



***CITY OF RYE, NEW YORK  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010***

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



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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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### CITY SEAL

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

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

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

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**STATISTICAL SECTION**  
**(Unaudited)**

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

This section includes the following schedules:

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**INTRODUCTORY SECTION**

City of Rye, New York  
List of Elected and Appointed Officials  
December 31, 2010

**Elected Officials**

Douglas French, Mayor

Richard Filippi, Council Member

Paula Gamache, Council Member

Peter Jovanovich, Council Member

Suzanna Keith, Council Member

Catherine Parker, Council Member

Joseph Sack, Council Member

**Appointed Officials**

Scott D. Pickup, City Manager

Jean Gribbins, City Comptroller

Kristen Wilson Esq., Interim 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

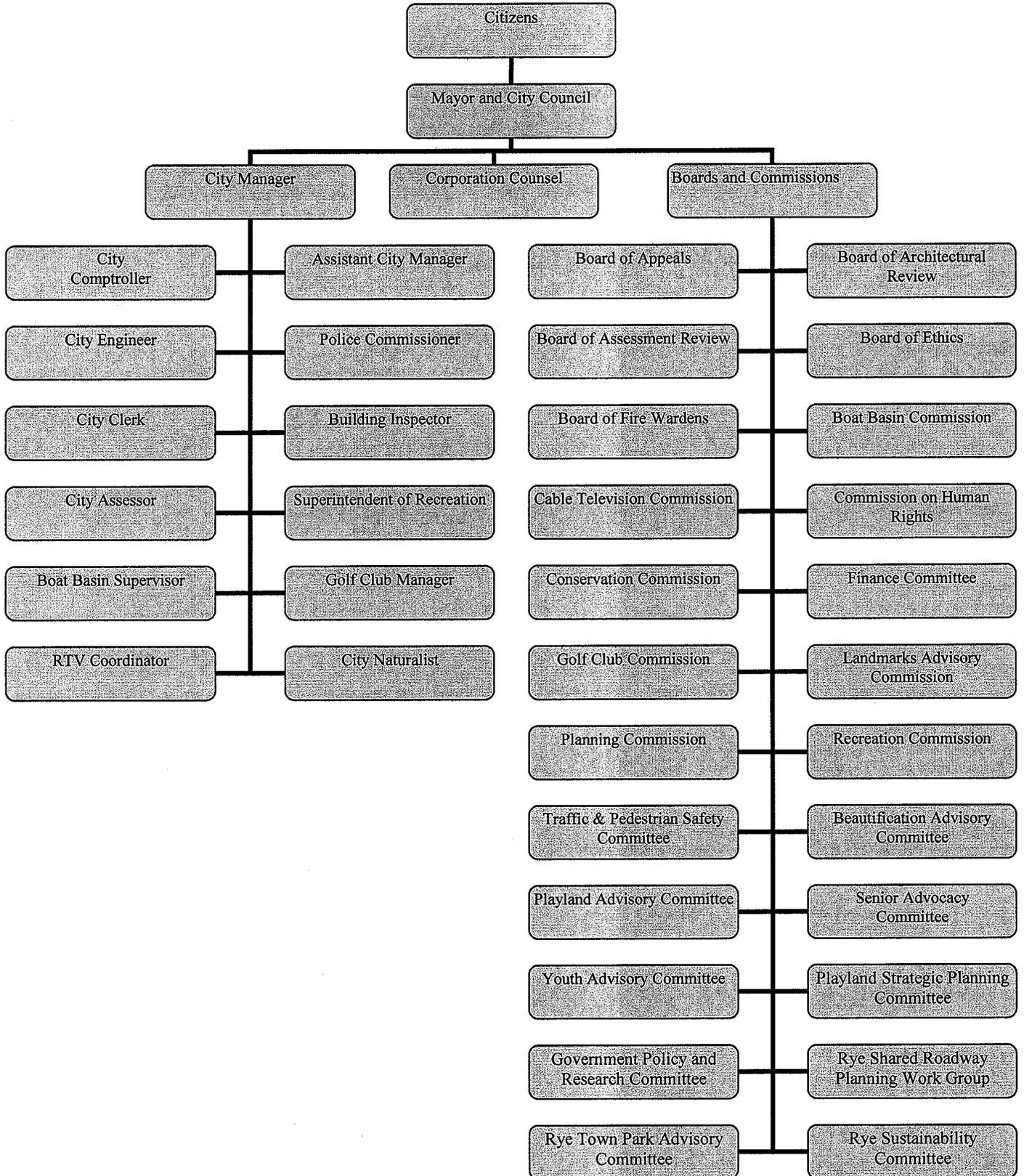
Sally Rogol, Superintendent of Recreation

Peter Fox, Boat Basin Supervisor

Scott Yandrasevich, Golf Club Manager

Nicole Levitsky, RTV 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**

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<http://www.ryeny.gov>

June 13, 2011

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, 2010.

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, 2010 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, 2010, 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; 6 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 *American Community Survey* (2005-2009) reports that the City has a per capita income of \$92,737 and a median household income of \$145,990. The median family income is \$207,773, with 53% of families having an income of \$200,000 or more. The City's population count was reported at 15,091. As of the release date of this report, 2010 full Census data is not available.

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

### **Factors Affecting Financial Condition**

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

#### ***Local Economy***

The City's revenues started rebounding in 2010, with General Fund revenues approximately \$1 million higher in 2010 as compared to 2009. Sales and use tax revenues showed a 9% increase or \$168,848, mortgage tax revenues showed a 37% increase or \$341,455, and State aid revenue sharing posted a 19% increase or \$249,176, as compared to 2009. The City is cautiously optimistic that these increases will hold for 2011. Although these revenues increased in 2010 as compared to 2009, the City does not feel that such large increases will happen again in 2011 as compared to 2010. Operational and capital project expenditures continue to be deferred, and City

staff positions continue to remain open after they become vacant. For 2010, Moody's Investors Service assigned its highest debt rating (Aaa) to the City's debt refunding, as well as the new debt issuance.

Taxable assessments only declined slightly, decreasing 0.16% (from \$139,315,267 to \$139,292,317), and our tax base is not dependent upon any single industry or taxpayer. The top ten principal taxpayers of the City represent roughly 7.8% of the tax roll, with public utilities representing 2.9%, commercial establishments 2%, and residential properties representing the remaining 2.9%.

Residential home sales reflect the upscale nature of our community. The City Assessor reported that 169 homes in the City were sold in 2010. Of these, 60% sold for \$1 million or more and 26% sold for \$2 million or more. The median home sales price decreased, from \$1,350,000 in 2009 to \$1,255,000 in 2010, while the average home sales price experienced a decrease from \$1,620,000 to \$1,556,000. The highest 2010 sales price reported for a single-family home was \$4.9 million.

Major employers with facilities located in the City enhance its economic strength by providing a wide variety of industries, including business services, electric and gas utilities, social services, primary metal industries, educational services, insurance services, investment banking and miscellaneous retail operations. The distribution of the assessment roll for the current fiscal year, five years' and ten years' previous demonstrates a relative economic stability of the City over time:

Assessment Roll Classification			
Class	2010	2005	2001
Residential	72.02%	70.50%	68.67%
Business	12.68%	13.37%	14.37%
<u>Other</u>	<u>15.30%</u>	<u>16.13%</u>	<u>16.96%</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 United States Census Bureau's *American Community Survey* (2005-2009) 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	\$92,737	\$47,204	\$30,634	\$27,041
Median Household	\$145,990	\$79,585	\$55,233	\$51,425
Median Family	\$207,773	\$101,324	\$67,040	\$62,363

While the 2010 unemployment rate is not available for the City as a unit, the 2010 Westchester County rate of 7.1% continues to remain favorable against the 2010 rates for New York State (8.9%) 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 2011 is a year that requires responsible planning for 2012 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 2011 that had originally been planned for 2009, and then postponed to 2010, and further postponed to 2011. 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, 2009. This was the fourteenth 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 2010 annual budget document, making it the tenth 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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

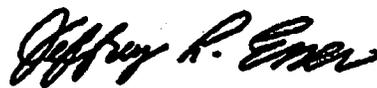
City of Rye  
New York

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

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



President



Executive Director

**FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S 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 ("City") as of and for the year ended December 31, 2010, 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 financial statements based on our audit. The prior year's comparative information has been derived from the City's 2009 financial statements and, in our report dated April 27, 2010, 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 financial statements, 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 as of December 31, 2010 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 June 9, 2011 on our consideration of the City'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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post Employment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**O'Connor Davies Munns & Dobbins, LLP**  
June 9, 2011

## **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, 2010. 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 \$65,366,062. Of this amount, the unrestricted portion for governmental activities is a deficit of \$1,266,730. 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 \$1,888,783.
- ❖ Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$10,990,492, of which \$6,222,942 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 \$5,833,786 or 21% of total General Fund expenditures, down from 24% in the prior year.
- ❖ The City's total bonded debt increased 25% from \$17,825,000 to \$22,247,374 during the current fiscal year. In 2010, the City issued \$5,907,374 of public improvement serial bonds for various capital purposes. The City also issued \$8,965,000 of bonds used to refinance \$9,010,000 in outstanding obligations. This helped the City achieve a net present value interest savings of approximately \$812,000. The City also retired \$1,440,000 of long-term indebtedness.

### **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.

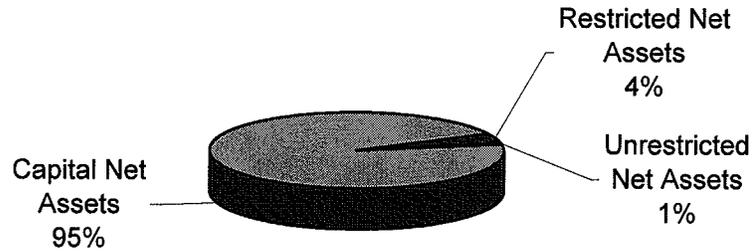
### **Government-wide Financial Analysis**

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 \$68,366,062 at the close of the most recent fiscal year. Of this amount, 95% (\$62,241,004) reflects the City's investment in capital assets (land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure), net of depreciation and any related outstanding debt. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

	<b>Net Assets</b>					
	December 31, 2010			December 31, 2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	\$ 17,857,702	\$ 2,579,034	\$ 20,436,736	\$ 17,002,381	\$ 3,624,086	\$ 20,626,467
Capital Assets	<u>71,443,762</u>	<u>12,496,711</u>	<u>83,940,473</u>	<u>71,153,688</u>	<u>12,940,758</u>	<u>84,094,446</u>
<b>Total Assets</b>	<u>89,301,464</u>	<u>15,075,745</u>	<u>104,377,209</u>	<u>88,156,069</u>	<u>16,564,844</u>	<u>104,720,913</u>
Current Liabilities	3,285,429	302,816	3,588,245	5,368,010	254,337	5,622,347
Long-term Liabilities	<u>31,900,682</u>	<u>3,522,220</u>	<u>35,422,902</u>	<u>28,225,780</u>	<u>3,617,941</u>	<u>31,843,721</u>
<b>Total Liabilities</b>	<u>35,186,111</u>	<u>3,825,036</u>	<u>39,011,147</u>	<u>33,593,790</u>	<u>3,872,278</u>	<u>37,466,068</u>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	52,620,335	9,620,669	62,241,004	52,236,195	9,740,758	61,976,953
Restricted	2,761,748	-	2,761,748	2,646,922	-	2,646,922
Unrestricted	<u>(1,266,730)</u>	<u>1,630,040</u>	<u>363,310</u>	<u>(320,838)</u>	<u>2,951,808</u>	<u>2,630,970</u>
<b>Total Net Assets</b>	<u>\$ 54,115,353</u>	<u>\$ 11,250,709</u>	<u>\$ 65,366,062</u>	<u>\$ 54,562,279</u>	<u>\$ 12,692,566</u>	<u>\$ 67,254,845</u>

An additional portion of the City's net assets (\$2,761,748) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$363,310. However, the governmental activities portion of net assets is a deficit of \$1,266,730 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 (\$1.5 million) and other post employment benefit obligations (\$8.9 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, 2010**

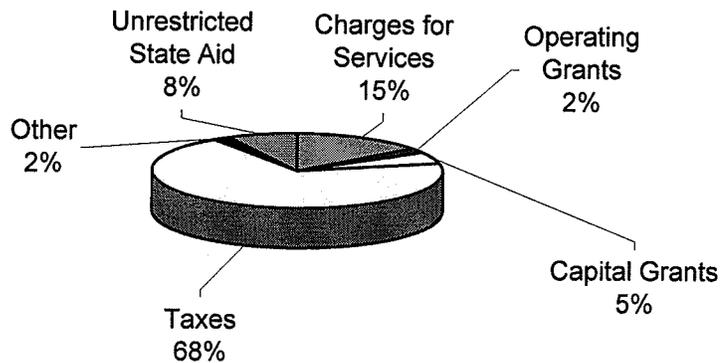


**Governmental Activities**

Governmental activities decreased the City's net assets by \$446,926. Major revenues received included:

- ❖ \$19,764,674 in real property taxes
- ❖ \$1,981,208 in sales and use taxes
- ❖ \$153,934 in hotel occupancy taxes
- ❖ \$431,169 in utilities gross receipts taxes
- ❖ \$95,000 from interest and investment income, and rental of property and
- ❖ \$2,493,863 in state aid not restricted to specific programs.

**Revenues by Source - Governmental Activities**



Revenues from charges for services were \$4,697,122. Governmental programs received \$572,225 in operating grants, and \$1,615,788 in capital grants, as follows:

- ❖ \$635,603 in federal aid for transportation projects
- ❖ \$205,500 in federal and state aid for emergency disaster repairs
- ❖ \$278,474 in state aid for road improvements
- ❖ \$28,175 in street opening deposits for sidewalk improvements
- ❖ \$450,000 in state historical preservation grants
- ❖ \$17,316 in contributions from homeowners for a local project
- ❖ \$720 in capital interest

	Changes in Net Assets					
	Year Ended December 31, 2010			Year Ended December 31, 2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,697,121	\$ 6,908,485	\$ 11,605,606	\$ 4,512,502	\$ 7,157,046	\$ 11,669,548
Operating Grants and Contributions	572,225	-	572,225	399,495	-	399,495
Capital Grants and Contributions	1,615,788	-	1,615,788	2,072,892	-	2,072,892
General Revenues:						
Real Property Taxes	19,764,674	-	19,764,674	19,323,667	-	19,323,667
Non-Property Taxes	2,566,311	-	2,566,311	2,364,648	-	2,364,648
Unrestricted Use of Money and Property	95,000	7,103	102,103	140,030	11,209	151,239
Unrestricted State Aid	2,493,863	-	2,493,863	2,249,619	-	2,249,619
Other General Revenues	521,459	-	521,459	346,137	-	346,137
<b>Total Revenues</b>	<b>32,326,441</b>	<b>6,915,588</b>	<b>39,242,029</b>	<b>31,408,990</b>	<b>7,168,255</b>	<b>38,577,245</b>
Expenses:						
General Government	3,847,977	-	3,847,977	4,075,663	-	4,075,663
Public Safety	14,267,990	-	14,267,990	14,193,748	-	14,193,748
Transportation	4,466,928	-	4,466,928	4,419,335	-	4,419,335
Culture and Recreation	4,152,371	-	4,152,371	4,128,114	-	4,128,114
Home and Community Services	5,611,370	-	5,611,370	5,119,135	-	5,119,135
Interest	426,731	-	426,731	609,287	-	609,287
Boat Basin	-	627,778	627,778	-	574,268	574,268
Golf Club	-	7,729,667	7,729,667	-	7,310,686	7,310,686
<b>Total Expenses</b>	<b>32,773,367</b>	<b>8,357,445</b>	<b>41,130,812</b>	<b>32,545,282</b>	<b>7,884,954</b>	<b>40,430,236</b>
Change in Net Assets	(446,926)	(1,441,857)	(1,888,783)	(1,136,292)	(716,699)	(1,852,991)
Net Assets - Beginning	54,562,279	12,692,566	67,254,845	55,698,571	13,409,265	69,107,836
Net Assets - Ending	<b>\$ 54,115,353</b>	<b>\$ 11,250,709</b>	<b>\$ 65,366,062</b>	<b>\$ 54,562,279</b>	<b>\$ 12,692,566</b>	<b>\$ 67,254,845</b>

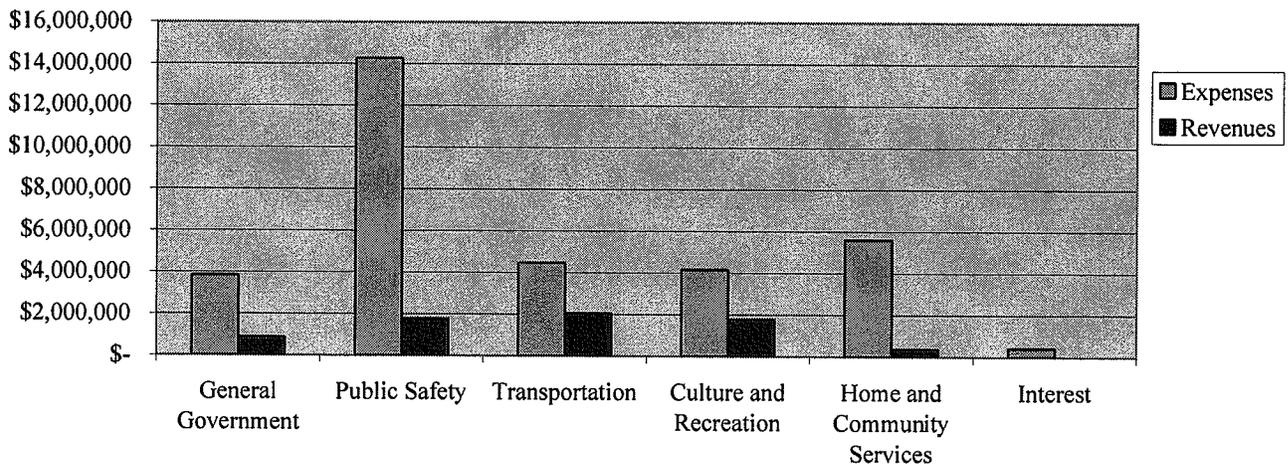
The \$917,451 increase in total governmental activities revenues from the prior year is the result of the combination of the following factors:

- ❖ Real Property taxes increased by \$298,930 primarily as the result of an increase to the tax levy, offset by tax certiorari judgments for 2010.
- ❖ Non-property taxes increased by \$201,663, primarily from an increase of \$168,848 in sales and use tax revenues.

- ❖ Other revenues increased by \$191,501, predominately from increases in donations used towards the purchase of property of \$148,356 and general insurance recoveries of \$29,663.
- ❖ Unrestricted state aid increased \$244,244 which can be attributed to an increase in state aid – mortgage tax, of \$341,454, offset by a decrease of \$97,210 in State revenue sharing.

Governmental activities expenses increased by \$228,085. This increase is attributable to the changes in General Fund expenditures as described below.

