	1,064,499	-	1,064,499
<u>28,716,676</u>	<u>3,515,446</u>	<u>404,680</u>	<u>32,636,802</u>
<u>41,527</u>	<u>(3,149,692)</u>	<u>(33,640)</u>	<u>(3,141,805)</u>
21,304	2,113,524	139,532	2,274,360
(2,372,325)	(776,119)	(20,916)	(3,169,360)
<u>(2,351,021)</u>	<u>1,337,405</u>	<u>118,616</u>	<u>(895,000)</u>
(2,309,494)	(1,812,287)	84,976	(4,036,805)
<u>13,309,871</u>	<u>165,744</u>	<u>627,305</u>	<u>14,102,920</u>
<u>\$ 11,000,377</u>	<u>\$ (1,646,543)</u>	<u>\$ 712,281</u>	<u>\$ 10,066,115</u>

(This page intentionally left blank.)

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, 2009
 (With Comparative Amounts for 2008)

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

	<u>2009</u>	<u>2008</u>
Net Change in Fund Balances - Total Governmental Funds	\$ (1,437,167)	\$ (4,036,805)
<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	1,590,730	2,074,264
Depreciation expense	<u>(402,687)</u>	<u>(289,832)</u>
	<u>1,188,043</u>	<u>1,784,432</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds - Real property taxes</p>		
	<u>20,404</u>	<u>59,835</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>74,242</u>	<u>71,144</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	287,210	(256,108)
Claims	(49,166)	(163,840)
Accrued interest	30,819	21,446
Compensated absences	(91,458)	(227,528)
Other postemployment benefit obligations payable	<u>(2,774,531)</u>	<u>(2,739,038)</u>
	<u>(2,597,126)</u>	<u>(3,365,068)</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>1,615,312</u>	<u>903,762</u>
Change in Net Assets of Governmental Activities	<u>\$ (1,136,292)</u>	<u>\$ (4,582,700)</u>

The notes to 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, 2009
 (With Comparative Amounts for 2008)

	2009			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes and related items	\$ 19,378,840	\$ 19,378,840	\$ 19,303,263	\$ (75,577)
Non-property tax	2,520,000	2,520,000	2,364,648	(155,352)
Charges for services	1,333,317	1,333,317	1,274,460	(58,857)
Intergovernmental charges	79,895	79,895	85,866	5,971
Use of money and property	305,700	305,700	136,769	(168,931)
Licenses and permits	1,542,690	1,542,690	1,530,010	(12,680)
Fines and forfeitures	567,700	567,700	569,770	2,070
Sale of property and compensation for loss	83,136	83,136	49,377	(33,759)
Interfund revenues	447,009	447,009	445,759	(1,250)
State aid	2,443,202	2,443,202	2,314,467	(128,735)
Federal aid	-	-	21,029	21,029
Miscellaneous	100,100	110,326	290,944	180,618
Total Revenues	<u>28,801,589</u>	<u>28,811,815</u>	<u>28,386,362</u>	<u>(425,453)</u>
EXPENDITURES				
Current:				
General Government:				
City Council	83,323	78,035	78,035	-
City Manager	636,639	659,806	659,031	775
Finance Administration	231,595	204,492	195,712	8,780
General Accounting	523,326	485,810	376,142	109,668
Accounts Payable	58,744	47,522	42,662	4,860
Payroll	75,631	60,749	52,326	8,423
Treasury	216,245	425,963	400,179	25,784
Parking Violation Bureau	117,951	140,647	131,117	9,530
Assessor	428,812	401,897	390,787	11,110
City Clerk	386,717	350,463	318,653	31,810
Records Management	55,203	50,672	45,943	4,729
Parking Administration	45,336	45,927	42,102	3,825
Law	361,094	353,256	340,896	12,360
Human Resources	320,239	382,792	360,499	22,293
Elections	41,469	38,992	34,193	4,799
City Hall Annex	120,600	120,600	120,600	-
Information Technology	380,341	335,643	312,770	22,873
Contingent Account	300,000	-	-	-
Total General Government	<u>4,383,265</u>	<u>4,183,266</u>	<u>3,901,647</u>	<u>281,619</u>

2008

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 18,525,219	\$ 18,525,219	\$ 18,272,135	\$ (253,084)
2,510,000	2,510,000	2,643,066	133,066
1,328,834	1,328,834	1,329,874	1,040
72,245	72,245	77,799	5,554
755,700	755,700	434,832	(320,868)
1,507,285	1,507,285	1,697,667	190,382
467,700	499,875	583,026	83,151
70,900	70,900	108,962	38,062
427,675	427,675	432,050	4,375
2,921,365	2,930,053	3,043,197	113,144
-	-	-	-
98,800	98,800	135,595	36,795
<u>28,685,723</u>	<u>28,726,586</u>	<u>28,758,203</u>	<u>31,617</u>
83,761	83,761	76,033	7,728
629,026	639,301	618,824	20,477
226,626	228,175	224,759	3,416
435,845	518,982	409,173	109,809
103,239	50,903	37,437	13,466
111,217	72,258	62,371	9,887
188,220	664,602	628,004	36,598
94,042	118,452	112,831	5,621
444,593	415,086	406,211	8,875
371,601	381,973	364,249	17,724
57,411	47,848	38,957	8,891
42,376	42,569	41,709	860
297,645	576,511	572,172	4,339
279,133	382,958	373,865	9,093
43,158	42,196	33,693	8,503
75,724	78,724	78,724	-
410,266	335,755	254,755	81,000
289,000	-	-	-
<u>4,182,883</u>	<u>4,680,054</u>	<u>4,333,767</u>	<u>346,287</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, 2009
 (With Comparative Amounts for 2008)

	2009			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Public Safety:				
Police Administration	\$ 1,119,868	\$ 1,053,572	\$ 1,002,386	\$ 51,186
Police Patrol	5,794,362	5,771,182	5,514,468	256,714
Police Investigations	687,454	723,722	698,678	25,044
Police Marine Patrol	123,702	128,665	96,589	32,076
Police Youth Services	174,900	177,657	169,343	8,314
Parking Enforcement	238,426	238,866	202,524	36,342
School Crossing Guards	142,243	143,991	114,365	29,626
Traffic Control	218,596	222,492	198,788	23,704
Fire Prevention and Suppression	4,361,206	4,372,312	4,090,263	282,049
Animal Control	22,222	22,222	21,994	228
Building	433,057	434,342	404,052	30,290
Ambulance Service	222,983	222,983	222,983	-
Total Public Safety	13,539,019	13,512,006	12,736,433	775,573
Transportation:				
Public Works Administration	958,760	929,421	876,860	52,561
Engineering	273,257	274,883	252,590	22,293
Street Maintenance	806,864	825,970	777,236	48,734
Snow Removal	696,473	781,057	719,324	61,733
Street Lighting	326,501	328,472	314,332	14,140
Off-Street Parking	279,203	280,465	243,376	37,089
Total Transportation	3,341,058	3,420,268	3,183,718	236,550
Culture and Recreation:				
Recreation Administration	421,573	416,186	397,222	18,964
Parks and Playgrounds	489,881	539,839	458,121	81,718
Recreation Center	280,516	282,313	270,648	11,665
Recreation Programs	237,632	234,166	185,707	48,459
Camps	418,471	428,617	406,224	22,393
Athletics	211,637	209,991	173,674	36,317
Tennis	115,023	115,035	106,288	8,747
Special Events	101,233	225,769	108,795	116,974
Adult Recreation	144,253	150,059	139,890	10,169
Rye Youth Council	38,900	38,900	38,100	800
Rye Town Park	50,000	50,847	50,847	-
Southeast Consortium	19,853	20,238	19,771	467
Rye Free Reading Room	1,155,000	1,155,000	1,155,000	-
Square House Museum	106,763	106,768	103,152	3,616
Rye Arts Center	4,829	4,829	4,829	-
Special Facilities Administration	18,465	18,465	18,465	-
Rye Nature Center	47,066	48,251	48,251	-
Total Culture and Recreation	3,861,095	4,045,273	3,684,984	360,289

2008

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,056,639	\$ 1,218,242	\$ 1,193,839	\$ 24,403
5,781,736	5,586,897	5,463,011	123,886
790,494	724,366	715,027	9,339
141,418	122,771	117,944	4,827
168,328	180,475	175,427	5,048
204,970	256,056	231,356	24,700
117,229	103,540	99,620	3,920
248,406	213,944	205,062	8,882
4,253,013	4,136,439	4,046,390	90,049
21,387	21,467	21,465	2
396,324	423,443	405,710	17,733
216,028	216,028	216,028	-
<u>13,395,972</u>	<u>13,203,668</u>	<u>12,890,879</u>	<u>312,789</u>
985,874	1,013,356	1,000,151	13,205
266,981	265,212	263,289	1,923
731,373	811,952	801,099	10,853
857,083	571,747	571,275	472
294,459	310,168	309,999	169
242,022	246,319	231,616	14,703
<u>3,377,792</u>	<u>3,218,754</u>	<u>3,177,429</u>	<u>41,325</u>
394,643	422,529	416,361	6,168
412,420	486,567	424,318	62,249
210,381	213,581	205,968	7,613
261,667	239,447	201,538	37,909
437,616	392,561	377,924	14,637
203,462	204,678	177,292	27,386
117,428	108,010	96,236	11,774
119,595	234,830	107,455	127,375
125,915	142,103	132,693	9,410
43,150	43,388	43,388	-
90,000	232,242	232,242	-
15,415	17,506	17,427	79
1,173,184	1,173,184	1,173,184	-
76,892	76,895	73,622	3,273
4,792	4,792	4,792	-
87,678	90,842	84,155	6,687
83,779	85,261	67,673	17,588
<u>3,858,017</u>	<u>4,168,416</u>	<u>3,836,268</u>	<u>332,148</u>

(Continued)

City of Rye, New York
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Concluded)
 Year Ended December 31, 2009
 (With Comparative Amounts for 2008)

	2009			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Home and Community Services:				
Planning	\$ 256,772	\$ 250,055	\$ 230,256	\$ 19,799
Sanitary Sewers	432,085	392,096	375,286	16,810
Storm Drains	238,879	186,867	162,898	23,969
Refuse and Garbage	1,854,682	1,843,124	1,815,881	27,243
Recycling	642,025	663,399	637,213	26,186
Street Cleaning	92,006	95,119	93,039	2,080
Community Beautification	536,162	763,620	724,450	39,170
Rodent and Insect Control	63,068	64,413	55,648	8,765
Shade Tree Maintenance	450,679	472,009	455,877	16,132
Conservation	3,357	20,838	20,738	100
Emergency Disaster	-	-	-	-
Total Home and Community Services	<u>4,569,715</u>	<u>4,751,540</u>	<u>4,571,286</u>	<u>180,254</u>
Total Expenditures	<u>29,694,152</u>	<u>29,912,353</u>	<u>28,078,068</u>	<u>1,834,285</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(892,563)</u>	<u>(1,100,538)</u>	<u>308,294</u>	<u>1,408,832</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	9,345	9,345
Transfers out	<u>(1,425,000)</u>	<u>(1,605,000)</u>	<u>(1,485,559)</u>	<u>119,441</u>
Total Other Financing Uses	<u>(1,425,000)</u>	<u>(1,605,000)</u>	<u>(1,476,214)</u>	<u>128,786</u>
Net Change in Fund Balance	<u>(2,317,563)</u>	<u>(2,705,538)</u>	<u>(1,167,920)</u>	<u>1,537,618</u>
Fund Balance - Beginning of Year	<u>2,317,563</u>	<u>2,705,538</u>	<u>11,000,377</u>	<u>8,294,839</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,832,457</u>	<u>\$ 9,832,457</u>

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

2008

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 274,381	\$ 281,381	\$ 262,288	\$ 19,093
383,727	380,827	377,812	3,015
224,770	176,426	173,313	3,113
1,817,931	1,914,474	1,898,672	15,802
556,701	638,123	635,806	2,317
87,335	93,605	91,863	1,742
500,356	526,225	522,796	3,429
30,880	57,517	56,815	702
405,239	457,055	454,023	3,032
111,630	5,317	3,995	1,322
-	950	950	-
<u>4,392,950</u>	<u>4,531,900</u>	<u>4,478,333</u>	<u>53,567</u>
<u>29,207,614</u>	<u>29,802,792</u>	<u>28,716,676</u>	<u>1,086,116</u>
<u>(521,891)</u>	<u>(1,076,206)</u>	<u>41,527</u>	<u>1,117,733</u>
-	-	21,304	21,304
<u>(2,076,332)</u>	<u>(2,442,125)</u>	<u>(2,372,325)</u>	<u>69,800</u>
<u>(2,076,332)</u>	<u>(2,442,125)</u>	<u>(2,351,021)</u>	<u>91,104</u>
<u>(2,598,223)</u>	<u>(3,518,331)</u>	<u>(2,309,494)</u>	<u>1,208,837</u>
<u>2,598,223</u>	<u>3,518,331</u>	<u>13,309,871</u>	<u>9,791,540</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,000,377</u>	<u>\$ 11,000,377</u>

City of Rye, New York
Statement of Net Assets
Proprietary Funds
December 31, 2009
(With Comparative Amounts for 2008)