**Expenses and Program Revenues - Governmental Activities**



### ***Business-type Activities***

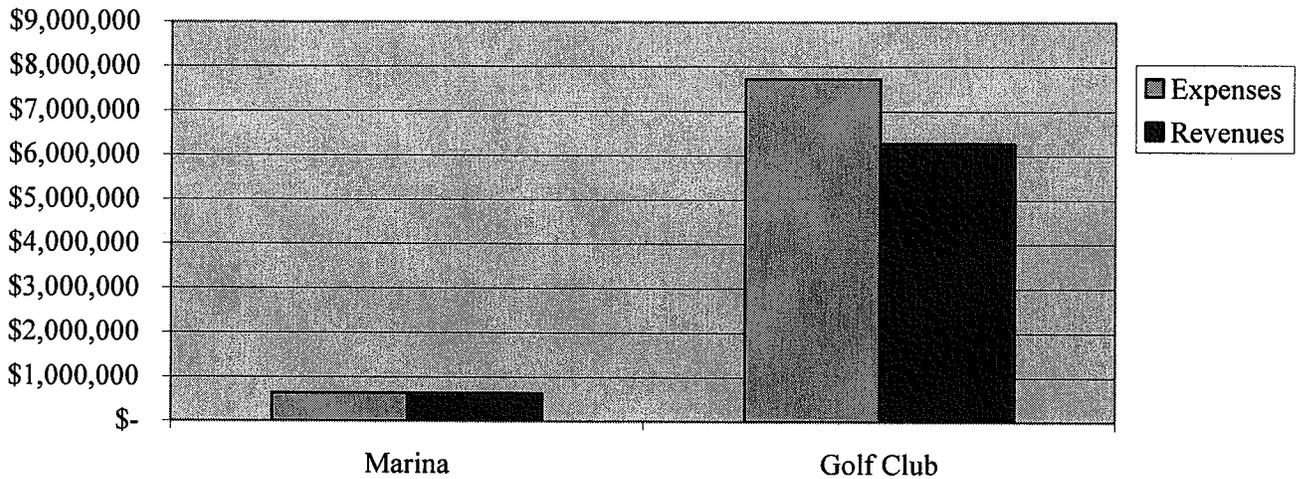
Business-type activities decreased the City's net assets by \$1,441,857.

Revenues from charges for services were \$633,269 from marina operations and \$6,275,216 from golf club operations. Combined, the business-type activities earned \$7,103 in interest and investment income.

Offsetting these revenues were expenses of \$627,778 for marina operations and \$7,729,667 for golf club operations.

Total business-type activities revenues decreased from the prior year by \$252,667, while expenses increased by \$398,377. The decrease in revenues is a result of a drop in memberships at the golf club. Increased expenditures can be mostly attributed to an increase in miscellaneous service contract costs at the golf club.

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



**Financial Analysis of the City’s Funds**

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

**Governmental Funds**

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Excluding the Capital Projects Fund, the City’s governmental funds reported combined ending fund balances of \$10,990,492, an increase of \$712,832 (6.9%) from the prior year. Approximately 57% (\$6,222,942) 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 \$5,833,786 representing 56% of the total General Fund balance of \$10,495,157. 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 21% unreserved fund balance to total expenditures, and a 37% total fund balance to total expenditures.

The General Fund's fund balance decreased by \$662,700 during the current fiscal year. Of this amount, transfers out of the General Fund exceeded transfers in by \$797,503. Transfers in of \$200,000 from the Capital Projects Fund were offset by \$997,503 of transfers out as follows: \$39,987 to the Debt Service Fund for long-term debt principal and interest requirements, \$847,516 to the Capital Projects Fund for infrastructure projects and \$110,000 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 \$1,460,203. Major changes in specific revenues and expenditures in comparison to the prior year are as follows:

- ❖ Real property tax revenues increased from \$19,303,263 to \$19,627,044 (1.7%), which reflects our 1.56% tax rate increase, along with increases in payments in lieu of taxes and penalties collected on delinquent tax payments, partially offset by refunds to taxpayers due to tax certiorari settlements.
- ❖ Non-property taxes increased \$201,663 (8.5%) from \$2,364,648 to \$2,566,311, largely attributed to increases in sales and use taxes from retail sales, as well as slight increases in hotel occupancy taxes.
- ❖ Charges for services increased \$157,265 from \$1,274,460 to \$1,431,725 (12.3%), attributed to increases in recreation fees of \$74,172, fees in-lieu of parkland deposits of 22,799, site plan review fees of \$16,534, parking paystation revenues of \$15,443, net of increases and decreases in other charges for services.
- ❖ Interest and investment income decreased \$36,669 (27.8%) from \$131,769 to \$95,100 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.
- ❖ Licenses and permit revenues decreased \$100,723 (6.6%) from \$1,530,010 to \$1,429,287 which can be attributed predominantly to a decline in building and alteration permits of \$123,358 and increases in all day/night parking permits of \$13,351 and parking waitlist fees \$9,925 (new in 2010).
- ❖ Fines and forfeitures increased \$40,148 (7.1%) from \$569,770 to 609,918, resulting primarily from increased vehicle and traffic fines of \$37,787.
- ❖ Miscellaneous revenues increased \$7,679 from \$290,944 to \$298,623, attributable to increases in donations of \$24,376 and refunds of prior year expenditures of \$18,616 and a decrease in Medicare Part D subsidies of \$30,259.

- ❖ Mortgage tax revenues increased \$341,454 (37.2%) from \$919,732 to \$1,261,186 showing signs of recovery in the real estate market and increased refinancing activity. State revenue sharing was down \$97,210 (7.3%) from \$1,329,887 to 1,232,677, as the State attempts to close its own budget shortfalls.
- ❖ Salaries and wages decreased \$348,030 (2.8%) from \$12,562,381 to \$12,214,351 reflecting the retirement/resignation of 7 full-time employees in 2010, offset by increases in police and fire overtime and seasonal salaries.
- ❖ Equipment purchases decreased \$206,479 from \$474,357 to \$267,878 as a result of the disbursement of the funds for the 9/11 memorial in 2009. Without this disbursement, expenditures remained flat.
- ❖ Materials and supplies decreased \$335,890 (15.6%) from \$2,156,168 to \$1,820,278. This can be attributed to a decreases in tax certiorari payments of \$193,698, sand, salt and deicing costs of \$72,617, building repairs and maintenance of \$17,362, sewer repairs and maintenance of \$15,671, vehicle repairs and maintenance of \$13,990 (none in 2010), uniforms and accessories of \$13,619 and parking meter repairs and maintenance of \$12,030.
- ❖ Contractual costs increased \$45,141 (0.7%) from \$7,073,836 to \$7,118,977, with increases in internal service fund charges of \$84,864 and miscellaneous service contracts of \$37,149 decreases in consultant costs of \$64,568 and taxes on city property \$14,836 accounting for the change.
- ❖ Employee benefits and taxes increased \$781,605 (13.5%) from \$5,811,326 to \$6,592,931. Increases in hospitalization and medical costs of \$488,887 retirement costs \$221,664 and workers' compensation costs of \$108,791 contributed to the increase.

The Capital Projects Fund closed the fiscal year with a fund balance of \$2,659,874. Capital Projects Fund revenues of \$1,165,068, expenditures of \$2,181,372 and other financing sources and uses of \$5,324,890 (net, inclusive of \$4,677,374 in bonds issued) 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 \$2,701,640, an increase of \$13,517 from the prior year. Net assets invested in capital assets, net of related debt, were \$2,159,806 and unrestricted net assets of \$541,834 represented the balance of net assets. Operating income of the Boat Basin Fund was \$12,750 (operating revenues of \$633,269 offset by \$620,519 of operating expenses). Interest income of \$767 made up the balance of total net income.

Total net assets of the Golf Club Fund at year-end were \$8,666,212, a decrease of \$1,352,245 from the prior year. Net assets invested in capital assets, net of related

debt, were \$7,460,863 with unrestricted net assets of \$1,205,349 representing the balance of net assets. Golf Club Fund operating expenses of \$7,553,839 offset operating revenues of \$6,275,216 to arrive at an operating loss of \$1,278,623. Interest income of \$6,336 offset by \$79,958 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 \$28,609,896 and the final amended budget \$28,676,700 – a difference of \$66,804 (0.3%). An amendment to the original budget was made to reflect the receipt of funds that were unanticipated at the time of budget adoption, including federal and state grants for police and firefighting equipment. The actual revenues realized for the year ended December 31, 2010 exceeded the anticipated amount in the final budget by \$797,918. The most significant were as follows: additional sales and use tax revenues, increased mortgage tax revenues, and unexpected federal and state emergency disaster aid for the March 2010 storms.

The difference between the operating appropriations originally budgeted and the final amended budget for the General Fund was \$275,846 (\$29,427,238 vs. \$29,151,392), an immaterial change of 0.94%. Excluding contingency, the appropriations budget for general government operations decreased \$71,323 and can be attributed to the combination of increases for tax certiorari obligations as well as decreases in the City Manger department. The budget for public safety increased \$68,764, or .51%, with a transfer made to cover police overtime salaries. The transportation budget increased \$4,955. The budget for culture and recreation was increased \$212,082 (5.43%) attributed to the carry forward of the special events and surcharge balances from the end of 2009. The home and community services budget increased \$103,842, or 2.28%, as a result of the emergency repair expenses related to the March 2010 Storms. The actual expenses realized for the year ended December 31, 2010 were \$1,412,823 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, 2010, net of \$44,580,166 of accumulated depreciation, was \$83,940,473. 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:

- ❖ Improvements were made to the Rye Historical Society in the amount of \$129,685.
- ❖ An oil tank was removed at a cost of \$31,480.
- ❖ General vehicle and equipment purchases totaled \$85,137.
- ❖ Construction in progress on various City-owned facilities added \$346,417.
- ❖ \$103,372 in drain improvements were made to the City's infrastructure as well as \$1,063,612 of construction in progress.

Asset	Capital Assets					
	December 31, 2010			December 31, 2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 6,571,814	\$ 1,700,408	\$ 8,272,222	\$ 6,571,814	\$ 1,700,408	\$ 8,272,222
Buildings	11,610,334	11,759,480	23,369,814	11,610,334	11,759,480	23,369,814
Improvements	4,286,294	4,644,286	8,930,580	4,125,129	4,565,272	8,690,401
Machinery and equipment	9,654,351	1,239,325	10,893,676	9,654,294	1,192,835	10,847,129
Construction in progress	10,415,987	1,613,089	12,029,076	9,008,964	1,607,489	10,616,453
Infrastructure	65,025,271	-	65,025,271	64,921,899	-	64,921,899
Less - accumulated depreciation	(36,120,289)	(8,459,877)	(44,580,166)	(34,738,746)	(7,884,726)	(42,623,472)
Total (net of depreciation)	<u>\$ 71,443,762</u>	<u>\$ 12,496,711</u>	<u>\$ 83,940,473</u>	<u>\$ 71,153,688</u>	<u>\$ 12,940,758</u>	<u>\$ 84,094,446</u>

Additional information on the City's capital assets can be found in Note 3, C 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 \$22,247,374. 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 \$22,247,374 bonded debt outstanding at fiscal year end, \$2,840,000 represented debt of the Golf Club Enterprise Fund.

The City issued \$ 5,907,374 in new general obligation debt in fiscal 2010.

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, 2010 the City had exhausted 3.97% of its constitutional debt limit, providing an available debt margin of 96.03% with the authority to issue an additional \$451 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, 2010, the amount of debt that could be authorized by City Council resolution alone was \$250,458 and the amount that could be authorized by City Council resolution subject to a permissive referendum was \$2,109,613. The authorization of all other long-term debt, unless otherwise specifically exempt by law, requires a mandatory referendum.

In 2010 (when the City issued 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 2010 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 2009 to 2010 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 2010, 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 decrease of 0.16% (\$139,292,317 in 2010 vs. \$139,315,267 in 2009).

The median home sales price decreased slightly, from \$1,350,000 in 2009 to \$1,255,000 in 2010 (<1.0%), and the average home sales price also decreased slightly from \$1,620,000 in 2009 to \$1,556,000 in 2010 (<1%).

City management has taken the approach that 2011 will continue to be a transitional period in city budgeting. 2011 is anticipated to be a lean financial year.

The City appropriated \$528,070 of unreserved fund balance from the General Fund for spending in fiscal 2011 to fund the acquisition of capital assets and equipment. This is a decrease of \$797,250, when compared to 2010 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 2011 real property tax rate of \$140.87 per \$1,000 taxable assessed value provides funding for all other General Fund appropriations. The tax rate increase from 2010 to 2011 is 0.97% (\$139.52 to \$140.87).

As required by City policy, both enterprise funds (the Boat Basin Fund and the Golf Club Fund) developed their fiscal 2011 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.

**BASIC FINANCIAL STATEMENTS**

City of Rye, New York  
Statement of Net Assets  
December 31, 2010  
(With Comparative Amounts for 2009)

	2010		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 7,674,328	\$ 2,409,856	\$ 10,084,184
Investments	4,787,118	29,699	4,816,817
Taxes receivable	1,072,802	-	1,072,802
Accounts receivable	417,773	3,858	421,631
Deposits	28,500	-	28,500
Due from other governments	2,662,697	317,500	2,980,197
Internal balances	225,550	(225,550)	-
Prepaid expenses	462,777	20,512	483,289
Deferred charges	78,413	23,159	101,572
<b>Restricted Assets:</b>			
Cash and equivalents	-	-	-
Investments	447,744	-	447,744
<b>Capital Assets:</b>			
Land	6,571,814	1,700,408	8,272,222
Buildings	11,610,334	11,759,480	23,369,814
Improvements	4,286,294	4,644,286	8,930,580
Machinery and equipment	9,654,351	1,239,325	10,893,676
Construction in progress	10,415,987	1,613,089	12,029,076
Infrastructure	65,025,271	-	65,025,271
Less - accumulated depreciation	(36,120,289)	(8,459,877)	(44,580,166)
<b>Total Assets</b>	<b>89,301,464</b>	<b>15,075,745</b>	<b>104,377,209</b>
<b>LIABILITIES</b>			
Accounts payable	309,931	223,340	533,271
Accrued liabilities	1,056,300	944	1,057,244
Accrued interest payable	152,963	34,668	187,631
Retainage payable	201,774	-	201,774
Loan payable	-	-	-
Deposits	416,152	-	416,152
Due to other governments	717,738	43,864	761,602
Unearned revenues	430,571	-	430,571
<b>Non-current liabilities:</b>			
<b>Due within one year:</b>			
Long-term debt	1,092,374	310,000	1,402,374
Claims payable	424,963	-	424,963
Compensated absences	136,424	11,316	147,740
<b>Due in more than one year:</b>			
Long-term debt	18,398,024	2,589,201	20,987,225
Claims payable	1,699,853	-	1,699,853
Compensated absences	1,227,815	101,844	1,329,659
Other postemployment benefit obligations payable	8,921,229	509,859	9,431,088
<b>Total Liabilities</b>	<b>35,186,111</b>	<b>3,825,036</b>	<b>39,011,147</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	52,620,335	9,620,669	62,241,004
<b>Restricted for:</b>			
Capital projects	2,071,851	-	2,071,851
<b>Permanent fund:</b>			
Expendable	118	-	118
Nonexpendable	20,000	-	20,000
Special purposes	375,632	-	375,632
Debt service	61,035	-	61,035
Risk retention	233,112	-	233,112
Unrestricted	(1,266,730)	1,630,040	363,310
<b>Total Net Assets</b>	<b>\$ 54,115,353</b>	<b>\$ 11,250,709</b>	<b>\$ 65,366,062</b>

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

2009

Governmental Activities	Business-type Activities	Total
\$ 5,284,188	\$ 361,222	\$ 5,645,410
5,672,470	2,707,570	8,380,040
1,076,439	-	1,076,439
327,479	5,968	333,447
28,500	-	28,500
2,625,877	317,500	2,943,377
66,218	(66,218)	-
500,026	13,044	513,070
-	-	-
262,072	285,000	547,072
1,159,112	-	1,159,112
6,571,814	1,700,408	8,272,222
11,610,334	11,759,480	23,369,814
4,125,129	4,565,272	8,690,401
9,654,294	1,192,835	10,847,129
9,008,964	1,607,489	10,616,453
64,921,899	-	64,921,899
(34,738,746)	(7,884,726)	(42,623,472)
<u>88,156,069</u>	<u>16,564,844</u>	<u>104,720,913</u>
353,445	168,769	522,214
814,549	1,184	815,733
829,242	47,080	876,322
171,945	-	171,945
1,980,000	-	1,980,000
359,466	-	359,466
585,788	37,304	623,092
273,575	-	273,575
5,207,493	285,000	5,492,493
411,679	-	411,679
130,507	10,751	141,258
13,710,000	2,915,000	16,625,000
1,646,716	-	1,646,716
1,174,562	96,751	1,271,313
5,944,823	310,439	6,255,262
<u>33,593,790</u>	<u>3,872,278</u>	<u>37,466,068</u>
52,236,195	9,740,758	61,976,953
1,498,954	-	1,498,954
80	-	80
20,000	-	20,000
587,193	-	587,193
120,925	-	120,925
419,770	-	419,770
(320,838)	2,951,808	2,630,970
<u>\$ 54,562,279</u>	<u>\$ 12,692,566</u>	<u>\$ 67,254,845</u>

City of Rye, New York  
Statement of Activities  
Year Ended December 31, 2010  
(With Comparative Amounts for 2009)

2010							
	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges	Operating	Capital	Governmental Activities	Business	Total
		for Services	Grants and Contributions	Grants and Contributions		Type Activities	
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental Activities:</b>							
General government	\$ 3,847,977	\$ 789,441	\$ 89,761	\$ -	\$ (2,968,775)	\$ -	\$ (2,968,775)
Public safety	14,267,990	1,662,676	109,882	-	(12,495,432)	-	(12,495,432)
Transportation	4,466,928	918,683	-	1,147,752	(2,400,493)	-	(2,400,493)
Culture and recreation	4,152,371	1,158,127	171,053	450,000	(2,373,191)	-	(2,373,191)
Home and community services	5,611,370	168,194	201,529	17,316	(5,224,331)	-	(5,224,331)
Interest	426,731	-	-	720	(426,011)	-	(426,011)
<b>Total Governmental Activities</b>	<b>32,773,367</b>	<b>4,697,121</b>	<b>572,225</b>	<b>1,615,788</b>	<b>(25,888,233)</b>	<b>-</b>	<b>(25,888,233)</b>
<b>Business-type Activities:</b>							
Boat basin	627,778	633,269	-	-	-	5,491	5,491
Golf club	7,729,667	6,275,216	-	-	-	(1,454,451)	(1,454,451)
<b>Total Business-type Activities</b>	<b>8,357,445</b>	<b>6,908,485</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,448,960)</b>	<b>(1,448,960)</b>
<b>Total Government</b>	<b>\$ 41,130,812</b>	<b>\$ 11,605,606</b>	<b>\$ 572,225</b>	<b>\$ 1,615,788</b>	<b>(25,888,233)</b>	<b>(1,448,960)</b>	<b>(27,337,193)</b>
<b>General Revenues:</b>							
Real property taxes					19,764,674	-	19,764,674
<b>Non-property taxes:</b>							
Sales and use taxes					1,981,208	-	1,981,208
Hotel occupancy taxes					153,934	-	153,934
Utilities gross receipts taxes					431,169	-	431,169
Unrestricted use of money and property					95,000	7,103	102,103
Gain on sale of equipment					15,324	-	15,324
Governmental aid not restricted to specific programs					2,493,863	-	2,493,863
Other revenues					506,135	-	506,135
<b>Total General Revenues</b>					<b>25,441,307</b>	<b>7,103</b>	<b>25,448,410</b>
<b>Change in Net Assets</b>					<b>(446,926)</b>	<b>(1,441,857)</b>	<b>(1,888,783)</b>
<b>Net Assets - Beginning of Year</b>					<b>54,562,279</b>	<b>12,692,566</b>	<b>67,254,845</b>
<b>Net Assets - End of Year</b>					<b>\$ 54,115,353</b>	<b>\$ 11,250,709</b>	<b>\$ 65,366,062</b>