	2009			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
ASSETS				
Current Assets:				
Cash and equivalents	\$ 282,987	\$ 78,235	\$ 361,222	\$ 18,131
Investments	65,345	2,642,225	2,707,570	3,769,948
Accounts receivable	250	5,718	5,968	182
Deposits	-	-	-	28,500
Due from other funds	-	-	-	555,821
Due from other governments	317,500	-	317,500	401,127
Prepaid expenses	3,142	9,902	13,044	84,059
Total Current Assets	<u>669,224</u>	<u>2,736,080</u>	<u>3,405,304</u>	<u>4,857,768</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and equivalents	-	285,000	285,000	262,072
Investments	-	-	-	1,091,859
Total Restricted Assets	<u>-</u>	<u>285,000</u>	<u>285,000</u>	<u>1,353,931</u>
Capital Assets:				
Land	408	1,700,000	1,700,408	6,571,814
Buildings	341,930	11,417,550	11,759,480	11,610,334
Improvements	1,209,616	3,355,656	4,565,272	4,125,129
Machinery and equipment	73,388	1,119,447	1,192,835	9,568,220
Construction in progress	1,607,489	-	1,607,489	8,265,036
Less accumulated depreciation	<u>(1,032,099)</u>	<u>(6,852,627)</u>	<u>(7,884,726)</u>	<u>(9,960,453)</u>
Total Capital Assets (net of accumulated depreciation)	<u>2,200,732</u>	<u>10,740,026</u>	<u>12,940,758</u>	<u>30,180,080</u>
Total Noncurrent Assets	<u>2,200,732</u>	<u>11,025,026</u>	<u>13,225,758</u>	<u>31,534,011</u>
Total Assets	<u>2,869,956</u>	<u>13,761,106</u>	<u>16,631,062</u>	<u>36,391,779</u>

2008

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 30,718	\$ 229,422	\$ 260,140	\$ 57,419
1,359,506	3,686,205	5,045,711	3,562,809
250	775	1,025	29,853
-	-	-	28,500
469	-	469	-
317,500	-	317,500	42,388
3,155	10,379	13,534	70,029
<u>1,711,598</u>	<u>3,926,781</u>	<u>5,638,379</u>	<u>3,790,998</u>
-	270,000	270,000	261,967
-	-	-	1,089,807
<u>-</u>	<u>270,000</u>	<u>270,000</u>	<u>1,351,774</u>
408	1,700,000	1,700,408	5,321,814
341,930	11,417,550	11,759,480	11,610,334
1,209,616	2,802,032	4,011,648	3,846,994
73,388	1,119,447	1,192,835	9,158,532
918,226	-	918,226	8,032,659
<u>(971,669)</u>	<u>(6,337,542)</u>	<u>(7,309,211)</u>	<u>(8,959,430)</u>
<u>1,571,899</u>	<u>10,701,487</u>	<u>12,273,386</u>	<u>29,010,903</u>
<u>1,571,899</u>	<u>10,971,487</u>	<u>12,543,386</u>	<u>30,362,677</u>
<u>3,283,497</u>	<u>14,898,268</u>	<u>18,181,765</u>	<u>34,153,675</u>

(Continued)

City of Rye, New York
Statement of Net Assets (Continued)
Proprietary Funds
December 31, 2009
(With Comparative Amounts for 2008)

	2009			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
LIABILITIES				
Current Liabilities:				
Accounts payable	1,512	167,257	168,769	111,417
Accrued liabilities	702	482	1,184	413,307
Accrued interest payable	-	47,080	47,080	817,861
Retainage payable	-	-	-	157,675
Due to other funds	12,863	39,341	52,204	1,724,040
Due to other governments	1,076	36,228	37,304	-
Compensated absences	3,065	7,686	10,751	7,527
Current Liabilities Payable from				
Restricted Assets:				
Bonds payable	-	285,000	285,000	836,692
Installment purchase contract	-	-	-	4,292,493
Total Current Liabilities	<u>19,218</u>	<u>583,074</u>	<u>602,292</u>	<u>8,361,012</u>
Noncurrent Liabilities:				
Bonds payable	-	2,915,000	2,915,000	12,457,596
Installment purchase contract	-	-	-	-
Compensated absences	27,582	69,169	96,751	67,740
Other postemployment benefit obligations	<u>135,033</u>	<u>175,406</u>	<u>310,439</u>	<u>431,254</u>
Total Noncurrent Liabilities	<u>162,615</u>	<u>3,159,575</u>	<u>3,322,190</u>	<u>12,956,590</u>
Total Liabilities	<u>181,833</u>	<u>3,742,649</u>	<u>3,924,482</u>	<u>21,317,602</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,200,732	7,540,026	9,740,758	12,593,299
Unrestricted	<u>487,391</u>	<u>2,478,431</u>	<u>2,965,822</u>	<u>2,480,878</u>
Total Net Assets	<u>\$ 2,688,123</u>	<u>\$ 10,018,457</u>	12,706,580	<u>\$ 15,074,177</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(14,014)</u>	
Net Assets of Business-type Activities			<u>\$ 12,692,566</u>	

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

2008

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
504,790	369,040	873,830	98,399
-	-	-	224,119
-	51,039	51,039	605,489
-	-	-	154,225
14,116	96,158	110,274	622,775
1,585	33,905	35,490	-
2,672	6,064	8,736	7,096
-	270,000	270,000	800,758
-	-	-	288,462
<u>523,163</u>	<u>826,206</u>	<u>1,349,369</u>	<u>2,801,323</u>
-	3,200,000	3,200,000	13,294,288
-	-	-	4,292,494
24,047	54,579	78,626	63,867
<u>67,439</u>	<u>92,067</u>	<u>159,506</u>	<u>213,823</u>
<u>91,486</u>	<u>3,346,646</u>	<u>3,438,132</u>	<u>17,864,472</u>
<u>614,649</u>	<u>4,172,852</u>	<u>4,787,501</u>	<u>20,665,795</u>
1,571,899	7,231,487	8,803,386	10,334,901
1,096,949	3,493,929	4,590,878	3,152,979
<u>\$ 2,668,848</u>	<u>\$ 10,725,416</u>	<u>13,394,264</u>	<u>\$ 13,487,880</u>
		<u>15,001</u>	
		<u>\$ 13,409,265</u>	

City of Rye, New York
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2009
(With Comparative Amounts for 2008)

	2009			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
OPERATING REVENUES				
Charges for services	\$ 591,610	\$ 6,561,623	\$ 7,153,233	\$ 5,173,760
Miscellaneous	281	3,532	3,813	234,756
Total Operating Revenues	<u>591,891</u>	<u>6,565,155</u>	<u>7,157,046</u>	<u>5,408,516</u>
OPERATING EXPENSES				
Salaries and wages	218,745	1,204,735	1,423,480	691,529
Employee benefits	141,349	531,130	672,479	500,777
Materials and supplies	34,718	1,949,997	1,984,715	829,313
Contractual costs	118,639	2,911,302	3,029,941	921,804
Depreciation	60,431	515,084	575,515	1,151,727
Total Operating Expenses	<u>573,882</u>	<u>7,112,248</u>	<u>7,686,130</u>	<u>4,095,150</u>
Operating Income (Loss)	<u>18,009</u>	<u>(547,093)</u>	<u>(529,084)</u>	<u>1,313,366</u>
NON-OPERATING REVENUES (EXPENSES)				
Gain on sale of equipment	-	-	-	31,503
State and federal aid	-	-	-	-
Interest income	1,266	9,943	11,209	8,961
Interest expense	-	(169,809)	(169,809)	(522,567)
Total Non-Operating Revenues (Expenses)	<u>1,266</u>	<u>(159,866)</u>	<u>(158,600)</u>	<u>(482,103)</u>
Income (Loss) Before Transfers	19,275	(706,959)	(687,684)	831,263
Transfers in	-	-	-	764,379
Transfers out	-	-	-	(9,345)
Change in Net Assets	19,275	(706,959)	(687,684)	1,586,297
Net Assets - Beginning of Year	<u>2,668,848</u>	<u>10,725,416</u>	<u>13,394,264</u>	<u>13,487,880</u>
Net Assets - End of Year	<u>\$ 2,688,123</u>	<u>\$ 10,018,457</u>	<u>\$ 12,706,580</u>	<u>\$ 15,074,177</u>
Change in Net Assets			\$ (687,684)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(29,015)</u>	
Change in Net Assets of Business-type Activities			<u>\$ (716,699)</u>	

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

2008

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 565,121	\$ 7,257,596	\$ 7,822,717	\$ 4,393,037
352	6,612	6,964	49,260
<u>565,473</u>	<u>7,264,208</u>	<u>7,829,681</u>	<u>4,442,297</u>
203,738	1,255,103	1,458,841	653,057
157,556	622,448	780,004	556,170
38,287	1,866,734	1,905,021	989,841
116,943	2,554,477	2,671,420	618,655
75,408	518,102	593,510	1,137,553
<u>591,932</u>	<u>6,816,864</u>	<u>7,408,796</u>	<u>3,955,276</u>
<u>(26,459)</u>	<u>447,344</u>	<u>420,885</u>	<u>487,021</u>
-	-	-	30,672
317,500	-	317,500	-
34,154	87,691	121,845	61,266
-	(182,757)	(182,757)	(541,433)
<u>351,654</u>	<u>(95,066)</u>	<u>256,588</u>	<u>(449,495)</u>
325,195	352,278	677,473	37,526
-	-	-	895,000
-	-	-	-
325,195	352,278	677,473	932,526
2,343,653	10,373,138	12,716,791	12,555,354
<u>\$ 2,668,848</u>	<u>\$ 10,725,416</u>	<u>\$ 13,394,264</u>	<u>\$ 13,487,880</u>
		\$ 677,473	
		<u>28,764</u>	
		<u>\$ 706,237</u>	

City of Rye, New York
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2009
(With Comparative Amounts for 2008)

	2009			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 591,610	\$ 6,469,977	\$ 7,061,587	\$ 4,313,353
Cash payments to employees	(287,870)	(1,635,832)	(1,923,702)	(971,383)
Cash payments to vendors	(657,915)	(5,030,396)	(5,688,311)	(1,568,574)
Other operating revenues	281	3,532	3,813	234,756
Net Cash Provided by (Used in) Operating Activities	<u>(353,894)</u>	<u>(192,719)</u>	<u>(546,613)</u>	<u>2,008,152</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	-	764,379
Transfers out	-	-	-	(9,345)
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>755,034</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Advances from other funds	-	-	-	1,086,678
Proceeds from State and Federal aid	-	-	-	-
Acquisition and construction of capital assets	(689,263)	(553,624)	(1,242,887)	(2,320,905)
Principal paid on capital debt	-	(270,000)	(270,000)	(1,089,220)
Interest paid on capital debt	-	(173,768)	(173,768)	(576,733)
Proceeds from sale of capital assets	-	-	-	31,503
Net Cash Used in Capital and Related Financing Activities	<u>(689,263)</u>	<u>(997,392)</u>	<u>(1,686,655)</u>	<u>(2,868,677)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	1,266	9,943	11,209	275,499
Purchase of investments	(1,636)	(9,023)	(10,659)	(4,900,564)
Sale of investments	1,295,796	1,053,004	2,348,800	4,691,373
Net Cash Provided by (Used in) Investing Activities	<u>1,295,426</u>	<u>1,053,924</u>	<u>2,349,350</u>	<u>66,308</u>
Net Increase (Decrease) in Cash and Equivalents	252,269	(136,187)	116,082	(39,183)
Cash and Equivalents - Beginning of Year	30,718	499,422	530,140	319,386
Cash and Equivalents - End of Year	<u>\$ 282,987</u>	<u>\$ 363,235</u>	<u>\$ 646,222</u>	<u>\$ 280,203</u>

2008

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 565,121	\$ 7,388,149	\$ 7,953,270	\$ 4,681,588
(296,297)	(1,800,029)	(2,096,326)	(1,047,390)
28,305	(4,334,362)	(4,306,057)	(2,253,279)
352	6,612	6,964	49,260
<u>297,481</u>	<u>1,260,370</u>	<u>1,557,851</u>	<u>1,430,179</u>
-	-	-	895,000
-	-	-	-
-	-	-	<u>895,000</u>
-	-	-	-
317,500	-	317,500	-
(973,620)	(157,967)	(1,131,587)	(1,286,124)
-	(260,000)	(260,000)	(1,049,648)
-	(186,288)	(186,288)	(599,188)
-	-	-	<u>30,672</u>
<u>(656,120)</u>	<u>(604,255)</u>	<u>(1,260,375)</u>	<u>(2,904,288)</u>
34,154	87,691	121,845	322,465
(555,477)	(4,122,406)	(4,677,883)	(7,682,721)
591,795	1,503,369	2,095,164	5,999,756
70,472	(2,531,346)	(2,460,874)	(1,360,500)
(288,167)	(1,875,231)	(2,163,398)	(1,939,609)
318,885	2,374,653	2,693,538	2,258,995
<u>\$ 30,718</u>	<u>\$ 499,422</u>	<u>\$ 530,140</u>	<u>\$ 319,386</u>

(Continued)

City of Rye, New York
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended December 31, 2009
(With Comparative Amounts for 2008)

	2009			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 18,009	\$ (547,093)	\$ (529,084)	\$ 1,313,366
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	60,431	515,084	575,515	1,151,727
(Increase) decrease in accounts receivable	-	(4,943)	(4,943)	(860,407)
(Increase) in deposits	-	-	-	-
(Increase) decrease in due from other funds	469	-	469	(24,482)
(Increase) decrease in due from other governments	-	-	-	-
(Increase) decrease in prepaid expenses	13	477	490	(14,030)
Increase (decrease) in accounts payable	(503,278)	(201,783)	(705,061)	13,018
Increase (decrease) in accrued liabilities	702	482	1,184	189,188
Increase (decrease) in retainage payable	-	-	-	3,450
Increase (decrease) in due to other funds	(1,253)	(56,817)	(58,070)	14,587
Increase (decrease) in due to other governments	(509)	2,323	1,814	-
Increase in other post employment benefit obligations	67,594	83,339	150,933	217,431
Increase (decrease) in compensated absences	3,928	16,212	20,140	4,304
Total Adjustments	(371,903)	354,374	(17,529)	694,786
Net Cash Provided by (Used in) Operating Activities	\$ (353,894)	\$ (192,719)	\$ (546,613)	\$ 2,008,152

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

2008

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ (26,459)	\$ 447,344	\$ 420,885	\$ 487,021
75,408	518,102	593,510	1,137,553
-	225	225	271,736
-	-	-	(28,500)
(469)	-	(469)	15,181
(317,500)	-	(317,500)	1,634
10,848	60,397	71,245	133,738
500,238	130,650	630,888	(108,290)
(3,465)	(14,291)	(17,756)	(186,323)
-	-	-	(46,512)
(9,455)	18,026	8,571	(463,219)
(127)	8,104	7,977	-
67,439	92,067	159,506	213,823
1,023	(254)	769	2,337
<u>323,940</u>	<u>813,026</u>	<u>1,136,966</u>	<u>943,158</u>
\$ 297,481	\$ 1,260,370	\$ 1,557,851	\$ 1,430,179

City of Rye, New York
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2009
(With Comparative Amounts for 2008)

	2009	2008
ASSETS		
Cash and equivalents	\$ 26,859	\$ 44,462
Accounts Receivable	506	-
Total Assets	\$ 27,365	\$ 44,462
 LIABILITIES		
Accounts payable	\$ 1,339	\$ 18,152
Employee payroll deductions	26,026	26,310
Total Liabilities	\$ 27,365	\$ 44,462

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

Note 1 - Summary of Significant Accounting Policies

The City of Rye, New York ("City") 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, transportation, culture and recreation, home and community services and general and administrative support.

The accounting policies of the City 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 2009 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 claims, compensated absences and other post-employment benefit obligations 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, 2009.

Investments - The City participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. In accordance with the provisions of General Municipal Law, Article 3A, CLASS has designated MBIA, Inc. as its registered investment advisor. MBIA, Inc. is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amount represents the amortized cost of the cooperative shares and is considered to approximate fair value. The City's position in the pool is equal to

Note 1 - Summary of Significant Accounting Policies (Continued)

the value of the pool shares. Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from MBIA Municipal Investors Service Corporation, 113 King Street, Armonk, NY 10504.

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

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

Taxes Receivable - Real property taxes attach as an enforceable lien on real property when levied. City property taxes are levied by the City on February 1st and collected by the City in one installment in February, and are due and payable without penalty during the month of February. County property taxes are levied by the County on April 1st and collected by the City in one installment in May, and are due and payable without penalty during the month of May. Rye Neck Union Free School District property taxes are levied by the school district on September 1st and collected by the City in two installments: the taxes for the period July 1st to June 30th are due on September 1st, with the first half payable without penalty until September 30th, and the second half payable without penalty until November 30th. The Rye City School District is responsible for the levy and collection of Rye City School District taxes until July 1st 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 25th, and the balance of forty percent (40%) on October 15th. With respect to school district taxes, New York State law and the County Charter provide that the City satisfy the warrant of the school districts by July 1st of the fiscal year for which such taxes were levied. Thus, the City's fiduciary responsibility for school districts taxes is from the date of the levy until the respective due dates, at which time the City must satisfy its obligations to the school districts, regardless of the amounts collected. Since the County tax warrant must be paid in full by October 15th, uncollected County taxes have been accounted for in a manner similar to City taxes. The collection of school districts taxes is deemed a financing transaction until the warrants are satisfied.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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 \$218,015 for real property taxes and \$245,937 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.

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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, workers' compensation, debt service and trust represent portions of fund balance that are required to be segregated in accordance with State law or generally accepted accounting principles. Designations of unreserved fund balances in governmental funds indicate the utilization of these resources in the ensuing year's budget or tentative plans for future use.

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.

I. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 27, 2010.

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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 2009, the maximum amount that could have been raised was \$126,308,575, which exceeded the levy by \$107,169,680.

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, 2009 consisted of the following:

City taxes - Current	\$ 105,111
City taxes - Delinquent	771,211
School district taxes - Current	<u>200,117</u>
	<u>\$ 1,076,439</u>

School district taxes are offset by liabilities to the school district, which will be paid no later than July 1, 2010. Taxes receivable are also partially offset in the fund financial statements by deferred tax revenues of \$190,377, 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 \$413,636, which represents an estimate of taxes receivable that will not be collected within the subsequent year.

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, 2009 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Cable TV Fund	\$ 7,210
	Capital Projects Fund	2,099,448
	Boat Basin Fund	12,863
	Golf Club Fund	39,341
	Building and Vehicle Maintenance Fund	<u>1,724,040</u>
		<u>3,882,902</u>
Capital Projects Fund	General Fund	<u>25,808</u>
Debt Service Fund	Capital Projects Fund	<u>4</u>
Risk Retention Fund	General Fund	<u>24,482</u>
Building & Vehicle Fund	General Fund	520,000
	Capital Projects Fund	<u>11,339</u>
		<u>531,339</u>
		<u>\$ 4,464,535</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, 2009**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, 2009	Additions	Deletions	Balance at December 31, 2009
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 5,321,814	\$ 1,250,000	\$ -	\$ 6,571,814
Construction-in-progress	12,823,937	1,932,954	5,747,927	9,008,964
Total Capital Assets, not being depreciated	\$ 18,145,751	\$ 3,182,954	\$ 5,747,927	\$ 15,580,778
Capital Assets, being depreciated:				
Buildings	\$ 11,610,334	\$ -	\$ -	\$ 11,610,334
Improvements	3,846,994	278,135	-	4,125,129
Machinery and Equipment	9,158,532	646,466	150,704	9,654,294
Infrastructure	59,369,893	5,608,279	56,273	64,921,899
Total Capital Assets, being depreciated	83,985,753	6,532,880	206,977	90,311,656
Less Accumulated Depreciation for:				
Buildings	2,122,908	286,758	-	2,409,666
Improvements	1,577,804	198,704	-	1,776,508
Machinery and Equipment	5,258,718	683,479	150,704	5,791,493
Infrastructure	24,375,606	385,473	-	24,761,079
Total Accumulated Depreciation	33,335,036	1,554,414	150,704	34,738,746
Total Capital Assets, being depreciated, net	\$ 50,650,717	\$ 4,978,466	\$ 56,273	\$ 55,572,910
Governmental Activities Capital Assets, net	\$ 68,796,468	\$ 8,161,420	\$ 5,804,200	\$ 71,153,688

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2009**Note 3 - Detailed Notes on All Funds (Continued)**

Class	Balance at January 1, 2009	Additions	Balance at December 31, 2009
Business-type Activities:			
Capital Assets, not being depreciated:			
Land	\$ 1,700,408	\$ -	\$ 1,700,408
Construction in Progress	918,226	689,263	1,607,489
Total Capital Assets, not being depreciated	<u>\$ 2,618,634</u>	<u>\$ 689,263</u>	<u>\$ 3,307,897</u>
Capital Assets, being depreciated:			
Buildings	\$ 11,759,480	\$ -	\$ 11,759,480
Improvements	4,011,648	553,624	4,565,272
Machinery and Equipment	1,192,835	-	1,192,835
Total Capital Assets, being depreciated	<u>16,963,963</u>	<u>553,624</u>	<u>17,517,587</u>
Less Accumulated Depreciation for:			
Buildings	3,841,743	292,077	4,133,820
Improvements	2,387,806	247,571	2,635,377
Machinery and Equipment	1,079,662	35,867	1,115,529
Total Accumulated Depreciation	<u>7,309,211</u>	<u>575,515</u>	<u>7,884,726</u>
Total Capital Assets, being depreciated, net	<u>9,654,752</u>	<u>(21,891)</u>	<u>9,632,861</u>
Business-type Activities Capital Assets, net	<u>\$ 12,273,386</u>	<u>\$ 667,372</u>	<u>\$ 12,940,758</u>

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
Transportation	126,705
Culture and Recreation	17,215
Home and Community Services	238,574
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>1,151,727</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,554,414</u>
Business-type Activities:	
Boat Basin	\$ 60,431
Golf Club	<u>515,084</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 575,515</u>

Construction Commitments

The City has active construction projects as of December 31, 2009. These projects include new construction and renovations to existing properties. At year-end, the City had \$401,077 in construction encumbrances.

D. Accrued Liabilities

Accrued liabilities at December 31, 2009 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Payroll and employee benefits	\$ 226,563	\$ 1,184	\$ 227,747
Claims	<u>587,986</u>	<u>-</u>	<u>587,986</u>
Total Accrued Liabilities	<u>\$ 814,549</u>	<u>\$ 1,184</u>	<u>\$ 815,733</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

Note 3 - Detailed Notes on All Funds (Continued)

doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Using a variety of actuarial and statistical techniques, claim liabilities are recomputed periodically to produce current estimates. These estimates reflect recent settlements, claim frequency and other economic and social factors. A 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, 2009		Year Ended December 31, 2008	
	General Liability	Health Benefits	General Liability	Health Benefits
Balance - Beginning of Year	\$ 223,000	\$ 527,490	\$ 355,000	\$ 237,170
Provision for Claims and Claims Adjustment Expenses	774,389	1,808,956	247,445	3,489,648
Claims and Claims Adjustment Expenses Paid	(584,389)	(2,137,424)	(379,445)	(3,199,328)
Balance - End of Year	<u>\$ 413,000</u>	<u>\$ 199,022</u>	<u>\$ 223,000</u>	<u>\$ 527,490</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 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 and a regular pension contribution. Contribution rates for the plan year ended March 31, 2010 are as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2009

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	1 75I/41J	9.3 %
	2 75I/41J	8.6
	3 A14/41J	7.0
	4 A15/41J	7.0
PFRS	1 384D/3029D	18.7 %
	2 384D	13.8

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

	<u>ERS</u>	<u>PFRS</u>
2009	\$ 510,466	\$ 794,295
2008	609,768	806,862
2007	622,275	754,286

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	\$ 404,764
Cable TV	7,275
Boat Basin	12,598
Golf Club	39,705
Building and Vehicle Maintenance	46,124
	<u>\$ 510,466</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, 2009 were \$2,841. The pension benefit obligation of this plan is not significant to the City.

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2009

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, 2009	New Issues	Redemptions	Balance December 31, 2009
Governmental Type Activities:							
Capital Projects Fund:							
Bond Anticipation Notes Payable:							
Kirby Lane Sewer	2007	-	- %	\$ 1,980,000	\$ -	\$ 1,980,000	\$ -
Kirby Lane Water/Gas Lines	2007	-	-	20,000	-	20,000	-
Environmental Facilities Corp. Loan Payable - Kirby Lane Sewer and Water/Gas Lines	2009	5/10	1.00	-	1,980,000	-	1,980,000
Totals				\$ 2,000,000	\$ 1,980,000	\$ 2,000,000	\$ 1,980,000

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.

The State of New York has authorized the establishment of the New York State Environmental Facilities Corporation ("Corporation"). The Corporation was created in-part to administer a water pollution control revolving fund for purposes of complying with the Clean Water Act. The City has received a bridge loan from the Corporation in the amount of \$1,980,000 that was used to retire outstanding bond anticipation notes. It is expected that this loan will be converted to permanent financing through the Corporation in 2010. The liability for this loan has been recorded in the Capital Projects Fund.

Interest expenditures of \$52,425 were recorded in the fund financial statements in the Capital Projects Fund. Interest expense of \$22,593 was recorded in the government-wide financial statements for governmental activities.

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2009

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

The changes in the City's long-term liabilities for the year ended December 31, 2008 were as follows:

	Balance January 1, 2009	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2009	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 15,500,000	\$ -	\$ 875,000	\$ 14,625,000	\$ 915,000
Installment Purchase Contract	4,580,956	-	288,463	4,292,493	4,292,493
Claims Payable	2,009,229	451,012	401,846	2,058,395	411,679
Compensated Absences	1,209,307	216,692	120,930	1,305,069	130,507
Other Post-Employment Benefit Obligations Payable	2,952,861	4,470,904	1,478,942	5,944,823	-
Governmental Activities Long-Term Liabilities	\$ 26,252,353	\$ 5,138,608	\$ 3,165,181	\$ 28,225,780	\$ 5,749,679
Business-type Activities:					
Bonds Payable	\$ 3,470,000	\$ -	\$ 270,000	\$ 3,200,000	\$ 285,000
Compensated Absences	87,362	28,876	8,736	107,502	10,751
Other Post-Employment Benefit Obligations Payable	159,506	288,629	137,696	310,439	-
Business-type Activities Long-Term Liabilities	\$ 3,716,868	\$ 317,505	\$ 416,432	\$ 3,617,941	\$ 295,751

Each governmental fund's liability for compensated absences and other post-employment benefit obligations 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, 2009 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2009
Public Improvements	1990	\$ 3,670,000	June, 2010	6.800 %	\$ 50,000
Golf Club Improvements	1998	3,657,000	September, 2018	4.25 to 4.500	2,120,000
Golf Club Improvements (Taxable)	1998	1,743,000	September, 2018	6.2 to 6.300	1,080,000
Public Improvements	2000	3,825,000	October, 2020	5.2 to 5.250	2,600,000
Public Improvements	2001	1,965,000	October, 2021	4.5 to 5.000	1,375,000
Public Improvements	2002	5,389,500	December, 2020	3.375 to 4.250	3,740,000
Environmental Facilities Corpor- ation for Land Acquisition	2004	1,708,013	August, 2024	3.381 to 4.964	1,335,000
Public Improvements	2005	6,428,000	December, 2025	3.875 to 4.000	5,525,000
					<u>\$ 17,825,000</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2009

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditure/expense of \$65,114 and \$294,953 was recorded in the fund financial statements in the Debt Service Fund and the Internal Service Fund, respectively. Interest expense of \$359,080 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$169,809 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 provided 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 would 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, 2009 was \$4,292,493. Interest expense of \$227,614 was recorded in the Internal Service Fund and in the government-wide financial statements for governmental activities.

Payments to Maturity

The annual requirements to amortize all bonded and installment purchase contract debt outstanding, including interest of \$5,620,113, as of December 31, 2009 is as follows:

Year	Governmental Activities				Business-type Activities		Total	
	Bonds		Installment Purchase		Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
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	975,000	491,914	-	-	335,000	116,193	1,310,000	608,107
2014	1,020,000	452,723	-	-	355,000	99,585	1,375,000	552,308
2015-2019	5,850,000	1,582,044	-	-	1,600,000	209,995	7,450,000	1,792,039
2020-2024	3,570,000	442,667	-	-	-	-	3,570,000	442,667
2025	465,000	18,600	-	-	-	-	465,000	18,600
	<u>\$ 14,625,000</u>	<u>\$ 4,679,572</u>	<u>\$ 4,292,493</u>	<u>\$ 75,233</u>	<u>\$ 3,200,000</u>	<u>\$ 865,308</u>	<u>\$ 22,117,493</u>	<u>\$ 5,620,113</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 \$2,058,395 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.