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

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
\$ 4,075,663	\$ 792,068	\$ 121,654	\$ -	\$ (3,161,941)	\$ -	\$ (3,161,941)
14,193,748	1,680,697	137,959	-	(12,375,092)	-	(12,375,092)
4,419,335	877,257	-	1,721,860	(1,820,218)	-	(1,820,218)
4,128,114	1,060,590	129,656	350,000	(2,587,868)	-	(2,587,868)
5,119,135	101,890	10,226	-	(5,007,019)	-	(5,007,019)
609,287	-	-	1,032	(608,255)	-	(608,255)
<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>
574,268	591,891	-	-	-	17,623	17,623
7,310,686	6,565,155	-	-	-	(745,531)	(745,531)
<u>7,884,954</u>	<u>7,157,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(727,908)</u>	<u>(727,908)</u>
<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>
				19,323,667	-	19,323,667
				1,812,360	-	1,812,360
				136,922	-	136,922
				415,366	-	415,366
				140,030	11,209	151,239
				31,503	-	31,503
				2,249,619	-	2,249,619
				314,634	-	314,634
				<u>24,424,101</u>	<u>11,209</u>	<u>24,435,310</u>
				(1,136,292)	(716,699)	(1,852,991)
				<u>55,698,571</u>	<u>13,409,265</u>	<u>69,107,836</u>
				<u>\$ 54,562,279</u>	<u>\$ 12,692,566</u>	<u>\$ 67,254,845</u>

City of Rye, New York  
 Balance Sheet  
 Governmental Funds  
 December 31, 2010  
 (With Comparative Amounts for 2009)

	2010			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 7,076,523	\$ 7,327	\$ 230,957	\$ 7,314,807
Investments	48,703	2,143,040	189,926	2,381,669
Receivables:				
Taxes receivable	1,072,802	-	-	1,072,802
Accounts receivable	240,716	-	76,100	316,816
Due from other funds	2,368,151	44,067	409	2,412,627
Advances to other funds	1,334,183	-	-	1,334,183
Due from other governments	978,260	636,771	-	1,615,031
Prepaid expenditures	377,277	-	3,289	380,566
Restricted - Investments	-	427,626	20,118	447,744
<b>Total Assets</b>	<b><u>\$ 13,496,615</u></b>	<b><u>\$ 3,258,831</u></b>	<b><u>\$ 520,799</u></b>	<b><u>\$ 17,276,245</u></b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 150,475	\$ 51,039	\$ 10,960	\$ 212,474
Accrued liabilities	435,040	-	239	435,279
Retainage payable	3,183	44,366	-	47,549
Bond anticipation notes payable	-	-	-	-
Loan payable	-	-	-	-
Deposits	416,152	-	-	416,152
Due to other funds	645,318	502,458	13,868	1,161,644
Due to other governments	716,247	1,094	397	717,738
Deferred revenues	635,043	-	-	635,043
<b>Total Liabilities</b>	<b><u>3,001,458</u></b>	<b><u>598,957</u></b>	<b><u>25,464</u></b>	<b><u>3,625,879</u></b>
<b>Fund Balances (Deficits):</b>				
<b>Reserved for:</b>				
Encumbrances	283,449	209,293	28,297	521,039
Prepaid expenditures	377,277	-	3,289	380,566
Compensated absences	1,265,202	-	14,434	1,279,636
Long-term receivable	566,860	-	-	566,860
Workers' compensation	834,400	-	300	834,700
Advances	1,334,183	-	-	1,334,183
Debt service	-	-	39,859	39,859
Trust	-	-	20,000	20,000
<b>Unreserved reported in:</b>				
General Fund	5,833,786	-	-	5,833,786
Special Revenue Funds	-	-	367,862	367,862
Permanent Fund	-	-	118	118
Debt Service Fund	-	-	21,176	21,176
Capital Projects Fund	-	2,450,581	-	2,450,581
<b>Total Fund Balances (Deficits)</b>	<b><u>10,495,157</u></b>	<b><u>2,659,874</u></b>	<b><u>495,335</u></b>	<b><u>13,650,366</u></b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b><u>\$ 13,496,615</u></b>	<b><u>\$ 3,258,831</u></b>	<b><u>\$ 520,799</u></b>	<b><u>\$ 17,276,245</u></b>

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

2009

General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 5,162,636	\$ 3,695	\$ 99,726	\$ 5,266,057
613,652	1,023,893	264,977	1,902,522
1,076,439	-	-	1,076,439
253,683	-	73,614	327,297
3,882,902	25,808	4	3,908,714
-	-	-	-
814,644	1,410,106	-	2,224,750
413,526	-	2,441	415,967
-	47,173	20,080	67,253
<u>\$ 12,217,482</u>	<u>\$ 2,510,675</u>	<u>\$ 460,842</u>	<u>\$ 15,188,999</u>
\$ 183,944	\$ 55,683	\$ 2,401	\$ 242,028
225,898	-	358	226,256
2,451	11,819	-	14,270
-	-	-	-
-	1,980,000	-	1,980,000
359,466	-	-	359,466
570,290	2,110,791	7,210	2,688,291
579,024	1,094	5,670	585,788
463,952	-	-	463,952
<u>2,385,025</u>	<u>4,159,387</u>	<u>15,639</u>	<u>6,560,051</u>
257,163	401,077	1,850	660,090
413,526	-	2,441	415,967
1,211,972	-	17,830	1,229,802
413,636	-	-	413,636
834,400	-	300	834,700
-	-	-	-
-	-	21,175	21,175
-	-	20,000	20,000
6,701,760	-	-	6,701,760
-	-	281,777	281,777
-	-	80	80
-	-	99,750	99,750
-	(2,049,789)	-	(2,049,789)
<u>9,832,457</u>	<u>(1,648,712)</u>	<u>445,203</u>	<u>8,628,948</u>
<u>\$ 12,217,482</u>	<u>\$ 2,510,675</u>	<u>\$ 460,842</u>	<u>\$ 15,188,999</u>

City of Rye, New York  
 Reconciliation of Governmental Funds Balance Sheet to  
 The Government-Wide Statement of Net Assets - Governmental Activities  
 December 31, 2010  
 (With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
Fund Balances - Total Governmental Funds	<u>\$ 13,650,366</u>	<u>\$ 8,628,948</u>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	<u>41,757,232</u>	<u>40,973,608</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>204,472</u>	<u>190,377</u>
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred charges	<u>9,078</u>	<u>-</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>16,204,520</u>	<u>15,088,191</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued liabilities	(177,021)	(174,986)
Bonds payable	(5,851,811)	(1,330,712)
Claims payable	(2,124,816)	(2,058,395)
Accrued interest payable	(38,859)	(11,381)
Compensated absences	(1,279,636)	(1,229,802)
Other postemployment benefit obligations payable	(8,238,172)	(5,513,569)
	<u>(17,710,315)</u>	<u>(10,318,845)</u>
Net Assets of Governmental Activities	<u>\$ 54,115,353</u>	<u>\$ 54,562,279</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, 2010  
(With Comparative Amounts for 2009)

	2010			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real property taxes and related items	\$ 19,627,044	\$ -	\$ 123,535	\$ 19,750,579
Non-property taxes	2,566,311	-	294,179	2,860,490
Charges for services	1,431,725	17,316	-	1,449,041
Intergovernmental charges	82,008	-	-	82,008
Use of money and property	95,100	-	1,188	96,288
Licenses and permits	1,429,287	28,175	-	1,457,462
Fines and forfeitures	609,918	-	-	609,918
Sale of property and compensation for loss	113,486	-	-	113,486
Interfund revenues	442,984	-	-	442,984
State aid	2,563,643	291,053	-	2,854,696
Federal aid	214,489	828,524	-	1,043,013
Miscellaneous	298,623	-	50,985	349,608
<b>Total Revenues</b>	<b>29,474,618</b>	<b>1,165,068</b>	<b>469,887</b>	<b>31,109,573</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	3,478,239	-	-	3,478,239
Public safety	12,883,879	-	-	12,883,879
Transportation	3,234,870	-	-	3,234,870
Culture and recreation	3,813,089	-	235,610	4,048,699
Home and community services	4,604,338	-	-	4,604,338
<b>Debt service:</b>				
Refunding bond issuance costs	-	-	9,782	9,782
Principal	-	-	165,261	165,261
Interest	-	-	58,871	58,871
<b>Capital outlay:</b>				
Public safety	-	779,451	-	779,451
Transportation	-	733,012	-	733,012
Home and community services	-	668,909	-	668,909
<b>Total Expenditures</b>	<b>28,014,415</b>	<b>2,181,372</b>	<b>469,524</b>	<b>30,665,311</b>
Excess (Deficiency) of Revenues Over Expenditures	1,460,203	(1,016,304)	363	444,262
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	-	4,677,374	-	4,677,374
Refunding bonds issued	-	-	791,579	791,579
Issuance premium	-	-	56,934	56,934
Payment to refunded bond escrow agent	-	-	(838,731)	(838,731)
Transfers in	200,000	1,424,168	39,987	1,664,155
Transfers out	(997,503)	(776,652)	-	(1,774,155)
<b>Total Other Financing Sources (Uses)</b>	<b>(797,503)</b>	<b>5,324,890</b>	<b>49,769</b>	<b>4,577,156</b>
<b>Net Change in Fund Balances</b>	<b>662,700</b>	<b>4,308,586</b>	<b>50,132</b>	<b>5,021,418</b>
<b>Fund Balances (Deficits) -</b>				
Beginning of Year	9,832,457	(1,648,712)	445,203	8,628,948
<b>Fund Balances (Deficits) - End of Year</b>	<b>\$ 10,495,157</b>	<b>\$ 2,659,874</b>	<b>\$ 495,335</b>	<b>\$ 13,650,366</b>

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

2009

General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 19,303,263	\$ -	\$ -	\$ 19,303,263
2,364,648	-	270,815	2,635,463
1,274,460	-	-	1,274,460
85,866	-	-	85,866
136,769	-	1,629	138,398
1,530,010	27,650	-	1,557,660
569,770	-	-	569,770
49,377	-	-	49,377
445,759	-	-	445,759
2,314,467	615,086	-	2,929,553
21,029	1,079,124	-	1,100,153
290,944	-	41,890	332,834
<u>28,386,362</u>	<u>1,721,860</u>	<u>314,334</u>	<u>30,422,556</u>
3,901,647	-	-	3,901,647
12,736,433	-	-	12,736,433
3,183,718	-	-	3,183,718
3,684,984	-	442,056	4,127,040
4,571,286	-	-	4,571,286
-	-	-	-
-	-	74,242	74,242
-	52,425	65,114	117,539
-	92,090	-	92,090
-	874,498	-	874,498
-	1,426,196	-	1,426,196
<u>28,078,068</u>	<u>2,445,209</u>	<u>581,412</u>	<u>31,104,689</u>
<u>308,294</u>	<u>(723,349)</u>	<u>(267,078)</u>	<u>(682,133)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
9,345	1,195,065	-	1,204,410
(1,485,559)	(473,885)	-	(1,959,444)
(1,476,214)	721,180	-	(755,034)
(1,167,920)	(2,169)	(267,078)	(1,437,167)
11,000,377	(1,646,543)	712,281	10,066,115
<u>\$ 9,832,457</u>	<u>\$ (1,648,712)</u>	<u>\$ 445,203</u>	<u>\$ 8,628,948</u>

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, 2010  
 (With Comparative Amounts for 2009)

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

	<u>2010</u>	<u>2009</u>
Net Change in Fund Balances - Total Governmental Funds	\$ 5,021,418	\$ (1,437,167)
<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	1,166,984	1,590,730
Depreciation expense	<u>(383,360)</u>	<u>(402,687)</u>
	<u>783,624</u>	<u>1,188,043</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>14,095</u>	<u>20,404</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	165,261	74,242
Bonds issued	(4,677,374)	-
Refunding bonds issued	(791,579)	-
Issuance premium	(56,934)	-
Refunding bond issuance costs	9,782	-
Payment to refunded bond escrow agent	838,731	-
Amortization of issuance costs, loss on refunding bonds and issuance premium	92	-
	<u>(4,512,021)</u>	<u>74,242</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	(2,034)	287,210
Claims	(66,421)	(49,166)
Accrued interest	(27,478)	30,819
Compensated absences	(49,834)	(91,458)
Other postemployment benefit obligations payable	<u>(2,724,604)</u>	<u>(2,774,531)</u>
	<u>(2,870,371)</u>	<u>(2,597,126)</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>		
Change in Net Assets of Governmental Activities	<u>1,116,329</u>	<u>1,615,312</u>
	<u>\$ (446,926)</u>	<u>\$ (1,136,292)</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, 2010  
 (With Comparative Amounts for 2009)

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes and related items	\$ 19,688,789	\$ 19,688,789	\$ 19,627,044	\$ (61,745)
Non-property tax	2,280,000	2,280,000	2,566,311	286,311
Charges for services	1,324,968	1,324,968	1,431,725	106,757
Intergovernmental charges	88,335	88,335	82,008	(6,327)
Use of money and property	155,700	155,700	95,100	(60,600)
Licenses and permits	1,382,203	1,382,203	1,429,287	47,084
Fines and forfeitures	628,700	628,700	609,918	(18,782)
Sale of property and compensation for loss	76,900	76,900	113,486	36,586
Interfund revenues	446,509	446,509	442,984	(3,525)
State aid	2,440,692	2,453,732	2,563,643	109,911
Federal aid	-	53,764	214,489	160,725
Miscellaneous	97,100	97,100	298,623	201,523
Total Revenues	<u>28,609,896</u>	<u>28,676,700</u>	<u>29,474,618</u>	<u>797,918</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>General Government:</b>				
City Council	75,808	75,808	74,337	1,471
City Manager	617,153	538,221	522,692	15,529
Finance Administration	218,776	211,668	203,716	7,952
General Accounting	384,545	407,594	322,376	85,218
Accounts Payable	99,937	93,822	86,799	7,023
Payroll	98,031	91,495	89,333	2,162
Treasury	242,728	269,617	246,785	22,832
Parking Violation Bureau	68,147	64,718	63,236	1,482
Assessor	371,631	372,853	362,034	10,819
City Clerk	335,012	335,941	330,781	5,160
Records Management	56,376	44,854	38,288	6,566
Parking Administration	47,486	47,486	41,176	6,310
Law	354,562	342,785	322,497	20,288
Human Resources	321,109	317,905	311,701	6,204
Elections	41,666	41,666	31,743	9,923
City Hall Annex	154,255	154,255	154,255	-
Information Technology	274,507	279,718	276,490	3,228
Contingent Account	300,000	257,526	-	257,526
Total General Government	<u>4,061,729</u>	<u>3,947,932</u>	<u>3,478,239</u>	<u>469,693</u>

2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 19,378,840	\$ 19,378,840	\$ 19,303,263	\$ (75,577)
2,520,000	2,520,000	2,364,648	(155,352)
1,333,317	1,333,317	1,274,460	(58,857)
79,895	79,895	85,866	5,971
305,700	305,700	136,769	(168,931)
1,542,690	1,542,690	1,530,010	(12,680)
567,700	567,700	569,770	2,070
83,136	83,136	49,377	(33,759)
447,009	447,009	445,759	(1,250)
2,443,202	2,443,202	2,314,467	(128,735)
-	-	21,029	21,029
100,100	110,326	290,944	180,618
<u>28,801,589</u>	<u>28,811,815</u>	<u>28,386,362</u>	<u>(425,453)</u>

83,323	78,035	78,035	-
636,639	659,806	659,031	775
231,595	204,492	195,712	8,780
523,326	485,810	376,142	109,668
58,744	47,522	42,662	4,860
75,631	60,749	52,326	8,423
216,245	425,963	400,179	25,784
117,951	140,647	131,117	9,530
428,812	401,897	390,787	11,110
386,717	350,463	318,653	31,810
55,203	50,672	45,943	4,729
45,336	45,927	42,102	3,825
361,094	353,256	340,896	12,360
320,239	382,792	360,499	22,293
41,469	38,992	34,193	4,799
120,600	120,600	120,600	-
380,341	335,643	312,770	22,873
300,000	-	-	-
<u>4,383,265</u>	<u>4,183,266</u>	<u>3,901,647</u>	<u>281,619</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, 2010  
 (With Comparative Amounts for 2009)

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Public Safety:</b>				
Police Administration	\$ 1,046,597	\$ 1,145,759	\$ 1,126,273	\$ 19,486
Police Patrol	5,600,021	5,588,630	5,501,812	86,818
Police Investigations	710,626	678,262	631,508	46,754
Police Marine Patrol	115,847	124,947	107,597	17,350
Police Youth Services	180,338	180,338	176,939	3,399
Parking Enforcement	297,213	297,213	232,254	64,959
School Crossing Guards	145,649	145,649	118,335	27,314
Traffic Control	210,041	218,593	213,060	5,533
Fire Prevention and Suppression	4,351,658	4,339,488	4,175,199	164,289
Animal Control	22,368	22,368	22,279	89
Building	410,203	418,078	357,162	60,916
Ambulance Service	221,461	221,461	221,461	-
<b>Total Public Safety</b>	<b>13,312,022</b>	<b>13,380,786</b>	<b>12,883,879</b>	<b>496,907</b>
<b>Transportation:</b>				
Public Works Administration	971,027	956,813	944,934	11,879
Engineering	238,627	277,467	258,734	18,733
Street Maintenance	847,238	849,871	843,433	6,438
Snow Removal	699,014	682,055	653,617	28,438
Street Lighting	312,382	324,015	323,448	567
Off-Street Parking	253,124	236,146	210,704	25,442
<b>Total Transportation</b>	<b>3,321,412</b>	<b>3,326,367</b>	<b>3,234,870</b>	<b>91,497</b>
<b>Culture and Recreation:</b>				
Recreation Administration	413,117	408,452	394,472	13,980
Parks and Playgrounds	501,520	581,004	477,324	103,680
Recreation Center	282,962	271,185	267,946	3,239
Recreation Programs	220,626	194,657	186,792	7,865
Camps	427,696	478,086	469,095	8,991
Athletics	216,807	217,466	192,894	24,572
Tennis	115,231	114,161	109,576	4,585
Special Events	109,170	247,181	117,194	129,987
Adult Recreation	145,978	137,815	134,624	3,191
Rye Youth Council	38,900	44,661	44,660	1
Rye Town Park	50,000	51,161	51,160	1
Southeast Consortium	20,308	20,680	20,310	370
Rye Free Reading Room	1,155,000	1,155,000	1,155,000	-
Square House Museum	119,635	107,523	105,031	2,492
Rye Arts Center	4,855	4,855	4,855	-
Special Facilities Administration	40,121	40,121	40,121	-
Rye Nature Center	42,035	42,035	42,035	-
<b>Total Culture and Recreation</b>	<b>3,903,961</b>	<b>4,116,043</b>	<b>3,813,089</b>	<b>302,954</b>

2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,119,868	\$ 1,053,572	\$ 1,002,386	\$ 51,186
5,794,362	5,771,182	5,514,468	256,714
687,454	723,722	698,678	25,044
123,702	128,665	96,589	32,076
174,900	177,657	169,343	8,314
238,426	238,866	202,524	36,342
142,243	143,991	114,365	29,626
218,596	222,492	198,788	23,704
4,361,206	4,372,312	4,090,263	282,049
22,222	22,222	21,994	228
433,057	434,342	404,052	30,290
222,983	222,983	222,983	-
<u>13,539,019</u>	<u>13,512,006</u>	<u>12,736,433</u>	<u>775,573</u>
958,760	929,421	876,860	52,561
273,257	274,883	252,590	22,293
806,864	825,970	777,236	48,734
696,473	781,057	719,324	61,733
326,501	328,472	314,332	14,140
279,203	280,465	243,376	37,089
<u>3,341,058</u>	<u>3,420,268</u>	<u>3,183,718</u>	<u>236,550</u>
421,573	416,186	397,222	18,964
489,881	539,839	458,121	81,718
280,516	282,313	270,648	11,665
237,632	234,166	185,707	48,459
418,471	428,617	406,224	22,393
211,637	209,991	173,674	36,317
115,023	115,035	106,288	8,747
101,233	225,769	108,795	116,974
144,253	150,059	139,890	10,169
38,900	38,900	38,100	800
50,000	50,847	50,847	-
19,853	20,238	19,771	467
1,155,000	1,155,000	1,155,000	-
106,763	106,768	103,152	3,616
4,829	4,829	4,829	-
18,465	18,465	18,465	-
47,066	48,251	48,251	-
<u>3,861,095</u>	<u>4,045,273</u>	<u>3,684,984</u>	<u>360,289</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, 2010  
 (With Comparative Amounts for 2009)

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Home and Community Services:</b>				
Planning	\$ 242,327	\$ 245,897	\$ 245,031	\$ 866
Sanitary Sewers	397,641	386,193	385,403	790
Storm Drains	217,459	183,218	182,439	779
Refuse and Garbage	1,857,210	1,882,895	1,881,073	1,822
Recycling	720,523	702,576	701,035	1,541
Street Cleaning	93,388	93,459	93,079	380
Community Beautification	582,172	576,096	573,913	2,183
Rodent and Insect Control	1,343	3,622	2,870	752
Shade Tree Maintenance	436,887	512,294	511,396	898
Conservation	3,318	3,318	3,308	10
Emergency Disaster	-	66,542	24,791	41,751
Total Home and Community Services	<u>4,552,268</u>	<u>4,656,110</u>	<u>4,604,338</u>	<u>51,772</u>
Total Expenditures	<u>29,151,392</u>	<u>29,427,238</u>	<u>28,014,415</u>	<u>1,412,823</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(541,496)</u>	<u>(750,538)</u>	<u>1,460,203</u>	<u>2,210,741</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	200,000	200,000
Transfers out	(1,040,987)	(1,040,987)	(997,503)	43,484
Total Other Financing Uses	<u>(1,040,987)</u>	<u>(1,040,987)</u>	<u>(797,503)</u>	<u>243,484</u>
Net Change in Fund Balance	<u>(1,582,483)</u>	<u>(1,791,525)</u>	<u>662,700</u>	<u>2,454,225</u>
Fund Balance - Beginning of Year	1,582,483	1,791,525	9,832,457	8,040,932
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,495,157</u>	<u>\$ 10,495,157</u>

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

2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 256,772	\$ 250,055	\$ 230,256	\$ 19,799
432,085	392,096	375,286	16,810
238,879	186,867	162,898	23,969
1,854,682	1,843,124	1,815,881	27,243
642,025	663,399	637,213	26,186
92,006	95,119	93,039	2,080
536,162	763,620	724,450	39,170
63,068	64,413	55,648	8,765
450,679	472,009	455,877	16,132
3,357	20,838	20,738	100
-	-	-	-
<u>4,569,715</u>	<u>4,751,540</u>	<u>4,571,286</u>	<u>180,254</u>
<u>29,694,152</u>	<u>29,912,353</u>	<u>28,078,068</u>	<u>1,834,285</u>
<u>(892,563)</u>	<u>(1,100,538)</u>	<u>308,294</u>	<u>1,408,832</u>
-	-	9,345	9,345
<u>(1,425,000)</u>	<u>(1,605,000)</u>	<u>(1,485,559)</u>	<u>119,441</u>
<u>(1,425,000)</u>	<u>(1,605,000)</u>	<u>(1,476,214)</u>	<u>128,786</u>
<u>(2,317,563)</u>	<u>(2,705,538)</u>	<u>(1,167,920)</u>	<u>1,537,618</u>
<u>2,317,563</u>	<u>2,705,538</u>	<u>11,000,377</u>	<u>8,294,839</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,832,457</u>	<u>\$ 9,832,457</u>

City of Rye, New York  
Statement of Net Assets  
Proprietary Funds  
December 31, 2010  
(With Comparative Amounts for 2009)

	2010			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and equivalents	\$ 500,187	\$ 1,909,669	\$ 2,409,856	\$ 359,521
Investments	4,560	25,139	29,699	2,405,449
Accounts receivable	950	2,908	3,858	100,957
Deposits	-	-	-	28,500
Due from other funds	-	992	992	600,258
Due from other governments	317,500	-	317,500	1,047,666
Prepaid expenses	4,884	15,628	20,512	82,211
Total Current Assets	<u>828,081</u>	<u>1,954,336</u>	<u>2,782,417</u>	<u>4,624,562</u>
<b>Noncurrent Assets:</b>				
Deferred Charges	-	23,159	23,159	69,335
<b>Capital Assets:</b>				
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	3,434,670	4,644,286	4,286,294
Machinery and equipment	73,388	1,165,937	1,239,325	9,568,277
Construction in progress	1,613,089	-	1,613,089	8,608,447
Less accumulated depreciation	<u>(1,078,625)</u>	<u>(7,381,252)</u>	<u>(8,459,877)</u>	<u>(10,958,636)</u>
Total Capital Assets (net of accumulated depreciation)	<u>2,159,806</u>	<u>10,336,905</u>	<u>12,496,711</u>	<u>29,686,530</u>
Total Noncurrent Assets	<u>2,159,806</u>	<u>10,360,064</u>	<u>12,519,870</u>	<u>29,755,865</u>
Total Assets	<u>2,987,887</u>	<u>12,314,400</u>	<u>15,302,287</u>	<u>34,380,427</u>

2009

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 282,987	\$ 363,235	\$ 646,222	\$ 280,203
65,345	2,642,225	2,707,570	4,861,807
250	5,718	5,968	182
-	-	-	28,500
-	-	-	555,821
317,500	-	317,500	401,127
3,142	9,902	13,044	84,059
<u>669,224</u>	<u>3,021,080</u>	<u>3,690,304</u>	<u>6,211,699</u>
-	-	-	-
408	1,700,000	1,700,408	6,571,814
341,930	11,417,550	11,759,480	11,610,334
1,209,616	3,355,656	4,565,272	4,125,129
73,388	1,119,447	1,192,835	9,568,220
1,607,489	-	1,607,489	8,265,036
<u>(1,032,099)</u>	<u>(6,852,627)</u>	<u>(7,884,726)</u>	<u>(9,960,453)</u>
<u>2,200,732</u>	<u>10,740,026</u>	<u>12,940,758</u>	<u>30,180,080</u>
<u>2,200,732</u>	<u>10,740,026</u>	<u>12,940,758</u>	<u>30,180,080</u>
<u>2,869,956</u>	<u>13,761,106</u>	<u>16,631,062</u>	<u>36,391,779</u>

(Continued)

City of Rye, New York  
Statement of Net Assets (Continued)  
Proprietary Funds  
December 31, 2010  
(With Comparative Amounts for 2009)

	2010			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds		Totals	
	Boat Basin Fund	Golf Club Fund		
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	3,683	219,657	223,340	97,457
Accrued liabilities	944	-	944	444,000
Accrued interest payable	-	34,668	34,668	114,104
Retainage payable	-	-	-	154,225
Due to other funds	25,362	84,037	109,399	1,742,834
Due to other governments	1,587	42,277	43,864	-
Advances from other funds	-	-	-	1,334,183
Compensated absences	3,525	7,791	11,316	8,460
Current Liabilities Payable from Restricted Assets:				
Bonds payable	-	310,000	310,000	870,653
Installment purchase contract	-	-	-	-
<b>Total Current Liabilities</b>	<u>35,101</u>	<u>698,430</u>	<u>733,531</u>	<u>4,765,916</u>
<b>Noncurrent Liabilities:</b>				
Bonds payable	-	2,589,201	2,589,201	12,767,934
Compensated absences	31,725	70,119	101,844	76,143
Other postemployment benefit obligations	219,421	290,438	509,859	683,057
<b>Total Noncurrent Liabilities</b>	<u>251,146</u>	<u>2,949,758</u>	<u>3,200,904</u>	<u>13,527,134</u>
<b>Total Liabilities</b>	<u>286,247</u>	<u>3,648,188</u>	<u>3,934,435</u>	<u>18,293,050</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,159,806	7,460,863	9,620,669	17,956,108
Unrestricted	541,834	1,205,349	1,747,183	(1,868,731)
<b>Total Net Assets</b>	<u>\$ 2,701,640</u>	<u>\$ 8,666,212</u>	<u>11,367,852</u>	<u>\$ 16,087,377</u>
			(117,143)	
			<u>\$ 11,250,709</u>	

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

2009

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
1,512	167,257	168,769	111,417
702	482	1,184	413,307
-	47,080	47,080	817,861
-	-	-	157,675
12,863	39,341	52,204	1,724,040
1,076	36,228	37,304	-
-	-	-	-
3,065	7,686	10,751	7,527
-	285,000	285,000	836,692
-	-	-	4,292,493
<u>19,218</u>	<u>583,074</u>	<u>602,292</u>	<u>8,361,012</u>
-	2,915,000	2,915,000	12,457,596
27,582	69,169	96,751	67,740
<u>135,033</u>	<u>175,406</u>	<u>310,439</u>	<u>431,254</u>
<u>162,615</u>	<u>3,159,575</u>	<u>3,322,190</u>	<u>12,956,590</u>
<u>181,833</u>	<u>3,742,649</u>	<u>3,924,482</u>	<u>21,317,602</u>
2,200,732	7,540,026	9,740,758	12,593,299
487,391	2,478,431	2,965,822	2,480,878
<u>\$ 2,688,123</u>	<u>\$ 10,018,457</u>	<u>12,706,580</u>	<u>\$ 15,074,177</u>
		(14,014)	
		<u>\$ 12,692,566</u>	

City of Rye, New York  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
Year Ended December 31, 2010  
(With Comparative Amounts for 2009)

	2010			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 633,269	\$ 6,268,637	\$ 6,901,906	\$ 5,337,311
Sale of property and compensation for loss	-	5,282	5,282	-
Miscellaneous	-	1,297	1,297	412,695
Total Operating Revenues	<u>633,269</u>	<u>6,275,216</u>	<u>6,908,485</u>	<u>5,750,006</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	214,349	1,123,185	1,337,534	721,910
Employee benefits	177,947	655,470	833,417	608,995
Materials and supplies	59,725	1,946,127	2,005,852	1,156,518
Contractual costs	121,972	3,297,889	3,419,861	949,903
Depreciation and amortization	46,526	531,168	577,694	1,089,226
Total Operating Expenses	<u>620,519</u>	<u>7,553,839</u>	<u>8,174,358</u>	<u>4,526,552</u>
Operating Income (Loss)	<u>12,750</u>	<u>(1,278,623)</u>	<u>(1,265,873)</u>	<u>1,223,454</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Gain on sale of equipment	-	-	-	15,324
Interest income	767	6,336	7,103	5,600
Interest expense	-	(79,958)	(79,958)	(341,178)
Total Non-Operating Revenues (Expenses)	<u>767</u>	<u>(73,622)</u>	<u>(72,855)</u>	<u>(320,254)</u>
Income (Loss) Before Transfers	13,517	(1,352,245)	(1,338,728)	903,200
Transfers in	-	-	-	110,000
Transfers out	-	-	-	-
Change in Net Assets	<u>13,517</u>	<u>(1,352,245)</u>	<u>(1,338,728)</u>	<u>1,013,200</u>
Net Assets - Beginning of Year	2,688,123	10,018,457	12,706,580	15,074,177
Net Assets - End of Year	<u>\$ 2,701,640</u>	<u>\$ 8,666,212</u>	<u>\$ 11,367,852</u>	<u>\$ 16,087,377</u>
Change in Net Assets			\$ (1,338,728)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(103,129)</u>	
Change in Net Assets of Business-type Activities			<u>\$ (1,441,857)</u>	

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

2009

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 591,610	\$ 6,561,623	\$ 7,153,233	\$ 5,173,760
-	-	-	-
281	3,532	3,813	234,756
<u>591,891</u>	<u>6,565,155</u>	<u>7,157,046</u>	<u>5,408,516</u>
218,745	1,204,735	1,423,480	691,529
141,349	531,130	672,479	500,777
34,718	1,949,997	1,984,715	829,313
118,639	2,911,302	3,029,941	921,804
60,431	515,084	575,515	1,151,727
<u>573,882</u>	<u>7,112,248</u>	<u>7,686,130</u>	<u>4,095,150</u>
<u>18,009</u>	<u>(547,093)</u>	<u>(529,084)</u>	<u>1,313,366</u>
-	-	-	31,503
1,266	9,943	11,209	8,961
-	(169,809)	(169,809)	(522,567)
<u>1,266</u>	<u>(159,866)</u>	<u>(158,600)</u>	<u>(482,103)</u>
19,275	(706,959)	(687,684)	831,263
-	-	-	764,379
-	-	-	(9,345)
<u>19,275</u>	<u>(706,959)</u>	<u>(687,684)</u>	<u>1,586,297</u>
2,668,848	10,725,416	13,394,264	13,487,880
<u>\$ 2,688,123</u>	<u>\$ 10,018,457</u>	<u>\$ 12,706,580</u>	<u>\$ 15,074,177</u>
		\$ (687,684)	
		(29,015)	
		<u>\$ (716,699)</u>	

City of Rye, New York  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2010  
(With Comparative Amounts for 2009)

	2010			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 632,569	\$ 6,283,858	\$ 6,916,427	\$ 4,622,035
Cash payments to employees	(303,063)	(1,663,050)	(1,966,113)	(1,070,073)
Cash payments to vendors	(168,258)	(5,160,000)	(5,328,258)	(2,047,707)
Other operating revenues	-	6,579	6,579	311,738
Net Cash Provided by (Used in) Operating Activities	<u>161,248</u>	<u>(532,613)</u>	<u>(371,365)</u>	<u>1,815,993</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	-	-	110,000
Transfers out	-	-	-	-
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Advances from other funds	-	-	-	1,334,183
Bonds issued	-	-	-	1,230,000
Acquisition and construction of capital assets	(5,600)	(125,504)	(131,104)	(589,713)
Principal paid on capital debt	-	(320,000)	(320,000)	(5,247,232)
Interest paid on capital debt	-	(98,871)	(98,871)	(1,237,521)
Proceeds from sale of capital assets	-	-	-	15,324
Net Cash Used in Capital and Related Financing Activities	<u>(5,600)</u>	<u>(544,375)</u>	<u>(549,975)</u>	<u>(4,494,959)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	767	6,336	7,103	191,930
Purchase of investments	(54,964)	(33,239)	(88,203)	(5,731,226)
Sale of investments	115,749	2,650,325	2,766,074	8,187,580
Net Cash Provided by Investing Activities	<u>61,552</u>	<u>2,623,422</u>	<u>2,684,974</u>	<u>2,648,284</u>
Net Increase (Decrease) in Cash and Equivalents	217,200	1,546,434	1,763,634	79,318
Cash and Equivalents - Beginning of Year	282,987	363,235	646,222	280,203
Cash and Equivalents - End of Year	<u>\$ 500,187</u>	<u>\$ 1,909,669</u>	<u>\$ 2,409,856</u>	<u>\$ 359,521</u>

2009

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 591,610	\$ 6,469,977	\$ 7,061,587	\$ 4,313,353
(287,870)	(1,635,832)	(1,923,702)	(971,383)
(657,915)	(5,030,396)	(5,688,311)	(1,568,574)
281	3,532	3,813	234,756
<u>(353,894)</u>	<u>(192,719)</u>	<u>(546,613)</u>	<u>2,008,152</u>
-	-	-	764,379
-	-	-	(9,345)
-	-	-	<u>755,034</u>
-	-	-	1,086,678
-	-	-	-
(689,263)	(553,624)	(1,242,887)	(2,320,905)
-	(270,000)	(270,000)	(1,089,220)
-	(173,768)	(173,768)	(576,733)
-	-	-	31,503
<u>(689,263)</u>	<u>(997,392)</u>	<u>(1,686,655)</u>	<u>(2,868,677)</u>
1,266	9,943	11,209	275,499
(1,636)	(9,023)	(10,659)	(4,900,564)
<u>1,295,796</u>	<u>1,053,004</u>	<u>2,348,800</u>	<u>4,691,373</u>
<u>1,295,426</u>	<u>1,053,924</u>	<u>2,349,350</u>	<u>66,308</u>
252,269	(136,187)	116,082	(39,183)
30,718	499,422	530,140	319,386
<u>\$ 282,987</u>	<u>\$ 363,235</u>	<u>\$ 646,222</u>	<u>\$ 280,203</u>

(Continued)

City of Rye, New York  
Statement of Cash Flows ( Continued)  
Proprietary Funds  
Year Ended December 31, 2010  
(With Comparative Amounts for 2009)

	2010			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 12,750	\$ (1,278,623)	\$ (1,265,873)	\$ 1,223,454
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	46,526	531,168	577,694	1,089,226
(Increase) decrease in accounts receivable	(700)	2,810	2,110	(816,233)
(Increase) decrease in due from other funds	-	(992)	(992)	24,482
(Increase) decrease in prepaid expenses	(1,742)	(5,726)	(7,468)	1,848
Increase (decrease) in accounts payable	2,171	52,400	54,571	(13,960)
Increase (decrease) in accrued liabilities	242	(482)	(240)	30,693
Increase (decrease) in retainage payable	-	-	-	(3,450)
Increase (decrease) in due to other funds	12,499	44,696	57,195	18,794
Increase (decrease) in due to other governments	511	6,049	6,560	-
Increase in other post employment benefit obligations	84,388	115,032	199,420	251,803
Increase in compensated absences	4,603	1,055	5,658	9,336
Total Adjustments	148,498	746,010	894,508	592,539
Net Cash Provided by (Used in) Operating Activities	\$ 161,248	\$ (532,613)	\$ (371,365)	\$ 1,815,993

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

2009

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 18,009	\$ (547,093)	\$ (529,084)	\$ 1,313,366
60,431	515,084	575,515	1,151,727
-	(4,943)	(4,943)	(860,407)
469	-	469	(24,482)
13	477	490	(14,030)
(503,278)	(201,783)	(705,061)	13,018
702	482	1,184	189,188
-	-	-	3,450
(1,253)	(56,817)	(58,070)	14,587
(509)	2,323	1,814	-
67,594	83,339	150,933	217,431
3,928	16,212	20,140	4,304
<u>(371,903)</u>	<u>354,374</u>	<u>(17,529)</u>	<u>694,786</u>
\$ (353,894)	\$ (192,719)	\$ (546,613)	\$ 2,008,152

City of Rye, New York  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
December 31, 2010  
(With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 24,965	\$ 26,859
Accounts Receivable	2,124	506
Total Assets	<u>\$ 27,089</u>	<u>\$ 27,365</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,278	\$ 1,339
Employee payroll deductions	25,811	26,026
Total Liabilities	<u>\$ 27,089</u>	<u>\$ 27,365</u>

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, 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 loss reflected in the City's 2010 financial statements is \$51,160. 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 necessary to transform the fund based financial statements into the governmental activities column of the government-wide

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

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

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

- 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 deposit and 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, 2010.