Note 3 - Detailed Notes on All Funds (Continued)**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 government-wide and proprietary fund financial statements, and as a reservation of fund balance in the governmental fund financial statements.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the City provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the City may vary according to length of service. The cost of providing post employment health care benefits is shared between the City and the retired employee. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. The cost of retiree health care benefits is recognized as expenditure as claims are paid in the fund financial statements. The City has recognized revenues and expenditures of \$120,020 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The City's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2009

Note 3 - Detailed Notes on All Funds (Continued)

to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The City is required to accrue on the government-wide and proprietary fund financial statements the amounts necessary to finance the Plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

<u>Year Ended December 31,</u>	<u>Assumed Increase</u>
2010	8.00 %
2011	7.00
2012	6.00
2013	5.00
2014	5.50
2015+	5.00

The amortization basis is the level dollar method with an open amortization approach with 28 years remaining in the amortization period. The actuarial assumptions include a 4% investment rate of return, a 2.5% inflation rate and a 2.5% annual payroll growth rate. The City currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of December 31, 2009 was as follows:

Active Employees	167
Retired Employees	<u>117</u>
Total	<u><u>284</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2009

Note 3 - Detailed Notes on All Funds (Continued)

	Governmental Funds	Enterprise Funds	Total
Amortization Component:			
Actuarial Accrued Liability as of January 1, 2009	\$ 49,863,473	\$ 3,164,835	\$ 53,028,308
Assets at Market Value	-	-	-
Unfunded Actuarial Accrued Liability	<u>\$ 49,863,473</u>	<u>\$ 3,164,835</u>	<u>\$ 53,028,308</u>
Funded Ratio	0.00%	0.00%	0.00%
Covered Payroll (active plan members)	\$ 11,043,886	\$ 700,955	\$ 11,744,841
UAAL as a Percentage of Covered Payroll	451.50%	451.50%	451.50%
Annual Required Contribution	\$ 4,476,471	\$ 288,929	\$ 4,765,400
Interest on Net OPEB Obligation	118,115	6,381	124,496
Adjustment to Annual Required Contribution	<u>(123,682)</u>	<u>(6,681)</u>	<u>(130,363)</u>
Annual OPEB Cost	4,470,904	288,629	4,759,533
Contributions Made	<u>(1,478,942)</u>	<u>(137,696)</u>	<u>(1,616,638)</u>
Increase in Net OPEB Obligation	2,991,962	150,933	3,142,895
Net OPEB Obligation - Beginning of Year	<u>2,952,861</u>	<u>159,506</u>	<u>3,112,367</u>
Net OPEB Obligation - End of Year	<u>\$ 5,944,823</u>	<u>\$ 310,439</u>	<u>\$ 6,255,262</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding year is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 4,759,533	33.97 %	\$ 6,255,262
2008	4,523,565	31.20	3,112,367

The City first implemented the provisions of GASB Statement No. 45 for the fiscal year ended December 31, 2008.

Note 3 - Detailed Notes on All Funds (Continued)

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, 2009 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Internal Service</u>	
General	\$ -	\$ 793,559	\$ 692,000	\$ 1,485,559
Capital Projects	-	401,506	72,379	473,885
Internal Service	9,345	-	-	9,345
	<u>\$ 9,345</u>	<u>\$ 1,195,065</u>	<u>\$ 764,379</u>	<u>\$ 1,968,789</u>

Transfers are used to 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.

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.

Note 3 - Detailed Notes on All Funds (Continued)

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 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 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.

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.

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

The components of unreserved fund balance are as follows:

	Fund		
	General	Capital Projects	Other Governmental
Designated for:			
Subsequent Year's Expenditures	\$ 1,325,320	\$ -	\$ 99,750
Police Purposes	7,209	-	-
Parking Improvements	76,283	-	-
Parks	99,659	-	-
Business District Improvements	195,000	-	-
Tax Certiorari	2,058,395	-	-
Recreation Programs	209,042	-	-
WWI Memorial	4,151	-	-
Undesignated	<u>2,726,701</u>	<u>(2,049,789)</u>	<u>281,857</u>
	<u>\$ 6,701,760</u>	<u>\$ (2,049,789)</u>	<u>\$ 381,607</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.

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 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.

Designated for WWI Memorial - This designation represents funds donated to the City by individuals and organizations that the City will use to dedicate a memorial to those who have perished in war.

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 a defendant in an action seeking damages of approximately \$880,000 for breach of contract by failing to pay for additional work performed by a contractor and for delay damages. The City's insurance carrier has disclaimed coverage on this matter. The City intends to vigorously defend. No provision for loss has been reflected in the financial statements.

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 are subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures/expenses that may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, to be immaterial.

C. Risk Management

The City purchases various conventional insurance policies to reduce its exposure to loss. The general liability, law enforcement and public officials policies maintained provide coverage up to \$1 million per occurrence and \$2 million in the aggregate, with a self insured retention level of \$50,000 per occurrence. The City also maintains an umbrella liability policy which provides coverage up to \$10 million. 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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

Note 5 - Subsequent Events

- A. The City, on March 10, 2010, issued public improvement refunding serial bonds in the amount of \$8,965,000. The proceeds were used to advance refund outstanding 1998, 2000, 2001 and 2002 bonds. The refunding bonds are due in various annual installments through September 2021, with interest at rates ranging from 2.0% to 4.0%, depending upon maturity.

CITY OF RYE, NEW YORK

SCHEDULE OF FUNDING PROGRESS
 OTHER POSTEMPLOYMENT BENEFITS
 LAST TWO FISCAL YEARS

Fiscal Year Ended December 31,	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
2008 (1)	\$ -	\$ 53,028,308	\$ 53,028,308	- %	\$ 11,458,382	462.79 %
2009 (1)	-	53,028,308	53,028,308	-	11,744,841	451.50

(1) The City first implemented the provisions of GASB Statement No. 45 for the fiscal year ended December 31, 2008.

(This page intentionally left blank.)

**CAPITAL PROJECTS FUND
PROJECT-LENGTH SCHEDULE**

City of Rye, New York
 Capital Projects Fund
 Project-Length Schedule
 Inception of Project Through December 31, 2009

Project Number	Project Title	Year Authorized	Project Budget	Expenditures and Other Financing Uses			Unexpended Balance	
				Prior Years	Current Year	Total		
533021B	Bonded Signal Projects	2003	\$ 316,335	\$ 287,925	\$ 15,002	\$ 302,927	\$ 13,408	
533024	Locust Avenue and Purchase Street Signal	2006	11,000	6,760	-	6,760	4,240	
533025	Purchase Street Roundabout	2007	200,000	53,600	21,650	75,250	124,750	
533026	CBD Traffic Signals	2007	350,000	321,626	-	321,626	28,374	
533030	2009 ARRA Projects	2009	203,792	-	59,230	59,230	144,562	
551060	Theall Road Reconstruction	2007	1,400,000	1,288,472	111,528	1,400,000	-	
551061	Peck Avenue Intersection	2007	200,000	-	-	-	200,000	
551066	School Street Parking Lot Resurfacing	2006	55,000	28,875	26,125	55,000	-	
551070	Central Avenue Bridge Reconstruction	2007	448,600	167,178	92,265	259,443	189,157	
551073	Annual Street Resurfacing Program	2008	1,242,231	999,828	242,403	1,242,231	-	
551074	Purchase Street Study	2008	80,000	65,157	14,428	79,585	415	
551075	Boston Post Road Resurfacing	2008	607,000	576,596	30,404	607,000	-	
551077	Boston Post Road Rock Stabilization	2008	75,000	49,150	19,708	68,858	6,142	
551078	Annual Street Resurfacing Program	2009	917,391	-	662,475	662,475	254,916	
554112	Annual Sidewalk Replacement Program	2007	27,483	20,789	6,694	27,483	-	
554113	Annual Sidewalk Replacement Program	2008	70,000	33,539	36,461	70,000	-	
554114	Annual Sidewalk Replacement Program	2009	93,155	-	88,180	88,180	4,975	
555150	Morehead Footbridge Reconstruction	2006	70,000	37,065	5,000	42,065	27,935	
571041	Recreation Master Plan	2001	75,409	68,245	-	68,245	7,164	
581201B	Kirby Lane Sewer	2003	2,446,774	2,346,742	87,090	2,433,832	12,942	
581204B	Peck Avenue Pump Station	2003	229,568	228,892	236	229,128	440	
581205B	Kirby Lane Water/Gas Lines	2003	20,044	20,044	-	20,044	-	
581206	Upper Dogwood Lane Sewer	2007	150,000	13,935	1,503	15,438	134,562	
581219	Hewlett Avenue Pump Station	2007	454,413	23,648	8,965	32,613	421,800	
581221	Miscellaneous Sewer Rehabilitation	2004	583,700	568,207	13,515	581,722	1,978	
581225	Sewer Force Mains	2008	30,000	4,000	6,790	10,790	19,210	
581226	Brevoort Lane Sewer Pump	2009	86,790	-	-	-	86,790	
581227	Cedar Place Sewer	2009	90,000	-	-	-	90,000	
581228	Westchester Beach Pump Generator	2009	35,000	-	3,910	3,910	31,090	
581419B	North Kirby Lane Drain	2001	270,077	270,077	-	270,077	-	
581423B	Highland Avenue and Onondaga Street Drain	2004	423,160	418,218	4,942	423,160	-	
581426	Annual Drainage Improvement Program	2006	96,371	47,321	34,943	82,264	14,107	
585402	Bowman Avenue Spillway	2007	161,468	157,906	-	157,906	3,562	
585403	Theo Fremd Retaining Wall	2007	352,795	39,325	68,397	107,722	245,073	
585404	Elm Place Retaining Wall	2007	1,413,386	119,332	1,209,597	1,328,929	84,457	
585405	Bowman Avenue Sluice Gate	2008	150,000	63,341	47,653	110,994	39,006	
				<u>\$ 13,435,942</u>	<u>\$ 8,325,793</u>	<u>\$ 2,919,094</u>	<u>\$ 11,244,887</u>	<u>\$ 2,191,055</u>

Revenues and Other Financing Sources			Fund Balance (Deficit)	Loan Payable
Prior Years	Current Year	Total	at December 31, 2009	at December 31, 2009
\$ 316,335	\$ -	\$ 316,335	\$ 13,408	\$ -
11,000	-	11,000	4,240	-
200,000	-	200,000	124,750	-
350,000	-	350,000	28,374	-
-	84,351	84,351	25,121	-
700,000	-	700,000	(700,000)	-
200,000	-	200,000	200,000	-
55,000	-	55,000	-	-
268,600	180,000	448,600	189,157	-
1,242,231	-	1,242,231	-	-
80,000	-	80,000	415	-
607,000	-	607,000	-	-
75,000	-	75,000	6,142	-
-	917,391	917,391	254,916	-
27,483	-	27,483	-	-
70,000	-	70,000	-	-
-	93,155	93,155	4,975	-
70,000	-	70,000	27,935	-
75,409	-	75,409	7,164	-
21,648	-	21,648	(2,412,184)	1,960,000
229,568	-	229,568	440	-
-	-	-	(20,044)	20,000
-	-	-	(15,438)	-
223,413	18,000	241,413	208,800	-
583,700	-	583,700	1,978	-
30,000	-	30,000	19,210	-
-	86,790	86,790	86,790	-
-	90,000	90,000	90,000	-
-	35,000	35,000	31,090	-
267,947	2,130	270,077	-	-
423,160	-	423,160	-	-
96,371	-	96,371	14,107	-
161,468	-	161,468	3,562	-
54,460	86,179	140,639	32,917	-
89,457	1,323,929	1,413,386	84,457	-
150,000	-	150,000	39,006	-
<u>\$ 6,679,250</u>	<u>\$ 2,916,925</u>	<u>\$ 9,596,175</u>	<u>\$ (1,648,712)</u>	<u>\$ 1,980,000</u>

(This page intentionally left blank.)