**Investments** - The City participates in a 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 Cutwater Asset Management, a wholly owned subsidiary of 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 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 Corp., 113 King Street, Armonk, NY 10504.

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

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

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

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

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

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

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**Advances From/To Other Funds** – Advances from/to other funds represent loans to other funds which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by a fund balance reserve in the fund financial statements, which indicates that the funds are not “available” for appropriation and are not expendable available financial resources.

**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 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.

**Deferred Charges** - Deferred charges in the government-wide financial statements represent the unamortized portion of the cost of issuance of bonds. These costs are being amortized over the term of the respective bond issue.

**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.

**Note 2 - Stewardship, Compliance and Accountability (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 \$204,472 for real property taxes and \$430,571 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.

**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

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

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, advances, 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 June 9, 2011

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

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2010

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**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- h) Appropriations in General, Special Revenue and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

**B. Property Tax Limitation**

The amount that may be raised by the City for real property taxes in any fiscal year, for purposes other than for debt service on City indebtedness, is limited by the Constitution of the State of New York to two (2%) percent of the five-year average full valuation of taxable real estate located within the City. For 2010, the maximum amount that could have been raised was \$134,043,181, which exceeded the levy by \$114,609,337.

**C. Capital Projects Fund Project Deficits**

The Kirby Lane Sanitary Sewer capital project reflects a deficit of \$535 at December 31, 2010 because of expenditures exceeding current financing on the project. This deficit 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, 2010 consisted of the following:

City taxes - Current	\$ 70,214
City taxes - Delinquent	853,685
School district taxes - Current	<u>148,903</u>
	<u>\$ 1,072,802</u>

School district taxes are offset by liabilities to the school district, which will be paid no later than July 1, 2011. Taxes receivable are also partially offset in the fund financial statements by deferred tax revenues of \$204,472, 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 \$566,860, which represents an estimate of taxes receivable that will not be collected within the subsequent year.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2010

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

The balances reflected as due from/to other funds at December 31, 2010 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Cable TV Fund	\$ 13,868
	Capital Projects Fund	502,050
	Boat Basin Fund	25,362
	Golf Club Fund	84,037
	Building and Vehicle Maintenance Fund	<u>1,742,834</u>
		<u>2,368,151</u>
Capital Projects Fund	General Fund	<u>44,067</u>
Debt Service Fund	Capital Projects Fund	<u>409</u>
Golf Fund	General Fund	<u>992</u>
Building and Vehicle Maintenance Fund	General Fund	<u>600,258</u>
		<u>\$ 3,013,877</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, 2010**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, 2010	Additions	Deletions	Balance at December 31, 2010
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 6,571,814	\$ -	\$ -	\$ 6,571,814
Construction-in-progress	9,008,964	1,410,029	3,006	10,415,987
<b>Total Capital Assets, not being depreciated</b>	<b>\$ 15,580,778</b>	<b>\$ 1,410,029</b>	<b>\$ 3,006</b>	<b>\$ 16,987,801</b>
Capital Assets, being depreciated:				
Buildings	\$ 11,610,334	\$ -	\$ -	\$ 11,610,334
Improvements	4,125,129	161,165	-	4,286,294
Machinery and Equipment	9,654,294	85,138	85,081	9,654,351
Infrastructure	64,921,899	103,372	-	65,025,271
<b>Total Capital Assets, being depreciated</b>	<b>90,311,656</b>	<b>349,675</b>	<b>85,081</b>	<b>90,576,250</b>
Less Accumulated Depreciation for:				
Buildings	2,409,666	278,785	-	2,688,451
Improvements	1,776,508	199,857	-	1,976,365
Machinery and Equipment	5,791,493	621,838	85,081	6,328,250
Infrastructure	24,761,079	366,144	-	25,127,223
<b>Total Accumulated Depreciation</b>	<b>34,738,746</b>	<b>1,466,624</b>	<b>85,081</b>	<b>36,120,289</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>\$ 55,572,910</b>	<b>\$ (1,116,949)</b>	<b>\$ -</b>	<b>\$ 54,455,961</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 71,153,688</b>	<b>\$ 293,080</b>	<b>\$ 3,006</b>	<b>\$ 71,443,762</b>

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2010

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

Class	Balance at January 1, 2010	Additions	Balance at December 31, 2010
<b>Business-type Activities:</b>			
Capital Assets, not being depreciated:			
Land	\$ 1,700,408	\$ -	\$ 1,700,408
Construction-in-progress	1,607,489	5,600	1,613,089
Total Capital Assets, not being depreciated	<u>\$ 3,307,897</u>	<u>5,600</u>	<u>\$ 3,313,497</u>
Capital Assets, being depreciated:			
Buildings	\$ 11,759,480	\$ -	\$ 11,759,480
Improvements	4,565,272	79,014	4,644,286
Machinery and Equipment	1,192,835	46,490	1,239,325
Total Capital Assets, being depreciated	<u>17,517,587</u>	<u>125,504</u>	<u>17,643,091</u>
Less Accumulated Depreciation for:			
Buildings	4,133,820	292,061	4,425,881
Improvements	2,635,377	237,747	2,873,124
Machinery and Equipment	1,115,529	45,343	1,160,872
Total Accumulated Depreciation	<u>7,884,726</u>	<u>575,151</u>	<u>8,459,877</u>
Total Capital Assets, being depreciated, net	<u>9,632,861</u>	<u>(449,647)</u>	<u>9,183,214</u>
Business-type Activities Capital Assets, net	<u>\$ 12,940,758</u>	<u>\$ (444,047)</u>	<u>\$ 12,496,711</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	117,075
Recreation	17,215
Home and Community Services	228,877
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>1,083,264</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,466,624</u>
Business-type Activities:	
Boat Basin	\$ 46,526
Golf Club	<u>528,625</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 575,151</u>

**Construction Commitments**

The City has active construction projects as of December 31, 2010. These projects include new construction and renovations to existing properties. At year-end, the City had \$209,293 in construction encumbrances.

**D. Accrued Liabilities**

Accrued liabilities at December 31, 2010 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Payroll and employee benefits	\$ 435,279	\$ 944	\$ 436,223
Claims	<u>621,021</u>	<u>-</u>	<u>621,021</u>
Total Accrued Liabilities	<u>\$ 1,056,300</u>	<u>\$ 944</u>	<u>\$ 1,057,244</u>

**E. Unpaid Claim Liabilities**

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

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

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, 2010		Year Ended December 31, 2009	
	General Liability	Health Benefits	General Liability	Health Benefits
Balance - Beginning of Year	\$ 413,000	\$ 199,022	\$ 223,000	\$ 527,490
Provision for Claims and Claims Adjustment Expenses	500,198	2,114,390	774,389	1,808,956
Claims and Claims Adjustment Expenses Paid	<u>(469,198)</u>	<u>(2,110,203)</u>	<u>(584,389)</u>	<u>(2,137,424)</u>
Balance - End of Year	<u>\$ 444,000</u>	<u>\$ 203,209</u>	<u>\$ 413,000</u>	<u>\$ 199,022</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 in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of their salary without regard to their years of service. 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 life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2011 are as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2010

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

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	1 75I/41J	15.3 %
	2 75I/41J	14.0
	3 A14/41J	11.3
	4 A15/41J	11.3
	5 A15/41J	9.1
PFRS	1 384D/3029D	21.9 %
	2 384D	16.8

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

	<u>ERS</u>	<u>PFRS</u>
2010	\$ 720,647	\$ 856,552
2009	510,466	794,295
2008	609,768	806,862

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	\$ 564,171
Cable TV	12,143
Boat Basin	18,030
Golf Club	56,811
Building and Vehicle Maintenance	69,492
	<u>\$ 720,647</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, 2010 were \$2,841. The pension benefit obligation of this plan is not significant to the City.

**G. Short-Term Capital Borrowings**

<u>Purpose</u>	<u>Year of Original Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance January 1, 2010</u>	<u>New Issues</u>	<u>Redemptions</u>	<u>Balance December 31, 2010</u>
Governmental Type Activities: Environmental Facilities Corp. Loan Payable - Kirby Lane Sewer and Water/Gas Lines	2009	-	-	<u>\$ 1,980,000</u>	<u>\$ -</u>	<u>\$ 1,980,000</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

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

The State of New York has authorized the establishment of the New York State Environmental Facilities Corporation ("EFC"). The EFC was created in-part to administer a water pollution control revolving fund for purposes of complying with the Clean Water Act. The City had received an interest free bridge loan from the EFC in the amount of \$1,980,000 that was used to retire outstanding bond anticipation notes. This loan was converted to permanent financing through the EFC in 2010.

**H. Long-Term Liabilities**

The changes in the City's long-term liabilities for the year ended December 31, 2010 were as follows:

	Balance January 1, 2010	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2010	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 14,625,000	\$ 12,792,374	\$ 8,010,000	\$ 19,407,374	\$ 1,092,374
Deferred Amounts on Refunding	-	90,078	7,054	83,024	-
	<u>14,625,000</u>	<u>12,882,452</u>	<u>8,017,054</u>	<u>19,490,398</u>	<u>1,092,374</u>
Installment Purchase Contract	<u>4,292,493</u>	-	<u>4,292,493</u>	-	-
<b>Other Non-current Liabilities:</b>					
Claims Payable	2,058,395	478,100	411,679	2,124,816	424,963
Compensated Absences	1,305,069	189,677	130,507	1,364,239	136,424
Other Post-Employment Benefit Obligations Payable	<u>5,944,823</u>	<u>4,579,025</u>	<u>1,602,619</u>	<u>8,921,229</u>	-
<b>Total Other Non-current Liabilities</b>	<u>9,308,287</u>	<u>5,246,802</u>	<u>2,144,805</u>	<u>12,410,284</u>	<u>561,387</u>
<b>Governmental Activities Long-Term Liabilities</b>	<u>\$ 28,225,780</u>	<u>\$ 18,129,254</u>	<u>\$ 14,454,352</u>	<u>\$ 31,900,682</u>	<u>\$ 1,653,761</u>
<b>Business-type Activities:</b>					
Bonds Payable	\$ 3,200,000	\$ 2,080,000	\$ 2,440,000	\$ 2,840,000	\$ 310,000
Deferred Amounts on Refunding	-	65,702	6,501	59,201	-
	<u>3,200,000</u>	<u>2,145,702</u>	<u>2,446,501</u>	<u>2,899,201</u>	<u>310,000</u>
<b>Other Non-current Liabilities:</b>					
Compensated Absences	107,502	16,409	10,751	113,160	11,316
Other Post-Employment Benefit Obligations Payable	<u>310,439</u>	<u>340,913</u>	<u>141,493</u>	<u>509,859</u>	-
<b>Total Other Non-current Liabilities</b>	<u>417,941</u>	<u>357,322</u>	<u>152,244</u>	<u>623,019</u>	<u>11,316</u>
<b>Business-type Activities Long-Term Liabilities</b>	<u>\$ 3,617,941</u>	<u>\$ 2,503,024</u>	<u>\$ 2,598,745</u>	<u>\$ 3,522,220</u>	<u>\$ 321,316</u>

The liability for compensated absences and other post-employment benefit obligations is liquidated by the General, Cable TV, Boat Basin, Golf and Building and Vehicle Maintenance funds. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2010

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

**Bonds Payable**

Bonds payable at December 31, 2010 are comprised of the following individual issues:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at December 31, 2010</u>
Golf Club Improvements (Taxable)	1998	\$ 1,743,000	September, 2018	6.2 to 6.300 %	\$ 990,000
Public Improvements	2002	5,389,500	December, 2011	3.600	285,000
EFC - Land Acquisition	2004	1,708,013	August, 2024	3.581 to 4.964	1,260,000
Public Improvements	2005	6,428,000	December, 2025	3.875 to 4.000	5,275,000
Refunding Bonds	2010	8,965,000	September, 2021	2.0 to 4.000	8,600,000
Public Improvements	2010	3,534,000	September, 2030	2.0 to 4.000	3,534,000
EFC - Kirby Lane Sewer	2010	2,373,374	April, 2039	0.383 to 4.603	2,303,374
					<u>\$ 22,247,374</u>

Interest expenditure/expense of \$58,871 and \$199,299 was recorded in the fund financial statements in the Debt Service Fund and the Internal Service Fund, respectively. Interest expense of \$284,852 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$79,958 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 became 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 City satisfied this obligation in the current year. Interest expense of \$141,879 was recorded in the Internal Service Fund and in the government-wide financial statements for governmental activities.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2010

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

**Payments to Maturity**

The annual requirements to amortize all bonded and installment purchase contract debt outstanding, including interest of \$6,431,525 as of December 31, 2010 is as follows:

Year	Bonds				Total	
	Governmental Activities		Business-type Activities		Principal	Interest
	Principal	Interest	Principal	Interest		
2011	\$ 1,092,374	\$ 666,848	\$ 310,000	\$ 118,295	\$ 1,402,374	\$ 785,143
2012	1,165,000	595,900	320,000	107,895	1,485,000	703,795
2013	1,195,000	568,791	330,000	97,085	1,525,000	665,876
2014	1,235,000	534,339	345,000	83,665	1,580,000	618,004
2015	1,280,000	498,378	360,000	69,415	1,640,000	567,793
2016-2020	7,095,000	1,845,464	1,175,000	113,125	8,270,000	1,958,589
2021-2025	4,025,000	781,613	-	-	4,025,000	781,613
2026-2030	1,535,000	260,604	-	-	1,535,000	260,604
2031-2035	425,000	72,189	-	-	425,000	72,189
2036-2039	360,000	17,919	-	-	360,000	17,919
	<u>\$ 19,407,374</u>	<u>\$ 5,842,045</u>	<u>\$ 2,840,000</u>	<u>\$ 589,480</u>	<u>\$ 22,247,374</u>	<u>\$ 6,431,525</u>

The above general obligation bonds 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.

**Advance Refunding**

During the 2010 fiscal year, the City issued \$8,965,000 in serial bonds with interest rates ranging from 2.0% to 4.0%, depending on maturity. The proceeds were used to advance refund \$2,120,000 of 1998 Series A public improvement serial bonds, \$2,425,000 of 2000 public improvement serial bonds, \$1,285,000 of 2001 public improvement serial bonds and \$3,180,000 of 2002 public improvement serial bonds bearing interest at rates ranging from 3.375% to 5.25%. The net proceeds of \$9,499,025 (net of \$644,805 re-offering premium and after payment of \$110,780 in issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 Series A, 2000, 2001 and 2002 public improvement serial bonds. As a result, these bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Assets. The reacquisition price exceeded the net carrying value of the old debt by \$489,025 and the premium received was \$644,805. These amounts are being netted against the new debt and amortized over the remaining life of the refunded debt.

The City advance refunded the 1998 Series A, 2000, 2001 and 2002 public improvement serial bonds to reduce its debt service payments over 11 years by \$932,120 and to obtain a net present value economic gain of \$811,855.

At December 31, 2010 \$3,180,000 of bonds outstanding are considered defeased.

**Claims Payable**

Claims payable reflects a liability of \$2,124,816 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 the 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 \$99,669 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The City's annual other postemployment 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.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2010

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

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 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>
2011	8.00 %
2012	7.00
2013	6.00
2014+	5.00

The amortization basis is the level dollar method with an open amortization approach with 27 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, 2010 was as follows:

Active Employees	153
Retired Employees	<u>117</u>
	<u><u>270</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2010

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

	Governmental Funds	Enterprise Funds	Total
Amortization Component:			
Actuarial Accrued Liability as of January 1, 2010	\$ 55,908,958	\$ 3,812,357	\$ 59,721,315
Assets at Market Value	-	-	-
Unfunded Actuarial Accrued Liability	<u>\$ 55,908,958</u>	<u>\$ 3,812,357</u>	<u>\$ 59,721,315</u>
Funded Ratio	0.00%	0.00%	0.00%
Covered Payroll (active plan members)	\$ 10,584,918	\$ 721,771	\$ 11,306,689
UAAL as a Percentage of Covered Payroll	528.19%	528.19%	528.19%
Annual Required Contribution	\$ 4,606,321	\$ 342,339	\$ 4,948,660
Interest on Net OPEB Obligation	237,793	12,417	250,210
Adjustment to Annual Required Contribution	<u>(265,089)</u>	<u>(13,843)</u>	<u>(278,932)</u>
Annual OPEB Cost	4,579,025	340,913	4,919,938
Contributions Made	<u>(1,602,619)</u>	<u>(141,493)</u>	<u>(1,744,112)</u>
Increase in Net OPEB Obligation	2,976,406	199,420	3,175,826
Net OPEB Obligation - Beginning of Year	<u>5,944,823</u>	<u>310,439</u>	<u>6,255,262</u>
Net OPEB Obligation - End of Year	<u>\$ 8,921,229</u>	<u>\$ 509,859</u>	<u>\$ 9,431,088</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 two preceding years is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 4,919,938	35.45 %	\$ 9,431,088
2009	4,759,533	33.97	6,255,262
2008	4,523,565	31.20	3,112,367

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

**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, 2010 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Internal Service</u>	
General	\$ -	\$ 847,516	\$ 39,987	\$ 110,000	\$ 997,503
Capital Projects	<u>200,000</u>	<u>576,652</u>	<u>-</u>	<u>-</u>	<u>776,652</u>
	<u>\$ 200,000</u>	<u>\$ 1,424,168</u>	<u>\$ 39,987</u>	<u>\$ 110,000</u>	<u>\$ 1,774,155</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and 2) 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	\$ 528,070	\$ -	\$ 21,176
Tax Certiorari	2,124,816	-	-
Police Purposes	8,709	-	-
Parks	99,659	-	-
Recreation Programs	263,113	-	-
WWI Memorial	4,151	-	-
Undesignated	<u>2,805,268</u>	<u>2,450,581</u>	<u>367,980</u>
	<u>\$ 5,833,786</u>	<u>\$ 2,450,581</u>	<u>\$ 389,156</u>

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

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

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

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

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

Designated for WWI Memorial - This designation represents funds donated to the City by individuals and organizations that the City will use for the WWI Memorial.

**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 damage 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.

CITY OF RYE, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS  
 OTHER POSTEMPLOYMENT BENEFITS  
 LAST THREE 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	\$ -	\$ 53,028,308	\$ 53,028,308	- %	\$ 11,458,382	462.79 %
2009	-	53,028,308	53,028,308	-	11,744,841	451.50
2010	-	59,721,315	59,721,315	-	11,306,689	528.19

**CAPITAL PROJECTS FUND  
PROJECT-LENGTH SCHEDULE**

City of Rye, New York  
 Capital Projects Fund  
 Project-Length Schedule  
 Inception of Project Through December 31, 2010

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	\$ 317,027	\$ 302,927	\$ 14,100	\$ 317,027	\$ -
533024	Locust Avenue and Purchase Street Signal	2006	11,000	6,760	-	6,760	4,240
533025/032	Signal Purchase/Ridge Street Roundabout	2007/2010	787,400	75,250	143,300	218,550	568,850
533026	CBD Traffic Signals	2007	350,000	321,626	-	321,626	28,374
533030	2009 ARRA Projects	2009	898,792	59,230	741,851	801,081	97,711
533031	CBD Traffic Signal Purchase Locust	2010	165,000	-	7,900	7,900	157,100
551060	Theall Road Reconstruction	2007	1,400,000	1,400,000	-	1,400,000	-
551061	Peck Avenue Intersection	2007	400,000	-	214,600	214,600	185,400
551070	Central Avenue Bridge Reconstruction	2007	2,248,600	259,443	26,505	285,948	1,962,652
551074	Purchase Street Study	2008	80,000	79,585	415	80,000	-
551077	Boston Post Road Rock Stabilization	2008	75,000	68,858	6,142	75,000	-
551078	Annual Street Resurfacing Program	2009	917,391	662,475	254,916	917,391	-
551079	Annual Street Resurfacing Program	2010	715,583	-	522,179	522,179	193,404
551082	SRS - Boston Post Road	2010	123,900	-	86,629	86,629	37,271
551083	Manursing Way Guiderail	2010	25,000	-	-	-	25,000
551084	Pay Station Shelter	2010	40,000	-	-	-	40,000
554114	Annual Sidewalk Replacement Program	2009	93,155	88,180	4,975	93,155	-
554115	Annual Sidewalk Replacement Program	2010	54,975	-	36,717	36,717	18,258
555150	Morehead Footbridge Reconstruction	2006	70,000	42,065	-	42,065	27,935
571041	Recreation Master Plan	2001	75,409	68,245	-	68,245	7,164
581201B	Kirby Lane Sewer	2003	2,466,774	2,433,832	15,182	2,449,014	17,760
581204B	Peck Avenue Pump Station	2003	229,568	229,128	440	229,568	-
581205B	Kirby Lane Water/Gas Lines	2003	20,044	20,044	-	20,044	-
581206	Upper Dogwood Lane Sewer	2007	150,000	15,438	115,117	130,555	19,445
581219	Hewlett Avenue Pump Station	2007	593,831	32,613	256,498	289,111	304,720
581221	Miscellaneous Sewer Rehabilitation	2004	583,700	581,722	1,978	583,700	-
581225	Sewer Force Mains	2008	248,758	10,790	237,768	248,558	200
581226	Breevort Lane Sewer Pump	2009	88,190	-	88,190	88,190	-
581227	Cedar Place Sewer	2009	90,000	-	2,900	2,900	87,100
581228	Westchester Beach Pump Generator	2009	36,200	3,910	32,257	36,167	33
581229	Kirby Lane Sanitary Sewer	2010	17,315	-	17,850	17,850	(535)
581426	Annual Drainage Improvement Program	2006	96,371	82,264	14,107	96,371	-
581427	Annual Sewer Drainage Improvement Program	2010	66,548	-	47,766	47,766	18,782
581428	Old Milton Road Drainage	2010	210,000	-	4,950	4,950	205,050
585402	Bowman Avenue Spillway	2007	161,468	157,906	3,562	161,468	-
585403	Theo Fremd Retaining Wall	2007	1,758,660	107,721	6,703	114,424	1,644,236
585404	Elm Place Retaining Wall	2007	1,425,965	1,328,929	-	1,328,929	97,036
585405	Bowman Avenue Sluice Gate	2008	2,095,822	110,993	52,527	163,520	1,932,302
			<u>\$ 19,187,446</u>	<u>\$ 8,549,934</u>	<u>\$ 2,958,024</u>	<u>\$ 11,507,958</u>	<u>\$ 7,679,488</u>

Revenues and Other Financing Sources			Fund Balance (Deficit)
Prior Years	Current Year	Total	at December 31, 2010
\$ 316,335	\$ 692	\$ 317,027	\$ -
11,000	-	11,000	4,240
200,000	87,400	287,400	68,850
350,000	-	350,000	28,374
84,351	717,119	801,470	389
-	165,000	165,000	157,100
700,000	700,000	1,400,000	-
200,000	200,000	400,000	185,400
448,600	547,559	996,159	710,211
80,000	-	80,000	-
75,000	-	75,000	-
917,391	-	917,391	-
-	715,583	715,583	193,404
-	123,900	123,900	37,271
-	25,000	25,000	25,000
-	40,000	40,000	40,000
93,155	-	93,155	-
-	54,975	54,975	18,258
70,000	-	70,000	27,935
75,409	-	75,409	7,164
21,648	2,435,330	2,456,978	7,964
229,568	-	229,568	-
-	20,044	20,044	-
-	150,000	150,000	19,445
241,413	139,418	380,831	91,720
583,700	-	583,700	-
30,000	218,758	248,758	200
86,790	1,400	88,190	-
90,000	-	90,000	87,100
35,000	1,200	36,200	33
-	17,315	17,315	(535)
96,371	-	96,371	-
-	66,548	66,548	18,782
-	210,000	210,000	205,050
161,468	-	161,468	-
140,637	291,227	431,864	317,440
1,413,386	12,579	1,425,965	97,036
150,000	325,563	475,563	312,043
<u>\$ 6,901,222</u>	<u>\$ 7,266,610</u>	<u>\$ 14,167,832</u>	<u>\$ 2,659,874</u>

<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**SPECIAL REVENUE FUNDS**

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, 2010  
(With Comparative Amounts for 2009)

	2010			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
<b>ASSETS</b>				
Cash and equivalents	\$ 230,957	\$ -	\$ -	\$ 230,957
Investments	129,300	-	60,626	189,926
Accounts receivable	76,100	-	-	76,100
Due from other funds	-	-	409	409
Prepaid expenditures	3,289	-	-	3,289
Investments - restricted	-	20,118	-	20,118
<b>Total Assets</b>	<b>\$ 439,646</b>	<b>\$ 20,118</b>	<b>\$ 61,035</b>	<b>\$ 520,799</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 10,960	\$ -	\$ -	\$ 10,960
Accrued liabilities	239	-	-	239
Due to other funds	13,868	-	-	13,868
Due to other governments	397	-	-	397
<b>Total Liabilities</b>	<b>25,464</b>	<b>-</b>	<b>-</b>	<b>25,464</b>
<b>FUND BALANCES</b>				
Reserved for encumbrances	28,297	-	-	28,297
Reserved for prepaid expenditures	3,289	-	-	3,289
Reserved for compensated absences	14,434	-	-	14,434
Reserved for workers' compensation	300	-	-	300
Reserved for debt service	-	-	39,859	39,859
Reserved for trust	-	20,000	-	20,000
Unreserved:				
Designated for subsequent year's expenditures	11,461	-	21,176	32,637
Undesignated	356,401	118	-	356,519
<b>Total Fund Balances</b>	<b>414,182</b>	<b>20,118</b>	<b>61,035</b>	<b>495,335</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 439,646</b>	<b>\$ 20,118</b>	<b>\$ 61,035</b>	<b>\$ 520,799</b>

2009

Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ 99,726	\$ -	\$ -	\$ 99,726
144,056	-	120,921	264,977
73,614	-	-	73,614
-	-	4	4
2,441	-	-	2,441
-	20,080	-	20,080
<u>\$ 319,837</u>	<u>\$ 20,080</u>	<u>\$ 120,925</u>	<u>\$ 460,842</u>
\$ 2,401	\$ -	\$ -	\$ 2,401
358	-	-	358
7,210	-	-	7,210
5,670	-	-	5,670
<u>15,639</u>	<u>-</u>	<u>-</u>	<u>15,639</u>
1,850	-	-	1,850
2,441	-	-	2,441
17,830	-	-	17,830
300	-	-	300
-	-	21,175	21,175
-	20,000	-	20,000
-	-	99,750	99,750
281,777	80	-	281,857
<u>304,198</u>	<u>20,080</u>	<u>120,925</u>	<u>445,203</u>
<u>\$ 319,837</u>	<u>\$ 20,080</u>	<u>\$ 120,925</u>	<u>\$ 460,842</u>

City of Rye, New York  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2010  
 (With Comparative Amounts for 2009)

	2010			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
<b>REVENUES</b>				
Real property taxes and related items	\$ -	\$ -	\$ 123,535	\$ 123,535
Non-property taxes	294,179	-	-	294,179
Use of money and property	430	38	720	1,188
Miscellaneous	50,985	-	-	50,985
Total Revenues	<u>345,594</u>	<u>38</u>	<u>124,255</u>	<u>469,887</u>
<b>EXPENDITURES</b>				
Current -				
Culture and Recreation:				
Salaries and wages	136,248	-	-	136,248
Equipment	35,444	-	-	35,444
Materials and supplies	9,868	-	-	9,868
Contractual costs	11,890	-	-	11,890
Employee benefits	42,160	-	-	42,160
	<u>235,610</u>	<u>-</u>	<u>-</u>	<u>235,610</u>
Debt Service:				
Refunding bond issuance costs	-	-	9,782	9,782
Principal	-	-	165,261	165,261
Interest	-	-	58,871	58,871
Total Expenditures	<u>235,610</u>	<u>-</u>	<u>233,914</u>	<u>469,524</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>109,984</u>	<u>38</u>	<u>(109,659)</u>	<u>363</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	-	791,579	791,579
Issuance premium	-	-	56,934	56,934
Payment to refunded bond escrow agent	-	-	(838,731)	(838,731)
Transfers in	-	-	39,987	39,987
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>49,769</u>	<u>49,769</u>
Net Change in Fund Balances	109,984	38	(59,890)	50,132
Fund Balances - Beginning of Year	304,198	20,080	120,925	445,203
Fund Balances - End of Year	<u>\$ 414,182</u>	<u>\$ 20,118</u>	<u>\$ 61,035</u>	<u>\$ 495,335</u>

2009

Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ -	\$ -	\$ -	\$ -
270,815	-	-	270,815
542	55	1,032	1,629
41,890	-	-	41,890
<u>313,247</u>	<u>55</u>	<u>1,032</u>	<u>314,334</u>
120,177	-	-	120,177
258,388	-	-	258,388
9,341	-	-	9,341
9,989	-	-	9,989
44,161	-	-	44,161
<u>442,056</u>	<u>-</u>	<u>-</u>	<u>442,056</u>
-	-	-	-
-	-	74,242	74,242
-	-	65,114	65,114
<u>442,056</u>	<u>-</u>	<u>139,356</u>	<u>581,412</u>
<u>(128,809)</u>	<u>55</u>	<u>(138,324)</u>	<u>(267,078)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>(128,809)</u>	<u>55</u>	<u>(138,324)</u>	<u>(267,078)</u>
433,007	20,025	259,249	712,281
<u>\$ 304,198</u>	<u>\$ 20,080</u>	<u>\$ 120,925</u>	<u>\$ 445,203</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, 2010  
 (With Comparative Amounts for 2009)

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Non-property taxes	\$ 260,000	\$ 260,000	\$ 294,179	\$ 34,179
Use of money and property	650	650	430	(220)
Miscellaneous	51,650	51,650	50,985	(665)
Total Revenues	<u>312,300</u>	<u>312,300</u>	<u>345,594</u>	<u>33,294</u>
<b>EXPENDITURES</b>				
Current -				
Culture and Recreation:				
Salaries and wages	134,051	143,436	136,248	7,188
Equipment	64,600	64,600	35,444	29,156
Materials and supplies	19,130	19,199	9,868	9,331
Contractual costs	36,626	25,729	11,890	13,839
Employee benefits	46,476	47,919	42,160	5,759
Total Expenditures	<u>300,883</u>	<u>300,883</u>	<u>235,610</u>	<u>65,273</u>
Excess (Deficiency) of Revenues Over Expenditures	11,417	11,417	109,984	98,567
Fund Balance - Beginning of Year	(11,417)	(11,417)	304,198	315,615
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,182</u>	<u>\$ 414,182</u>

2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 250,000	\$ 250,000	\$ 270,815	\$ 20,815
2,000	2,000	542	(1,458)
41,000	41,000	41,890	890
<u>293,000</u>	<u>293,000</u>	<u>313,247</u>	<u>20,247</u>
127,199	127,199	120,177	7,022
277,710	267,868	258,388	9,480
20,501	21,155	9,341	11,814
32,001	26,988	9,989	16,999
33,312	47,513	44,161	3,352
<u>490,723</u>	<u>490,723</u>	<u>442,056</u>	<u>48,667</u>
(197,723)	(197,723)	(128,809)	68,914
197,723	197,723	433,007	235,284
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,198</u>	<u>\$ 304,198</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, 2010  
 (With Comparative Amounts for 2009)

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Use of money and property	\$ 60	\$ 60	\$ 38	\$ (22)
<b>EXPENDITURES</b>				
Current - Culture and recreation	-	-	-	-
Excess of Revenues Over Expenditures	60	60	38	(22)
Fund Balance (Deficit) - Beginning of Year	(60)	(60)	20,080	20,140
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,118</u>	<u>\$ 20,118</u>

2009

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 300	\$ 300	\$ 55	\$ (245)
-	-	-	-
300	300	55	(245)
(300)	(300)	20,025	20,325
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,080</u>	<u>\$ 20,080</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, 2010  
(With Comparative Amounts for 2009)

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes and related items	\$ -	\$ 123,534	\$ 123,535	\$ 1
Use of money and property	250	250	720	470
Total Revenues	<u>250</u>	<u>123,784</u>	<u>124,255</u>	<u>471</u>
<b>EXPENDITURES</b>				
Debt Service:				
Refunding bond issuance costs	-	9,782	9,782	-
Principal	78,308	165,261	165,261	-
Interest	61,679	98,260	58,871	39,389
Total Expenditures	<u>139,987</u>	<u>273,303</u>	<u>233,914</u>	<u>39,389</u>
Deficiency of Revenues Over Expenditures	<u>(139,737)</u>	<u>(149,519)</u>	<u>(109,659)</u>	<u>39,860</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	791,579	791,579	-
Issuance premium	-	56,934	56,934	-
Payment to refunded bond escrow agent	-	(838,731)	(838,731)	-
Transfers in	39,987	39,987	39,987	-
Total Other Financing Sources	<u>39,987</u>	<u>49,769</u>	<u>49,769</u>	<u>-</u>
Net Change in Fund Balance	(99,750)	(99,750)	(59,890)	39,860
Fund Balance - Beginning of Year	99,750	99,750	120,925	21,175
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,035</u>	<u>\$ 61,035</u>

2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	1,032	1,032
-	-	1,032	1,032
-	-	-	-
74,242	74,242	74,242	-
65,114	65,114	65,114	-
139,356	139,356	139,356	-
(139,356)	(139,356)	(138,324)	1,032
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(139,356)	(139,356)	(138,324)	1,032
139,356	139,356	259,249	119,893
\$ -	\$ -	\$ 120,925	\$ 120,925

## **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, 2010  
(With Comparative Amounts for 2009)

	2010		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and equivalents	\$ -	\$ 359,521	\$ 359,521
Investments	506,631	1,898,818	2,405,449
Accounts receivable, net	100,957	-	100,957
Deposits	28,500	-	28,500
Due from other funds	-	600,258	600,258
Due from other governments, net	-	1,047,666	1,047,666
Prepaid expenses	63,388	18,823	82,211
<b>Total Current Assets</b>	<b>699,476</b>	<b>3,925,086</b>	<b>4,624,562</b>
<b>Noncurrent Assets:</b>			
Deferred charges	-	69,335	69,335
<b>Capital Assets:</b>			
Land	-	6,571,814	6,571,814
Buildings	-	11,610,334	11,610,334
Improvements	-	4,286,294	4,286,294
Machinery and equipment	-	9,568,277	9,568,277
Construction in progress	-	8,608,447	8,608,447
Less - Accumulated depreciation	-	(10,958,636)	(10,958,636)
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>-</b>	<b>29,686,530</b>	<b>29,686,530</b>
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>29,755,865</b>	<b>29,755,865</b>
<b>Total Assets</b>	<b>699,476</b>	<b>33,680,951</b>	<b>34,380,427</b>

2009

Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ -	\$ 280,203	\$ 280,203
708,702	4,153,105	4,861,807
-	182	182
28,500	-	28,500
24,482	531,339	555,821
-	401,127	401,127
72,556	11,503	84,059
<u>834,240</u>	<u>5,377,459</u>	<u>6,211,699</u>
-	-	-
-	6,571,814	6,571,814
-	11,610,334	11,610,334
-	4,125,129	4,125,129
-	9,568,220	9,568,220
-	8,265,036	8,265,036
-	<u>(9,960,453)</u>	<u>(9,960,453)</u>
-	30,180,080	30,180,080
-	<u>30,180,080</u>	<u>30,180,080</u>
<u>834,240</u>	<u>35,557,539</u>	<u>36,391,779</u>

(Continued)

City of Rye, New York  
Internal Service Funds  
Combining Statement of Net Assets (Continued)  
December 31, 2010  
(With Comparative Amounts for 2009)

	2010		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	22,364	75,093	97,457
Accrued liabilities	444,000	-	444,000
Accrued interest payable	-	114,104	114,104
Retainage payable	-	154,225	154,225
Due to other funds	-	1,742,834	1,742,834
Advances from other funds	-	1,334,183	1,334,183
Compensated absences	-	8,460	8,460
Current liabilities payable from restricted assets:			
Bonds payable	-	870,653	870,653
Installment purchase contract	-	-	-
<b>Total Current Liabilities</b>	<u>466,364</u>	<u>4,299,552</u>	<u>4,765,916</u>
<b>Noncurrent Liabilities:</b>			
Bonds payable	-	12,767,934	12,767,934
Compensated absences	-	76,143	76,143
Other postemployment benefit obligations	-	683,057	683,057
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>13,527,134</u>	<u>13,527,134</u>
<b>Total Liabilities</b>	<u>466,364</u>	<u>17,826,686</u>	<u>18,293,050</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	17,956,108	17,956,108
Unrestricted	233,112	(2,101,843)	(1,868,731)
<b>Total Net Assets</b>	<u>\$ 233,112</u>	<u>\$ 15,854,265</u>	<u>\$ 16,087,377</u>

2009		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
1,470	109,947	111,417
413,000	307	413,307
-	817,861	817,861
-	157,675	157,675
-	1,724,040	1,724,040
-	-	-
-	7,527	7,527
-	836,692	836,692
-	4,292,493	4,292,493
<u>414,470</u>	<u>7,946,542</u>	<u>8,361,012</u>
-	12,457,596	12,457,596
-	67,740	67,740
-	431,254	431,254
-	12,956,590	12,956,590
<u>414,470</u>	<u>20,903,132</u>	<u>21,317,602</u>
-	13,947,230	13,947,230
419,770	707,177	1,126,947
<u>\$ 419,770</u>	<u>\$ 14,654,407</u>	<u>\$ 15,074,177</u>

City of Rye, New York  
Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended December 31, 2010  
(With Comparative Amounts for 2009)

	2010		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 439,160	\$ 4,898,151	\$ 5,337,311
Miscellaneous	100,957	311,738	412,695
<b>Total Operating Revenues</b>	<b>540,117</b>	<b>5,209,889</b>	<b>5,750,006</b>
<b>OPERATING EXPENSES</b>			
Salaries and wages	-	721,910	721,910
Employee benefits	-	608,995	608,995
Materials, supplies and equipment	-	1,156,518	1,156,518
Contractual costs	727,788	222,115	949,903
Depreciation and amortization	-	1,089,226	1,089,226
<b>Total Operating Expenses</b>	<b>727,788</b>	<b>3,798,764</b>	<b>4,526,552</b>
<b>Operating Income (Loss)</b>	<b>(187,671)</b>	<b>1,411,125</b>	<b>1,223,454</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Gain on sale of equipment	-	15,324	15,324
Interest income	1,013	4,587	5,600
Interest expense	-	(341,178)	(341,178)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,013</b>	<b>(321,267)</b>	<b>(320,254)</b>
<b>Income (Loss) Before Transfers</b>	<b>(186,658)</b>	<b>1,089,858</b>	<b>903,200</b>
Transfers in	-	110,000	110,000
Transfers out	-	-	-
<b>Change in Net Assets</b>	<b>(186,658)</b>	<b>1,199,858</b>	<b>1,013,200</b>
Net Assets - Beginning of Year	419,770	14,654,407	15,074,177
<b>Net Assets - End of Year</b>	<b>\$ 233,112</b>	<b>\$ 15,854,265</b>	<b>\$ 16,087,377</b>