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

PERMANENT FUND

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

DEBT SERVICE FUND

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

City of Rye, New York
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2009
(With Comparative Amounts for 2008)

	2009			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
ASSETS				
Cash and equivalents	\$ 99,726	\$ -	\$ -	\$ 99,726
Investments	144,056	-	120,921	264,977
Accounts receivable	73,614	-	-	73,614
Due from other funds	-	-	4	4
Prepaid expenditures	2,441	-	-	2,441
Investments - restricted	-	20,080	-	20,080
Total Assets	<u>\$ 319,837</u>	<u>\$ 20,080</u>	<u>\$ 120,925</u>	<u>\$ 460,842</u>
LIABILITIES				
Accounts payable	\$ 2,401	\$ -	\$ -	\$ 2,401
Accrued liabilities	358	-	-	358
Due to other funds	7,210	-	-	7,210
Due to other governments	5,670	-	-	5,670
Total Liabilities	<u>15,639</u>	<u>-</u>	<u>-</u>	<u>15,639</u>
FUND BALANCES				
Reserved for encumbrances	1,850	-	-	1,850
Reserved for prepaid expenditures	2,441	-	-	2,441
Reserved for compensated absences	17,830	-	-	17,830
Reserved for workers' compensation	300	-	-	300
Reserved for debt service	-	-	21,175	21,175
Reserved for trust	-	20,000	-	20,000
Unreserved:				
Designated for subsequent year's expenditures	-	-	99,750	99,750
Undesignated	281,777	80	-	281,857
Total Fund Balances	<u>304,198</u>	<u>20,080</u>	<u>120,925</u>	<u>445,203</u>
Total Liabilities and Fund Balances	<u>\$ 319,837</u>	<u>\$ 20,080</u>	<u>\$ 120,925</u>	<u>\$ 460,842</u>

2008

Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ 50,472	\$ -	\$ -	\$ 50,472
324,794	-	247,072	571,866
67,512	-	-	67,512
-	-	33,093	33,093
2,445	-	-	2,445
-	20,025	-	20,025
<u>\$ 445,223</u>	<u>\$ 20,025</u>	<u>\$ 280,165</u>	<u>\$ 745,413</u>
\$ 4,072	\$ -	\$ -	\$ 4,072
-	-	-	-
8,144	-	20,916	29,060
-	-	-	-
<u>12,216</u>	<u>-</u>	<u>20,916</u>	<u>33,132</u>
232,710	-	-	232,710
2,445	-	-	2,445
5,994	-	-	5,994
300	-	-	300
-	-	119,893	119,893
-	20,000	-	20,000
-	-	139,356	139,356
191,558	25	-	191,583
<u>433,007</u>	<u>20,025</u>	<u>259,249</u>	<u>712,281</u>
<u>\$ 445,223</u>	<u>\$ 20,025</u>	<u>\$ 280,165</u>	<u>\$ 745,413</u>

City of Rye, New York
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2009
 (With Comparative Amounts for 2008)

	2009			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
REVENUES				
Non-property taxes	\$ 270,815	\$ -	\$ -	\$ 270,815
Use of money and property	542	55	1,032	1,629
Miscellaneous	41,890	-	-	41,890
Total Revenues	<u>313,247</u>	<u>55</u>	<u>1,032</u>	<u>314,334</u>
EXPENDITURES				
Current -				
Culture and Recreation:				
Salaries and wages	120,177	-	-	120,177
Equipment	258,388	-	-	258,388
Materials and supplies	9,341	-	-	9,341
Contractual costs	9,989	-	-	9,989
Employee benefits	44,161	-	-	44,161
	<u>442,056</u>	<u>-</u>	<u>-</u>	<u>442,056</u>
Debt Service:				
Principal	-	-	74,242	74,242
Interest	-	-	65,114	65,114
Total Expenditures	<u>442,056</u>	<u>-</u>	<u>139,356</u>	<u>581,412</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(128,809)</u>	<u>55</u>	<u>(138,324)</u>	<u>(267,078)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(128,809)	55	(138,324)	(267,078)
Fund Balances - Beginning of Year	433,007	20,025	259,249	712,281
Fund Balances - End of Year	<u>\$ 304,198</u>	<u>\$ 20,080</u>	<u>\$ 120,925</u>	<u>\$ 445,203</u>

2008

<u>Cable TV Fund</u>	<u>KT Woods Permanent Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
\$ 257,894	\$ -	\$ -	\$ 257,894
5,690	412	32,632	38,734
<u>74,412</u>	<u>-</u>	<u>-</u>	<u>74,412</u>
<u>337,996</u>	<u>412</u>	<u>32,632</u>	<u>371,040</u>
110,159	-	-	110,159
93,018	-	-	93,018
13,417	-	-	13,417
12,333	1,486	-	13,819
<u>34,736</u>	<u>-</u>	<u>-</u>	<u>34,736</u>
<u>263,663</u>	<u>1,486</u>	<u>-</u>	<u>265,149</u>
-	-	71,144	71,144
-	-	<u>68,387</u>	<u>68,387</u>
<u>263,663</u>	<u>1,486</u>	<u>139,531</u>	<u>404,680</u>
<u>74,333</u>	<u>(1,074)</u>	<u>(106,899)</u>	<u>(33,640)</u>
-	-	139,532	139,532
-	-	<u>(20,916)</u>	<u>(20,916)</u>
-	-	<u>118,616</u>	<u>118,616</u>
74,333	(1,074)	11,717	84,976
<u>358,674</u>	<u>21,099</u>	<u>247,532</u>	<u>627,305</u>
<u>\$ 433,007</u>	<u>\$ 20,025</u>	<u>\$ 259,249</u>	<u>\$ 712,281</u>

City of Rye, New York
 Cable TV Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended December 31, 2009
 (With Comparative Amounts for 2008)

	2009			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Non-property taxes	\$ 250,000	\$ 250,000	\$ 270,815	\$ 20,815
Use of money and property	2,000	2,000	542	(1,458)
Miscellaneous	41,000	41,000	41,890	890
Total Revenues	<u>293,000</u>	<u>293,000</u>	<u>313,247</u>	<u>20,247</u>
EXPENDITURES				
Current -				
Culture and Recreation:				
Salaries and wages	127,199	127,199	120,177	7,022
Equipment	277,710	267,868	258,388	9,480
Materials and supplies	20,501	21,155	9,341	11,814
Contractual costs	32,001	26,988	9,989	16,999
Employee benefits	33,312	47,513	44,161	3,352
Total Expenditures	<u>490,723</u>	<u>490,723</u>	<u>442,056</u>	<u>48,667</u>
Excess (Deficiency) of Revenues Over Expenditures	(197,723)	(197,723)	(128,809)	68,914
Fund Balance - Beginning of Year	197,723	197,723	433,007	235,284
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,198</u>	<u>\$ 304,198</u>

2008

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 225,000	\$ 225,000	\$ 257,894	\$ 32,894
11,000	11,000	5,690	(5,310)
24,600	74,600	74,412	(188)
<u>260,600</u>	<u>310,600</u>	<u>337,996</u>	<u>27,396</u>
120,616	120,616	110,159	10,457
43,599	369,903	93,018	276,885
16,072	16,447	13,417	3,030
42,090	38,383	12,333	26,050
33,990	37,322	34,736	2,586
<u>256,367</u>	<u>582,671</u>	<u>263,663</u>	<u>319,008</u>
4,233	(272,071)	74,333	346,404
(4,233)	272,071	358,674	86,603
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 433,007</u>	<u>\$ 433,007</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, 2009
 (With Comparative Amounts for 2008)

	2009			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Use of money and property	\$ 300	\$ 300	\$ 55	\$ (245)
EXPENDITURES				
Current -				
Culture and Recreation -				
Contractual costs	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	300	300	55	(245)
OTHER FINANCING USES - Transfers out	-	-	-	-
Net Change in Fund Balance	300	300	55	(245)
Fund Balance (Deficit) - Beginning of Year	(300)	(300)	20,025	20,325
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,080</u>	<u>\$ 20,080</u>

2008

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 850	\$ 850	\$ 412	\$ (438)
<u>-</u>	<u>1,486</u>	<u>1,486</u>	<u>-</u>
850	(636)	(1,074)	(438)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
850	(636)	(1,074)	(438)
(850)	636	21,099	20,463
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,025</u>	<u>\$ 20,025</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, 2009
 (With Comparative Amounts for 2008)

	2009			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES - Use of money and property	\$ -	\$ -	\$ 1,032	\$ 1,032
EXPENDITURES				
Debt Service:				
Principal	74,242	74,242	74,242	-
Interest	65,114	65,114	65,114	-
Total Expenditures	<u>139,356</u>	<u>139,356</u>	<u>139,356</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	<u>(139,356)</u>	<u>(139,356)</u>	<u>(138,324)</u>	<u>1,032</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(139,356)	(139,356)	(138,324)	1,032
Fund Balance - Beginning of Year	<u>139,356</u>	<u>139,356</u>	<u>259,249</u>	<u>119,893</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,925</u>	<u>\$ 120,925</u>

2008

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 60,000	\$ 60,000	\$ 32,632	\$ (27,368)
71,144	71,144	71,144	-
<u>138,188</u>	<u>117,272</u>	<u>68,387</u>	<u>48,885</u>
<u>209,332</u>	<u>188,416</u>	<u>139,531</u>	<u>48,885</u>
<u>(149,332)</u>	<u>(128,416)</u>	<u>(106,899)</u>	<u>21,517</u>
139,532	139,532	139,532	-
<u>-</u>	<u>(20,916)</u>	<u>(20,916)</u>	<u>-</u>
<u>139,532</u>	<u>118,616</u>	<u>118,616</u>	<u>-</u>
(9,800)	(9,800)	11,717	21,517
<u>9,800</u>	<u>9,800</u>	<u>247,532</u>	<u>237,732</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,249</u>	<u>\$ 259,249</u>

(This page intentionally left blank.)

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, 2009
(With Comparative Amounts for 2008)

	2009		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
ASSETS			
Current Assets:			
Cash and equivalents	\$ -	\$ 18,131	\$ 18,131
Investments	708,702	3,061,246	3,769,948
Accounts receivable, net	-	182	182
Deposits	28,500	-	28,500
Due from other funds	24,482	531,339	555,821
Due from other governments, net	-	401,127	401,127
Prepaid expenses	72,556	11,503	84,059
Total Current Assets	<u>834,240</u>	<u>4,023,528</u>	<u>4,857,768</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and equivalents	-	262,072	262,072
Investments	-	1,091,859	1,091,859
Total Restricted Assets	<u>-</u>	<u>1,353,931</u>	<u>1,353,931</u>
Capital Assets:			
Land	-	6,571,814	6,571,814
Buildings	-	11,610,334	11,610,334
Improvements	-	4,125,129	4,125,129
Machinery and equipment	-	9,568,220	9,568,220
Construction in progress	-	8,265,036	8,265,036
Less - Accumulated depreciation	-	(9,960,453)	(9,960,453)
Total Capital Assets (net of accumulated depreciation)	<u>-</u>	<u>30,180,080</u>	<u>30,180,080</u>
Total Noncurrent Assets	<u>-</u>	<u>31,534,011</u>	<u>31,534,011</u>
Total Assets	<u>834,240</u>	<u>35,557,539</u>	<u>36,391,779</u>

2008		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ -	\$ 57,419	\$ 57,419
574,098	2,988,711	3,562,809
28,749	1,104	29,853
28,500	-	28,500
-	-	-
-	42,388	42,388
56,424	13,605	70,029
<u>687,771</u>	<u>3,103,227</u>	<u>3,790,998</u>
-	261,967	261,967
-	1,089,807	1,089,807
-	<u>1,351,774</u>	<u>1,351,774</u>
-	5,321,814	5,321,814
-	11,610,334	11,610,334
-	3,846,994	3,846,994
-	9,158,532	9,158,532
-	8,032,659	8,032,659
-	(8,959,430)	(8,959,430)
-	<u>29,010,903</u>	<u>29,010,903</u>
-	<u>30,362,677</u>	<u>30,362,677</u>
<u>687,771</u>	<u>33,465,904</u>	<u>34,153,675</u>

(Continued)

City of Rye, New York
Internal Service Funds
Combining Statement of Net Assets (Continued)
December 31, 2009
(With Comparative Amounts for 2008)

	2009		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	1,470	109,947	111,417
Accrued liabilities	413,000	307	413,307
Accrued interest payable	-	817,861	817,861
Retainage payable	-	157,675	157,675
Due to other funds	-	1,724,040	1,724,040
Compensated absences	-	7,527	7,527
Current liabilities payable from restricted assets:			
Bonds payable	-	836,692	836,692
Installment purchase contract	-	4,292,493	4,292,493
Total Current Liabilities	<u>414,470</u>	<u>7,946,542</u>	<u>8,361,012</u>
Noncurrent Liabilities:			
Bonds payable	-	12,457,596	12,457,596
Installment purchase contract	-	-	-
Compensated absences	-	67,740	67,740
Other postemployment benefit obligations	-	431,254	431,254
Total Noncurrent Liabilities	<u>-</u>	<u>12,956,590</u>	<u>12,956,590</u>
Total Liabilities	<u>414,470</u>	<u>20,903,132</u>	<u>21,317,602</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	12,593,299	12,593,299
Unrestricted	419,770	2,061,108	2,480,878
Total Net Assets	<u>\$ 419,770</u>	<u>\$ 14,654,407</u>	<u>\$ 15,074,177</u>

2008		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
5,040	93,359	98,399
223,000	1,119	224,119
-	605,489	605,489
-	154,225	154,225
-	622,775	622,775
-	7,096	7,096
-	800,758	800,758
-	<u>288,462</u>	<u>288,462</u>
<u>228,040</u>	<u>2,573,283</u>	<u>2,801,323</u>
-	13,294,288	13,294,288
-	4,292,494	4,292,494
-	63,867	63,867
-	<u>213,823</u>	<u>213,823</u>
-	<u>17,864,472</u>	<u>17,864,472</u>
<u>228,040</u>	<u>20,437,755</u>	<u>20,665,795</u>
-	10,334,901	10,334,901
459,731	<u>2,693,248</u>	<u>3,152,979</u>
<u>\$ 459,731</u>	<u>\$ 13,028,149</u>	<u>\$ 13,487,880</u>

City of Rye, New York
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended December 31, 2009
(With Comparative Amounts for 2008)

	2009		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
OPERATING REVENUES			
Charges for services	\$ 584,300	\$ 4,589,460	\$ 5,173,760
Miscellaneous	71,294	163,462	234,756
Total Operating Revenues	<u>655,594</u>	<u>4,752,922</u>	<u>5,408,516</u>
OPERATING EXPENSES			
Salaries and wages	-	691,529	691,529
Employee benefits	-	500,777	500,777
Materials, supplies and equipment	-	829,313	829,313
Contractual costs	697,299	224,505	921,804
Depreciation	-	1,151,727	1,151,727
Total Operating Expenses	<u>697,299</u>	<u>3,397,851</u>	<u>4,095,150</u>
Operating Income (Loss)	<u>(41,705)</u>	<u>1,355,071</u>	<u>1,313,366</u>
NON-OPERATING REVENUES (EXPENSES)			
Gain on sale of equipment	-	31,503	31,503
Interest income	1,744	7,217	8,961
Interest expense	-	(522,567)	(522,567)
Total Non-Operating Revenues (Expenses)	<u>1,744</u>	<u>(483,847)</u>	<u>(482,103)</u>
Income (Loss) Before Transfers	(39,961)	871,224	831,263
Transfers in	-	764,379	764,379
Transfers out	-	(9,345)	(9,345)
Change in Net Assets	(39,961)	1,626,258	1,586,297
Net Assets - Beginning of Year	459,731	13,028,149	13,487,880
Net Assets - End of Year	<u>\$ 419,770</u>	<u>\$ 14,654,407</u>	<u>\$ 15,074,177</u>

2008		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 564,000	\$ 3,829,037	\$ 4,393,037
4,312	44,948	49,260
<u>568,312</u>	<u>3,873,985</u>	<u>4,442,297</u>
-	653,057	653,057
-	556,170	556,170
-	989,841	989,841
412,231	206,424	618,655
-	<u>1,137,553</u>	<u>1,137,553</u>
<u>412,231</u>	<u>3,543,045</u>	<u>3,955,276</u>
<u>156,081</u>	<u>330,940</u>	<u>487,021</u>
-	30,672	30,672
9,353	51,913	61,266
-	<u>(541,433)</u>	<u>(541,433)</u>
<u>9,353</u>	<u>(458,848)</u>	<u>(449,495)</u>
165,434	(127,908)	37,526
-	895,000	895,000
-	-	-
165,434	767,092	932,526
294,297	<u>12,261,057</u>	<u>12,555,354</u>
<u>\$ 459,731</u>	<u>\$ 13,028,149</u>	<u>\$ 13,487,880</u>

City of Rye, New York
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2009
(With Comparative Amounts for 2008)

	2009		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from charges to other funds	\$ 613,049	\$ 3,700,304	\$ 4,313,353
Cash payments to employees	-	(971,383)	(971,383)
Cash payments to vendors	(551,483)	(1,017,091)	(1,568,574)
Other operating revenues	71,294	163,462	234,756
Net Cash Provided by Operating Activities	<u>132,860</u>	<u>1,875,292</u>	<u>2,008,152</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	764,379	764,379
Transfers out	-	(9,345)	(9,345)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>755,034</u>	<u>755,034</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Advances from other funds	-	1,086,678	1,086,678
Acquisition and construction of capital assets	-	(2,320,905)	(2,320,905)
Principal paid on capital debt	-	(1,089,220)	(1,089,220)
Interest paid on capital debt	-	(576,733)	(576,733)
Proceeds from sale of capital assets	-	31,503	31,503
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(2,868,677)</u>	<u>(2,868,677)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	1,744	273,755	275,499
Purchase of investments	(663,924)	(4,236,640)	(4,900,564)
Sale of investments	529,320	4,162,053	4,691,373
Net Cash Provided by (Used in) Investing Activities	<u>(132,860)</u>	<u>199,168</u>	<u>66,308</u>
Net Decrease in Cash and Equivalents	-	(39,183)	(39,183)
Cash and Equivalents, Beginning of Year	-	319,386	319,386
Cash and Equivalents, End of Year	<u>\$ -</u>	<u>\$ 280,203</u>	<u>\$ 280,203</u>

2008

Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 535,251	\$ 4,146,337	\$ 4,681,588
-	(1,047,390)	(1,047,390)
(472,389)	(1,780,890)	(2,253,279)
<u>4,312</u>	<u>44,948</u>	<u>49,260</u>
<u>67,174</u>	<u>1,363,005</u>	<u>1,430,179</u>
-	895,000	895,000
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>895,000</u>	<u>895,000</u>
-	-	-
-	(1,286,124)	(1,286,124)
-	(1,049,648)	(1,049,648)
-	(599,188)	(599,188)
-	30,672	30,672
<u>-</u>	<u>(2,904,288)</u>	<u>(2,904,288)</u>
9,353	313,112	322,465
(638,213)	(7,044,508)	(7,682,721)
<u>561,686</u>	<u>5,438,070</u>	<u>5,999,756</u>
<u>(67,174)</u>	<u>(1,293,326)</u>	<u>(1,360,500)</u>
-	(1,939,609)	(1,939,609)
-	2,258,995	2,258,995
<u>\$ -</u>	<u>\$ 319,386</u>	<u>\$ 319,386</u>

(Continued)

City of Rye, New York
 Combining Statement of Cash Flows (continued)
 Internal Service Funds
 Year Ended December 31, 2009
 (With Comparative Amounts for 2008)

	2009		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (41,705)	\$ 1,355,071	\$ 1,313,366
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	1,151,727	1,151,727
(Increase) decrease in accounts receivable	28,749	(889,156)	(860,407)
(Increase) in deposits	-	-	-
(Increase) decrease in due from other funds	(24,482)	-	(24,482)
Decrease in due from other governments	-	-	-
(Increase) decrease in prepaid expenses	(16,132)	2,102	(14,030)
Increase (decrease) in accounts payable	(3,570)	16,588	13,018
Increase (decrease) in accrued liabilities	190,000	(812)	189,188
Increase (decrease) in retainage payable	-	3,450	3,450
Increase (decrease) in due to other funds	-	14,587	14,587
Increase in other post employment benefit obligations	-	217,431	217,431
Increase in compensated absences	-	4,304	4,304
Total Adjustments	<u>174,565</u>	<u>520,221</u>	<u>694,786</u>
Net Cash Provided by Operating Activities	<u>\$ 132,860</u>	<u>\$ 1,875,292</u>	<u>\$ 2,008,152</u>

2008		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 156,081	\$ 330,940	\$ 487,021
-	1,137,553	1,137,553
(28,749)	300,485	271,736
(28,500)	-	(28,500)
-	15,181	15,181
-	1,634	1,634
96,502	37,236	133,738
3,840	(112,130)	(108,290)
(132,000)	(54,323)	(186,323)
-	(46,512)	(46,512)
-	(463,219)	(463,219)
-	213,823	213,823
-	2,337	2,337
<u>(88,907)</u>	<u>1,032,065</u>	<u>943,158</u>
<u>\$ 67,174</u>	<u>\$ 1,363,005</u>	<u>\$ 1,430,179</u>

City of Rye, New York
Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency Fund
Year Ended December 31, 2009

<u>ASSETS</u>	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009
Cash and Equivalents	\$ 44,462	\$ 16,064,352	\$ 16,081,955	\$ 26,859
Accounts Receivable	-	16,158,905	16,158,399	506
Prepaid Expenditures	-	213,121	213,121	-
 Total Assets	 <u>\$ 44,462</u>	 <u>\$ 32,436,378</u>	 <u>\$ 32,453,475</u>	 <u>\$ 27,365</u>
 <u>LIABILITIES</u>				
Accounts Payable	\$ 18,152	\$ 1,586,993	\$1,603,806	\$ 1,339
Employee Payroll Deductions	26,310	889,249	889,533	26,026
 Total Liabilities	 <u>\$ 44,462</u>	 <u>\$ 2,476,242</u>	 <u>\$ 2,493,339</u>	 <u>\$ 27,365</u>

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

(This page intentionally left blank.)

City of Rye, New York
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Source
 December 31, 2009

Governmental Funds Capital Assets:	
Machinery and Equipment	\$ 86,074
Infrastructure	64,921,899
Construction in Progress	743,928
	<hr/>
Investments in Governmental Funds Capital Assets	
by Source - Capital Projects Fund	65,751,901
Less: Accumulated Depreciation	<u>(24,778,293)</u>
	<hr/>
Net Book Value	<u><u>\$ 40,973,608</u></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, 2009

Function and Activity	Machinery and Equipment	Infrastructure	Construction in Progress	Total	Accumulated Depreciation	Net Book Value
Public Safety -						
Traffic signals	\$ -	\$ 1,121,825	\$ 6,760	\$ 1,128,585	\$ (271,386)	\$ 857,199
Community Environment:						
Rights of way	-	21,301,087	-	21,301,087	-	21,301,087
Streets	-	13,496,808	94,480	13,591,288	(9,082,643)	4,508,645
Streetlights	-	441,162	-	441,162	(294,153)	147,009
Sidewalks	-	976,585	-	976,585	(770,338)	206,247
Bridges	-	456,605	240,526	697,131	(376,552)	320,579
Sanitary sewers	-	11,467,180	15,438	11,482,618	(6,836,184)	4,646,434
Pump stations	-	1,304,458	10,104	1,314,562	(299,075)	1,015,487
Storm sewers	-	11,165,129	376,620	11,541,749	(6,830,747)	4,711,002
Total Community Environment	-	60,609,014	737,168	61,346,182	(24,489,692)	36,856,490
Culture and Recreation -						
Cable TV equipment	86,074	-	-	86,074	(17,215)	68,859
Parks and playgrounds	-	3,191,060	-	3,191,060	-	3,191,060
Total Culture and Recreation	86,074	3,191,060	-	3,277,134	(17,215)	3,259,919
Total Governmental Funds Capital Assets	\$ 86,074	\$ 64,921,899	\$ 743,928	\$ 65,751,901	\$ (24,778,293)	\$ 40,973,608

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, 2009

Function and Activity	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	13,510,408	80,880	-	13,591,288
Streetlights	441,162	-	-	441,162
Sidewalks	976,585	-	-	976,585
Bridges	647,366	92,265	42,500	697,131
Sanitary sewers	11,444,508	38,110	-	11,482,618
Pump stations	1,307,118	8,965	1,521	1,314,562
Storm sewers	10,213,292	1,384,730	56,273	11,541,749
Total Community Environment	<u>59,841,526</u>	<u>1,604,950</u>	<u>100,294</u>	<u>61,346,182</u>
Culture and Recreation -				
Cable TV equipment	-	86,074	-	86,074
Parks and playgrounds	3,191,060	-	-	3,191,060
Total Culture and Recreation	<u>3,191,060</u>	<u>86,074</u>	<u>-</u>	<u>3,277,134</u>
Total Governmental Funds Capital Assets	<u>\$ 64,161,171</u>	<u>\$ 1,691,024</u>	<u>\$ 100,294</u>	<u>\$ 65,751,901</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

(This page intentionally left blank.)

**STATISTICAL SECTION
(UNAUDITED)**

(This page intentionally left blank.)

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 Eight Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities				
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>
Total Governmental Activities Net Assets	<u>14,651,479</u>	<u>18,277,756</u>	<u>21,123,244</u>	<u>24,190,274</u>
Business-Type Activities				
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>
Total Business-Type Activities Net Assets	<u>9,862,747</u>	<u>10,271,665</u>	<u>10,902,550</u>	<u>11,715,579</u>
Primary Government				
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>
Total Primary Government Net Assets	<u>\$ 24,514,226</u>	<u>\$ 28,549,421</u>	<u>\$ 32,025,794</u>	<u>\$ 35,905,853</u>

(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>	<u>2008</u>	<u>2009</u>
\$ 44,227,627	\$ 45,961,185	\$ 48,067,286	\$ 52,236,195
1,660,467	2,849,549	2,697,494	2,646,922
<u>11,059,645</u>	<u>11,470,537</u>	<u>4,933,791</u>	<u>(320,838)</u>
<u>56,947,739</u>	<u>60,281,271</u>	<u>55,698,571</u>	<u>54,562,279</u>
8,450,126	8,265,309	9,073,386	9,740,758
<u>3,723,916</u>	<u>4,437,719</u>	<u>4,335,879</u>	<u>2,951,808</u>
<u>12,174,042</u>	<u>12,703,028</u>	<u>13,409,265</u>	<u>12,692,566</u>
52,677,753	54,226,494	57,140,672	61,976,953
1,660,467	2,849,549	2,697,494	2,646,922
<u>14,783,561</u>	<u>15,908,256</u>	<u>9,269,670</u>	<u>2,630,970</u>
<u>\$ 69,121,781</u>	<u>\$ 72,984,299</u>	<u>\$ 69,107,836</u>	<u>\$ 67,254,845</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses				
Governmental Activities				
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
Transportation	-	-	-	-
Culture and Recreation	3,005,355	2,921,669	3,452,925	3,558,305
Home and Community Services	-	-	-	-
Interest	77,783	105,133	159,129	333,563
Total Governmental Activities	<u>19,167,993</u>	<u>20,153,129</u>	<u>22,830,819</u>	<u>24,394,306</u>
Business-Type Activities				
Marina	369,746	413,260	454,340	446,916
Golf	3,488,578	3,608,415	3,819,458	4,115,177
Total Business-Type Activities	<u>3,858,324</u>	<u>4,021,675</u>	<u>4,273,798</u>	<u>4,562,093</u>
Total Expenses	<u>23,026,317</u>	<u>24,174,804</u>	<u>27,104,617</u>	<u>28,956,399</u>
Program Revenues				
Governmental Activities				
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
Transportation	-	-	-	-
Culture and Recreation	1,126,616	870,472	976,130	1,009,128
Home and Community Services	-	-	-	-
Operating Grants and Contributions	267,488	404,662	253,947	455,106
Capital Grants and Contributions	258,808	434,307	588,967	314,854
Total Governmental Activities	<u>3,568,729</u>	<u>4,556,909</u>	<u>4,667,923</u>	<u>4,934,060</u>
Business-Type Activities				
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	-	-	-
Total Business-Type Activities	<u>4,375,596</u>	<u>4,404,881</u>	<u>4,865,050</u>	<u>5,265,770</u>
Total Program Revenues	<u>7,944,325</u>	<u>8,961,790</u>	<u>9,532,973</u>	<u>10,199,830</u>

<u>2006</u>	<u>2007</u>	<u>2008(1)</u>	<u>2009</u>
\$ 3,513,365	\$ 4,287,175	\$ 4,852,832	\$ 4,075,663
11,259,005	10,763,060	14,573,551	14,193,748
8,181,719	8,215,438	-	-
-	-	5,105,678	4,419,335
3,693,298	3,700,558	4,201,625	4,128,114
-	-	5,177,171	5,119,135
<u>552,544</u>	<u>725,075</u>	<u>657,980</u>	<u>609,287</u>
<u>27,199,931</u>	<u>27,691,306</u>	<u>34,568,837</u>	<u>32,545,282</u>

468,524	481,837	589,804	574,268
<u>5,306,207</u>	<u>6,814,432</u>	<u>6,972,985</u>	<u>7,310,686</u>
<u>5,774,731</u>	<u>7,296,269</u>	<u>7,562,789</u>	<u>7,884,954</u>

<u>32,974,662</u>	<u>34,987,575</u>	<u>42,131,626</u>	<u>40,430,236</u>
-------------------	-------------------	-------------------	-------------------

489,375	505,926	743,220	792,068
647,446	578,807	1,850,529	1,680,697
2,205,360	2,446,351	-	-
-	-	920,145	877,257
999,740	1,088,198	1,071,017	1,060,590
-	-	149,862	101,890
375,595	660,091	359,038	399,495
<u>410,390</u>	<u>622,728</u>	<u>398,386</u>	<u>2,072,892</u>
<u>5,127,906</u>	<u>5,902,101</u>	<u>5,492,197</u>	<u>6,984,889</u>

633,083	576,693	565,473	591,891
5,378,934	6,990,360	7,264,208	6,565,155
-	3,826	317,500	-
<u>6,012,017</u>	<u>7,570,879</u>	<u>8,147,181</u>	<u>7,157,046</u>
<u>11,139,923</u>	<u>13,472,980</u>	<u>13,639,378</u>	<u>14,141,935</u>

(continued)

City of Rye, New York
Changes in Net Assets
Last Eight 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>

(1) Beginning in 2008, amounts previously reported in the community environment function have been reallocated and are now being reported within the public safety, transportation and home and community services functions.