2009

Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 584,300	\$ 4,589,460	\$ 5,173,760
71,294	163,462	234,756
<u>655,594</u>	<u>4,752,922</u>	<u>5,408,516</u>
-	691,529	691,529
-	500,777	500,777
-	829,313	829,313
697,299	224,505	921,804
-	1,151,727	1,151,727
<u>697,299</u>	<u>3,397,851</u>	<u>4,095,150</u>
<u>(41,705)</u>	<u>1,355,071</u>	<u>1,313,366</u>
-	31,503	31,503
1,744	7,217	8,961
-	(522,567)	(522,567)
<u>1,744</u>	<u>(483,847)</u>	<u>(482,103)</u>
(39,961)	871,224	831,263
-	764,379	764,379
-	(9,345)	(9,345)
<u>(39,961)</u>	<u>1,626,258</u>	<u>1,586,297</u>
459,731	13,028,149	13,487,880
<u>\$ 419,770</u>	<u>\$ 14,654,407</u>	<u>\$ 15,074,177</u>

City of Rye, New York  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended December 31, 2010  
(With Comparative Amounts for 2009)

	2010		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from charges to other funds	\$ 439,160	\$ 4,182,875	\$ 4,622,035
Cash payments to employees	-	(1,070,073)	(1,070,073)
Cash payments to vendors	(642,244)	(1,405,463)	(2,047,707)
Other operating revenues	-	311,738	311,738
Net Cash Provided by (Used in) Operating Activities	(203,084)	2,019,077	1,815,993
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	110,000	110,000
Transfers out	-	-	-
Net Cash Provided by Noncapital Financing Activities	-	110,000	110,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Advances from other funds	-	1,334,183	1,334,183
Bonds issued	-	1,230,000	1,230,000
Acquisition and construction of capital assets	-	(589,713)	(589,713)
Principal paid on capital debt	-	(5,247,232)	(5,247,232)
Interest paid on capital debt	-	(1,237,521)	(1,237,521)
Proceeds from sale of capital assets	-	15,324	15,324
Net Cash Used in Capital and Related Financing Activities	-	(4,494,959)	(4,494,959)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	1,013	190,917	191,930
Purchase of investments	(468,448)	(5,262,778)	(5,731,226)
Sale of investments	670,519	7,517,061	8,187,580
Net Cash Provided by (Used in) Investing Activities	203,084	2,445,200	2,648,284
Net Increase (Decrease) in Cash and Equivalents	-	79,318	79,318
Cash and Equivalents, Beginning of Year	-	280,203	280,203
Cash and Equivalents, End of Year	\$ -	\$ 359,521	\$ 359,521

2009		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 613,049	\$ 3,700,304	\$ 4,313,353
-	(971,383)	(971,383)
(551,483)	(1,017,091)	(1,568,574)
71,294	163,462	234,756
<u>132,860</u>	<u>1,875,292</u>	<u>2,008,152</u>
-	764,379	764,379
-	(9,345)	(9,345)
-	<u>755,034</u>	<u>755,034</u>
-	1,086,678	1,086,678
-	-	-
-	(2,320,905)	(2,320,905)
-	(1,089,220)	(1,089,220)
-	(576,733)	(576,733)
-	31,503	31,503
-	<u>(2,868,677)</u>	<u>(2,868,677)</u>
1,744	273,755	275,499
(663,924)	(4,236,640)	(4,900,564)
<u>529,860</u>	<u>4,162,053</u>	<u>4,691,913</u>
(132,320)	199,168	66,848
-	(39,183)	(39,183)
-	319,386	319,386
<u>\$ -</u>	<u>\$ 280,203</u>	<u>\$ 280,203</u>

(Continued)

City of Rye, New York  
Combining Statement of Cash Flows (continued)  
Internal Service Funds  
Year Ended December 31, 2010  
(With Comparative Amounts for 2009)

	2010		Total
	Risk Retention Fund	Building and Vehicle Maintenance Fund	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (187,671)	\$ 1,411,125	\$ 1,223,454
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	-	1,089,226	1,089,226
(Increase) decrease in accounts receivable	(100,957)	(715,276)	(816,233)
(Increase) decrease in due from other funds	24,482	-	24,482
(Increase) decrease in prepaid expenses	9,168	(7,320)	1,848
Increase (decrease) in accounts payable	20,894	(34,854)	(13,960)
Increase (decrease) in accrued liabilities	31,000	(307)	30,693
Increase (decrease) in retainage payable	-	(3,450)	(3,450)
Increase in due to other funds	-	18,794	18,794
Increase in other post employment benefit obligations	-	251,803	251,803
Increase in compensated absences	-	9,336	9,336
Total Adjustments	<u>(15,413)</u>	<u>607,952</u>	<u>592,539</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (203,084)</u>	<u>\$ 2,019,077</u>	<u>\$ 1,815,993</u>

2009		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ (41,705)	\$ 1,355,071	\$ 1,313,366
-	1,151,727	1,151,727
28,749	(889,156)	(860,407)
(24,482)	-	(24,482)
(16,132)	2,102	(14,030)
(3,570)	16,588	13,018
190,000	(812)	189,188
-	3,450	3,450
-	14,587	14,587
-	217,431	217,431
-	4,304	4,304
<u>174,565</u>	<u>520,221</u>	<u>694,786</u>
\$ 132,860	\$ 1,875,292	\$ 2,008,152

City of Rye, New York  
Statement of Changes in Assets and Liabilities  
Fiduciary Funds - Agency Fund  
Year Ended December 31, 2010

	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010
<u>ASSETS</u>				
Cash and Equivalents	\$ 26,859	\$ 15,444,899	\$ 15,446,793	\$ 24,965
Accounts Receivable	506	15,457,253	15,455,635	2,124
Prepaid Expenditures	-	161,350	161,350	-
<b>Total Assets</b>	<b>\$ 27,365</b>	<b>\$ 31,063,502</b>	<b>\$ 31,063,778</b>	<b>\$ 27,089</b>
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,339	\$ 1,409,602	\$ 1,409,663	\$ 1,278
Employee Payroll Deductions	26,026	896,161	896,376	25,811
<b>Total Liabilities</b>	<b>\$ 27,365</b>	<b>\$ 2,305,763</b>	<b>\$ 2,306,039</b>	<b>\$ 27,089</b>

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

City of Rye, New York  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule by Source  
 December 31, 2010

Governmental Funds' Capital Assets:	
Machinery and Equipment	\$ 86,074
Infrastructure	65,025,271
Construction in Progress	1,807,540
Investment in Governmental Funds' Capital Assets	<u>66,918,885</u>
by Source - Capital Projects Fund	66,918,885
Less: Accumulated Depreciation	<u>(25,161,653)</u>
Net Book Value	<u><u>\$ 41,757,232</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, 2010

Function and Activity	Machinery and Equipment	Infrastructure	Construction in Progress	Total	Accumulated Depreciation	Net Book Value
Public Safety -						
Traffic signals	\$ -	\$ 1,121,825	\$ 14,660	\$ 1,136,485	\$ (291,579)	\$ 844,906
Community Environment:						
Rights of way	-	21,301,087	-	21,301,087	-	21,301,087
Streets	-	13,496,808	851,931	14,348,739	(9,189,947)	5,158,792
Streetlights	-	441,162	-	441,162	(297,365)	143,797
Sidewalks	-	976,585	-	976,585	(775,915)	200,670
Bridges	-	456,605	267,031	723,636	(377,535)	346,101
Sanitary sewers	-	11,482,362	148,405	11,630,767	(6,941,137)	4,689,630
Pump stations	-	1,392,648	49,556	1,442,204	(323,755)	1,118,449
Storm sewers	-	11,165,129	475,957	11,641,086	(6,929,990)	4,711,096
Total Community Environment	-	60,712,386	1,792,880	62,505,266	(24,835,644)	37,669,622
Culture and Recreation:						
Cable TV equipment	86,074	-	-	86,074	(34,430)	51,644
Parks and playgrounds	-	3,191,060	-	3,191,060	-	3,191,060
Total Culture and Recreation	86,074	3,191,060	-	3,277,134	(34,430)	3,242,704
Total Governmental Funds Capital Assets	\$ 86,074	\$ 65,025,271	\$ 1,807,540	\$ 66,918,885	\$ (25,161,653)	\$ 41,757,232

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, 2010

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	January 1	Additions	Deletions	December 31
Public Safety -				
Traffic signals	\$ 1,128,585	\$ 7,900	\$ -	\$ 1,136,485
Community Environment:				
Rights of way	21,301,087	-	-	21,301,087
Streets	13,591,288	757,451	-	14,348,739
Streetlights	441,162	-	-	441,162
Sidewalks	976,585	-	-	976,585
Bridges	697,131	26,505	-	723,636
Sanitary sewers	11,482,618	148,149	-	11,630,767
Pump stations	1,314,562	127,642	-	1,442,204
Storm sewers	11,541,749	99,337	-	11,641,086
Total Community Environment	61,346,182	1,159,084	-	62,505,266
Culture and Recreation:				
Cable TV equipment	86,074	-	-	86,074
Parks and playgrounds	3,191,060	-	-	3,191,060
Total Culture and Recreation	3,277,134	-	-	3,277,134
Total Governmental Funds Capital Assets	\$ 65,751,901	\$ 1,166,984	\$ -	\$ 66,918,885

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

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

**STATISTICAL SECTION  
(UNAUDITED)**

## **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 Nine Fiscal Years

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

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

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

<u>2006(1)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 44,227,627	\$ 45,961,185	\$ 48,067,286	\$ 52,236,195	\$ 52,620,335
1,660,467	2,849,549	2,697,494	2,646,922	2,761,748
<u>11,059,645</u>	<u>11,470,537</u>	<u>4,933,791</u>	<u>(320,838)</u>	<u>(1,266,730)</u>
<u>56,947,739</u>	<u>60,281,271</u>	<u>55,698,571</u>	<u>54,562,279</u>	<u>54,115,353</u>
8,450,126	8,265,309	9,073,386	9,740,758	9,620,669
<u>3,723,916</u>	<u>4,437,719</u>	<u>4,335,879</u>	<u>2,951,808</u>	<u>1,630,040</u>
<u>12,174,042</u>	<u>12,703,028</u>	<u>13,409,265</u>	<u>12,692,566</u>	<u>11,250,709</u>
52,677,753	54,226,494	57,140,672	61,976,953	62,241,004
1,660,467	2,849,549	2,697,494	2,646,922	2,761,748
<u>14,783,561</u>	<u>15,908,256</u>	<u>9,269,670</u>	<u>2,630,970</u>	<u>363,310</u>
<u>\$ 69,121,781</u>	<u>\$ 72,984,299</u>	<u>\$ 69,107,836</u>	<u>\$ 67,254,845</u>	<u>\$ 65,366,062</u>

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

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

<u>2006</u>	<u>2007</u>	<u>2008(1)</u>	<u>2009</u>	<u>2010</u>
\$ 3,513,365	\$ 4,287,175	\$ 4,852,832	\$ 4,075,663	\$ 3,847,977
11,259,005	10,763,060	14,573,551	14,193,748	14,267,990
8,181,719	8,215,438	-	-	-
-	-	5,105,678	4,419,335	4,466,928
3,693,298	3,700,558	4,201,625	4,128,114	4,152,371
-	-	5,177,171	5,119,135	5,611,370
<u>552,544</u>	<u>725,075</u>	<u>657,980</u>	<u>609,287</u>	<u>426,731</u>
<u>27,199,931</u>	<u>27,691,306</u>	<u>34,568,837</u>	<u>32,545,282</u>	<u>32,773,367</u>
468,524	481,837	589,804	574,268	627,778
<u>5,306,207</u>	<u>6,814,432</u>	<u>6,972,985</u>	<u>7,310,686</u>	<u>7,729,667</u>
<u>5,774,731</u>	<u>7,296,269</u>	<u>7,562,789</u>	<u>7,884,954</u>	<u>8,357,445</u>
<u>32,974,662</u>	<u>34,987,575</u>	<u>42,131,626</u>	<u>40,430,236</u>	<u>41,130,812</u>
489,375	505,926	743,220	792,068	789,441
647,446	578,807	1,850,529	1,680,697	1,662,676
2,205,360	2,446,351	-	-	-
-	-	920,145	877,257	918,683
999,740	1,088,198	1,071,017	1,060,590	1,158,127
-	-	149,862	101,890	168,194
375,595	660,091	359,038	399,495	572,225
<u>410,390</u>	<u>622,728</u>	<u>398,386</u>	<u>2,072,892</u>	<u>1,615,788</u>
<u>5,127,906</u>	<u>5,902,101</u>	<u>5,492,197</u>	<u>6,984,889</u>	<u>6,885,134</u>
633,083	576,693	565,473	591,891	633,269
5,378,934	6,990,360	7,264,208	6,565,155	6,275,216
-	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>6,908,485</u>
<u>11,139,923</u>	<u>13,472,980</u>	<u>13,639,378</u>	<u>14,141,935</u>	<u>13,793,619</u>

(continued)

City of Rye, New York  
 Changes in Net Assets  
 Last Nine 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	517,272	383,206	591,252	703,677
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	80,747	354,803	72,488	71,875
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	-	-	7,000	-
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	559,744	408,918	630,885	813,029
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>	<u>2010</u>
(22,072,025)	(21,789,205)	(29,076,640)	(25,560,393)	(25,888,233)
<u>237,286</u>	<u>274,610</u>	<u>584,392</u>	<u>(727,908)</u>	<u>(1,448,960)</u>
<u>(21,834,739)</u>	<u>(21,514,595)</u>	<u>(28,492,248)</u>	<u>(26,288,301)</u>	<u>(27,337,193)</u>
16,987,781	17,838,489	18,331,970	19,323,667	19,764,674
2,327,161	2,622,734	2,643,066	2,364,648	2,566,311
1,137,777	1,195,960	490,398	140,030	95,000
33,270	26,977	30,672	31,503	15,324
3,324,440	3,415,249	2,941,169	2,249,619	2,493,863
<u>41,899</u>	<u>23,327</u>	<u>56,665</u>	<u>314,634</u>	<u>506,135</u>
<u>23,852,328</u>	<u>25,122,736</u>	<u>24,493,940</u>	<u>24,424,101</u>	<u>25,441,307</u>
221,177	254,376	121,845	11,209	7,103
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>221,177</u>	<u>254,376</u>	<u>121,845</u>	<u>11,209</u>	<u>7,103</u>
<u>24,073,505</u>	<u>25,377,112</u>	<u>24,615,785</u>	<u>24,435,310</u>	<u>25,448,410</u>
1,780,303	3,333,531	(4,582,700)	(1,136,292)	(446,926)
<u>458,463</u>	<u>528,986</u>	<u>706,237</u>	<u>(716,699)</u>	<u>(1,441,857)</u>
<u>\$ 2,238,766</u>	<u>\$ 3,862,517</u>	<u>\$ (3,876,463)</u>	<u>\$ (1,852,991)</u>	<u>\$ (1,888,783)</u>

City of Rye, New York  
Fund Balances, Governmental Funds  
Last Nine 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 nine 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>	<u>2010</u>
\$ 2,387,761	\$ 3,523,898	\$ 3,264,302	\$ 3,130,697	\$ 4,661,371
<u>9,674,609</u>	<u>9,785,973</u>	<u>7,736,075</u>	<u>6,701,760</u>	<u>5,833,786</u>
<u>12,062,370</u>	<u>13,309,871</u>	<u>11,000,377</u>	<u>9,832,457</u>	<u>10,495,157</u>
1,596,362	1,921,268	2,036,376	464,673	315,472
324,758	336,911	191,558	281,777	367,862
1,309	1,099	25	80	118
-	9,800	139,356	99,750	21,176
<u>(845,230)</u>	<u>(1,476,029)</u>	<u>(3,301,577)</u>	<u>(2,049,789)</u>	<u>2,450,581</u>
<u>1,077,199</u>	<u>793,049</u>	<u>(934,262)</u>	<u>(1,203,509)</u>	<u>3,155,209</u>
<u>\$ 13,139,569</u>	<u>\$ 14,102,920</u>	<u>\$ 10,066,115</u>	<u>\$ 8,628,948</u>	<u>\$ 13,650,366</u>

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

	2002	2003	2004	2005
<b>Revenues</b>				
Real Property Taxes	\$ 11,965,741	\$ 14,190,747	\$ 15,551,738	\$ 16,197,588
Non-Property Taxes	1,915,819	1,984,833	2,334,151	2,470,665
Charges for Services	874,140	1,240,414	1,054,741	1,180,052
Intergovernmental Charges	69,664	69,139	72,775	76,274
Use of Money and Property	203,349	169,772	211,200	482,446
Licenses and Permits	1,125,708	1,293,981	1,390,634	1,630,044
Fines and Forfeitures	446,831	500,773	553,320	540,247
Sale of Property and Compensation for Loss	54,458	63,122	129,600	123,939
Interfund Revenues	303,900	406,574	418,249	404,099
State Aid	2,602,098	3,062,010	3,321,831	3,772,275
Federal Aid	29,828	102,599	15,255	95,935
Miscellaneous	159,505	537,434	113,568	295,813
<b>Total Revenues</b>	<b>19,751,041</b>	<b>23,621,398</b>	<b>25,167,062</b>	<b>27,269,377</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	2,677,305	2,618,241	2,916,473	3,063,887
Public Safety	8,255,601	8,720,495	9,831,702	10,373,012
Community 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	-	-	-	-
<b>Debt Service</b>				
Refunding bond issuance costs	-	-	-	-
Principal	85,141	83,590	41,525	43,752
Interest	59,109	60,465	56,745	54,717
<b>Capital Outlay</b>				
General Government	34,335	64,597	4,808	8,000
Public Safety	137,262	424,102	12,423	68,369
Transportation	1,587,269	490,775	852,713	518,722
Culture and Recreation	64,619	124,538	-	-
Home and Community Services	-	-	-	-
<b>Total Expenditures</b>	<b>21,135,200</b>	<b>21,286,626</b>	<b>23,357,666</b>	<b>24,382,697</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,384,159)</b>	<b>2,334,772</b>	<b>1,809,396</b>	<b>2,886,680</b>
<b>Other Financing Sources (Uses)</b>				
Bonds issued	-	-	-	560,000
Refunding bonds issued	-	-	-	-
Issuance premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers In	1,211,153	1,004,745	3,923,255	657,707
Transfers Out	(1,577,823)	(1,400,115)	(1,196,256)	(2,145,611)
<b>Total Other Financing Sources (Uses)</b>	<b>(366,670)</b>	<b>(395,370)</b>	<b>2,726,999</b>	<b>(927,904)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,750,829)</b>	<b>\$ 1,939,402</b>	<b>\$ 4,536,395</b>	<b>\$ 1,958,776</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	<b>0.74%</b>	<b>0.71%</b>	<b>0.44%</b>	<b>0.41%</b>

(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 nine fiscal years only, to coincide with similar periods presented on the entity-wide financial statements.