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>	<u>2008(1)</u>	<u>2009</u>
(22,072,025)	(21,789,205)	(29,076,640)	(25,560,393)
<u>237,286</u>	<u>274,610</u>	<u>584,392</u>	<u>(727,908)</u>
<u>(21,834,739)</u>	<u>(21,514,595)</u>	<u>(28,492,248)</u>	<u>(26,288,301)</u>
16,987,781	17,838,489	18,331,970	19,323,667
2,327,161	2,622,734	2,643,066	2,364,648
1,137,777	1,195,960	490,398	140,030
33,270	26,977	30,672	31,503
3,324,440	3,415,249	2,941,169	2,249,619
41,899	23,327	56,665	314,634
<u>23,852,328</u>	<u>25,122,736</u>	<u>24,493,940</u>	<u>24,424,101</u>
221,177	254,376	121,845	11,209
-	-	-	-
<u>221,177</u>	<u>254,376</u>	<u>121,845</u>	<u>11,209</u>
<u>24,073,505</u>	<u>25,377,112</u>	<u>24,615,785</u>	<u>24,435,310</u>
1,780,303	3,333,531	(4,582,700)	(1,136,292)
<u>458,463</u>	<u>528,986</u>	<u>706,237</u>	<u>(716,699)</u>
<u>\$ 2,238,766</u>	<u>\$ 3,862,517</u>	<u>\$ (3,876,463)</u>	<u>\$ (1,852,991)</u>

City of Rye, New York
Fund Balances, Governmental Funds
Last Eight 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	<u>4,079,729</u>	<u>5,858,284</u>	<u>7,035,140</u>	<u>8,568,860</u>
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	330,232	544,315
Unreserved, Reported In				
Special Revenue Fund	147,620	164,065	166,993	248,138
Permanent Fund	13,891	11,206	-	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 eight fiscal years only, to coincide with similar periods presented on the entity-wide financial statements.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 2,387,761	\$ 3,523,898	\$ 3,264,302	\$ 3,130,697
<u>9,674,609</u>	<u>9,785,973</u>	<u>7,736,075</u>	<u>6,701,760</u>
<u>12,062,370</u>	<u>13,309,871</u>	<u>11,000,377</u>	<u>9,832,457</u>
1,596,362	1,921,268	2,036,376	464,673
324,758	336,911	191,558	281,777
1,309	1,099	25	80
-	9,800	139,356	99,750
<u>(845,230)</u>	<u>(1,476,029)</u>	<u>(3,301,577)</u>	<u>(2,049,789)</u>
<u>1,077,199</u>	<u>793,049</u>	<u>(934,262)</u>	<u>(1,203,509)</u>
<u>\$ 13,139,569</u>	<u>\$ 14,102,920</u>	<u>\$ 10,066,115</u>	<u>\$ 8,628,948</u>

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

	2002	2003	2004	2005
Revenues				
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
Total Revenues	<u>19,751,041</u>	<u>23,621,398</u>	<u>25,167,062</u>	<u>27,269,377</u>
Expenditures				
Current				
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 Services	5,252,387	5,732,532	6,142,100	6,692,938
Transportation	-	-	-	-
Culture and Recreation	2,982,172	2,967,291	3,499,177	3,559,300
Home and Community Services	-	-	-	-
Debt Service				
Principal	85,141	83,590	41,525	43,752
Interest	59,109	60,465	56,745	54,717
Capital Outlay				
General Government	34,335	64,597	4,808	8,000
Public Safety	137,262	424,102	12,423	68,369
Community Services	-	-	-	-
Transportation	1,587,269	490,775	852,713	518,722
Culture and Recreation	64,619	124,538	-	-
Home and Community Services	-	-	-	-
Total Expenditures	<u>21,135,200</u>	<u>21,286,626</u>	<u>23,357,666</u>	<u>24,382,697</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,384,159)</u>	<u>2,334,772</u>	<u>1,809,396</u>	<u>2,886,680</u>
Other Financing Sources (Uses)				
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)
Total Other Financing Sources (Uses)	<u>(366,670)</u>	<u>(395,370)</u>	<u>2,726,999</u>	<u>(927,904)</u>
Net Change in Fund Balances	<u>\$ (1,750,829)</u>	<u>\$ 1,939,402</u>	<u>\$ 4,536,395</u>	<u>\$ 1,958,776</u>
Debt Service as a Percentage of Non-Capital Expenditures	0.74%	0.71%	0.44%	0.41%

(1) Beginning in 2008, amounts previously reported in the community environment function have been reallocated and are now being reported within the public safety, transportation and home and community services functions.

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

<u>2006</u>	<u>2007</u>	<u>2008(1)</u>	<u>2009</u>
\$ 16,966,643	\$ 17,849,808	\$ 18,272,135	\$ 19,303,263
2,550,088	2,868,819	2,900,960	2,635,463
1,372,495	1,282,324	1,329,874	1,274,460
69,235	73,656	77,799	85,866
912,595	1,021,617	473,566	138,398
1,628,357	2,035,050	1,730,742	1,557,660
533,102	477,209	583,026	569,770
89,282	67,234	108,962	49,377
413,628	430,025	432,050	445,759
3,664,263	3,816,573	3,328,874	2,929,553
121,880	450,127	47,002	1,100,153
234,618	189,884	210,007	332,834
<u>28,556,186</u>	<u>30,562,326</u>	<u>29,494,997</u>	<u>30,422,556</u>
3,346,840	3,670,968	4,333,767	3,901,647
11,281,346	10,984,670	12,890,879	12,736,433
7,237,352	7,257,244	-	-
-	-	3,177,429	3,183,718
3,720,422	3,770,058	4,101,417	4,127,040
-	-	4,478,333	4,571,286
64,534	67,079	71,144	74,242
73,700	71,470	137,993	117,539
6,789	27,980	13,496	-
199,687	16,877	30,401	92,090
1,398,098	3,055,579	2,337,444	874,498
69,983	-	-	-
-	-	1,064,499	1,426,196
<u>27,398,751</u>	<u>28,921,925</u>	<u>32,636,802</u>	<u>31,104,689</u>
<u>1,157,435</u>	<u>1,640,401</u>	<u>(3,141,805)</u>	<u>(682,133)</u>
-	-	-	-
854,202	3,384,328	2,274,360	1,204,410
(1,748,777)	(4,061,378)	(3,169,360)	(1,959,444)
<u>(894,575)</u>	<u>(677,050)</u>	<u>(895,000)</u>	<u>(755,034)</u>
<u>\$ 262,860</u>	<u>\$ 963,351</u>	<u>\$ (4,036,805)</u>	<u>\$ (1,437,167)</u>
0.52%	0.52%	0.68%	0.65%

City of Rye, New York
Tax Revenues by Source, Governmental Funds
Last Eight 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
2008	18,272,135	2,050,610	177,338	415,118	1,629,182	22,544,383
2009	19,303,262	1,812,360	136,922	415,366	919,732	22,587,642

Source: Comprehensive Annual Financial Report for each respective fiscal year

Note: Data presented for the last eight 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

<u>Year</u>	<u>One-Three Family Residential</u>	<u>Condos Co-ops & Apt. Bldgs.</u>	<u>Business (1)</u>	<u>Other (2)</u>	<u>Total Gross Assessed Valuation</u>
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
2008	111,523,385	9,147,881	21,869,050	25,815,312	168,355,628
2009	113,148,100	7,819,866	21,819,700	25,580,843	168,368,509

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

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

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

Note: Assessed values are established by the City Assessor on September 15th of the prior year and includes Special Franchise Assessments as established by the New York State Board of Equalization and Assessment. For instance, assessed values for fiscal 2009 were established on September 15, 2008.

<u>Exemptions</u>	<u>Total Taxable Assessed Valuation</u>	<u>Direct Tax Rate (3)</u>	<u>Estimated Actual Full Value</u>	<u>Taxable Value as a Percentage of Full Value</u>
\$ (30,255,710)	\$ 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%
(29,282,510)	139,073,118	131.49	7,059,549,137	1.97%
(29,053,242)	139,315,267	137.38	7,036,124,596	1.98%

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
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
2008	131.49	490.55	-	141.43	13.61
	131.49	-	626.45	141.43	13.61
2009	137.38	500.20	-	146.28	13.89
	137.38	-	647.88	146.28	13.89

Source: City of Rye Comptroller's Office

Blind Brook Sewer District	Mamaroneck Sewer District	Total County	Total with Rye City School District	Total with Rye Neck Union Free School District
\$ 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
20.90	-	175.94	797.98	-
-	23.92	178.96	-	936.90
21.15	-	181.32	818.90	-
-	25.15	185.32	-	970.58

(This page intentionally left blank.)

City of Rye, New York
Principal Taxpayers
December 31, 2009 and 2000

2009

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 2,958,036	2.12%
2	Miriam Osborn Memorial Home	Retirement Community	2,799,399	2.01%
3	Parsonage Investment Co.	Residential	883,900	0.63%
4	Rye Colony Apartments	Cooperative	699,383	0.50%
5	The Gateside - Rye Co.	Office Building	668,000	0.48%
6	BU 055 Westchester	Public Utility	636,479	0.46%
7	Milton Harbor House	Cooperative	597,576	0.43%
8	Host Restaurants Inc.	Hotel	549,550	0.39%
9	Blind Brook Lodge	Cooperative	510,383	0.37%
10	Shenorock Shore Club	Private Club	485,900	0.35%
	Total		<u>\$ 10,788,606</u>	<u>7.74%</u>

2000

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 3,493,568	2.66%
2	Miriam Osborn Memorial Home	Retirement Community	2,212,300	1.68%
3	NY American Water Co.	Public Utility	1,044,261	0.79%
4	The Gateside-Rye Co.	Office Building	1,008,550	0.77%
5	Milton Harbor House	Cooperative	963,200	0.73%
6	New York Investment	Office Building	816,250	0.62%
7	411 Theodore Fremd Assoc	Office Building	770,300	0.59%
8	Rye Colony Apartments	Cooperative	738,250	0.56%
9	Parsonage Investment Co.	Residential	734,700	0.56%
10	Zubrik, Nadja Olga	Cooperative	725,700	0.55%
	Total		<u>\$ 12,507,079</u>	<u>9.51%</u>

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	
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%	31,261
2006	16,869,097	16,787,177	99.51%	81,920	0.49%	79,227
2007	17,706,559	17,654,153	99.70%	52,406	0.30%	46,569
2008	18,387,932	18,318,242	99.62%	69,690	0.38%	53,957
2009	19,241,273	19,136,162	99.45%	105,111	0.55%	15,435

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>		
\$ 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%
15,899,402	99.99%	788	0.01%	288,286	1.81%
16,866,404	99.98%	2,693	0.02%	186,887	1.11%
17,700,722	99.97%	5,837	0.03%	258,076	1.46%
18,372,199	99.91%	15,733	0.09%	430,138	2.34%
19,151,597	99.53%	89,676	0.47%	443,621	2.31%

City of Rye, New York
 Constitutional Tax Limit

Constitutional tax limit calculation, December 31, 2009:

Full valuation, last five fiscal years:	
2009	\$ 7,036,124,596
2008	7,059,549,137
2007	6,407,484,954
2006	5,827,620,298
2005	<u>5,246,364,749</u>
Total full valuation, last five years	<u>31,577,143,734</u>
Five-year average full valuation	<u>6,315,428,747</u>
Constitutional tax limit: 2% of five-year average full valuation	<u>\$ 126,308,575</u>
Tax levy - general city purposes	\$ 19,241,273
Total exclusions ¹	<u>3,751,803</u>
Tax levy subject to tax limit	<u>\$ 15,489,470</u>
Percent of constitutional tax limit exhausted	<u>12.26%</u>
Constitutional tax margin	<u>\$ 110,819,105</u>

Constitutional Tax Limit - Last Ten Fiscal Years

Year	Constitutional Tax Limit	Tax Levy Subject to Tax Limit	Constitutional Tax Margin	Percent Exhausted
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%
2008	118,554,221	9,272,883	109,281,338	7.82%
2009	126,308,575	15,489,470	110,819,105	12.26%