2006	2007	2008(1)	2009	2010
\$ 16,966,643	\$ 17,849,808	\$ 18,272,135	\$ 19,303,263	\$ 19,750,579
2,550,088	2,868,819	2,900,960	2,635,463	2,860,490
1,372,495	1,282,324	1,329,874	1,274,460	1,449,041
69,235	73,656	77,799	85,866	82,008
912,595	1,021,617	473,566	138,398	96,288
1,628,357	2,035,050	1,730,742	1,557,660	1,457,462
533,102	477,209	583,026	569,770	609,918
89,282	67,234	108,962	49,377	113,486
413,628	430,025	432,050	445,759	442,984
3,664,263	3,816,573	3,328,874	2,929,553	2,854,696
121,880	450,127	47,002	1,100,153	1,043,013
234,618	189,884	210,007	332,834	349,608
<u>28,556,186</u>	<u>30,562,326</u>	<u>29,494,997</u>	<u>30,422,556</u>	<u>31,109,573</u>

3,346,840	3,670,968	4,333,767	3,901,647	3,478,239
11,281,346	10,984,670	12,890,879	12,736,433	12,883,879
7,237,352	7,257,244	-	-	-
-	-	3,177,429	3,183,718	3,234,870
3,720,422	3,770,058	4,101,417	4,127,040	4,048,699
-	-	4,478,333	4,571,286	4,604,338
-	-	-	-	9,782
64,534	67,079	71,144	74,242	165,261
73,700	71,470	137,993	117,539	58,871
6,789	27,980	13,496	-	-
199,687	16,877	30,401	92,090	779,451
1,398,098	3,055,579	2,337,444	874,498	733,012
69,983	-	-	-	-
-	-	1,064,499	1,426,196	668,909
<u>27,398,751</u>	<u>28,921,925</u>	<u>32,636,802</u>	<u>31,104,689</u>	<u>30,665,311</u>

<u>1,157,435</u>	<u>1,640,401</u>	<u>(3,141,805)</u>	<u>(682,133)</u>	<u>444,262</u>
-	-	-	-	4,677,374
-	-	-	-	791,579
-	-	-	-	56,934
-	-	-	-	(838,731)
854,202	3,384,328	2,274,360	1,204,410	1,664,155
<u>(1,748,777)</u>	<u>(4,061,378)</u>	<u>(3,169,360)</u>	<u>(1,959,444)</u>	<u>(1,774,155)</u>
<u>(894,575)</u>	<u>(677,050)</u>	<u>(895,000)</u>	<u>(755,034)</u>	<u>4,577,156</u>
<u>\$ 262,860</u>	<u>\$ 963,351</u>	<u>\$ (4,036,805)</u>	<u>\$ (1,437,167)</u>	<u>\$ 5,021,418</u>

0.52%      0.52%      0.68%      0.65%      0.79%

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

Fiscal Year	Real Property Taxes	Sales and Use Taxes	Hotel Occupancy Taxes	Utilities Gross Receipts Taxes	Mortgage Taxes	Total
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
2010	19,750,579	1,981,208	153,934	431,169	1,261,186	23,578,076

Source: Comprehensive Annual Financial Report for each respective fiscal year

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

## **Revenue Capacity**

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

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

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

Principal Taxpayers

Property Tax Levies and Collections

Constitutional Tax Limit

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

Year	One-Three Family Residential	Condos Co-ops & Apt. Bldgs.	Business (1)	Other (2)	Total Gross Assessed Valuation
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
2010	113,647,740	7,592,163	21,354,351	25,756,508	168,350,762

(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 2010 were established on September 15, 2009.

<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>
\$ (30,100,915)	\$ 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%
(29,058,445)	139,292,317	139.52	7,180,016,340	1.94%

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
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
2010	139.52	507.31	-	158.12	15.12
	139.52	-	672.72	158.12	15.12

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
\$ 14.05 -	\$ - 15.80	\$ 114.02 115.77	\$ 494.39 -	\$ - 604.55
14.04 -	- 15.97	119.16 121.09	542.34 -	- 621.98
14.68 -	- 16.01	134.10 135.43	611.46 -	- 690.67
17.05 -	- 17.96	167.01 167.92	676.94 -	- 809.38
17.51 -	- 17.82	156.71 157.03	690.44 -	- 802.93
19.68 -	- 19.87	165.35 165.54	729.59 -	- 816.44
20.56 -	- 23.14	169.65 172.23	760.81 -	- 875.09
20.90 -	- 23.92	175.94 178.96	797.98 -	- 936.90
21.15 -	- 25.15	181.32 185.32	818.90 -	- 970.58
21.87 -	- 25.15	195.11 198.39	841.94 -	- 1,010.63

City of Rye, New York  
Principal Taxpayers  
December 31, 2010 and 2001

2010

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 3,086,481	2.22%
2	Miriam Osborn Memorial Home	Retirement Community	2,133,120	1.53%
3	Parsonage Investment Co.	Residential	987,300	0.71%
4	United Water	Public Utility	886,171	0.64%
5	Avon Products	Office Building + Lot	673,310	0.48%
6	The Gateside - Rye Co.	Office Building	668,000	0.48%
7	Milton Harbor House	Cooperative	630,500	0.45%
8	Rye Colony Apartments	Cooperative	620,130	0.45%
9	Blind Brook Lodge	Cooperative	537,692	0.39%
10	Shenorock Shore Club	Private Club	485,900	0.35%
	Total		<u>\$ 10,708,604</u>	<u>7.70%</u>

2001

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 3,493,568	2.64%
2	Miriam Osborn Memorial Home	Retirement Community	2,212,300	1.67%
3	NY American Water Co.	Public Utility	1,044,261	0.79%
4	The Gateside-Rye Co.	Office Building	1,008,550	0.76%
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	0.58%
8	Rye Colony Apartments	Cooperative	738,250	0.56%
9	Parsonage Investment Co.	Residential	734,700	0.55%
10	Zubrik, Nadja Olga	Cooperative	725,700	0.55%
	Total		<u>\$ 12,507,079</u>	<u>9.45%</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	Percent	Amount	Percent	
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%	81,094
2007	17,706,559	17,654,153	99.70%	52,406	0.30%	51,073
2008	18,387,932	18,318,242	99.62%	69,690	0.38%	62,885
2009	19,241,273	19,136,162	99.45%	105,111	0.55%	58,216
2010	19,625,486	19,555,272	99.64%	70,214	0.36%	34,951

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>		
\$ 10,321,604	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%
16,868,271	100.00%	826	0.00%	186,887	1.11%
17,705,226	99.99%	1,333	0.01%	258,076	1.46%
18,381,127	99.96%	6,805	0.04%	430,138	2.34%
19,194,378	99.76%	46,895	0.24%	443,621	2.31%
19,590,223	99.82%	35,263	0.18%	666,679	3.40%

City of Rye, New York  
 Constitutional Tax Limit

Constitutional tax limit calculation, December 31, 2010:

Full valuation, last five fiscal years:

2010	\$ 7,180,016,340
2009	7,036,124,596
2008	7,059,549,137
2007	6,407,484,954
2006	5,827,620,298
Total full valuation, last five years	<u>33,510,795,325</u>
Five-year average full valuation	<u>6,702,159,065</u>
Constitutional tax limit: 2% of five-year average full valuation	<u>\$ 134,043,181</u>
Tax levy - general city purposes	\$ 19,625,486
Total exclusions <sup>1</sup>	<u>10,162,876</u>
Tax levy subject to tax limit	<u>\$ 9,462,610</u>
Percent of constitutional tax limit exhausted	<u>7.06%</u>
Constitutional tax margin	<u>\$ 124,580,571</u>

Constitutional Tax Limit - Last Ten Fiscal Years

Year	Constitutional Tax Limit	Tax Levy Subject to Tax Limit	Constitutional Tax Margin	Percent Exhausted
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%
2010	134,043,181	9,462,610	124,580,571	7.06%

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

## **Debt Capacity**

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

Ratios of Outstanding Debt by Type

Direct and Overlapping Governmental Activities Debt

Computation of Legal Debt Margin

Calculation of Charter Bonded Debt Limits

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

Fiscal Year	General Obligation Bonds	Loans Payable	Total Outstanding Debt	Estimated Full Property Value	Percentage of Full Property Value	Population (1)
<b>Governmental Activities</b>						
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
2010	19,407,374	-	19,407,374	7,180,016,340	0.27%	15,091
<b>Business-Type Activities</b>						
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
2010	2,840,000	-	2,840,000	7,180,016,340	0.04%	15,091
<b>Total Government-Wide</b>						
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
2010	22,247,374	-	22,247,374	7,180,016,340	0.31%	15,091

(1) United States Census Bureau

Note: Data presented for the last nine 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%
1,286	92,737	1,399,494,067	1.39%
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%
188	92,737	1,399,494,067	0.20%
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%
1,474	92,737	1,399,494,067	1.59%

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

December 31, 2010

<u>Government Unit</u>	<u>Net General Long-Term Debt</u>	<u>Percentage Applicable City of Rye(1)</u>	<u>Amount Applicable to City of Rye</u>
City of Rye School District	\$ 33,050,000	100.00%	\$ 33,050,000
Rye Neck Union Free School District	11,285,000	30.86%	3,482,551
Westchester County	829,730,720	2.96%	24,559,951
Subtotal, Overlapping Debt			61,092,502
City Direct Debt (2)			19,407,374
Total Direct and Overlapping Debt			<u>\$ 80,499,876</u>
Population			<u>15,091</u>
Overlapping Debt Per Capita			<u>\$ 4,048</u>
Direct and Overlapping Debt Per Capita			<u>\$ 5,334</u>

Summary of Direct and Overlapping Governmental Activities Debt  
 Last Nine 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
2008	69,394,614	18,917,493	88,312,107	16,737	4,146	5,276
2010	61,092,502	19,407,374	80,499,876	15,091	4,048	5,334

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.
- (2) Represents governmental activities debt only.

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, 2010

Fiscal Year	Net Assessed Valuation	State Equalization Rate	Full Valuation
2010	\$ 139,292,317	1.94%	\$ 7,180,016,340
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%	<u>5,827,620,298</u>
Total Five Year Full Valuation			<u>33,510,795,325</u>
Five Year Average Full Valuation of Taxable Real Property			<u>6,702,159,065</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>469,151,135</u>
Outstanding Indebtedness at December 31st			22,247,374
Less: 2011 Appropriations for Debt Principal			<u>1,322,828</u>
Net Indebtedness Subject to Debt Limit			<u>20,924,546</u>
Net Debt Contracting Margin			<u>\$ 448,226,589</u>
Percentage of Net Debt Contracting Margin Available			<u>95.54%</u>
Percentage of Net Debt Contracting Power Exhausted			<u>4.46%</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
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%
2008	442,080,012	22,117,493	1,224,767	20,892,726	421,187,286	95.27%
2009	469,151,135	22,247,374	1,322,828	20,924,546	448,226,589	95.54%

City of Rye, New York  
 Calculation of Charter Bonded Debt Limits  
 December 31, 2010

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)		
	2008	2009	2010
General Fund	\$ 25,011,391	\$ 24,937,553	\$ 24,499,287
Cable TV Fund	244,541	254,092	295,462
Debt Service Fund	209,332	139,356	139,987
Capital Projects Fund	5,652,000	995,000	7,723,260
Boat Basin Fund	549,908	566,184	609,149
Golf Club Fund	7,424,277	7,275,094	7,180,886
Risk Retention Fund	604,000	720,300	726,400
Building and Vehicle Maintenance Fund	5,536,930	5,195,847	5,103,697
<b>Total gross annual budgets</b>	<b>\$ 45,232,379</b>	<b>\$ 40,083,426</b>	<b>\$ 46,278,128</b>
<b>Total of preceding three years' gross annual budgets</b>			<b>\$ 131,593,933</b>
<b>Average of preceding three years' gross annual budgets</b>			<b>\$ 43,864,644</b>
	Subject to City Council Vote	Subject to Permissive Referendum	Public Safety Exemption
Maximum charter bonding limit	\$ 2,193,232	\$ 4,386,464	\$ 2,500,000
Less outstanding principal at December 31, 2010:			
2000 Serial Bonds	(213,112)	(687,733)	-
2001 Serial Bonds	(357,662)	(130,929)	-
2002 Serial Bonds	-	(626,068)	-
2005 Serial Bonds	-	(132,121)	(927,312)
2010 Serial Bonds	(1,372,000)	(700,000)	(1,230,000)
<b>Charter bonding limit December 31, 2010</b>	<b>\$ 250,458</b>	<b>\$ 2,109,613</b>	<b>\$ 342,688</b>

## **Demographic and Economic Information**

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

**Demographic and Economic Statistics**

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

Year	Population <sup>1</sup>	Median Age <sup>2</sup>	Per Capita Income <sup>2</sup>	Median Household Income <sup>2</sup>	Median Family Income <sup>2</sup>	Median Residential Home Value <sup>3</sup>	Unemployment Rate <sup>4</sup>
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%
2010(5)	15,091	38.1	92,737	145,990	207,773	1,255,000	6.7%

Sources:

- <sup>1</sup> United States Census Bureau.
- <sup>2</sup> United States Census Bureau 2000 Census.
- <sup>3</sup> City of Rye Assessor's office. 2009 median based on sales through mid-November 2009.
- <sup>4</sup> United States Bureau of Labor Statistics unemployment rates for Westchester County not seasonally adjusted.
- <sup>5</sup> United States Census Bureau's American Community Survey (2005-2009).

## **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

City of Rye, New York  
 Principal Employers  
 Fiscal Year Ended December 31, 2004<sup>1</sup>

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

<sup>1</sup> 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>
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
2010	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	172
n/a	170
n/a	173
n/a	170
n/a	171
n/a	167
n/a	167
34	166
44	163
44	163

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

	2001	2002	2003	2004
<b>General Government</b>				
Primary elections	-	1	1	2
General elections	1	1	1	1
Special elections	-	2	-	1
<b>Public Safety</b>				
Number of police personnel and officers	44	45	45	45
Number of police calls for service	13,800	15,896	15,314	14,758
Number of parking violations issued	9,692	8,594	10,050	8,595
Number of paid firefighters	17	17	18	17
Number of volunteer firefighters	201	201	200	200
Number of fire alarms answered	868	867	839	803
Number of fire inspections performed	474	342	441	503
Number of school crossing guards	7	7	8	8
<b>Home and Community Services</b>				
Tons collected and disposed				
Solid waste	7,641	6,811	6,735	7,153
Green waste	1,684	1,903	824	1,060
Metal	235	226	195	213
Pulp	1,936	1,939	1,964	1,906
Co-mingled	631	601	585	588
Leaves	450	450	450	450
Wood chips	N/A	N/A	N/A	N/A
Number of tires collected and disposed	12	8	9	4
Number of shade trees				
Planted	30	27	37	41
Removed	77	55	41	51
Trimmed	181	383	361	183
Emergency calls	25	190	90	50
Stumps ground	N/A	62	38	88
<b>Culture and Recreation</b>				
Registrations for adult programs	976	1,078	1,109	1,219
Picnics	5,009	4,048	4,069	6,497
Registrations for senior citizen programs	3,180	3,408	3,564	3,740
Registrations for special events	5,798	6,372	5,540	5,876
Tennis permits issued	490	435	508	529
Registrations for youth programs	3,198	3,125	3,189	3,652
Registrations for youth sports	3,301	3,825	4,058	4,197

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

Sources: Departmental annual reports to the City Manager.

2005	2006	2007	2008	2009	2010
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	-	-	-
45	44	44	44	42	42
14,446	12,923	12,182	14,004	12,841	16,252
9,684	8,209	9,300	12,739	11,752	11,829
17	17	17	17	17	17
200	200	200	225	120	120
882	1,068	1,150	855	821	957
428	356	428	442	471	478
8	8	8	8	8	10
6,891	7,010	7,419	5,836	5,645	5,806
975	1,245	3,006	3,199	3,554	2,863
175	328	194	155	134	111
1,878	1,867	1,864	1,934	1,714	1,739
609	608	665	770	800	794
N/A	1,470	N/A	N/A	N/A	N/A
N/A	1,194	N/A	N/A	N/A	N/A
3	2	2	4	1	1
31	42	55	115	-	5
93	164	235	239	268	95
420	160	379	468	404	253
160	284	55	86	44	75
26	162	139	154	135	66
1,058	1,086	1,170	1,402	1,307	1,130
5,429	5,859	5,833	4,103	2,516	3,922
3,430	3,489	6,410	7,445	6,668	6,729
5,937	6,881	6,006	5,051	4,848	4,795
437	453	425	412	444	406
3,771	3,817	4,747	5,486	5,270	3,674
4,275	4,838	5,012	4,727	4,853	5,109

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>General Government</b>				
Number of general government buildings	1	1	1	1
<b>Public Safety</b>				
Number of police stations	1	1	1	1
Number of fire stations	2	2	2	2
Number of traffic lights	22	22	23	23
<b>Transportation</b>				
Miles of streets	71	71	71	71
Number of street lights	2,105	2,105	2,105	2,105
<b>Culture and Recreation</b>				
Number of recreation centers	1	1	1	1
Number of parks	3	3	3	3
Acres of parks	75	75	75	75
Number of golf courses	1	1	1	1
Number of swimming pools	1	1	1	1
Number of nature centers	1	1	1	1
Number of cable television channels	2	2	2	2
Number of boat basin slips	412	412	412	412
<b>Home and Community Services</b>				
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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</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

**FEDERAL AWARDS**

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND ON 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 ("City") with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2010. The City'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's management. Our responsibility is to express an opinion on the City'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'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's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

**Internal Control Over Compliance**

The management of the City 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'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 procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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'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 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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

This report is intended solely for the information and use of the City 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**  
June 9, 2011

**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 ("City"), New York as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 9, 2011. 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'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a significant deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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'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 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**

June 9, 2011

CITY OF RYE, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2010

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>ARRA (2)</u>	<u>Federal Program Expenditures</u>
<b><u>U.S. Department of Justice</u></b>				
Direct Program:				
Bullet Proof Vest Partnership Program	16.607	\$ 11,750	\$	\$ 11,750
Public Safety Partnership and Community Policing Grants - ARRA	16.710		30,000	<u>30,000</u>
Total U.S. Department of Justice				<u>41,750</u>
<b><u>U.S. Department of Transportation</u></b>				
Indirect Program - Passed through New York State Department of Transportation:				
Highway Planning and Construction	20.205	192,921		192,921
Highway Planning and Construction - ARRA	20.205		635,603	635,603
Total U.S. Department of Transportation				<u>828,524</u>
<b><u>U.S. Department of Homeland Security</u></b>				
Indirect Program - Passed through New York State Emergency Management Office -				
Disaster Grant - Public Assistance	97.036	172,739		172,739
		<u>\$ 377,410</u>	<u>\$ 665,603</u>	<u>\$ 1,043,013</u>

(1) Catalog of Federal Domestic Assistance number.

(2) American Recovery and Reinvestment Act

**CITY OF RYE, NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2010**

**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, 2010. 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, 2010**

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None

**CITY OF RYE, NEW YORK**

**Schedule of Findings and Questioned Costs  
Year Ended December 31, 2010**

**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?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

\_\_\_ Yes  X  No

\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes  X  No

**Federal Awards**

Internal Control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

\_\_\_ Yes  X  No

\_\_\_ Yes  X  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  X  No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

20.205  
20.205

Highway Planning and Construction  
Highway Planning and Construction - ARRA

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