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

Debt Capacity

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

Ratios of Outstanding Debt by Type

Direct and Overlapping Governmental Activities Debt

Computation of Legal Debt Margin

Calculation of Charter Bonded Debt Limits

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

Fiscal Year	General Obligation Bonds	Loans Payable	Total Outstanding Debt	Estimated Full Property Value	Percentage of Full Property Value	Population (1)
Governmental Activities						
2002	\$ 11,379,500	\$ 3,100,000	\$ 14,479,500	\$ 3,519,370,132	0.41%	15,090
2003	10,855,000	2,950,000	13,805,000	4,725,409,509	0.29%	15,066
2004	12,073,013	-	12,073,013	5,097,535,985	0.24%	15,043
2005	17,941,013	-	17,941,013	5,246,364,749	0.34%	14,992
2006	17,153,013	5,120,427	22,273,440	5,827,620,298	0.38%	14,992
2007	16,345,000	4,856,748	21,201,748	6,407,484,954	0.33%	15,109
2008	15,500,000	4,580,956	20,080,956	7,059,549,137	0.28%	15,242
2009	14,625,000	4,292,493	18,917,493	7,036,124,596	0.27%	16,737
Business-Type Activities						
2002	5,000,000	-	5,000,000	3,519,370,132	0.14%	15,090
2003	5,000,000	-	5,000,000	4,725,409,509	0.11%	15,066
2004	4,610,000	-	4,610,000	5,097,535,985	0.09%	15,043
2005	4,210,000	-	4,210,000	5,246,364,749	0.08%	14,992
2006	3,975,000	-	3,975,000	5,827,620,298	0.07%	14,992
2007	3,730,000	-	3,730,000	6,407,484,954	0.06%	15,109
2008	3,470,000	-	3,470,000	7,059,549,137	0.05%	15,242
2009	3,200,000	-	3,200,000	7,036,124,596	0.05%	16,737
Total Government-Wide						
2002	16,379,500	3,100,000	19,479,500	3,519,370,132	0.55%	15,090
2003	15,855,000	2,950,000	18,805,000	4,725,409,509	0.40%	15,066
2004	16,683,013	-	16,683,013	5,097,535,985	0.33%	15,043
2005	22,151,013	-	22,151,013	5,246,364,749	0.42%	14,992
2006	21,128,013	5,120,427	26,248,440	5,827,620,298	0.45%	14,992
2007	20,075,000	4,856,748	24,931,748	6,407,484,954	0.39%	15,109
2008	18,970,000	4,580,956	23,550,956	7,059,549,137	0.33%	15,242
2009	17,825,000	4,292,493	22,117,493	7,036,124,596	0.31%	16,737

(1) United States Census Bureau

Note: Data presented for the last eight 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%
1,317	76,566	1,167,018,972	1.72%
1,130	76,566	1,281,485,142	1.48%
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%
228	76,566	1,167,018,972	0.30%
191	76,566	1,281,485,142	0.25%
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%
1,545	76,566	1,167,018,972	2.02%
1,321	76,566	1,281,485,142	1.73%

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

	December 31, 2009		
<u>Government Unit</u>	<u>Net General Long-Term Debt</u>	<u>Percentage Applicable City of Rye</u>	<u>Amount Applicable to City of Rye</u>
City of Rye School District	\$ 35,785,000	100.00%	\$ 35,785,000
Rye Neck Union Free School District	12,229,978	30.75%	3,760,718
Westchester County (1)	708,325,064	4.21%	<u>29,848,896</u>
Subtotal, Overlapping Debt			69,394,614
City Direct Debt			<u>18,917,493</u>
Total Direct and Overlapping Debt			<u>\$ 88,312,107</u>
Population			<u>16,737</u>
Overlapping Debt Per Capita			<u>\$ 4,146</u>
Direct and Overlapping Debt Per Capita			<u>\$ 5,276</u>

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

<u>Year</u>	<u>Overlapping Debt</u>	<u>City Direct Debt</u>	<u>Direct and Overlapping Debt</u>	<u>Population</u>	<u>Overlapping Debt Per Capita</u>	<u>Direct and Overlapping Debt Per Capita</u>
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	22,273,440	80,963,982	14,992	3,915	5,400
2007	56,889,611	21,201,748	78,091,359	15,109	3,765	5,169
2008	72,272,509	20,080,956	92,353,465	15,242	4,742	6,059
2009	69,394,614	18,917,493	88,312,107	16,737	4,146	5,276

(1) As of December 31, 2008. Information pertaining to December 31, 2009 is not currently available.

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, 2009

Fiscal Year	Net Assessed Valuation	State Equalization Rate	Full Valuation
2009	\$ 139,315,267	1.98%	\$ 7,036,124,596
2008	139,073,118	1.97%	7,059,549,137
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%	<u>5,246,364,749</u>
Total Five Year Full Valuation			<u>31,577,143,734</u>
Five Year Average Full Valuation of Taxable Real Property			<u>6,315,428,747</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>442,080,012</u>
Outstanding Indebtedness at December 31st			22,117,493
Less: 2010 Appropriations for Debt Principal			<u>1,224,767</u>
Net Indebtedness Subject to Debt Limit			<u>20,892,726</u>
Net Debt Contracting Margin			<u>\$ 421,187,286</u>
Percentage of Net Debt Contracting Margin Available			<u>95.27%</u>
Percentage of Net Debt Contracting Power Exhausted			<u>4.73%</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
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%
2008	414,939,772	23,550,956	1,217,116	22,333,840	392,605,932	94.62%
2009	442,080,012	22,117,493	1,224,767	20,892,726	421,187,286	95.27%

City of Rye, New York
 Calculation of Charter Bonded Debt Limits
 December 31, 2009

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)		
	2007	2008	2009
General Fund	\$ 23,881,157	\$ 25,011,391	\$ 24,937,553
Cable TV Fund	223,149	244,541	254,092
Debt Service Fund	138,553	209,332	139,356
Capital Projects Fund	1,137,000	5,652,000	995,000
Boat Basin Fund	516,346	549,908	566,184
Golf Club Fund	7,194,518	7,424,277	7,275,094
Risk Retention Fund	616,600	604,000	720,300
Building and Vehicle Maintenance Fund	5,153,154	5,536,930	5,195,847
Total gross annual budgets	<u>\$ 38,860,477</u>	<u>\$ 45,232,379</u>	<u>\$ 40,083,426</u>
Total of preceding three years' gross annual budgets			<u>\$ 124,176,282</u>
Average of preceding three years' gross annual budgets			<u>\$ 41,392,094</u>
	Subject to City Council Vote	Subject to Permissive Referendum	Public Safety Exemption
Maximum charter bonding limit	\$ 2,069,605	\$ 4,139,209	\$ 2,500,000
Less outstanding principal at December 31, 2009:			
2000 Serial Bonds	(233,830)	(754,510)	-
2001 Serial Bonds	(391,858)	(143,449)	-
2002 Serial Bonds	-	(686,656)	-
2005 Serial Bonds	-	(138,383)	(412,570)
Charter bonding limit December 31, 2009	<u>\$ 1,443,917</u>	<u>\$ 2,416,211</u>	<u>\$ 2,087,430</u>

Demographic and Economic Information

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

Demographic and Economic Statistics

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

Year	Population ¹	Median Age ²	Per Capita Income ²	Median Household Income ²	Median Family Income ²	Median Residential Home Value ³	Unemployment Rate ⁴
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%
2008	15,242	38.1	76,566	110,894	133,231	1,460,000	5.7%
2009	16,737	38.1	76,566	110,894	133,231	1,350,000	6.9%

Sources:

- ¹ United States Census Bureau.
- ² United States Census Bureau 2000 Census.
- ³ City of Rye Assessor's office. 2009 median based on sales through mid-November 2009.
- ⁴ United States Bureau of Labor Statistics unemployment rates for Westchester County not seasonally adjusted.

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:

Principal Employers

Full-Time Equivalent Employees by Program

Operating Indicators by Program

Capital Asset Statistics by Program

(This page intentionally left blank.)

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

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

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

Source: Westchester County Planning Department

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 (1)</u>	<u>Transportation (1)</u>	<u>Culture and Recreation</u>
2000	29	57	55	n/a	21
2001	30	61	57	n/a	24
2002	21	62	61	n/a	26
2003	20	63	64	n/a	26
2004	21	62	64	n/a	23
2005	20	62	64	n/a	25
2006	18	61	65	n/a	23
2007	21	61	64	n/a	21
2008	30	64	n/a	16	22
2009	18	59	n/a	20	22

(1) Beginning in 2008, employees previously reported in the community environment function have been reallocated and are now being reported within the public safety, transportation and home and community services functions.

Source: Annual City Budget

<u>Home and Community Svs (1)</u>	<u>Total</u>
---------------------------------------	--------------

n/a	162
n/a	172
n/a	170
n/a	173
n/a	170
n/a	171
n/a	167
n/a	167
34	166
44	163

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

	2000	2001	2002	2003
General Government				
Primary elections	2	-	1	1
General elections	1	1	1	1
Special elections	-	-	2	-
Public Safety				
Number of police personnel and officers	40	44	45	45
Number of police calls for service	4,329	13,800	15,896	15,314
Number of parking violations issued	7,350	9,692	8,594	10,050
Number of paid firefighters	17	17	17	18
Number of volunteer firefighters	201	201	201	200
Number of fire alarms answered	767	868	867	839
Number of fire inspections performed	469	474	342	441
Number of school crossing guards	7	7	7	8
Home & Community Services				
Tons collected and disposed				
Solid waste	7,641	7,641	6,811	6,735
Green waste	544	1,684	1,903	824
Metal	192	235	226	195
Pulp	2,067	1,936	1,939	1,964
Co-mingled	557	631	601	585
Leaves	450	450	450	450
Wood chips	N/A	N/A	N/A	N/A
Number of tires collected and disposed	18	12	8	9
Number of shade trees				
Planted	31	30	27	37
Removed	42	77	55	41
Trimmed	500	181	383	361
Emergency calls	22	25	190	90
Stumps ground	N/A	N/A	62	38
Culture and Recreation				
Registrations for adult programs	953	976	1,078	1,109
Number of building users	24,125	28,556	30,500	38,065
Picnics	4,163	5,009	4,048	4,069
Registrations for senior citizen programs	2,111	3,180	3,408	3,564
Registrations for special events	5,569	5,798	6,372	5,540
Tennis permits issued	488	490	435	508
Registrations for youth programs	2,492	3,198	3,125	3,189
Registrations for youth sports	2,949	3,301	3,825	4,058

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

Sources: Departmental annual reports to the City Manager.

2004	2005	2006	2007	2008	2009
2	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	-	-
45	45	44	44	44	42
14,758	14,446	12,923	12,182	14,004	12,841
8,595	9,684	8,209	9,300	12,739	11,752
17	17	17	17	17	17
200	200	200	200	225	120
803	882	1,068	1,150	855	821
503	428	356	428	442	471
8	8	8	8	8	8
7,153	6,891	7,010	7,419	5,836	5,645
1,060	975	1,245	3,006	3,199	3,554
213	175	328	194	155	134
1,906	1,878	1,867	1,864	1,934	1,714
588	609	608	665	770	800
450	N/A	1,470	N/A	N/A	N/A
N/A	N/A	1,194	N/A	N/A	N/A
4	3	2	2	4	1
41	31	42	55	115	-
51	93	164	235	239	268
183	420	160	379	468	404
50	160	284	55	86	44
88	26	162	139	154	135
1,219	1,058	1,086	1,170	1,402	1,307
39,000	38,705	40,000	42,000	44,031	34,380
6,497	5,429	5,859	5,833	4,103	2,516
3,740	3,430	3,489	6,410	7,445	6,668
5,876	5,937	6,881	6,006	5,051	4,848
529	437	453	425	412	444
3,652	3,771	3,817	4,747	5,486	5,270
4,197	4,275	4,838	5,012	4,727	4,853

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Government				
Number of general government buildings	1	1	1	1
Public Safety				
Number of police stations	1	1	1	1
Number of fire stations	2	2	2	2
Number of traffic lights	22	22	22	23
Transportation				
Miles of streets	71	71	71	71
Number of street lights	2,105	2,105	2,105	2,105
Culture and Recreation				
Number of recreation centers	1	1	1	1
Number of parks	3	3	3	3
Acres of parks	75	75	75	75
Number of golf courses	1	1	1	1
Number of swimming pools	1	1	1	1
Number of nature centers	1	1	1	1
Number of cable television channels	2	2	2	2
Number of boat basin slips	412	412	412	412
Home and Community Services				
Miles of sanitary sewers	53	53	53	53
Number of pump stations	6	6	6	6
Miles of storm drains	30	30	30	30

Source: Various City Departments

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
23	23	23	23	23	23
71	71	71	71	71	71
2,105	2,105	2,105	2,105	2,105	2,105
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
53	53	53	53	53	53
6	6	6	6	6	6
30	30	30	30	30	30

(This page intentionally left blank.)

FEDERAL AWARDS

(This page intentionally left blank.)



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Rye, New York with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that are applicable to each of its major federal programs for the year ended December 31, 2009. The City of Rye, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Rye, New York's management. Our responsibility is to express an opinion on the City of Rye, New York's, compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Rye, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Rye, New York's compliance with those requirements.

In our opinion, the City of Rye, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City of Rye, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Rye, New York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing

Bennett Kielson Storch DeSantis Division

One Barker Avenue, White Plains, New York 10601 914.421.5600 tel 914.421.5099 fax www.odmd.com

procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Rye, New York's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City of Rye, New York as of and for the year ended December 31, 2009 and have issued our report thereon dated April 27, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. 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.

This report is intended solely for the information of the Town Board, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
April 27, 2010



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

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

We have audited the 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, 2009, which collectively comprise the City of Rye, New York's basic financial statements and have issued our report thereon dated April 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Rye, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rye, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rye, New York's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees of the City of Rye, New York, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a significant deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Rye, New York's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the City of Rye, New York in a separate letter.

This report is intended solely for the information and use of the Mayor, City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP

April 27, 2010

CITY OF RYE, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended December 31, 2009

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Justice</u>		
Direct Program -		
Public Safety Partnership and Community Policing Grant	16.710	\$ 21,029
<u>U.S. Department of Transportation</u>		
Indirect Program - Passed through New York State Department of Transportation -		
Highway Planning and Construction	20.205	86,177
<u>U.S. Department of Homeland Security</u>		
Indirect Program - Passed through New York State Emergency Management Office -		
Disaster Grant - Public Assistance	97.036	<u>992,947</u>
Total		<u>\$ 1,100,153</u>

(1) Catalog of Federal Domestic Assistance number

CITY OF RYE, NEW YORK

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2009**

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all Federal awards programs for the year ended December 31, 2009. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. *Relationship to Financial Statements*

The fund financial statements are presented using the modified accrual basis of accounting.

CITY OF RYE, NEW YORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2009

None

CITY OF RYE, NEW YORK

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2009**

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
• Material weakness(es) identified? Yes No
• Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:
• Material weakness(es) identified? Yes No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grant - Public Assistance

Dollar threshold used to distinguish
between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None